



**NOTICE OF MEETING
AND
MANAGEMENT INFORMATION CIRCULAR**

for an

**ANNUAL AND SPECIAL MEETING OF UNITHOLDERS
OF
CARGOJET INCOME FUND**

with respect to a

PLAN OF ARRANGEMENT

involving

**CARGOJET INCOME FUND, CARGOJET INC., CARGOJET
OPERATING TRUST, CARGOJET HOLDINGS LIMITED
PARTNERSHIP, CARGOJET GP INC., CARGOJET HOLDINGS LTD.,
CARGOJET PARTNERSHIP
and the Unitholders of
CARGOJET INCOME FUND and CARGOJET HOLDINGS LIMITED
PARTNERSHIP**

**THIS BOOKLET CONTAINS
IMPORTANT INFORMATION**

CARGOJET INCOME FUND

ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

THIS BOOKLET EXPLAINS:

- details of the matters to be voted upon at the annual and special meeting (the “**Meeting**”) of unitholders of Cargojet Income Fund (the “**Fund**”); and
- how to exercise your vote even if you are unable to attend the Meeting.

THIS BOOKLET CONTAINS:

- a letter from Ajay Virmani, the President and Chief Executive Officer of Cargojet GP Inc. (the “**GP**”), the attorney of the Fund;
- the notice of annual and special meeting of unitholders;
- an information circular (the “**Information Circular**”);
- a form of proxy (a “**Form of Proxy**”) that you may use to vote your units or special voting units of the Fund (collectively, the “**Voting Units**”) without attending the Meeting; and
- a letter of transmittal.

The Information Circular and Form of Proxy are furnished in connection with the solicitation of proxies by or on behalf of the trustees of the Fund for use at the Meeting to be held on May 18, 2010.

At the Meeting, unitholders will be asked to consider and, if thought advisable, approve the conversion of the Fund from an income trust to a corporation.

At the Meeting, management will also report on the Fund’s performance for the year ended December 31, 2009 and for the three months ended March 31, 2010, in addition to the Fund’s plans for the coming year. The Meeting will deal with the usual matters of governance, including consideration of the audited consolidated financial statements of the Fund for the year ended December 31, 2009, the election of trustees of the Fund, direction in respect of the election of trustees of Cargojet Operating Trust, direction in respect of the election of directors of the GP, and the appointment of auditors of the Fund.

Your presence, or at least your vote if you are unable to attend in person, is important.

REGISTERED UNITHOLDERS

PLEASE NOTE: A Form of Proxy is enclosed with this booklet that may be used to vote your Voting Units if you are unable to attend the Meeting in person. Instructions on how to vote using this Form of Proxy are found beginning on page 68 of the Information Circular.

NON-REGISTERED BENEFICIAL UNITHOLDERS

PLEASE NOTE: If your Voting Units are held on your behalf, or for your account, by a broker, securities dealer, bank, trust company or similar entity (an “**Intermediary**”), you may not be able to vote unless you carefully follow the instructions provided by your Intermediary with this booklet.

April 9, 2010

Dear Unitholders:

You are invited to attend the annual and special meeting (the “**Meeting**”) of the holders (the “**Voting Unitholders**”) of units (the “**Fund Units**”) and special voting units (the “**Special Voting Units**” and together with the Fund Units, the “**Voting Units**”) of Cargojet Income Fund (the “**Fund**”) to be held at the TSX Gallery, The Exchange Tower, 130 King Street West, Toronto, Ontario, on May 18, 2010 at 3:30 p.m. (Toronto time).

At the Meeting, the Voting Unitholders will be asked to consider and vote upon a proposed reorganization of the Fund pursuant to a plan of arrangement (the “**Arrangement**”) and to consider the other matters outlined in the accompanying notice of Meeting. The purpose of the Arrangement is to convert (the “**Conversion**”) the Fund from an income trust to a corporation.

Some of the reasons for the Conversion are:

- it is expected that the Conversion will provide Cargojet Inc. (“**New Cargojet**”) with more flexibility regarding the growth and retention of its capital;
- commencing in 2011, the tax savings to the Fund from distributions to the Voting Unitholders will be eliminated as a consequence of the Canadian Federal Government’s October 31, 2006 announcement relating to the taxation of income trusts and subsequent legislation implementing these proposals, thereby removing the primary benefit of the income trust structure;
- the board of trustees (the “**Board**”) of the Fund believes a corporate structure will enhance New Cargojet’s access to capital;
- management believes the value of the Fund’s distribution yield was not reflected in the Fund’s unit price;
- the significant declines in trading valuations for securities of income trusts after the government’s announcement has made acquisitions on an accretive basis more difficult; and
- following the Conversion, New Cargojet will be better positioned to facilitate its future growth plans should the current market and industry environment remain challenging.

Pursuant to the terms of the Arrangement and subject to the limitations described below, holders of Fund Units will receive, in exchange for each of their Fund Units, one common voting share (a “**Common Voting Share**”) of New Cargojet. Holders of Class B limited partnership units (“**Exchangeable L.P. Units**”) of Cargojet Holdings Limited Partnership will receive, in exchange for each of their Exchangeable L.P. Units, one Common Voting Share. The Special Voting Units will be redeemed by the Fund and subsequently cancelled. In accordance with the restrictions on ownership of Common Voting Shares imposed by the CTA, immediately upon the issuance of Common Voting Shares to Fund Unitholders that are non-Canadian, such shares will be converted into variable voting shares of New Cargojet.

Voting Unitholders at the Meeting must approve by two-thirds of the votes cast, in person or by proxy, the resolution approving the Arrangement. The Arrangement is also subject to the approval of the Ontario Superior Court of Justice and certain other conditions (including various regulatory approvals).

The Board, based on its own investigations, with the assistance of management, has concluded that, in its opinion, the Arrangement is in the best interests of the Fund and fair to Voting Unitholders and

Exchangeable L.P. Unitholders, and recommends that Voting Unitholders vote in favour of the Arrangement. The trustees, directors and senior officers of the Fund and its subsidiaries, who own, directly or indirectly, or exercise control or direction over, approximately 25.1% of the outstanding Voting Units, have indicated that they intend to vote in favour of the Arrangement.

The accompanying information circular provides a detailed description of the Arrangement, including information regarding New Cargojet and the full text of the arrangement agreement. Please give this material your careful consideration. If you require assistance, consult your financial, tax or other professional advisors.

If you are unable to attend the Meeting in person, please complete and deliver the enclosed form of proxy in accordance with the instructions set out in the accompanying information circular so that your Voting Units can be voted at the Meeting.

On behalf of the Board, directors, management and the employees of the Fund and its subsidiaries, I would like to thank you for your continued support of the Fund. We look forward to seeing you at the Meeting.

Yours very truly,

(signed) "*Ajay Virmani*"

Ajay Virmani
President and Chief Executive Officer,
Cargojet GP Inc., in its capacity as the attorney of Cargojet Income Fund

CARGOJET INCOME FUND

NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

This document provides formal notification of your invitation to attend the annual and special meeting (the “**Meeting**”) of unitholders of Cargojet Income Fund (the “**Fund**”). The Meeting will be held at:

**TSX Gallery
The Exchange Tower
130 King Street West
Toronto, Ontario**

on
Tuesday, May 18, 2010
at 3:30 p.m. (Toronto time)

As a unitholder, you are entitled to attend the Meeting and to cast one vote for each Fund unit or special voting unit (collectively, the “**Voting Units**”) of the Fund that you own. If you are a registered unitholder and are unable to attend the Meeting, you will still be able to vote on the items of business set out below by completing the form of proxy (the “**Form of Proxy**”) included with the information circular (the “**Information Circular**”). The Information Circular explains how to complete the Form of Proxy and how the voting process works. **To be valid, registered unitholders must submit the Form of Proxy to the Fund’s transfer agent, Computershare Investor Services Inc. (“Computershare”), Attention: Proxy Department: (i) by mail in the enclosed postage prepaid envelope; (ii) by hand to the Toronto office of Computershare; or (iii) by facsimile to 1 (866) 249-7775 or (416) 263-9524, no later than 48 hours (excluding Saturdays, Sundays and statutory or civic holidays in the City of Toronto) before the time of the Meeting or any adjournments or postponements thereof, or registered unitholders may present the Form of Proxy at the Meeting prior to commencement of the Meeting.**

If you are a non-registered beneficial unitholder, you must follow the instructions provided by your broker, securities dealer, bank, trust company or similar entity in order to vote your Voting Units.

The following business will be conducted at the Meeting:

- (i) consideration, pursuant to an interim order of the Ontario Superior Court of Justice dated April 9, 2010, and, if deemed advisable, passage, with or without alteration or modification, of a special resolution, the full text of which is set forth in Appendix “A” to the accompanying Information Circular, approving a plan of arrangement under Section 182 of the *Business Corporations Act* (Ontario) involving the Fund, Cargojet Inc., Cargojet Operating Trust (the “**Trust**”), Cargojet Holdings Limited Partnership (the “**Partnership**”), Cargojet GP Inc. (the “**GP**”), Cargojet Holdings Ltd., Cargojet Partnership, and the unitholders of the Fund and the Partnership, providing for the conversion of the Fund from an income trust to a corporation;
- (ii) receipt and consideration of the audited consolidated financial statements of the Fund for the year ended December 31, 2009, and the auditors’ report thereon;
- (iii) election of the trustees of the Fund (the “**Trustees**”);
- (iv) direction and instruction of the Trustees in respect of the election of the trustees of the Trust;

- (v) direction and instruction of the Trustees in respect of the election of the directors of the GP;
- (vi) re-appointment of the auditors of the Fund and authorization of the Trustees to fix the remuneration of the auditors; and
- (vii) transaction of any other business that is properly brought before the Meeting.

This notice is accompanied by a Form of Proxy, the Information Circular, and a letter of transmittal.

The Trustees have by resolution fixed the close of business on April 5, 2010 as the record date for the determination of holders of Voting Units entitled to receive notice of and vote at the Meeting or any adjournments or postponements thereof.

BY ORDER OF THE BOARD OF TRUSTEES

(signed) *John Webster*

Mississauga, Ontario
April 9, 2010

John Webster
Trustee

INFORMATION CIRCULAR

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INTRODUCTION

This information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of the trustees (referred to as the “**Trustees**” or the “**Board of Trustees**”) of Cargojet Income Fund (the “**Fund**”) to all of the holders (the “**Voting Unitholders**”) of units (the “**Fund Units**”) and special voting units (together with the Fund Units, the “**Voting Units**”) of the Fund, for use at the annual and special meeting (the “**Meeting**”) of Voting Unitholders, together with a notice of meeting, a form of proxy and a letter of transmittal. References in this Information Circular to the Meeting include any adjournments or postponements thereof.

No person has been authorized to give any information or to make any representation in connection with the proposed reorganization of the Fund (the “**Arrangement**”) pursuant to a plan of arrangement (the “**Plan of Arrangement**”) or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, facsimile, e-mail or oral communication by the trustees, directors, officers or employees of the Fund and its subsidiaries, at no additional compensation. All costs associated with the solicitation of proxies by the Fund and its subsidiaries will be borne by the Fund and its subsidiaries.

The Trustees have by resolution fixed the close of business on April 5, 2010 as the record date, being the date for the determination of registered Voting Unitholders entitled to receive notice of and vote at the Meeting. Duly completed and executed proxies must be received by the Fund’s transfer agent at the address indicated on the enclosed envelope no later than 48 hours (excluding Saturdays, Sundays and statutory or civic holidays in the City of Toronto) before the time of the Meeting or any adjournments or postponements thereof.

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement in connection with the arrangement agreement dated April 8, 2010 (the “**Arrangement Agreement**”), a copy of which Plan of Arrangement is attached as Exhibit “A” to the Arrangement Agreement (attached as Appendix “D” to this Information Circular). You are urged to read carefully the full text of the Plan of Arrangement.

All capitalized terms used in this Information Circular but not otherwise defined herein shall have the meanings set forth under “Glossary of Terms”. Unless otherwise stated, information contained in this Information Circular is given as of April 9, 2010.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Information Circular contains certain forward-looking information within the meaning of applicable Canadian securities laws. All information other than statements of present or historical fact is forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as “anticipate”, “believe”, “plan”, “intend”, “objective”, “continuous”, “ongoing”, “estimate”, “expect”, “forecast”, “may”, “will”, “achieve”, “project”, “schedule”, “should”, or similar words suggesting future outcomes. In particular, this Information Circular contains forward-looking statements relating to:

- the benefits of the Arrangement;
- the timing of the Final Order (as defined herein);
- the occurrence of the Effective Date (as defined herein);
- the satisfaction of conditions for listing of the Voting Shares (as defined herein) to be issued under the Arrangement;

- the treatment of Voting Unitholders under tax laws;
- the business strategy of Cargojet Inc. (“**New Cargojet**”);
- the business to be carried on by New Cargojet following completion of the Arrangement;
- the potential for dividend payments to be made by New Cargojet; and
- commodity prices and costs.

Forward-looking information regarding:

- the perceived benefits of the Arrangement are based upon the financial and operating attributes of the Fund as at the date hereof, anticipated operating and financial results from the date hereof to the Effective Date, the views of Management (as defined herein) and the Board of Trustees respecting the benefits associated with the Arrangement and current and anticipated market conditions. See “Special Business of the Meeting – Approval of the Arrangement Resolution – Recommendation of the Board of Trustees” for additional information;
- the attributes of New Cargojet following completion of the Arrangement are based upon the existing attributes of the Fund (including financial and operating attributes) and the opinions of Management and the directors of Cargojet GP Inc. concerning perceived benefits associated with the Arrangement. See Appendix “E” and “Special Business of the Meeting – Approval of the Arrangement Resolution – Recommendation of the Board of Trustees” for additional information;
- the structure and effect of the Arrangement are based upon the terms of the Arrangement Agreement and the transactions contemplated thereby, assumptions that all conditions in the Arrangement Agreement will be met and assumptions that the representations and warranties in the Arrangement Agreement will be true and correct at all applicable times. See Appendix “D” for additional information;
- the consideration to be received by Voting Unitholders as a result of the Arrangement is based upon the terms of the Arrangement Agreement and the Plan of Arrangement; and
- certain steps in, and timing of, the Arrangement are based upon the terms of the Arrangement Agreement and advice received from counsel of the Fund relating to timing expectations.

Other forward-looking information regarding the Fund and New Cargojet is located in the documents incorporated by reference herein and is based on certain key expectations and assumptions of the Fund concerning anticipated financial performance, business prospects, strategies, regulatory developments, exchange rates, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, market conditions and potential timing delays. Although Management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By its very nature, forward-looking information involves inherent risks and uncertainties (both general and specific) and risks that the anticipated results will not be achieved. Undue reliance should not be placed on forward looking information, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward-looking information, including those set out below and those detailed elsewhere in this Information Circular (and in documents incorporated by reference herein):

- failure of the parties to the Arrangement Agreement to satisfy the conditions set out therein;

- inability to meet Toronto Stock Exchange listing requirements;
- inability to obtain required consents, permits or approvals, including the approval of the Court (as defined herein) of the Arrangement and Voting Unitholders' approval of the Arrangement Resolution (as defined herein);
- failure to realize anticipated benefits of the Arrangement, including anticipated cost savings;
- liabilities inherent in the air cargo industry;
- competition for, among other things, capital, equipment and skilled personnel; and
- the other factors discussed in the Fund's AIF (as defined herein) and management's discussion and analysis of the Fund for the year ended December 31, 2009 incorporated by reference herein and the risk factors set forth under "Risk Factors".

Readers are cautioned that the foregoing list is not exhaustive.

The reader is further cautioned that the preparation of financial statements, including unaudited *pro forma* financial statements, in accordance with generally accepted accounting practices requires Management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

The information contained in this Information Circular, including the documents incorporated by reference herein, identify additional factors that could affect the operating results and performance of the Fund and New Cargojet. We urge you to carefully consider those factors.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information contained herein is made as of the date of this Information Circular and the Fund undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

ADVICE TO BENEFICIAL HOLDERS OF VOTING UNITS

The information set forth in this section is important to many Voting Unitholders, as a substantial number of such persons do not hold Voting Units in their own name.

Holders who do not hold their Voting Units in their own name ("**Beneficial Unitholders**" or "**Beneficial Unitholder**" individually) should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Voting Unitholders whose names appear on the records maintained by or on behalf of the Fund as the registered holders of Voting Units on the date of record. If such Voting Units are listed in an account statement provided to a Voting Unitholder by a broker or other intermediary, then in almost all cases those units will not be registered in that holder's name on the records of the Fund. Such Voting Units will more likely be registered under the name of the holder's broker, an agent or nominee of that broker or another intermediary. In Canada, the vast majority of such units are typically registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Voting Units held by brokers or their agents or nominees or another intermediary can only be voted upon the instructions of the Beneficial Unitholder. Without specific instructions, the intermediaries are prohibited from voting the Voting Units for their clients. The Fund does not know for whose benefit Voting Units registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Unitholders in advance of Voting Unitholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial

Unitholders in order to ensure that their Voting Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Unitholder by its broker is identical to the form of proxy provided to registered unitholders; however, its purpose is limited to instructing the registered unitholder how to vote on behalf of the Beneficial Unitholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Unitholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Unitholder can call a toll-free telephone number or access the internet to provide instructions regarding the voting of the Voting Units held by the beneficial holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Voting Units to be represented at a meeting. A Beneficial Unitholder receiving a voting instruction form cannot use that voting instruction form to vote Voting Units directly at the Meeting, as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have such units voted.

If you are a Beneficial Unitholder, you may only attend the Meeting as a proxyholder for the registered holder and vote your Voting Units, as applicable, in that capacity. To do this, you should enter your own name in the blank space on the applicable form of proxy or voting instruction form provided to you and return the document to your broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker or intermediary well in advance of the Meeting.

See “General Proxy Matters” for additional information.

INFORMATION FOR UNITED STATES SECURITYHOLDERS

THE SECURITIES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE; NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED UPON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Voting Shares (as defined herein) to be issued in connection with the Arrangement have not been registered under the United States *Securities Act of 1933*, as amended, and are being issued in reliance on the exemption from registration set forth in Section 3(a)(10) thereof on the basis of the approval of the Court (as defined herein), which will consider, among other things, the fairness of the Arrangement to Voting Unitholders. See “Special Business of the Meeting – Approval of the Arrangement Resolution – Securities Law Matters” for additional information.

Voting Unitholders should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States are not described herein. U.S. securityholders should consult their own tax advisors with respect to their own particular circumstances.

The solicitation of proxies hereby is not subject to the proxy requirements of Section 14(a) of the United States *Securities Exchange Act of 1934*, as amended (the “**1934 Act**”), by virtue of an exemption applicable to proxy solicitations by “foreign private issuers”, as defined in Rule 3b-4 under the 1934 Act. This Information Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Securityholders in the United States should be aware that such requirements are different than those of the United States.

Financial statements included or incorporated by reference herein have been prepared in accordance with generally accepted accounting principles in Canada, and are subject to auditing and auditor independence standards in Canada. These financial statements may not be comparable to financial statements of United States companies, and auditing and auditor independence standards may be different.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that a significant number of the members of the Fund and its consolidated operations and their respective subsidiaries and affiliates (the “**Fund Group**”) are incorporated or organized outside the United States, that some or all of their officers, directors, trustees and general partners and the experts named herein are residents of a foreign country, and that all or a substantial portion of the assets of the members of the Fund Group and said persons are located outside the United States. As a result, it may be difficult or impossible for U.S. securityholders to effect service of process within the United States upon any members of the Fund Group, their officers, directors, trustees and general partners or the experts named herein, or to realize, against them, upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States. In addition, U.S. securityholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated by reference in this Information Circular may be obtained from SEDAR at www.sedar.com or on request without charge from the Fund at 350 Britannia Road East, Units 5 and 6, Mississauga, Ontario L4Z 1X9, Attention: Chief Financial Officer. The following documents are specifically incorporated by reference into, and form an integral part of, this Information Circular:

- a) the Fund’s annual information form dated March 11, 2010;
- b) the Fund’s audited consolidated financial statements, together with the accompanying report of the auditors, for the year ended December 31, 2009;
- c) management’s discussion and analysis of results of operations and financial condition of the Fund for the year ended December 31, 2009;
- d) the material change report of the Fund dated January 18, 2010;
- e) the certificate of the Fund dated March 18, 2010 in respect of the Fund’s undertaking to the Ontario Securities Commission.

Any document of the type referred to in the preceding paragraph and any material change report (excluding confidential material change reports) or press release filed by the Fund with a securities commission or similar authority in Canada after the date of this Information Circular and prior to the Meeting that specifically states that it is intended to be incorporated by reference into this Information Circular will be deemed to be incorporated by reference into this Information Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this Information Circular or contained in this Information Circular is deemed to be modified or superseded, for purposes of this Information Circular, to the extent that a statement contained in this Information Circular or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Information Circular modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular, including the Summary hereof:

“**1933 Act**” means the United States *Securities Act of 1933*, as amended;

“**1934 Act**” means the United States *Securities Act of 1934*, as amended;

“**2005 Acquisition**” means the indirect acquisition of Airways by the Fund pursuant to the Acquisition Agreement;

“**2009/2010 Unit Bid**” means the normal course issuer bid to purchase Fund Units from December 8, 2009 to December 7, 2010;

“**Acquisition Agreement**” means the acquisition agreement dated as of June 9, 2005, among the Fund, the Trust, the Partnership, Cargojet Acquisition Limited, the GP, Holdings, the Operating Partnership, the Family Trusts and Ajay Virmani;

“**affiliate**” has the meaning assigned to “affiliated companies” in the *Securities Act (Ontario)*;

“**Airways**” means Carogjet Airways Ltd., a corporation incorporated under the OBCA that conducted the business of the Fund Group prior to the 2005 Acquisition;

“**Annual Information Form**” or “**AIF**” means the annual information form of the Fund dated March 11, 2010;

“**Arrangement**” means the proposed reorganization of the Fund pursuant to a plan of arrangement under Section 182 of the OBCA for the purpose of the Conversion;

“**Arrangement Agreement**” means the arrangement agreement dated as of April 8, 2010, among the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership, which has been proposed to implement the Arrangement, a copy of which agreement is attached as Appendix “D” to this Information Circular, as it may be amended, modified or supplemented from time to time;

“**Arrangement Resolution**” means a special resolution in consideration of the Interim Order approving the Arrangement, the full text of which is set forth in Appendix “A” in this Information Circular;

“**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under subsection 183(1) of the OBCA to be filed with the Director after the Final Order has been granted giving effect to the Arrangement;

“**Articles of Incorporation**” means the articles of incorporation of New Cargojet;

“**Associate**” has the meaning specified in the *Securities Act (Ontario)*;

“**Beneficial Unitholders**” means persons who do not hold their Voting Units in their own name;

“**Board**”, “**Board of Trustees**” or “**Trustees**” means, at any time, the individuals who are, in accordance with the Fund Declaration of Trust, the trustees of the Fund at such time;

“**Broadridge**” means Broadridge Financial Solutions, Inc.;

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

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

“**Chairman**” means the chairman of the Board of Trustees;

“**Common Voting Shares**” means the common voting shares of the share capital of the New Cargojet;

“**Computershare**” means Computershare Investor Services Inc.;

“**Conversion**” means the conversion of the Fund from an income trust into a corporation;

“**Court**” means the Ontario Superior Court of Justice;

“**CRA**” means the Canada Revenue Agency;

“**CTA**” means the *Canada Transportation Act*, S.C. 1996, Ch. 10;

“**Debenture Bid**” means the normal course issuer bid to purchase Debentures from March 17, 2009 to March 16, 2010;

“**Debentures**” means the debentures of the Fund convertible into Fund Units pursuant to the Indenture;

“**Deloitte**” means Deloitte & Touche LLP;

“**Depository**” means Computershare, or such other person as may be designated by the Fund;

“**Director**” means the director appointed under Section 278 of the OBCA;

“**DPSP**” means the deferred profit sharing plan of the Fund, effective January 1, 2008;

“**Effective Date**” means the date the Arrangement is effective under the OBCA;

“**Effective Time**” means 8:00 a.m. (Toronto time) on the Effective Date;

“**Eligible Institution**” means a Canadian schedule 1 chartered bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP); members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority or banks and trust companies in the United States;

“**Excess Fund Unit Value**” has the meaning set forth under the heading “Certain Canadian Federal Income Tax Considerations - Fund Unitholders Resident in Canada”;

“**Excess Share Value**” has the meaning set forth under the heading “Certain Canadian Federal Income Tax Considerations - Fund Unitholders Resident in Canada”;

“**Exchangeable L.P. Unitholders**” means the holders of Exchangeable L.P. Units;

“**Exchangeable L.P. Units**” means the Class B limited partnership units of the Partnership;

“**Family Trusts**” means, collectively, the Virmani Family Trust, the Mills Family Trust and the Porteous Family Trust;

“**Final Order**” means the final order of the Court approving the Arrangement pursuant to subsection 182(5) of the OBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

“**Form of Proxy**” means the form of proxy distributed by the Fund in connection with the Meeting;

“**Fund**” means Cargojet Income Fund, a trust established under the laws of the Province of Ontario pursuant to the Fund Declaration of Trust;

“**Fund Declaration of Trust**” means the declaration of trust dated April 25, 2005, as amended and restated on June 1, 2005 governing the Fund, as the same may be amended, supplemented or restated from time to time;

“**Fund Group**” means, collectively, the Fund and its consolidated operations and their respective subsidiaries and affiliates;

“**Fund Unit**” means a unit authorized and issued under the Fund Declaration of Trust from time to time being outstanding and entitled to the benefits and subject to the limitations set forth therein;

“**Fund Unitholders**” means the holders of the Fund Units from time to time;

“**GP**” means Cargojet GP Inc., a corporation incorporated under the OBCA;

“**GP Board**” means the board of directors of the GP;

“**HCI**” means Hugessen Consulting Inc.;

“**Holdings**” means Cargojet Holdings Ltd., a corporation incorporated under the OBCA;

“**Indenture**” means the indenture dated as of April 9, 2008, between the Fund and Computershare Trust Company of Canada governing the Debentures;

“**Information Circular**” means this information circular distributed by the Fund in connection with the Meeting;

“**Insider**” has the meaning specified in the *Securities Act* (Ontario);

“**Interim Order**” means the interim order of the Ontario Superior Court of Justice dated April 9, 2010 under Section 182 of the OBCA containing declarations and directions with respect to the Arrangement and the Meeting and issued pursuant of the application of New Cargojet and the Fund, a copy of which is attached as Appendix “B” to this Information Circular as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Intermediary**” has the meaning set forth under the heading “General Proxy Matters - Non-Registered Beneficial Voting Unitholders”;

“**Letter of Transmittal**” means the letter of transmittal accompanying the Information Circular;

“**LTIP**” means the Partnership’s long term incentive plan;

“**Management**” means management of the Fund Group;

“**Meeting**” means the annual and special meeting of Voting Unitholders to be held on May 18, 2010, and any adjournments or postponements thereof, to consider and to vote on the Arrangement Resolution and the other matters set out in the Notice of Meeting;

“**Minister**” means the Minister of Finance (Canada);

“**Named Executive Officers**” or “**NEOs**” means the Chief Executive Officer, the Chief Financial Officer and the three other most highly compensated executive officers of the GP as ascribed by National Instrument 51-102F6 - *Statement of Executive Compensation*;

“**New Cargojet**” means Cargojet Inc., a corporation incorporated under the OBCA that will own indirectly all of the Fund Group’s existing business upon completion of the Conversion;

“**Non-Residents**” has the meaning set forth under the heading “Certain Federal Income Tax Considerations - Fund Unitholders Not Resident in Canada”;

“**Notice of Meeting**” means the notice of meeting that accompanies this Information Circular;

“**OBCA**” means the *Business Corporations Act* (Ontario) R.S.C. 1990 c.B.16, as amended, including the regulations promulgated thereunder;

“**Operating Partnership**” means Cargojet Partnership, a general partnership established under the laws of the Province of Ontario;

“**Operating Partnership Agreement**” means the general partnership agreement of the Operating Partnership, dated June 9, 2005;

“**Partnership**” means Cargojet Holdings Limited Partnership, a limited partnership established under the laws of the Province of Ontario;

“**Partnership Agreement**” means the limited partnership agreement of the Partnership, dated April 28, 2005, as amended from time to time;

“**Plan of Arrangement**” means the plan of arrangement attached as Exhibit “A” to the Arrangement Agreement, which Arrangement Agreement is attached as Appendix “D” to this Information Circular, as amended, modified or supplemented from time to time in accordance with the terms thereof;

“**Plans**” means trusts governed by RRSP’s, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts, each as defined in the Tax Act;

“**Preferred Shares**” means the preferred shares of the share capital of New Cargojet;

“**Resident Fund Unitholder**” has the meaning set forth under the heading “Certain Canadian Federal Income Tax Considerations - Fund Unitholders Resident in Canada”;

“**RRSP**” means a registered retired savings plan;

“**Securityholders’ Agreement**” means the securityholders’ agreement dated as of June 9, 2005, among the Fund, the Trust, the Partnership, the GP, and the Family Trusts;

“**Shareholders**” means the holders of Voting Shares following completion of the Conversion;

“**SIFT**” means a specified investment flow-through trust or partnership, as defined in the Tax Act;

“**SIFT Rules**” means the rules relating to the tax treatment of SIFTs contained in Bill C-52, the Budget Implementation Act, 2007, which received Royal Assent on June 22, 2007;

“**Special Voting Unitholders**” means the holders of the Special Voting Units from time to time;

“**Special Voting Units**” means the special voting units of the Fund authorized and issued to the holders of Exchangeable L.P. Units under the Fund Declaration of Trust for the time being outstanding and entitled to the benefits and subject to the limitations set forth therein;

“**STIP**” means the Fund’s short term incentive plan;

“**Tax Act**” means the *Income Tax Act* (Canada), including the regulations promulgated thereunder, in each case as amended;

“**Tax Proposals**” has the meaning set forth under the heading “Certain Canadian Federal Income Tax Considerations”;

“**Trust**” means Cargojet Operating Trust, a trust established under the laws of the Province of Ontario pursuant to the Trust Declaration of Trust;

“**Trust Declaration of Trust**” means the declaration of trust dated April 25, 2005 governing the Trust, as the same may be amended, supplemented or restated from time to time;

“**TSX**” means the Toronto Stock Exchange;

“**U.S. Securityholder**” has the meaning set forth under the heading “The Arrangement - Securities Laws Matters - United States”;

“**Variable Voting Shares**” means the variable voting shares of the share capital of New Cargojet;

“**Voting Shares**” means the Variable Voting Shares and the Common Voting Shares of the share capital of New Cargojet, or, as applicable, any one of them as the context requires;

“**Voting Unitholders**” means, collectively, the Fund Unitholders and the Special Voting Unitholders; and

“**Voting Units**” means collectively, the Fund Units and the Special Voting Units.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

SUMMARY

The following is a summary of certain information contained elsewhere in this Information Circular. It is not, and is not intended to be, complete in itself. This is a summary only and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Information Circular and incorporated by reference herein. Voting Unitholders are urged to review carefully this Information Circular, including the appendices, and the documents incorporated by reference in their entirety. Certain capitalized terms used in this Information Circular have the meanings set forth in the “Glossary of Terms”.

THE MEETING

The Meeting will be held at the TSX Gallery, The Exchange Tower, 130 King Street West, Toronto, Ontario, on Tuesday, May 18, 2010, commencing at 3:30 p.m. (Toronto time) for the purposes set forth in the accompanying Notice of Meeting. The business of the Meeting will be to: (1) consider and vote on the Arrangement Resolution; and (2) conduct such business as is customary at an annual meeting as further described in “Other Business of the Meeting”.

As of the date of this Information Circular, the Trustees are not aware of any changes to these items, and do not expect any other items to be brought forward at the Meeting. If there are changes or new items, your proxyholder can vote your Voting Units on these items as he or she sees fit. See “General Proxy Matters” for additional information.

THE ARRANGEMENT

General

If approved, the Arrangement will result in the conversion of the Fund from an income trust to a corporation named “Cargojet Inc.”, which will continue the business of the Fund Group as a leading Canadian provider of time sensitive overnight air cargo services. Pursuant to the Arrangement, the Fund Unitholders and Exchangeable L.P. Unitholders will become the holders of Voting Shares. See “Description of New Cargojet – Description of Share Capital” and “Special Business of the Meeting – Approval of the Arrangement Resolution – The Arrangement – Arrangement Steps”, for additional information.

It is anticipated that the board of directors of New Cargojet will initially be comprised of the current Trustees and directors of the GP: Terence Francis, Paul Godfrey, John Webster, Ajay Virmani and Jamie Porteous. The senior management of New Cargojet will be comprised of the current members of senior management of the GP. See “Special Business of the Meeting – Approval of the Arrangement Resolution – The Arrangement — Effect of the Arrangement” for additional information.

The Fund Units held by Fund Unitholders will be transferred to New Cargojet in consideration for Common Voting Shares on the basis of one Common Voting Share for each Fund Unit so transferred. The Exchangeable L.P. Units held by Exchangeable L.P. Unitholders will be transferred to New Cargojet in consideration for Common Voting Shares on the basis of one Common Voting Share for each Exchangeable L.P. Unit so transferred. The Special Voting Units will be redeemed by the Fund and subsequently cancelled. In accordance with the restrictions on ownership of Common Voting Shares imposed by the CTA, immediately upon the issuance of Common Voting Shares to Fund Unitholders that are non-Canadian, such shares will be converted into Variable Voting Shares. See “Description of New Cargojet – Description of Share Capital” for additional information.

In connection with the Arrangement, New Cargojet will assume all of the covenants and obligations of the Fund in respect of the outstanding Debentures. Holders of the Debentures who convert their Debentures prior to the Effective Time will receive the same consideration under the Arrangement as Voting Unitholders based upon the number of Fund Units issued upon such conversion. Holders of Debentures who do not convert their Debentures prior to the Effective Time will be entitled to receive Common Voting Shares or Variable Voting Shares, as applicable, upon conversion of such Debentures after the Effective Time, on substantially the same conversion basis as was applicable to the Fund Units previously issuable upon conversion of the Debentures, subject to adjustment in certain events. No change will be made to the process by which holders of Debentures may exercise their conversion rights under the Indenture.

In connection with the Arrangement, New Cargojet will assume all of the rights and obligations of the Fund and the Trust under the Securityholders' Agreement such that, upon completion of the Arrangement, the Family Trusts will be entitled to exercise their rights under the Securityholders' Agreement in respect of New Cargojet (rather than in respect of the Fund and the Trust), the Partnership and the GP. These rights will be substantially unchanged from the Family Trusts' rights under the Securityholders' Agreement.

Background to and Reasons for the Arrangement

Pursuant to the Acquisition Agreement, Airways, the corporation that operated the business of the Fund Group prior to the 2005 Acquisition, was indirectly acquired by the Fund. The trust structure allowed the Fund to continue to execute its business strategy while providing Fund Unitholders and Exchangeable L.P. Unitholders with regular monthly cash distributions on a tax-efficient basis.

On October 31, 2006, the Minister announced the federal government's proposal to apply a tax at the trust level on distributions of certain income from, among other entities, certain publicly traded mutual fund trusts at a rate of tax comparable to the combined federal and provincial corporate tax rate and to treat such distributions as dividends to unitholders. The Minister announced that existing trusts would have a four-year transition period and generally would not be subject to the new rules until 2011, provided such trusts experienced only "normal growth" and no "undue expansion" before then. The announcement had an immediate impact on the Canadian capital markets and resulted in a significant decline in trading prices for publicly traded income trusts.

On December 15, 2006, the Minister released further guidance concerning the proposed tax changes, including guidance respecting "normal growth" for the purposes of this proposal, as well as the Finance Department's confirmation that it would not recommend any extension of the four year transition period. Bill C-52, the *Budget Implementation Act, 2007*, which received Royal Assent on June 22, 2007, contained rules relating to the tax treatment of SIFTs, which are designed, among other things, to implement the proposal.

Following the October 31, 2006 announcement, Management considered the potential impact and significance of the proposed tax changes to the Fund, and conducted a series of detailed analyses concerning the strategic direction of the Fund. In connection with this process, Management considered a broad range of strategic alternatives, including without limitation, new corporate structures and acquisition opportunities.

The Board of Trustees formally discussed a potential conversion of the Fund from an income trust structure to a corporate structure on February 25, 2010, at which time Management reviewed with the Board the proposed conversion and dividend policy for New Cargojet. On February 25, 2010, the Board approved a proposal to convert the Fund from an income trust to a growth-oriented, dividend paying corporation.

The Board of Trustees reviewed a draft of this Information Circular and received further details concerning the proposed conversion. After due consideration of all available information and advice, and after considering their duties and responsibilities to the Voting Unitholders, the Board of Trustees concluded that the proposed transaction was in the best interests of the Fund and fair to Voting Unitholders and Exchangeable L.P. Unitholders, and recommend that Voting Unitholders vote in favour of the Arrangement.

Post-Arrangement Structure

Immediately following the Effective Time of the Arrangement, the former Fund Unitholders and Exchangeable L.P. Unitholders will be the sole holders of Voting Shares and New Cargojet will own all of the issued and outstanding Fund Units and Exchangeable L.P. Units.

The share capital of New Cargojet will consist of Common Voting Shares, Variable Voting Shares, and Preferred Shares. Upon the completion of the Arrangement, it is expected that an aggregate of approximately 7,993,416 Voting Shares will be issued and outstanding. To ensure New Cargojet's continuous compliance with the requirement to qualify as 'Canadian' pursuant to the CTA, it is desirable to use a variable voting share structure. Under this structure, New Cargojet's share capital will consist of, together with Preferred Shares, Variable Voting Shares and Common Voting Shares. The Variable Voting Shares will be owned or controlled by non-Canadians and will carry one vote per share unless, notably, the number of issued and outstanding Variable Voting Shares represented at the relevant time exceed 25% of all of the issued and outstanding Voting Shares of New Cargojet, in which case the vote attached to the Variable Voting Shares will be decreased proportionately so that the Variable Voting Shares will never collectively carry more than 25% of the vote at any shareholders' meeting. The Common Voting Shares will only be owned and controlled by Canadians and carry one vote per share. Canadians will be able to buy either class of shares, but on purchase, Variable Voting Shares must be converted into Common Voting Shares. Likewise, non-Canadians will be able to buy either class, but Common Voting Shares must be converted to Variable Voting Shares when owned or controlled by a non-Canadian. It is believed that the Variable Voting Share structure will allow New Cargojet securities to circulate freely enough to satisfy the significant interest of non-Canadians in the company's securities. See "Description of New Cargojet – Description of Share Capital" and "Appendix E" for additional information.

In connection with the Arrangement, the Fund Declaration of Trust, the Trust Declaration of Trust, the Partnership Agreement and the Operating Partnership Agreement will be amended if and to the extent necessary to facilitate the Arrangement as provided in the Plan of Arrangement.

Subsequent to the Arrangement, it is intended that the Trust and the Fund will be wound up.

See "Special Business of the Meeting – Approval of the Arrangement Resolution – Post-Arrangement Structure" and Appendix "E" for additional information.

Effect on Distributions

The Fund is currently paying a monthly distribution at the rate of \$0.042 per Fund Unit. If the Conversion is approved and becomes effective on the Effective Date, the Fund expects to continue to pay a monthly distribution of \$0.042 per Fund Unit to holders of record up to and including the month in which the Conversion becomes effective. However, any future distribution payments will be determined by the Trustees in light of the financial performance and anticipated business needs of the Fund Group at the time a distribution is declared. If the Arrangement is not approved at the Meeting, the Board of Trustees will assess matters at that time to determine the Fund's course of action regarding any future distributions on the Fund Units.

The board of directors of New Cargojet is expected to adopt a dividend policy upon completion of the Conversion. However, any dividend payments will be determined by the board of directors of New Cargojet in light of New Cargojet's financial performance and its current and anticipated business needs at that time.

See "Special Business of the Meeting – Approval of the Arrangement Resolution – The Arrangement – Effect of the Arrangement – Effect on Distributions" for additional information.

New Cargojet's dividend policy will be subject to the discretion of the board of directors of New Cargojet and may vary depending on, among other things, New Cargojet's earnings, financial requirements, the satisfaction of solvency tests imposed by the OBCA for the declaration of dividends and other relevant factors. See "Risk Factors" for additional information.

Timing for Conversion

In order to avoid the costs to the Fund of convening a separate special meeting of Voting Unitholders, the Conversion and related matters are included in the business to be considered at the Meeting.

In order to allow the Fund Unitholders and Exchangeable L.P. Unitholders to continue to enjoy the benefits of the Fund's income trust structure, which will continue until December 31, 2010, it is anticipated that the Effective Date will be December 31, 2010.

If the Meeting is held as scheduled and is not adjourned or postponed and the other necessary conditions are satisfied or waived, the Fund will apply for the Final Order approving the Conversion at a hearing scheduled for May 27, 2010. The Trustees will have the discretion to determine the Effective Date, once the Final Order has been granted, and it is currently expected that the Effective Date will be December 31, 2010. It is a condition precedent to the completion of the Conversion that the Final Order is in form and substance satisfactory to the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership and all other conditions set forth in the Arrangement Agreement have been satisfied or waived. See "Special Business of the Meeting – Approval of the Arrangement Resolution – Conditions Precedent to the Arrangement". It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order.

The Conversion will become effective upon the filing with the Director of the Articles of Arrangement and a copy of the Final Order, together with such other materials as may be required by the Director, and the issuance of the Arrangement Certificate by the Director.

Recommendation of the Board of Trustees

The Board of Trustees has determined that the Arrangement is in the best interests of the Fund and fair to Voting Unitholders and Exchangeable L.P. Unitholders, and recommends that Voting Unitholders vote in favour of the Arrangement Resolution.

In making determinations and recommendations, the Board of Trustees relied upon legal, financial, tax and other advice and information received during the course of their deliberations. The following is a summary of the factors, among others, that the Board of Trustees considered in making its determinations and recommendations:

- it is expected that the Conversion will provide New Cargojet with more flexibility regarding the growth and retention of its capital;
- commencing in 2011, the tax savings to the Fund from distributions to unitholders will be eliminated as a consequence of the Canadian Federal Government's October 31, 2006 announcement relating

to the taxation of income trusts and subsequent legislation implementing these proposals, thereby removing the primary benefit of the income trust structure;

- the Board believes a corporate structure will enhance New Cargojet's access to capital;
- Management believes the value of the Fund's distribution yield was not reflected in the Fund's unit price;
- the significant declines in trading valuations for securities of income trusts after the government's announcement has made acquisitions on an accretive basis more difficult; and
- following the Conversion, New Cargojet will be better positioned to facilitate its future growth plans should the current market and industry environment remain challenging.

See "Special Business of the Meeting – Approval of the Arrangement Resolution – Recommendation of the Board of Trustees" for additional information.

Procedure for Exchange of Fund Units

In order to receive certificates for their Voting Shares following completion of the Arrangement, registered Fund Unitholders must deposit with the Depository (at the address specified on the last page of the Letter of Transmittal) a duly completed Letter of Transmittal together with the certificates representing the holder's Fund Units.

Holders whose Fund Units are registered in the name of a broker, dealer, bank, trust company or other nominee should contact their nominee for information about how the exchange of their Fund Units will be effected.

The use of mail to transmit certificates representing Fund Units and the Letter of Transmittal is at each holder's risk. The Fund recommends that such certificates and documents be delivered by hand to the Depository and a receipt therefor be obtained or that registered mail be used.

The Fund will deal directly with the Exchangeable LP Unitholders to exchange their Exchangeable LP Units for Voting Shares.

From and after the Effective Time, certificates formerly representing the Fund Units and Exchangeable LP Units exchanged pursuant to the Plan of Arrangement shall represent only the right to receive certificates representing Voting Shares to which the former holders thereof are entitled under the Arrangement. Fund Unitholders will not receive certificates for Voting Shares until they submit the certificates for their Fund Units to the Depository along with a duly completed Letter of Transmittal.

See "Special Business of the Meeting – Approval of the Arrangement Resolution – Procedure for Exchange of Fund Units" for additional information.

Approvals of the Arrangement

Approval of Voting Unitholders

Pursuant to the Interim Order, the number of votes required to pass the Arrangement Resolution shall be at least two-thirds (66 2/3%) of the votes cast by Voting Unitholders, either in person or by proxy, at the Meeting. See "Special Business of the Meeting – Approval of the Arrangement Resolution – Approvals – Voting Unitholder Approval" for additional information.

If you return a Form of Proxy but do not specify how you want your Voting Units voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting FOR the approval of the Arrangement Resolution.

Court Approval

Implementation of the Arrangement requires the satisfaction of several conditions and the approval of the Court. See “Special Business of the Meeting – Approval of the Arrangement Resolution – Procedure for the Arrangement Becoming Effective” for additional information. An application for the Final Order approving the Arrangement is expected to be made on May 27, 2010 at 10:00 a.m. (Toronto time) at Toronto, Ontario. The notice of application in respect of the Final Order is attached hereto as Appendix “C”. At the hearing, the Court will consider, among other things, the fairness and reasonableness of the terms of the Arrangement, including the fairness of the Arrangement to Voting Unitholders and the Exchangeable L.P. Unitholders. The Court may approve the Arrangement in any manner the Court deems fit, subject to compliance with such terms and conditions, if any, as the Court may direct. Prior to the hearing on the Final Order, the Court will be informed that the Final Order will also constitute the basis for an exemption from registration under the 1933 Act for the Voting Shares to be issued to Fund Unitholders in the Arrangement pursuant to Section 3(a)(10) of the 1933 Act. If the Final Order is obtained, in form and substance satisfactory to the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership, acting reasonably, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, the Fund expects the Effective Date to be on or about December 31, 2010.

Stock Exchange Listing

The TSX has conditionally approved the listing or substitutional listing of the Voting Shares and the Debentures, subject to New Cargojet satisfying the requirements of the TSX. The Common Voting Shares, Variable Voting Shares and the Debentures will be listed on the TSX under the trading symbols “CJT.A”, “CJT.B” and “CJT.DB”, respectively.

See “Special Business of the Meeting – Approval of the Arrangement Resolution – Stock Exchange Listing” for additional information.

Certain Canadian Federal Income Tax Considerations

On a disposition of Fund Units in exchange for Voting Shares pursuant to the Arrangement, a Fund Unitholder will be considered to have disposed of its Fund Units for proceeds of disposition equal to their adjusted cost base. Accordingly, no capital gain or capital loss will be realized. The adjusted cost base of the Fund Units so exchanged will become the adjusted cost base of the Voting Shares issued to the particular Fund Unitholder. Fund Unitholders will not need to file an income tax election in order to achieve this tax deferral.

Exchangeable L.P. Unitholders who hold Exchangeable L.P. Units as capital property and who do not file an election under Section 85 of the Tax Act will realize a capital gain (or capital loss) equal to the amount by which the fair market value of the Common Voting Shares received on the exchange is greater (or less) than the adjusted cost base of the Exchangeable L.P. Units so exchanged and any reasonable costs of disposition. Exchangeable L.P. Unitholders will have the option to elect to have the provisions of Section 85 of the Tax Act apply to them in respect of the exchange of their Exchangeable L.P. Units for Common Voting Shares and to defer all or a portion of the capital gain, if any, that would otherwise be realized. In order to make an election under Section 85 of the Tax Act, an Exchangeable L.P. Unitholder must provide to New Cargojet two signed copies of the necessary tax election forms within 120 days following the Effective Date duly completed with the details of the number of Exchangeable L.P. Units transferred and the applicable elected amount for the purposes of the election. Exchangeable L.P. Unitholders should

consult with their own tax advisors for advice with respect to the decision to make an election under Section 85 of the Tax Act and the consequences thereof.

The Fund Group will not be responsible for any interest, penalties or taxes resulting from an Exchangeable L.P. Unitholder's failure to file a properly completed election under Section 85 of the Tax Act within the applicable statutory time limits.

This Information Circular contains a summary of the principal Canadian federal income tax considerations relevant to Fund Unitholders and Exchangeable L.P. Unitholders and which relate to the Arrangement. The above comments are qualified in their entirety by reference to such summary. See "Certain Canadian Federal Income Tax Considerations" for additional information.

Other Tax Considerations

This Information Circular does not address any tax considerations of the Arrangement other than Canadian federal income tax considerations nor does it address the particular circumstances of any unitholder. Voting Unitholders who are resident in jurisdictions other than Canada, including those in the United States, should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of owning Voting Shares after the Arrangement. Voting Unitholders should also consult their own tax advisors regarding Canadian federal, provincial or territorial, and United States federal, state and local tax considerations of the Arrangement or of holding Voting Shares.

Information Concerning New Cargojet

New Cargojet was incorporated on April 7, 2010 pursuant to the provisions of the OBCA, for purposes of effecting the Conversion. The principal and head office of New Cargojet is located at 350 Britannia Road East, Units 5 and 6, Mississauga, Ontario L4Z 1X9.

New Cargojet will, as a result of the Arrangement, become (or, where necessary, seek to become) a reporting issuer in all Canadian provinces and, accordingly, become subject to the informational reporting requirements under the securities laws of each jurisdiction in which it so becomes a reporting issuer. See Appendix "E" for additional information.

Risk Factors Relating to New Cargojet

For a description of certain risk factors in respect of the business of the Fund Group and the industry in which it operates which will continue to apply to New Cargojet after the Effective Date, see "Risk Factors".

OTHER BUSINESS OF THE MEETING

In addition to the resolutions approving the Arrangement, Voting Unitholders will be asked to consider and vote on other business typically conducted at an annual meeting. See "Other Business of the Meeting" for additional information.

SPECIAL BUSINESS OF THE MEETING

The Meeting will be constituted as an annual and special meeting of Voting Unitholders. As part of the special business set out in the Notice of Meeting, Voting Unitholders will be asked to consider and vote on the Arrangement Resolution.

APPROVAL OF THE ARRANGEMENT RESOLUTION

At the Meeting, Voting Unitholders will be asked to consider and, if thought advisable, approve the Arrangement Resolution. To be effective, the Arrangement Resolution must be approved by at least two-thirds (66 ⅔%) of the votes cast by the Voting Unitholders, voting together, in person or by proxy at the Meeting. A copy of the Arrangement Resolution is set out in Appendix “A” of this Information Circular. See “Special Business of the Meeting – Approval of the Arrangement Resolution – Approvals” for additional information.

Background to and Reasons for the Arrangement

Pursuant to the Acquisition Agreement, Airways was indirectly acquired by the Fund. The trust structure allowed the Fund to continue to execute its business strategy while providing Fund Unitholders and Exchangeable L.P. Unitholders with regular monthly cash distributions on a tax-efficient basis.

The Fund is Canada’s leading provider of time sensitive overnight air cargo services. The Fund’s main air cargo business is comprised of the following segments:

- A domestic overnight air cargo co-load network operating between 13 major Canadian cities each business day.
- Provider of dedicated aircraft to various customers on an Aircraft, Crew, Maintenance & Insurance basis, operating between points in Canada and the USA.
- A scheduled international route for multiple cargo customers between the USA and Bermuda, five days per week.
- A regional air cargo network servicing nineteen smaller cities in Ontario, Québec and the Maritimes.

The Fund operates its business across North America transporting over 750,000 pounds of time sensitive air cargo each business night utilizing a total fleet of forty all-cargo aircraft. The Fund’s domestic overnight air cargo co-load network consolidates cargo received from customers and transports such cargo to the appropriate destination in a timely and safe manner. The Fund continually monitors key performance indicators and uses this information to reduce costs and improve the efficiency of its services.

On October 31, 2006, the Minister announced the federal government’s proposal to apply a tax at the trust level on distributions of certain income from, among other entities, certain publicly traded mutual fund trusts at a rate of tax comparable to the combined federal and provincial corporate tax rate and to treat such distributions as dividends to unitholders. The Minister announced that existing trusts would have a four year transition period and generally would not be subject to the new rules until 2011, provided such trusts experienced only “normal growth” and no “undue expansion” before then. The announcement had an immediate impact on the Canadian capital markets and resulted in a significant decline in trading prices for income trusts.

On December 15, 2006, the Minister released further guidance concerning the proposed tax changes, including “normal growth” for the purposes of this proposal, as well as the Finance Department’s

confirmation that it would not recommend any extension of the four year transition period. The SIFT Rules are designed, among other things, to implement the proposal.

Following the October 31, 2006 announcement, Management considered the potential impact and significance of the proposed tax changes to the Fund, and conducted a series of detailed analyses concerning the strategic direction of the Fund. In connection with this process, Management considered a broad range of strategic alternatives, including without limitation, new corporate structures and acquisition opportunities.

The Board of Trustees formally discussed a potential conversion of the Fund from an income trust structure to a corporate structure on February 25, 2010, at which time Management reviewed with the Board the proposed conversion and dividend policy for New Cargojet. On February 25, 2010, the Board approved a proposal to convert the Fund from an income trust to a growth-oriented, dividend paying corporation.

The Board of Trustees reviewed a draft of this Information Circular and received further details concerning the proposed conversion. After due consideration of all available information and advice, and after considering their duties and responsibilities to the Voting Unitholders, the Board of Trustees concluded that the proposed transaction was in the best interests of the Fund and fair to Voting Unitholders and Exchangeable L.P. Unitholders, and recommend that Voting Unitholders vote in favour of the Arrangement.

Timing for Conversion

In order to avoid the costs to the Fund of convening a separate special meeting of Voting Unitholders, the Conversion and related matters are included in the business to be considered at the Meeting.

In order to allow the Fund Unitholders and Exchangeable L.P. Unitholders to continue to enjoy the benefits of the Fund's income trust structure, which will continue until December 31, 2010, it is anticipated that the Effective Date will be December 31, 2010.

If the Meeting is held as scheduled and is not adjourned or postponed and the other necessary conditions are satisfied or waived, the Fund will apply for the Final Order approving the Conversion at a hearing scheduled for May 27, 2010. The Trustees will have the discretion to determine the Effective Date, once the Final Order has been granted, and it is currently expected that the Effective Date will be December 31, 2010. It is a condition precedent to the completion of the Conversion that the Final Order is in form and substance satisfactory to the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership and all other conditions set forth in the Arrangement Agreement have been satisfied or waived. See "Special Business of the Meeting – Approval of the Arrangement Resolution – Conditions Precedent to the Arrangement". It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order.

The Conversion will become effective upon the filing with the Director of the Articles of Arrangement and a copy of the Final Order, together with such other materials as may be required by the Director, and the issuance of the Arrangement Certificate by the Director.

Recommendation of the Board of Trustees

The Board of Trustees has determined that the Arrangement in the best interests of the Fund and fair to Voting Unitholders and Exchangeable L.P. Unitholders, and recommends that Voting Unitholders vote in favour of the Arrangement Resolution.

In making determinations and recommendations, the Board of Trustees relied upon legal, financial, tax and other advice and information received during the course of their deliberations. The following is a summary of the factors, among others, that the Board of Trustees considered in making its determinations and recommendations:

- It is expected that the Conversion will provide New Cargojet with more flexibility regarding the growth and retention of its capital;
- commencing in 2011, the tax savings to the Fund from distributions to unitholders will be eliminated as a consequence of the Canadian Federal Government's October 31, 2006 announcement relating to the taxation of income trusts and subsequent legislation implementing these proposals, thereby removing the primary benefit of the income trust structure;
- the Board believes a corporate structure will enhance New Cargojet's access to capital;
- management believes the value of the Fund's distribution yield was not reflected in the Fund's unit price;
- the significant declines in trading valuations for securities of income trusts after the government's announcement has made acquisitions on an accretive basis more difficult; and
- following the Conversion, New Cargojet will be better positioned to facilitate its future growth plans should the current market and industry environment remain challenging.

The foregoing discussion of the information and factors considered and given weight by the Board of Trustees is not intended to be exhaustive. In reaching the determination to approve and recommend the Arrangement Resolution, the Board of Trustees did not assign any relative or specific weight to the factors that were considered, and individual Trustees may have given different weight to each factor. There are risks associated with the Arrangement, including that some of the potential benefits set forth in this Information Circular may not be realized or that there may be significant costs associated with realizing such benefits. See "Risk Factors" for additional information.

The Arrangement

Effect of the Arrangement

General

If approved, the Arrangement will result in the reorganization of the Fund from an income trust into a corporation named "Cargojet Inc." which will continue the business of the Fund Group as Canada's leading provider of time sensitive overnight air cargo services. Pursuant to the Arrangement, the Voting Unitholders and the Exchangeable L.P. Unitholders will become the holders of Voting Shares.

It is anticipated that the board of directors of New Cargojet will initially be comprised of the current Trustees of the Fund and directors of the GP: Terrence Francis, Paul Godfrey, John Webster, Ajay Virmani and Jamie Porteous. The senior management of New Cargojet will be comprised of the current members of senior management of the GP. See Appendix "E" – Information Concerning New Cargojet – Directors and Executive Officers, for additional information.

Effect on Voting Unitholders and Exchangeable L.P. Unitholders

Under the Arrangement, the Fund Units held by Fund Unitholders will be transferred to New Cargojet in consideration for Common Voting Shares on the basis of one Common Voting Share for each Fund Unit so transferred. The Exchangeable L.P. Units held by the Exchangeable L.P. Unitholders will be transferred to New Cargojet in consideration for Common Voting Shares on the basis of one Common Voting Share for each Exchangeable L.P. Unit so transferred. The Special Voting Units will be redeemed by the Fund and subsequently cancelled. In accordance with the restrictions on ownership of Common Voting Shares imposed by the CTA, immediately upon the issuance of Common Voting Shares to Fund Unitholders that are non-Canadian, such shares will be converted into Variable Voting Shares.

See “— Arrangement Steps”, “— Procedure for Exchange of Voting Units and Exchangeable L.P. Units” and “Certain Canadian Federal Income Tax Considerations” for additional information.

Effect of Arrangement on Debentures

As at April 9, 2010, there were \$24,655,000 aggregate principal amount of Debentures outstanding. The Debentures are convertible into Fund Units at the option of the holder at any time prior to the close of business on the earlier of maturity of the Debentures, and the Business Day immediately preceding the date specified by the Fund for redemption of the Debentures, at a conversion price of \$16.00 per Fund Unit.

In connection with the Arrangement, New Cargojet will assume all of the covenants and obligations of the Fund in respect of the Debentures. Holders of the Debentures who convert their Debentures prior to the Effective Time will receive the same consideration under the Arrangement as Voting Unitholders based upon the number of Fund Units issued upon such conversion. Holders of Debentures who do not convert their Debentures prior to the Effective Time will be entitled to receive Voting Shares upon conversion of such Debentures after the Effective Time, on substantially the same conversion basis as was applicable to the Fund Units previously issuable upon conversion of the Debentures, subject to adjustment in certain events.

All other terms and conditions of the Indenture will continue to apply as modified to reflect the new corporate structure. No change will be made to the process by which holders of Debentures may exercise their conversion rights under the Indenture. As a result, following completion of the Arrangement, holders of Debentures who subsequently wish to convert their Debentures will be entitled to receive 62.5 Voting Shares, for each \$1,000 principal amount of Debentures converted, subject to adjustment in certain events as provided in the Indenture. The transactions contemplated by the Arrangement do not result in a “Change of Control”, as defined in the Indenture.

The Debentures are currently listed and posted for trading on the TSX. The TSX has conditionally approved the listing or substitutional listing of the Debentures to be assumed by New Cargojet pursuant to the Arrangement and has also conditionally approved the additional listing of the Voting Shares issuable on conversion, redemption or maturity of the Debentures, subject in each case to New Cargojet fulfilling the requirements of such exchange.

Effect of Arrangement on the Securityholders’ Agreement

Pursuant to the Securityholders’ Agreement, the Family Trusts have certain nomination rights in respect of directors of the GP. The consent of the Family Trusts must also be obtained in the event of certain fundamental changes of the Partnership and its subsidiaries. For additional information see “Other Business of the Meeting – Nomination for Election to the GP Board” in this Information Circular and “Material Contracts” in the AIF. In addition to these rights, as long as the Family Trusts continue to hold an aggregate 20% interest in the Fund, the Family Trusts will have a pre-emptive right to participate in

any future issuance of equity or debt securities of the Fund, the Partnership or any subsidiary of the Partnership.

In connection with the Arrangement, New Cargojet will assume all of the rights and obligations of the Fund and the Trust under the Securityholders' Agreement such that, upon completion of the Arrangement, the Family Trusts will be entitled to exercise their rights under the Securityholders' Agreement in respect of New Cargojet (rather than in respect of the Fund and the Trust), the Partnership and the GP. These rights will be substantially unchanged from the Family Trusts' rights under the Securityholders' Agreement.

Effect on Distributions

The Fund is currently paying a monthly distribution at the rate of \$0.042 per Fund Unit. If the Conversion is approved and becomes effective on the Effective Date, the Fund expects to continue to pay a monthly distribution of \$0.042 per Fund Unit to holders of record up to and including the month in which the Conversion becomes effective. However, any future distribution payments will be determined by the Trustees in light of the financial performance and anticipated business needs of the Fund Group at the time a distribution is declared. If the Arrangement is not approved at the Meeting, the Board of Trustees will assess matters at that time to determine the Fund's course of action regarding any future distributions on the Fund Units.

The board of directors of New Cargojet is expected to adopt a dividend policy upon completion of the Conversion. However, any dividend payments will be determined by the board of directors of New Cargojet in light of New Cargojet's financial performance and its current and anticipated business needs at that time. See "Appendix "E" — Information Concerning New Cargojet — Dividend Record and Policy", for additional information.

New Cargojet's dividend policy will be subject to the discretion of the board of directors of New Cargojet and may vary depending on, among other things, New Cargojet's earnings, financial requirements, the satisfaction of solvency tests imposed by the OBCA for the declaration of dividends and other relevant factors. See "Risk Factors" for additional information.

Arrangement Steps

Pursuant to the Arrangement, commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order, each occurring five minutes apart (unless otherwise noted), without any further act or formality except as otherwise provided in the Plan of Arrangement. Notwithstanding the foregoing, some of the steps may be amended if the tax advisers of New Cargojet are of the view that it would be tax advantageous to do so.

Amendment of the Fund Declaration of Trust and the Partnership Agreement

- a) the Fund Declaration of Trust and the Partnership Agreement shall be amended to the extent necessary to facilitate the Arrangement as provided therein;

Conversion of debt to units of the Trust

- b) the Trust shall issue units of the Trust to the Fund in consideration for notes issued by the Trust and held by the Fund;

Dissolution of the Operating Partnership

- c) the Partnership shall transfer its 0.01% interest in the Operating Partnership to Holdings in consideration for common shares of Holdings and the Operating Partnership shall be dissolved;

Partial settlement of debt of Holdings

- d) the Partnership shall settle its loan payable to Holdings against a portion of its loan receivable from Holdings;

Conversion of debt to common shares of Holdings

- e) Holdings shall issue common shares of Holdings to the Partnership in consideration for the settlement of the loan payable by Holdings to the Partnership;

Sale of debt of Airways

- f) the Partnership shall sell the loan receivable from Airways to Holdings in exchange for common shares of Holdings;

Conversion of debt to common shares of Airways

- g) Airways shall issue common shares of Airways to Holdings in consideration for the settlement of the loan payable by Airways to Holdings;

Exchange of Fund Units for Common Voting Shares

- h) the Fund Units held by Fund Unitholders shall be transferred to New Cargojet, free and clear of any claims, solely in consideration for Common Voting Shares on the basis of one Common Voting Share for each Fund Unit so transferred;

Redemption of Special Voting Units

- i) the Special Voting Units shall be redeemed for cancellation by the Fund for consideration of \$0.000001 per Special Voting Unit and will be cancelled;

Exchange of Exchangeable L.P. Units for Common Voting Shares

- j) the Exchangeable L.P. Units held by Exchangeable L.P. Unitholders shall be transferred to New Cargojet, free and clear of any claims, solely in consideration for Common Voting Shares on the basis of one Common Voting Share for each Exchangeable L.P. Unit so transferred;

Exchange of Common Voting Shares to Variable Voting Shares by non-Canadians

- k) the Common Voting Shares issued to Fund Unitholders that are non-Canadian shall be converted into Variable Voting Shares in accordance with the Articles of Incorporation of New Cargojet;

Cancellation of the Initial Common Voting Shares

- l) the 100 Common Voting Shares issued to the Fund in connection with the organization of New Cargojet shall be purchased for cancellation by New Cargojet in consideration for \$100;

Conversion of debt to units of the Partnership

- m) the Partnership shall issue units of the Partnership to the Trust in consideration for the settlement of the loan payable by the Partnership to the Trust;

Settlement of debt of the Fund

- n) the Fund shall settle its loan to the Partnership;

Reduction of Stated Capital of New Cargojet

- o) there shall have been added to the stated capital account(s) maintained for the Voting Shares an amount determined by the directors in accordance with Section 24 of the OBCA in respect of the Voting Shares issued under the Arrangement, and the directors shall be authorized to subsequently reduce its stated capital in an amount determined by the directors, in respect of which no amount is to be distributed to the shareholders of New Cargojet, as contemplated by Subsection 34(1)(b)(ii)(B) of the OBCA; and

Assumption of Debentures

- p) New Cargojet shall assume all of the covenants and obligations of the Fund under the Indenture in respect of the Debentures for consideration with a fair market value equivalent to the principal amount of Debentures such that the Debentures shall be valid and binding obligations of New Cargojet entitling the holders thereof, as against New Cargojet, to all the rights of holders of Debentures under the Indenture and in connection therewith, the Fund, New Cargojet and Computershare Trust Company of Canada shall enter into a supplemental indenture. If there is accrued and unpaid interest on the Debentures at the Effective Time, New Cargojet will assume the accrued and unpaid interest liability for consideration with a fair market value equal to such accrued and unpaid interest.

Post-Arrangement Structure

Immediately following the Effective Time of the Arrangement, it is expected that approximately 7,993,416 Voting Shares will be issued and outstanding. The former Fund Unitholders and Exchangeable L.P. Unitholders will be the sole holders of Voting Shares of New Cargojet, and New Cargojet will own all of the issued and outstanding Fund Units and Exchangeable L.P. Units. Subsequent to the Arrangement, it is intended that the Trust and the Fund will be wound up.

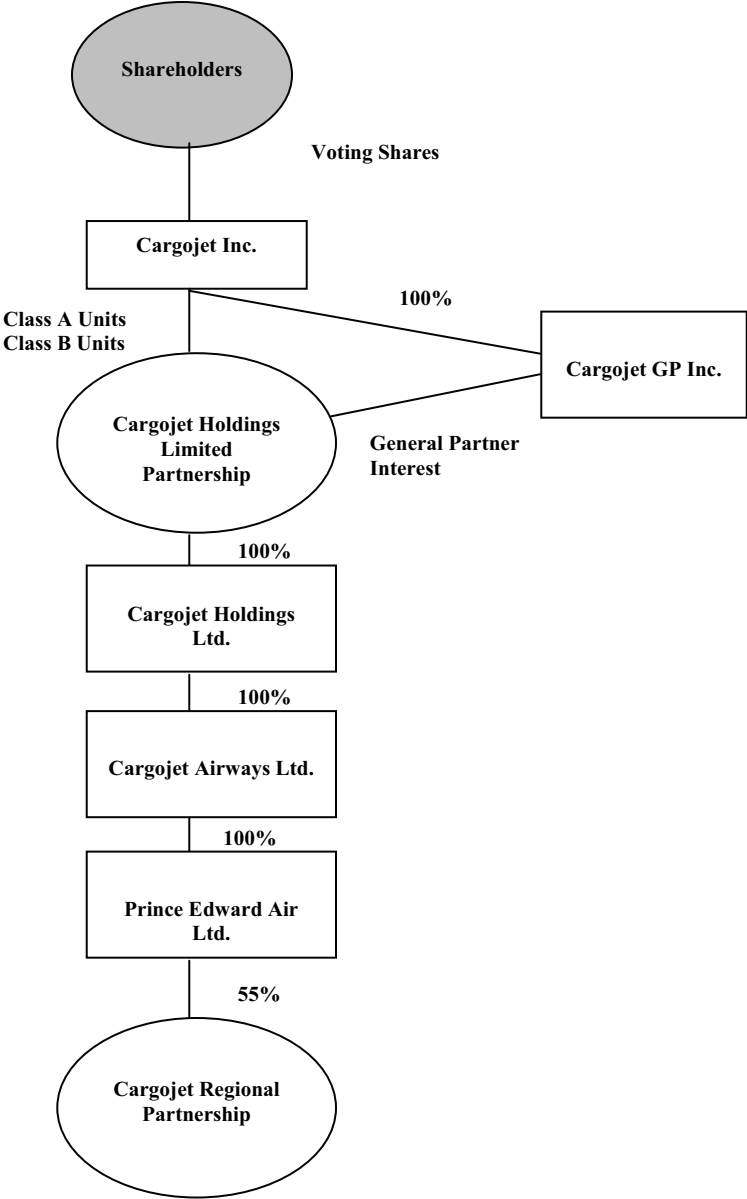
The share capital of New Cargojet consists of Variable Voting Shares, Common Voting Shares and Preferred Shares. Upon the completion of the Arrangement, it is expected that an aggregate of approximately 7,993,416 Voting Shares will be issued and outstanding. To ensure New Cargojet's continuous compliance with the requirement to qualify as "Canadian" pursuant to the CTA, the Articles of Incorporation reflect a variable voting share structure. The Variable Voting Shares can only be owned or controlled by non-Canadians and carry one vote per share unless, notably, the number of issued and outstanding Variable Voting Shares represented at the relevant time exceeds 25% of all of the issued and

outstanding Voting Shares, in which case the vote attached to the Variable Voting Shares will decrease proportionately so that the Variable Voting Shares never collectively carry more than 25% of the vote at any shareholders' meeting. The Common Voting Shares can only be owned and controlled by Canadians and will always carry one vote per share. Canadians will be able to buy either class of shares, but on purchase, Variable Voting Shares must be converted into Common Voting Shares (and are deemed to be so converted under the Articles of Incorporation). Likewise, non-Canadians will be able to buy either class of shares, but Common Voting Shares must be converted to Variable Voting Shares when owned or controlled by a non-Canadian. It is believed that the Variable Voting Share structure will allow New Cargojet securities to circulate freely enough to satisfy the interest of non-Canadians in the company's securities. See "Description of New Cargojet – Description of Share Capital" for additional information.

In connection with the Arrangement, the Fund Declaration of Trust, the Trust Declaration of Trust, the Partnership Agreement and the Operating Partnership Agreement will be amended if and to the extent necessary to facilitate the Arrangement as provided in the Plan of Arrangement.

See "Special Business of the Meeting – Approval of the Arrangement Resolution – Post-Arrangement Structure" and Appendix "E" for additional information.

The following diagram illustrates the organizational structure of New Cargojet immediately following the completion of the Arrangement, including the winding up of the Trust and the Fund.



Arrangement Agreement

The Arrangement is being effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership, and various conditions precedent, both mutual and with respect to each entity and the Fund. **The Arrangement Agreement is attached as Appendix “D” to this Information Circular and reference is made thereto for the full text thereof.**

Procedure for the Arrangement Becoming Effective

The Arrangement is proposed to be carried out pursuant to Section 182 of the OBCA. The following procedural steps must be taken for the Arrangement to become effective, as more particularly described below:

- (a) the Arrangement must be approved by special resolution of the Voting Unitholders;
- (b) the Arrangement must be approved by the Court pursuant to the Final Order;
- (c) all conditions precedent to the Arrangement, including those set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate parties; and
- (d) the Final Order, the Articles of Arrangement and related documents, in the form prescribed by the OBCA, must be filed with the Director and a certificate must be issued by the Director.

Approvals

Voting Unitholder Approval

Pursuant to the Interim Order, the number of votes required to approve the Arrangement Resolution shall be at least two-thirds (66 ⅔%) of the votes cast by Voting Unitholders, voting together as a single class, either in person or by proxy, at the Meeting. See “General Proxy Matters” for additional information.

Notwithstanding the foregoing, the Arrangement Resolution authorizes the Board of Trustees or the board of directors of the GP or New Cargojet, without further notice to or approval of Voting Unitholders, subject to the terms of the Arrangement, to amend or terminate the Arrangement Agreement or Plan of Arrangement, or to revoke the Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the OBCA. The full text of the Arrangement Resolution is attached as Appendix “A” to this Information Circular.

If you return a Form of Proxy but do not specify how you want your Voting Units voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting FOR the Arrangement Resolution.

The Fund Declaration of Trust does not provide for a right of dissent for Voting Unitholders in connection with the Arrangement or the approval of the Arrangement Resolution. The Partnership Agreement does not provide for a right of dissent for Exchangeable L.P. Unitholders in connection with the Arrangement or the approval of the Arrangement Resolution.

Court Approval

Interim Order

On April 9, 2010, the Court granted the Interim Order facilitating the calling of the Meeting and prescribing the conduct of the Meeting and other matters. The Interim Order is attached as Appendix “B” to this Information Circular.

Final Order

The OBCA provides that an arrangement requires Court approval. Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Voting Unitholders at the

Meeting in the manner required by the Interim Order, the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership will make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for May 27, 2010 at 10:00 a.m. (Toronto time), in Toronto, Ontario, or as soon thereafter as counsel may be heard in Toronto, Ontario. The notice of application in respect of the Final Order is attached hereto as Appendix "C". At the hearing, any Voting Unitholder and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving upon the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership a notice of intention to appear on or before 5:00 p.m. (Toronto time) on Tuesday, May 25th, 2010. **Service of such notice shall be effected by service upon the Fund's legal counsel, Cassels Brock & Blackwell LLP, 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario M5H 3C2, Attention: Robert Cohen.**

Prior to the hearing on the Final Order, the Court will be informed that the Final Order will constitute the basis for an exemption from registration under the 1933 Act for the Voting Shares to be issued to Fund Unitholders in the Arrangement pursuant to Section 3(a)(10) of the 1933 Act.

The Fund has been advised by its counsel, Cassels Brock & Blackwell LLP, that the Court has broad discretion under the OBCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, in any manner the Court deems fit, subject to compliance with such terms and conditions, if any, as the Court may direct. Depending upon the nature of any required amendments, the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership may determine not to proceed with the Arrangement.

Regulatory Approvals

Completion of the Arrangement is subject to the parties obtaining various regulatory consents, exemptions and approvals. The business of the Fund Group is, and following the Effective Date the business of the Fund Group will be, subject to regulation by the securities regulatory authorities in each of the provinces and territories of Canada, and pursuant to the general by-laws, rules and policies of the Canadian Transportation Agency and the TSX. The completion of the Arrangement may require the consent or approval of, exemption from, or notification to, these various regulatory authorities.

Conditions Precedent to the Arrangement

The respective obligations of the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership to complete the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, are subject to the fulfillment or satisfaction, on or before the Effective Date, of a number of conditions, any of which may be waived by the mutual consent of such parties without prejudice to their right to rely on any other of such conditions. These conditions include, without limitation:

- a) the Interim Order shall have been granted in form and substance satisfactory to the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership, acting reasonably, not later than April 9, 2010 or such later date as the parties to the Arrangement Agreement may agree and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;

- b) the Arrangement Resolution shall have been approved by the requisite number of votes cast by the Voting Unitholders at the Meeting in accordance with the provisions of the Interim Order and any applicable regulatory requirements;
- c) the Final Order shall have been granted in form and substance satisfactory to the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership, acting reasonably, not later than December 31, 2010 or such later date as the parties to the Arrangement Agreement may agree;
- d) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership, acting reasonably, shall have been accepted for filing by the Director together with the Final Order in accordance with Subsection 183 of the OBCA;
- e) no material action or proceeding shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency and there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:
 - 1) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated in the Arrangement Agreement or the Plan of Arrangement; or
 - 2) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated in the Arrangement Agreement or the Plan of Arrangement;
- f) all necessary third party consents and approvals with respect to the transactions contemplated hereby shall have been completed or obtained;
- g) all material regulatory consents, exemptions and approvals considered necessary or desirable by the parties with respect to the transactions contemplated under the Arrangement shall have been completed or obtained including, without limitation, consents, exemptions, decisions and approvals from applicable securities regulatory authorities and under the rules or policies of the Canadian Transportation Agency and the TSX; and
- h) the TSX shall have conditionally approved the listing or the substitutional listing of the Voting Shares and Debentures to be issued and/or outstanding following completion of the Arrangement, subject only to the filing of required documents which cannot be filed prior to the Effective Date.

Upon the conditions being satisfied or waived, New Cargojet intends to file a copy of the Final Order and the Articles of Arrangement with the Director, together with such other materials as may be required by the Director, in order to give effect to the Arrangement.

Timing of Completion of the Arrangement

If the Meeting is held as scheduled and is not adjourned or postponed and the Arrangement Resolution is approved, the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating

Partnership currently intend to apply for the Final Order approving the Arrangement on May 27, 2010 at 10:00 a.m. (Toronto time). If the Final Order is obtained in form and substance satisfactory to the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership, acting reasonably, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, the Fund expects the Effective Date to be on or about December 31, 2010.

The Arrangement will become effective, following the filing with the Director of the Articles of Arrangement and a copy of the Final Order, together with such other materials as may be required by the Director, and issuance by the Director of the corresponding certificate, on the Effective Date as provided in the Plan of Arrangement.

The Fund's objective is to have the Effective Date occur on (but no earlier than) December 31, 2010. The Effective Date could be delayed, however, for a number of reasons, including a failure to obtain the Final Order on May 27, 2010.

Procedure for Exchange of Fund Units

Registered Fund Unitholders will receive, with this Information Circular, the Letter of Transmittal.

In order to receive certificates for their Voting Shares on the completion of the Arrangement, Voting Unitholders must deposit with the Depository at one of the addresses specified on the last page of the Letter of Transmittal a duly completed Letter of Transmittal together with the certificates representing the holder's Fund Units, in accordance with the instructions contained in the Letter of Transmittal. Registered Fund Unitholders may request additional copies of the Letter of Transmittal by contacting the Depository. The form of Letter of Transmittal is also available at the Fund's profile on SEDAR at www.sedar.com.

Holders whose Fund Units are registered in the name of a broker, dealer, bank, trust company or other nominee should contact their nominee for information about how the exchange of their Fund Units will be effected.

The use of mail to transmit certificates representing Voting Units and the Letter of Transmittal is at each holder's risk. The Fund recommends that such certificates and documents be delivered by hand to the Depository and a receipt therefor be obtained or that registered mail be used.

The Fund will deal directly with the Exchangeable LP Unitholders to exchange their Exchangeable LP Units for Voting Shares.

If the Letter of Transmittal is executed by a person other than the registered holder(s) of the units being deposited or if the certificates representing the Voting Shares issuable in exchange for Fund Units are to be issued to a person other than such registered owner(s) or sent to an address other than the address of the registered holder(s) as shown on the register of Fund Unitholders maintained by the Fund's registrar and transfer agent, the signature on the Letter of Transmittal must be medallion guaranteed by an Eligible Institution. If the Letter of Transmittal is executed by a person other than the registered owner(s) of the units deposited therewith, and in certain other circumstances as set forth in the Letter of Transmittal, then the certificate(s) representing units must be endorsed or be accompanied by an appropriate transfer power of attorney duly and properly completed by the registered owner(s). The signature(s) on the endorsement panel or transfer power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate(s) and must be medallion guaranteed by an Eligible Institution.

From and after the Effective Time, certificates formerly representing Fund Units and Exchangeable LP Units exchanged pursuant to the Plan of Arrangement shall represent only the

right to receive certificates representing Voting Shares to which the former holders are entitled pursuant to the Arrangement.

At or before the Effective Time, New Cargojet will deliver to the Depositary sufficient Voting Share certificates to enable the Depositary to make the exchange described below.

As soon as practicable after the Effective Time but in any event within three Business Days, upon surrender to the Depositary for cancellation of certificate(s) that immediately prior to the Effective Time represented one or more Fund Units, together with the Letter of Transmittal and other documents required by the Letter of Transmittal, the holder of such surrendered certificate(s) shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, a certificate issued by New Cargojet representing that number of Voting Shares that such holder has the right to receive, and the Fund Unit certificate(s) so surrendered shall forthwith be cancelled. From and after the Effective Time, all certificates that represented Fund Units or Exchangeable L.P. Units immediately prior to the Effective Time will cease to represent any rights with respect to such units and will only represent the right to receive the certificates representing Voting Shares to which the former holders are entitled pursuant to the Plan of Arrangement.

In the event of a transfer of ownership prior to the Effective Time of Voting Units that is not registered in the transfer records of the Fund, a certificate representing the proper number of Voting Shares may be delivered to the transferee if the certificate representing such Voting Units is presented to the Depositary, accompanied by all documents required to evidence and effect such transfer prior to the Effective Time as specified in more detail in the Letter of Transmittal.

The Exchangeable L.P. Units may not be transferred except in limited circumstances provided for in the Partnership Agreement.

Unless otherwise directed in the Letter of Transmittal, the certificates for the Voting Shares to be issued pursuant to the Arrangement will be issued in the name of the holder of the Fund Units so deposited. Unless the person who deposits the certificate(s) representing the Fund Units instructs the Depositary to hold the Voting Share certificate for pick up by checking the appropriate box in the Letter of Transmittal, a Voting Share certificate will be forwarded by first class mail to the address supplied in the Letter of Transmittal. If no address is provided, a Voting Share certificate will be forwarded to the address of the holder as shown on the register of Fund Unitholders maintained by the Fund's registrar and transfer agent.

Fund Unitholders will not receive certificates representing Voting Shares until they submit the certificates for their Fund Units to the Depositary along with a duly completed Letter of Transmittal.

Should the Arrangement not be completed, any deposited Fund Unit certificates will be returned to the depositing holder at the expense of the Fund upon written notice to the Depositary from the Fund by returning the deposited Fund Unit certificates (and any other relevant documents), as the case may be, by first class mail in the name of and to the address specified by the holder in the Letter of Transmittal or, if such name and address is not so specified, in such name and to such address as shown on the register of Fund Unitholders maintained by the Fund's registrar and transfer agent of Fund Units.

New Cargojet and the Depositary will be entitled to deduct and withhold from any consideration otherwise payable to a Voting Unitholder such amounts as New Cargojet, the Fund, the Partnership or the Depositary is required or permitted to deduct and withhold with respect to such payment under applicable laws.

The Depositary will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified by the

Fund and the Partnership against certain liabilities under applicable securities laws and expenses in connection therewith.

Expenses of the Arrangement

The estimated costs to be incurred by the Fund Group with respect to the Arrangement and related matters including, without limitation, financial advisory, accounting and legal fees, and the preparation, printing and mailing of this Information Circular and other related documents and agreements, are expected to aggregate to approximately \$550,000.

Stock Exchange Listing

It is a condition to completion of the Arrangement that the TSX shall have conditionally approved the listing or substitutional listing of the Voting Shares and Debentures to be assumed by New Cargojet. The TSX has conditionally approved the listing or substitutional listing of the Variable Voting Shares, Common Voting Shares and Debentures issuable on conversion, redemption or maturity of the Debentures, subject to New Cargojet fulfilling the requirements of the TSX. The Common Voting Shares, Variable Voting Shares and the Debentures will be listed on the TSX under the trading symbols “CJT.A”, “CJT.B” and “CJT.DB”, respectively.

Securities Law Matters

Canada

All securities to be issued under the Arrangement, including, without limitation, the Voting Shares, will be issued in reliance on exemptions from prospectus and registration requirements of applicable Canadian securities laws and, following completion of the Arrangement, the Voting Shares will generally be “freely tradeable” (other than as a result of any “control block” restrictions which may arise by virtue of the ownership thereof) under applicable Canadian securities laws of the provinces of Canada.

United States

Status under U.S. securities laws

Each of the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership is a “foreign private issuer” as defined in Rule 3b-4 under the 1934 Act. It is the Fund’s intention that the Voting Shares will be listed for trading on the TSX following completion of the Arrangement. The Fund does not currently intend to seek a listing for the Voting Shares on a stock exchange in the United States.

Issuance and resale of Voting Shares under U.S. securities laws

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to Voting Unitholders and Exchangeable L.P. Unitholders in the United States (“**U.S. Securityholders**”). All U.S. Securityholders are urged to consult with their own legal counsel to ensure that any subsequent resale of Voting Shares issued to them under the Arrangement complies with applicable securities legislation.

The following discussion does not address the Canadian securities laws that will apply to the issue of the Voting Shares or the resale of Voting Shares by U.S. Securityholders within Canada. U.S. Securityholders reselling their Voting Shares in Canada must comply with Canadian securities laws, as outlined above under “— Canada”.

Exemption from the registration requirements of the 1933 Act

The Voting Shares to be issued pursuant to the Arrangement will not be registered under the 1933 Act or the securities laws of any state of the United States and will be issued in reliance upon the exemption from registration set forth in Section 3(a)(10) of the 1933 Act and exemptions provided under the securities laws of each state of the United States in which U.S. Securityholders reside. Section 3(a)(10) of the 1933 Act exempts from registration the distribution of a security that is issued in exchange for outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, the Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the 1933 Act with respect to the Voting Shares issued in connection with the Arrangement.

Resales of Voting Shares within the United States after the completion of the Arrangement

Persons who are not affiliates of New Cargojet after the Arrangement may resell the Voting Shares that they receive in connection with the Arrangement in the United States without restriction under the 1933 Act. Voting Shares received by a holder who will be an “affiliate” of New Cargojet after the Arrangement will be subject to certain restrictions on resale imposed by the 1933 Act. As defined in Rule 144 under the 1933 Act, an “affiliate” of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the issuer and may include certain officers and directors of such issuer as well as principal shareholders of such issuer.

Persons who are affiliates of New Cargojet after the Arrangement may not sell their Voting Shares that they receive in connection with the Arrangement in the absence of registration under the 1933 Act, unless an exemption from registration is available, such as the exemptions contained in Rule 144 or Rule 904 of Regulation S under the 1933 Act.

Affiliates — Rule 144

In general, under Rule 144, persons who are affiliates of New Cargojet after the Arrangement will be entitled to sell in the United States, during any three-month period, the Voting Shares that they receive in connection with the Arrangement, provided that the number of such securities sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange and/or reported through the automated questions system of a U.S. registered securities association, the average weekly trading volume of such securities during the four calendar week period preceding the date of sale, subject to specified restrictions on manner of sale, requirements, aggregation rules and the availability of current public information about New Cargojet. Persons who are affiliates of New Cargojet after the Arrangement will continue to be subject to the resale restrictions described in this paragraph for so long as they continue to be affiliates of New Cargojet.

Affiliates — Regulation S

In general, under Regulation S, persons who are affiliates of New Cargojet solely by virtue of their status as an officer or director of New Cargojet may sell their Voting Shares outside the United States in an “offshore transaction” (which would include a sale through the TSX, if applicable) if neither the seller, an affiliate nor any person acting on its behalf engages in “directed selling efforts” in the United States. In the case of a sale of Voting Shares by an officer or director who is an affiliate of New Cargojet solely by virtue of holding such position, there is an additional requirement that no selling commission, fee or other remuneration is paid in connection with such sale other than the usual and customary broker’s commission that would be received by a person executing such transaction as agent. For purposes of Regulation S, “directed selling efforts” means “any activity undertaken for the purpose of, or that could

reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered". Certain additional restrictions, set for in Rule 903 of Regulation S, are applicable to a holder of Voting Shares who is an affiliate of New Cargojet after the Arrangement other than by virtue of his or her status as an officer or director of New Cargojet.

Experts

Certain Canadian legal matters relating to the Arrangement are to be passed upon by Cassels Brock & Blackwell LLP on behalf of the Fund and the Partnership. As at April 9, 2010, the partners and associates of Cassels Brock & Blackwell LLP beneficially owned, directly or indirectly, less than 1% of the outstanding Voting Units.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Fund and New Cargojet, the following is a fair and adequate summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable under the Tax Act to Fund Unitholders and Exchangeable L.P. Unitholders in respect of the Arrangement. This summary is applicable to a Fund Unitholder and an Exchangeable L.P. Unitholder who (i) holds Fund Units or Exchangeable L.P. Units and Special Voting Units, as the case may be, as capital property, (ii) deals at arm's length and is not affiliated with the Fund, New Cargojet, the Partnership or Holdings and (iii) does not use or hold Fund Units or Exchangeable L.P. Units and Special Voting Units, as the case may be, in the course of carrying on a business, and did not acquire the Fund Units or Exchangeable L.P. Units and Special Voting Units, as the case may be, in one or more transactions considered to be an adventure or concern in the nature of trade. A Fund Unitholder who is a Canadian resident and who might not otherwise be considered to hold their Fund Units as capital property may, in certain circumstances, be entitled to have the Fund Units and any other "Canadian security" (as defined in the Tax Act) held by it in the taxation year of the election and in all subsequent taxation years treated as capital property by making the irrevocable election permitted by Subsection 39(4) of the Tax Act. A Fund Unitholder contemplating making such an election should consult their own tax advisor.

This summary is not applicable to a Fund Unitholder or Exchangeable L.P. Unitholder that is a "financial institution" or a "specified financial institution" for the purposes of the "mark-to-market property" rules under the Tax Act, to a Fund Unitholder or Exchangeable L.P. Unitholder an interest in which is a "tax shelter investment" (as defined in the Tax Act), or to a Fund Unitholder or Exchangeable L.P. Unitholder who has elected to have the "functional currency" reporting rules under the Tax Act apply. Counsel has assumed for the purposes of this summary that the Fund is at all relevant times a "mutual fund trust" for the purposes of the Tax Act.

This summary is based upon the facts set out in this Information Circular, the provisions of the Tax Act and the regulations thereunder in force at the date of this Information Circular and counsel's understanding of the current administrative and assessing policies and practices of the CRA published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the regulations under the Tax Act which have been publicly announced by or on behalf of the Minister prior to the date of this Information Circular (the "**Tax Proposals**"). No assurance can be given that the Tax Proposals will be enacted as currently proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax consequences and, except for the Tax Proposals, does not take into account, or anticipate any changes in law, whether by legislative, regulatory or judicial action or decision. This summary does not take into account any provincial, territorial or foreign income tax considerations. The provincial, territorial or foreign income tax consequences of the Arrangement may differ significantly from those identified in the following

discussion. Fund Unitholders and Exchangeable L.P. Unitholders should consult their own tax advisors in respect of the provincial, territorial, or foreign income tax consequences of the Arrangement.

This summary is of a general nature only and should not be construed to be, nor is it intended to be, legal or tax advice or representations to any particular Fund Unitholder or Exchangeable L.P. Unitholder. Accordingly, Fund Unitholders and Exchangeable L.P. Unitholders should consult with their own tax advisors for advice with respect to the income tax consequences to them in their particular circumstances.

FUND UNITHOLDERS RESIDENT IN CANADA

The following portion of the summary generally is applicable to a Fund Unitholder that is, for the purposes of the Tax Act and any applicable income tax treaty or convention and at all relevant times, a resident of Canada (a “**Resident Fund Unitholder**”).

A Resident Fund Unitholder who disposes of their Fund Units to New Cargojet in exchange for Common Voting Shares pursuant to the Arrangement will be deemed (i) to have disposed of each such Fund Unit for proceeds of disposition equal to the adjusted cost base (as defined in the Tax Act) of such Fund Unit to the Resident Fund Unitholder immediately before the disposition, and (ii) to have acquired each Common Voting Share received on the exchange at a cost equal to the adjusted cost base to the Resident Fund Unitholder of the particular Fund Unit immediately before the particular disposition. As a consequence, Resident Fund Unitholders will not realize a capital gain or capital loss on the disposition of their Fund Units to New Cargojet in exchange for Common Voting Shares. Resident Fund Unitholders will not need to file an income tax election in order to achieve this tax deferral.

If either (i) the fair market value of the Common Voting Share immediately after the disposition exceeds the fair market value of the Fund Unit at the time of the disposition (“**Excess Share Value**”), or (ii) the fair market value of a Fund Unit at the time of disposition exceeds the fair market value of the Common Voting Share immediately after the disposition and it is reasonable to regard any portion of the excess value as a benefit that the Fund Unitholder desired to confer on a person or partnership with whom the Fund Unitholder does not deal at arm’s length (“**Excess Fund Unit Value**”), the Excess Share Value or the Excess Fund Unit Value, as applicable, must be included in computing the income of the Fund Unitholder for the taxation year in which the disposition occurs. No assurance can be given that the CRA will accept the position that the fair market value of a Fund Unit at the time of disposition is equal to the fair market value of a Common Voting Share immediately after the disposition.

EXCHANGEABLE L.P. UNITHOLDERS

An Exchangeable L.P. Unitholder who disposes of Exchangeable L.P. Units for Common Voting Shares, and who does not file a joint election with New Cargojet under Section 85 of the Tax Act, will realize proceeds of disposition equal to the fair market value of the Common Voting Shares received on the exchange.

Consequently, an Exchangeable L.P. Unitholder who does not file a joint election with New Cargojet under Section 85 of the Tax Act generally will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition for the Exchangeable L.P. Units disposed of, net of any reasonable costs of disposition, exceed (or are exceeded by) the aggregate adjusted cost base of the Exchangeable L.P. Units so exchanged. An Exchangeable L.P. Unitholder may be able to defer all or a portion of any capital gain which would otherwise result from the exchange by making a joint election with New Cargojet under Section 85 of the Tax Act. For a discussion regarding the treatment of capital gains and losses, see “— Taxation of Capital Gains and Losses”.

Section 85 Election

Exchangeable L.P. Unitholders will be given the option of electing to have the provisions of Section 85 of the Tax Act apply to the exchange of Exchangeable L.P. Units to New Cargojet for Common Voting Shares pursuant to the Arrangement. If an Exchangeable L.P. Unitholder and New Cargojet elect to have Section 85 of the Tax Act apply, the Exchangeable L.P. Unitholder's proceeds of disposition will be deemed to be the amount set forth in the election, subject to the limitations imposed by the Tax Act upon the amount that may be elected.

In order to make an election, an Exchangeable L.P. Unitholder must provide to New Cargojet two signed copies of the necessary tax election forms within 120 days following the Effective Date duly completed with the details of the number of Exchangeable L.P. Units transferred and the applicable elected amount for the purposes of the election. The forms will be returned to such Exchangeable L.P. Unitholder, signed by New Cargojet, for filing by the Exchangeable L.P. Unitholder with the CRA (or the applicable provincial or territorial tax authority). Certain provincial or territorial jurisdictions may require that a separate joint election be filed for provincial or territorial income tax purposes. New Cargojet will also make a provincial or territorial joint election with an Exchangeable L.P. Unitholder under the provisions of any relevant provincial or territorial income tax legislation with similar effect to Section 85 of the Tax Act. Exchangeable L.P. Unitholders should consult their own legal and tax advisors to determine whether separate election forms must be filed with any provincial or territorial taxing authority. It will be the sole responsibility of each Exchangeable L.P. Unitholder who wishes to make such an election to obtain the necessary provincial or territorial election forms and to submit such forms for execution to New Cargojet.

In order for the CRA (and, where applicable, any provincial or territorial taxing authority) to accept a tax election without a late filing penalty being paid by the Exchangeable L.P. Unitholder, the election must be received by such taxing authorities on or before a certain date. It is the sole responsibility of an Exchangeable L.P. Unitholder to determine when an election must be filed with the CRA or other applicable provincial or territorial taxing authority. Exchangeable L.P. Unitholders should consult their own legal and tax advisors to determine the applicable filing due date. However, regardless of such deadline, the tax election forms of an Exchangeable L.P. Unitholder must be received by New Cargojet within 120 days following the Effective Date. Any Exchangeable L.P. Unitholder who does not ensure that New Cargojet has received the tax election forms within this time period may not be able to benefit from a Section 85 election. Furthermore, any Exchangeable L.P. Unitholder will only be able to file a tax election if such election has been duly completed and delivered to New Cargojet in the manner described herein. Accordingly, all Exchangeable L.P. Unitholders who wish to enter into an election with New Cargojet should give their immediate attention to this matter.

Exchangeable L.P. Unitholders wishing to make the election(s) should consult their own tax advisors. The comments herein with respect to such elections are provided for general assistance only. The law in this area is complex and contains numerous technical requirements.

The Fund, New Cargojet, the Partnership and the GP will not be responsible for any interest, penalties or taxes resulting from an Exchangeable L.P. Unitholder's failure to file properly completed election(s) within the applicable statutory time limit.

REDUCTION OF STATED CAPITAL

The reduction in the stated capital of the Voting Shares pursuant to the Arrangement will not result in any immediate Canadian income tax consequences to Shareholders. However, the reduction in the stated capital and consequential reduction in the paid-up capital of the Voting Shares may have future Canadian income tax consequences to Shareholders in certain limited circumstances, which may include if New

Cargojet were to repurchase, under certain limited circumstances, any of its Voting Shares or if New Cargojet were dissolved.

TAXATION OF CAPITAL GAINS AND LOSSES

Under the Tax Act, one half of any capital gain realized by an Exchangeable L.P. Unitholder on a disposition of Exchangeable L.P. Units will be included in that unitholder's income as a "taxable capital gain". Subject to certain specific rules in the Tax Act which may deny or reduce a capital loss in certain circumstances, one half of any capital loss (an "allowable capital loss") realized by an Exchangeable L.P. Unitholder on a disposition of Exchangeable L.P. Units may be deducted from any taxable capital gains recognized by the Exchangeable L.P. Unitholder in the year of disposition. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under circumstances described in the Tax Act.

An Exchangeable L.P. Unitholder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on certain investment income, including taxable capital gains.

ALTERNATIVE MINIMUM TAX

In the case of an Exchangeable L.P. Unitholder that is an individual or in the case of certain trusts, the taxable capital gains resulting from the disposition of Exchangeable L.P. Units may increase the Exchangeable L.P. Unitholder's liability for alternative minimum tax depending upon their particular circumstances. Exchangeable L.P. Unitholders to whom the alternative minimum tax rules may be relevant should consult their own tax advisors.

ELIGIBILITY FOR INVESTMENT

The Voting Shares will be qualified investments under the Tax Act for Plans provided that the Voting Shares are listed on a designated stock exchange for purposes of the Tax Act.

Notwithstanding the foregoing, if the Voting Shares are "prohibited investments" for purposes of a tax-free savings account, a holder will be subject to a penalty tax as set out in the Tax Act. Holders are advised to consult their own tax advisors in this regard.

FUND UNITHOLDERS NOT RESIDENT IN CANADA

The following portion of the summary generally is applicable to a Fund Unitholder who is, at all relevant times, neither a resident of Canada nor deemed to be a resident of Canada for the purposes of the Tax Act and any applicable income tax treaty or convention (a "**Non-Resident**") and does not hold or use or is not deemed to hold or use the Fund Units in the course of carrying on business in Canada. Special rules, which are not discussed in this summary, may apply to a Non-Resident Fund Unitholder that is an insurer carrying on business in Canada and elsewhere.

A Non-Resident Fund Unitholder will not realize a capital gain or loss for Canadian federal income tax purposes on the disposition of their Fund Units to New Cargojet in exchange for Common Voting Shares, which may be exchanged for Variable Voting Shares, pursuant to the Arrangement.

Any Excess Share Value or Excess Fund Unit Value attributable to a Non-Resident Fund Unitholder will be deemed to be a dividend from a corporation resident in Canada for purposes of the Tax Act. Such amount will be subject to withholding tax in Canada at a rate of 25% unless reduced by the terms of an applicable tax treaty. No assurance can be given that the CRA will accept the position that the fair market

value of a Fund Unit at the time of disposition is equal to the fair market value of a Common Voting Share, which may be exchanged for a Variable Voting Share, immediately after the disposition.

DESCRIPTION OF THE FUND

The Fund is an unincorporated, open-ended, limited purpose trust governed by the laws of the Province of Ontario, established pursuant to the Fund Declaration of Trust. The Fund is administered by the Trustees of the Fund and by the GP, as attorney of the Fund, pursuant to an administration agreement entered into by the Fund, the Trust and the GP on June 9, 2005.

The head and registered office of the Fund is located at 350 Britannia Road East, Units 5 and 6 Mississauga, Ontario L4Z 1X9.

THE BUSINESS OF THE FUND GROUP

The Fund is Canada's leading provider of time sensitive overnight air cargo services. The Fund's main air cargo business is comprised of the following segments:

- A domestic overnight air cargo co-load network operating between 13 major Canadian cities each business day.
- Provider of dedicated aircraft to various customers on an Aircraft, Crew, Maintenance & Insurance basis, operating between points in Canada and the USA.
- A scheduled international route for multiple cargo customers between the USA and Bermuda, five days per week.
- A regional air cargo network servicing nineteen smaller cities in Ontario, Québec and the Maritimes.

The Fund operates its business across North America transporting over 750,000 pounds of time sensitive air cargo each business night utilizing a total fleet of forty all-cargo aircraft. The Fund's domestic overnight air cargo co-load network consolidates cargo received from customers and transports such cargo to the appropriate destination in a timely and safe manner. The Fund continually monitors key performance indicators and uses this information to reduce costs and improve the efficiency of its services.

FUND UNITS AND SPECIAL VOTING UNITS

The beneficial interests in the Fund are divided into interests of two classes, described and designated as "Fund Units" and "Special Voting Units", respectively. An unlimited number of Fund Units and Special Voting Units are issuable pursuant to the Fund Declaration of Trust.

Each Fund Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains (other than net realized capital gains distributed to redeeming Fund Unitholders) or other amounts, and in the net assets of the Fund in the event of a termination or winding up of the Fund. All Fund Units are of the same class with equal rights and privileges. The Fund Units issued are not subject to future calls or assessments, and entitle the holder thereof to one vote for each whole Fund Unit held at all meetings of Voting Unitholders.

Except as set out under "- Redemption Right" below, the Fund Units have no conversion, retraction, redemption or pre-emptive rights.

Special Voting Units are not entitled to any interest or share in the Fund, in any distribution from the Fund whether of net income, net realized capital gains or other amounts, or in the net assets of the Fund in

the event of a termination or winding up of the Fund. Special Voting Units may be redeemed by the holder at any time for no consideration.

Special Voting Units were only issued in connection with or in relation to the Exchangeable L.P. Units for the sole purpose of providing voting rights with respect to the Fund to the holders of such securities. Special Voting Units were issued in conjunction with, and attach to the Exchangeable L.P. Units to which they relate, and are evidenced only by the certificates representing such Exchangeable L.P. Units. Special Voting Units are not transferable separately from their related Exchangeable L.P. Units. Each Special Voting Unit entitles the holder thereof to that number of votes at any meeting of Voting Unitholders that is equal to the number of Special Voting Units that may be obtained upon the exchange (direct or indirect) of the Exchangeable L.P. Unit to which it is attached. Upon the exchange or conversion of an Exchangeable L.P. Unit for a Fund Unit, the Special Voting Unit that is attached to such Exchangeable L.P. Unit will immediately be cancelled for no consideration without any further action of the holder or the Trustees, and the former holder of such Special Voting Unit will cease to have rights with respect thereto.

Issued and outstanding Fund Units and Special Voting Units may be subdivided or consolidated from time to time by the Trustees without notice to or the approval of the Voting Unitholders.

CASH DISTRIBUTIONS

The following table sets forth the monthly cash distribution per Fund Unit declared by the Fund on the Fund Units since inception:

Regular Distribution per Fund Unit⁽¹⁾						
(\$)						
Date of Declaration	2010	2009	2008	2007	2006	2005
January	\$0.042	\$0.0675	\$0.0964	\$0.0945	\$0.0917	-
February	\$0.042	\$0.0675	\$0.0964	\$0.0964	\$0.0917	-
March	\$0.042	\$0.0675	\$0.0964	\$0.0964	\$0.0917	-
April	-	\$0.027	\$0.0964	\$0.0964	\$0.0917	-
May	-	\$0.027	\$0.0964	\$0.0964	\$0.0917	-
June	-	\$0.027	\$0.0964	\$0.0964	\$0.0917	\$0.0672
July	-	\$0.027	\$0.0675	\$0.0964	\$0.0917	\$0.0917
August	-	\$0.027	\$0.0675	\$0.0964	\$0.0945	\$0.0917
September	-	\$0.027	\$0.0675	\$0.0964	\$0.0945	\$0.0917
October	-	\$0.027	\$0.0675	\$0.0964	\$0.0945	\$0.0917
November	-	\$0.042	\$0.0675	\$0.0964	\$0.0945	\$0.0917
December	-	\$0.042	\$0.0675	\$0.0964	\$0.0945	\$0.0917

Notes:

(1) An amount equal to the cash distribution per Fund Unit was declared and paid by the Partnership to Exchangeable L.P. Unitholders in respect of each Exchangeable L.P. Unit held.

A special distribution of \$0.36 per Fund Unit was declared payable to Fund Unitholders of record on November 30, 2009. An amount equal to the cash distribution per Fund Unit was declared and paid by the Partnership to holders of Exchangeable L.P. Units in respect of each Exchangeable L.P. Unit held.

For the Fund's distribution policy, see "Distributions" and "Description of Capital Structure of the Fund – Distribution Policy of the Fund" in the AIF.

MARKET FOR SECURITIES

Trading Price and Volume

The outstanding Fund Units are listed for trading on the TSX under the symbol “CJT.UN”. The following table sets forth certain information regarding the trading history of the Fund Units for the past 12 months:

<u>Trading History</u>			
<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Monthly Volume (# of units)</u>
April 1 to 8, 2010	8.45	7.76	283,062
March 2010	9.89	7.49	1,163,676
February 2010	10.14	9.39	151,408
January 2010	10.48	10.25	198,823
December 2009	9.47	8.00	1,113,786
November 2009	9.42	5.51	533,400
October 2009	6.93	5.96	192,325
September 2009	6.97	5.40	253,290
August 2009	5.81	3.81	294,025
July 2009	4.07	3.53	264,874
June 2009	4.09	3.33	471,300
May 2009	5.05	2.68	534,031
April 2009	3.11	2.60	333,291

The outstanding Debentures are listed for trading on the TSX under the symbol “CJT.DB”. The following table sets forth certain information regarding the trading history of the Debentures for the past 12 months:

<u>Trading History</u>			
<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Monthly Volume (# of debentures)</u>
April 1 to 8, 2010	N/A	N/A	0
March 2010	104.90	95.01	347,000
February 2010	103.99	101.00	142,000
January 2010	105.00	100.50	225,000
December 2009	102.50	99.98	1,323,000
November 2009	100.00	94.37	581,000
October 2009	98.75	89.50	425,000
September 2009	90.00	87.50	482,000
August 2009	96.00	80.00	451,000
July 2009	80.50	75.00	274,000
June 2009	81.00	77.00	3,698,000
May 2009	83.50	70.00	214,000
April 2009	64.01	45.05	292,000

Prior Sales

During the 12 months preceding the date of this Information Circular, the Fund issued 676,648 Fund Units upon the exchange of Exchangeable L.P. Units.

NORMAL COURSE ISSUER BIDS

On November 21, 2008, the Fund received approval from the TSX of its notice of intention to make a normal course issuer bid for its Fund Units through the facilities of the TSX from November 25, 2008 to November 24, 2009, in accordance with applicable rules of the TSX. Under its normal course issuer bid, the Fund was authorized to purchase for cancellation up to 599,402 Fund Units, representing approximately 10% of the public float of Fund Units issued and outstanding as at November 19, 2008. During the course of its normal course issuer bid, the Fund purchased for cancellation 599,402 Fund Units at an average price of \$4.01 per Fund Unit.

On March 13, 2009, the Fund announced its intention to make a normal course issuer bid to purchase the Debentures through the facilities of the TSX. The principal amount of Debentures to be purchased during the period of the Debenture Bid from March 17, 2009 to March 16, 2010 will not exceed \$3,530,400 principal amount of Debentures, or approximately 10% of the public float outstanding on March 11, 2009. Daily purchases are limited to \$2,155 principal amount of Debentures, other than in instances where block purchase exemptions are relied upon. Debentures purchased pursuant to the Debenture Bid will be cancelled. As at the date hereof, a total of \$3,519,000 principal amount of Debentures have been repurchased at a cost of \$2,854,652, and cancelled.

On December 4, 2009, the Fund announced its intention to make a normal course issuer bid to purchase Fund Units through the facilities of the TSX. The number of Fund Units to be purchased during the period of the 2009/2010 Unit Bid from December 8, 2009 to December 7, 2010 will not exceed 573,620 Fund Units, or approximately 10% of the public float outstanding on November 27, 2009. Daily purchases are limited to 3,311, other than in instances where block purchase exemptions are relied upon. All purchases made pursuant to the 2009/2010 Unit Bid will be made through the facilities of the TSX, Alpha Trading Systems, Chi-X Canada or Pure Trading. Fund Units purchased pursuant to the 2009/2010 Unit Bid will be cancelled.

A copy of the Fund's Notice of Intention to Make a Normal Course Issuer Bid may be obtained on request from the Chief Financial Officer at 350 Britannia Road East, Units 5 and 6, Mississauga, Ontario L4Z 1X9, telephone 905 501-7373, fax 905 501-8228 or on SEDAR at www.sedar.com.

In addition, on December 3, 2009, the Fund announced that it authorized a substantial issuer bid, pursuant to which an aggregate of \$7,476,000 principal amount of Debentures were deposited, for an aggregate purchase price of \$7,667,535.12, and subsequently cancelled. See "General Development of the Business of the Fund – Other Developments – Substantial Issuer Bid" in the AIF.

LEGAL PROCEEDINGS

The Fund and its subsidiaries in the normal course of business are involved in a number of legal proceedings and may become subject to future legal proceedings from time-to-time, including regulatory investigations. Contingent litigation loss provisions are recorded by the Fund when it is probable that the Fund will incur a loss and the amount of the loss can be reasonably estimated. Management and the Fund's external advisors are involved in assessing the likelihood a loss will be incurred and in estimating any amounts involved. While there is inherent difficulty in predicting the outcome of such matters, based on current knowledge and consultation with legal counsel, management does not expect that the outcome

of any of these matters, individually or in aggregate, will have a material adverse effect on the Fund's consolidated financial position or results of operations.

TRANSFER AGENT AND REGISTRAR

The transfer agent and the registrar for the Fund Units is Computershare at its principal offices located in Toronto.

ADDITIONAL INFORMATION

Additional information relating to the Fund is available in the AIF which is incorporated by reference in this Information Circular and is available on SEDAR at www.sedar.com. Financial information concerning the Fund is provided in its financial statements for the year ended December 31, 2009 and the accompanying annual management's discussion and analysis, which are incorporated by reference in this Information Circular and can be accessed on SEDAR.

DESCRIPTION OF THE PARTNERSHIP

The following is a summary of the material attributes and characteristics of the Partnership and partnership units that may be issued under the Partnership Agreement. This summary is qualified in its entirety by reference to the provisions of the Partnership Agreement, which contains a complete statement of those attributes and characteristics.

GENERAL

The Partnership is a limited partnership established under the laws of the Province of Ontario to directly or indirectly acquire the business conducted by the Fund's predecessor prior to the 2005 Acquisition. The Partnership was formed to acquire and hold interests in limited partnerships and other persons acquired or formed for the purpose of engaging in the air cargo services business or any other business or undertaking whatsoever approved by the general partner, through investing in and holding limited partnership interests, share holdings and debt obligations issued by limited partnerships and other persons in those businesses. The purpose of the Partnership is to directly or indirectly make investments in and undertake the business, ownership, operation and lease of assets and property in connection with such business. The general partner of the Partnership is the GP.

CAPITALIZATION

The Partnership is entitled to issue various classes of partnership interests for such consideration and on such terms and conditions as may be determined by the GP. In connection with the 2005 Acquisition, the Partnership issued a general partner interest to the GP, Class A limited partnership units to the Trust and Exchangeable L.P. Units to certain of the shareholders of the Fund's predecessor that elected to receive such units as part of the 2005 Acquisition. Exchangeable L.P. Units are accompanied by Special Voting Units that entitle the holder to receive notice of, attend and to vote at all meetings of Voting Unitholders. The GP holds the general partner interest in the Partnership.

DESCRIPTION OF NEW CARGOJET

New Cargojet was incorporated on April 7, 2010 pursuant to the provisions of the OBCA, for purposes of effecting the Conversion. The principal and head office of New Cargojet is located at 350 Britannia Road East, Units 5 and 6 Mississauga, Ontario L4Z 1X9.

New Cargojet will, as a result of the Arrangement, become (or, where necessary, seek to become) a reporting issuer in all Canadian provinces and, accordingly, become subject to the informational reporting

requirements under the securities laws of each jurisdiction in which it so becomes a reporting issuer. See Appendix “E” to this Information Circular for a detailed description of New Cargojet.

DESCRIPTION OF SHARE CAPITAL

Summary of the Rights, Privileges, Restrictions and Conditions of the Variable Voting Shares and Common Voting Shares

The summary below describes the rights, privileges, restrictions and conditions attached to the Variable Voting Shares and the Common Voting Shares, which is qualified in its entirety by the Articles of Incorporation of New Cargojet, a copy of which is attached hereto as Appendix “F”. In the event that the Canadian Transportation Agency requests amendments to the Articles of Incorporation prior to completion of the Conversion in order to satisfy foreign ownership restrictions under the CTA, the Articles of Incorporation will be amended as necessary in order to satisfy such request.

Variable Voting Shares

Exercise of Voting Rights

The holders of Variable Voting Shares will be entitled to receive notice of, to attend and vote at all meetings of Shareholders, except those at which the holders of a specific class are entitled to vote separately as a class under the OBCA.

Variable Voting Shares will carry 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.

Dividends

Subject to the rights, privileges, restrictions and conditions attached to any other class of New Cargojet shares ranking prior to the Variable Voting Shares, the holders of Variable Voting Shares are entitled to receive any dividends that are declared by New Cargojet’s directors at the times and for the amounts that New Cargojet’s board of directors may, from time to time, determine. The Variable Voting Shares shall rank equally with the Common Voting Shares as to dividends on a share-for-share basis. All dividends shall be declared in equal or equivalent amounts per share on all Voting Shares then outstanding, without preference or distinction.

Subdivision or Consolidation

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

Rights in the Case of Liquidation, Winding-Up or Dissolution

Subject to the rights, privileges, restrictions and conditions attached to the other classes of New Cargojet shares ranking prior to the Variable Voting Shares, in the case of liquidation, dissolution or winding-up of New Cargojet, the holders of Voting Shares are entitled to receive New Cargojet's remaining property and are entitled to share equally, share for share, in all distributions of such assets.

Conversion

Each issued and outstanding Variable Voting Share shall be automatically converted into one Common Voting Share if (i) such Variable Voting Share is or becomes owned and controlled by a Canadian; or if (ii) a holder of a Variable Voting Share subsequently becomes a member of any class of persons, which class of shareholders is not restricted under the laws of Canada from owning shares of New Cargojet or from holding a specified percentage (or part) of all issued and outstanding shares in the capital of New Cargojet.

If an offer is made to purchase Common Voting Shares and such offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed, to be made to all or substantially all the holders of Common Voting Shares in a given province of Canada to which these requirements apply, each Variable Voting Share shall become convertible at the option of the holder into one Common Voting Share at any time while such offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to such offer. The conversion right may only be exercised in respect of Variable Voting Shares for the purpose of depositing the resulting Common Voting Shares pursuant to the offer, and for no other reason, including with respect to voting rights attached thereto, which are deemed to remain subject to the provisions concerning voting rights for Variable Voting Shares, notwithstanding their conversion. The transfer agent is required to deposit the resulting Common Voting Shares pursuant to such offer on behalf of such holder.

Should the Common Voting Shares issued upon such conversion and tendered in response to such offer be withdrawn by Shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, then each Common Voting Share resulting from such conversion shall be automatically re-converted, without any further act on the part of New Cargojet or on the part of the holder, into one Variable Voting Share.

Variable Voting Shares may not be converted into Common Voting Shares, and vice-versa, other than in accordance with the conversion procedure set out in the Articles of Incorporation, a copy of which is attached hereto as Appendix "F".

Constraints on Share Ownership

Variable Voting Shares may only be owned or controlled by non-Canadians.

Common Voting Shares

Exercise of Voting Rights

The holders of Common Voting Shares will be entitled to receive notice of, and to attend and vote at all meetings of shareholders, except those at which holders of a specific class are entitled to vote separately

as a class under the OBCA. Each Common Voting Share shall confer the right to one vote at all meetings of Shareholders.

Dividends

Subject to the rights, privileges, restrictions and conditions attached to any class of New Cargojet shares ranking prior to the Common Voting Shares, holders of Common Voting Shares are entitled to receive any dividends that are declared by New Cargojet's directors at the times and for the amounts that the board of directors may, from time to time, determine. The Voting Shares shall rank equally as to dividends on a share-for-share basis. All dividends declared shall be declared in equal or equivalent amounts per share on all Voting Shares then outstanding, without preference or distinction.

Subdivision or Consolidation

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

Rights in the Case of Liquidation, Winding-Up or Dissolution

Subject to the rights, privileges, restrictions and conditions attached to any class of shares ranking prior to the Common Voting Shares, in the case of liquidation, dissolution or winding-up of New Cargojet, the holders of Voting Shares are entitled to receive New Cargojet's remaining property and are entitled to share equally, share for share, in all distributions of such assets.

Conversion

Each issued and outstanding Common Voting Share shall be converted into one Variable Voting Share, automatically, if such Common Voting Share is or becomes owned or controlled, directly or indirectly, by a person who is a member of a class of persons who under Canadian law is restricted from holding a specified percentage (or part) of all the issued and outstanding shares of New Cargojet, as a body corporate to which such restrictions apply.

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

Should the Variable Voting Shares issued upon conversion and tendered in response to such offer be withdrawn by the Shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, then each Variable Voting Share resulting from such conversion shall be automatically re-converted, without any further act on the part of New Cargojet or on the part of the holder, to one Common Voting Share.

The Common Voting Shares may not be converted into Variable Voting Shares, or vice-versa, other than in accordance with the conversion procedure set out in the Articles of Incorporation and the by-laws of New Cargojet.

Constraints on Share Ownership

The Common Voting Shares may only be owned and controlled by Canadians.

Preferred Shares

The holders of Preferred Shares are not entitled as such to any voting rights at any meeting of the Shareholders, subject to applicable law.

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

Unless otherwise fixed by the board of directors, the Preferred Shares shall be entitled to a preference over the Common Voting Shares and the Variable Voting Shares, and over any other shares of New Cargojet ranking junior to the Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of New Cargojet, whether voluntary or involuntary, or any other distribution of the assets of New Cargojet among its shareholders for the purpose of winding-up its affairs.

If any cumulative dividends or amounts payable on a return of capital are not paid in full, the Preferred Shares of all series shall participate rateably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims, the claims of the holders of the Preferred Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards payment of claims in respect of dividends.

The Preferred Shares of any series may also be given such other preferences over the Common Voting Shares and the Variable Voting Shares and any other share ranking junior to the Preferred Shares.

RISK FACTORS

Voting Unitholders should carefully consider the risk factors set out below regarding the risks of converting to a corporation and consider all other information contained herein and in the Fund's other public filings before determining how to vote on the matters before the Meeting.

RISK FACTORS RELATING TO NEW CARGOJET AND THE ARRANGEMENT

Conditions Precedent and Regulatory Approvals

The completion of the Arrangement in the form contemplated by the Arrangement Agreement is subject to a number of conditions precedent, some of which are outside the control of the Fund and New Cargojet, including, without limitation, receipt of Voting Unitholder approval at the Meeting, regulatory consents, exemptions and approvals, approval of the TSX for the listing of the Voting Shares to be issued pursuant to the Arrangement and upon conversion of the Debentures and the granting of the Final Order

by the Court. There can be no certainty, nor can the Fund provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. Failure to obtain the Final Order on terms acceptable to the Board of Trustees would likely result in the decision being made not to proceed with the Arrangement. If any regulatory consents, exemptions or approvals cannot be obtained on terms satisfactory to the Board of Trustees or at all, the Plan of Arrangement may have to be amended in order to mitigate against the negative consequence of the failure to obtain any such consent, exemption or approval, and accordingly, the benefits available to Fund Unitholders resulting from the Arrangement may be reduced. Alternatively, in the event that the Plan of Arrangement cannot be amended so as to mitigate against the negative consequences of the failure to obtain a regulatory consent, exemption or approval, the Arrangement may not proceed at all. If the Arrangement is not completed, the market price of the Fund Units may be adversely affected.

Payment of Dividends

As a corporation, New Cargojet's dividend policy will be at the discretion of New Cargojet's board of directors. Future dividends, if any, will depend on results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law and other factors that the board of directors may deem relevant. Accordingly, the payment of dividends by New Cargojet and the level thereof will be uncertain.

TAX RISK FACTORS

Certain transactions following completion of the Arrangement may result in losses realized by Exchangeable L.P. Unitholders being subject to a stop-loss rule in the Tax Act. In particular, if New Cargojet is a "SIFT wind-up corporation" (as defined in the Tax Act) in respect of the Partnership, the Tax Act deems the Voting Shares to be property that is identical to the Exchangeable L.P. Units for the purpose of applying the stop-loss rule. If the stop-loss rule applies, the capital loss otherwise realized by such Exchangeable L.P. Unitholder is denied and may only be recognized on the occurrence of certain specific triggering events enumerated in the Tax Act. The stop-loss rule is complex and Exchangeable L.P. Unitholders should consult with their own tax advisors regarding the application of the Tax Act to the Arrangement having regard to their own particular circumstances.

GENERAL RISK FACTORS

For a description of certain risk factors in respect of the business of the Fund Group and the industry in which it operates which will continue to apply to New Cargojet after the Effective Date, see "Risk Factors" in the AIF.

For details on the risk management policies and procedures of the Fund Group, see "Financial Instruments – Risk management policies" in the Fund's management's discussion and analysis for the year ended December 31, 2009.

OTHER BUSINESS OF THE MEETING

ELECTION OF TRUSTEES

The Fund Declaration of Trust provides that there will be a minimum of three Trustees and a maximum of ten Trustees with the number of Trustees within that range being fixed by resolution of the Trustees. There are currently three Trustees.

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

currently Trustees. Each Trustee will hold office for a term expiring at the close of the next annual meeting of Voting Unitholders, unless his office is vacated earlier due to death, removal, resignation or ceasing to be duly qualified. The Trustees do not contemplate that any of the nominees will be unable to serve as a Trustee, but should that circumstance arise for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion.

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

Name and Province/Country of Residence ⁽⁶⁾⁽⁷⁾	Position with the Fund	Principal Occupation	No. of Voting Units Beneficially Owned, Controlled or Directed ⁽¹⁾	Trustee Since
Paul V. Godfrey Ontario, Canada ⁽²⁾⁽³⁾⁽⁴⁾	Trustee	President and Chief Executive Officer of the National Post	3,000	2009
Terence M. Francis ⁽²⁾⁽³⁾⁽⁴⁾ British Columbia, Canada	Trustee	Principal of T. & T.G. Consulting (SA) Ltd.	3,340	2005
John P. Webster ⁽²⁾⁽⁴⁾⁽⁵⁾ Ontario, Canada	Trustee	President and Chief Executive Officer of Maple Trust Company	4,000	2005

Notes:

- (1) The information as to Voting Units beneficially owned or over which control or direction is exercised, not being within the knowledge of the Fund, has been furnished by the proposed nominees.
- (2) Member of the Audit Committee. Mr. Webster is Chairman of the Audit Committee.
- (3) Member of the Corporate Governance Committee. Mr. Francis is Chairman of the Corporate Governance Committee.
- (4) Member of the Compensation and Nominating Committee. Mr. Godfrey is Chairman of the Compensation and Nominating Committee.
- (5) Mr. Webster is lead director of the GP.
- (6) No proposed Trustee is, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Fund) that, while that person was acting in that capacity: (i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the proposed Trustee ceased to be a director, chief executive officer or chief financial officer, in the relevant company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) 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 became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except Mr. Godfrey, who is President and Chief Executive Officer of the National Post Inc., which was part of CanWest Global Communications Corp. (“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 remains outside of the CCAA filing, but part of the sales process that has been initiated by Canwest.
- (7) No proposed Trustee has, within 10 years before 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 its assets.

NOMINATION FOR ELECTION TO THE BOARD OF TRUSTEES OF CARGOJET OPERATING TRUST

The Trust Declaration of Trust provides that there will be a minimum of three and a maximum of ten trustees of the Trust, with the number of trustees within that range being fixed by resolution of the trustees of the Trust. There are currently three trustees of the Trust. Pursuant to the Fund Declaration of Trust and the Trust Declaration of Trust, Voting Unitholders are indirectly entitled to elect the trustees of the Trust by passing resolutions binding the Trustees with respect to the exercise of voting rights attaching to the securities of the Trust. The nominees for election to the board of trustees of the Trust will be the same individuals as the Trustees set out in the chart above. Each trustee of the Trust elected will hold office until the close of business of the first annual meeting of unitholders of the Trust following his

election unless his office is earlier vacated. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote for directing the Trustees to vote the securities of the Trust so as to elect such nominees as trustees of the Trust.

NOMINATION FOR ELECTION TO THE GP BOARD

The constating documents of the GP provide that there will be a minimum of one and a maximum of ten directors of the GP. Pursuant to the Securityholders' Agreement, as long as the Family Trusts hold or control, directly or indirectly, an aggregate of at least 10% of the issued and outstanding Fund Units, on a diluted basis, the GP Board will be comprised of either five or seven directors (such number being determined by the Family Trusts). The Securityholders' Agreement further provides that if the Family Trusts hold an aggregate of at least 20% of the issued and outstanding Fund Units, the Family Trusts will be entitled to nominate three directors; if the Family Trusts hold an aggregate of between 15% and 20% of the issued and outstanding Fund Units, they will be entitled to nominate two directors; and if the Family Trusts hold an aggregate of between 10% and 15% of the issued and outstanding Fund Units, they will be entitled to nominate one director. Notwithstanding the foregoing, if the Trust only nominates three directors, the GP Board will be comprised of five directors and the Family Trusts will be entitled to nominate a maximum of two directors. There are currently five directors of the GP, two of which are nominees of the Family Trusts. Pursuant to the Securityholders' Agreement, the Trust is required to vote its shares in the GP in favour of the election of such individuals.

Pursuant to the Fund Declaration of Trust and the Trust Declaration of Trust, Voting Unitholders are indirectly entitled to elect the GP Board by passing resolutions binding the Trustees (in their capacities as Trustees and trustees of the Trust) with respect to the exercise of voting rights attaching to the securities of the GP. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote in favour of directing the Trustees to elect the nominees whose names are set forth below as directors of the GP. Each director will hold office for a term expiring at the close of the next annual meeting of shareholders of the GP, unless his office is vacated earlier due to death, removal, resignation or ceasing to be duly qualified. The Trustees do not contemplate that any of the nominees will be unable to serve as a director, but should that circumstance arise for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion.

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

Name and Province/Country of Residence ⁽⁵⁾⁽⁶⁾	Position with the GP	Principal Occupation	No. of Voting Units Beneficially Owned, Controlled or Directed ⁽¹⁾	Principal Amount of Debentures Beneficially Owned, Controlled or Directed ⁽¹⁾	Director Since
Paul V. Godfrey Ontario, Canada ⁽²⁾⁽³⁾⁽⁴⁾	Director	President and Chief Executive Officer of the National Post	3,000	-	2009
Terence M. Francis ⁽²⁾⁽³⁾⁽⁴⁾ British Columbia, Canada	Director	Principal of T.&T.G. Consulting (SA) Ltd.	3,340	\$10,000	2005
John P. Webster ⁽²⁾⁽⁴⁾⁽⁷⁾ Ontario, Canada	Director	President and Chief Executive Officer of Maple Trust Company	4,000	-	2005

Name and Province/Country of Residence ⁽⁵⁾⁽⁶⁾	Position with the GP	Principal Occupation	No. of Voting Units Beneficially Owned, Controlled or Directed ⁽¹⁾	Principal Amount of Debentures Beneficially Owned, Controlled or Directed ⁽¹⁾	Director Since
Ajay Virmani ⁽⁸⁾ Ontario, Canada	President, Chief Executive Officer and Director	Chief Executive Officer of the GP	1,808,693	-	2005
Jamie Porteous Ontario, Canada	Executive Vice-President, Sales and Service of the GP	Executive Vice- President, Sales and Service of the GP	256,307	\$100,000	2005

Notes:

- (1) The information as to Voting Units beneficially owned or over which control or direction is exercised, not being within the knowledge of the Fund, has been furnished by the proposed nominees.
- (2) Member of the Compensation and Nominating Committee. Mr. Godfrey is Chairman of the Compensation and Nominating Committee.
- (3) Member of the Corporate Governance Committee. Mr. Francis is Chairman of the Corporate Governance Committee.
- (4) Member of the Audit Committee. Mr. Webster is Chairman of the Audit Committee.
- (5) No proposed director of the GP is, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Fund) that, while that person was acting in that capacity: (i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the proposed director ceased to be a director, chief executive officer or chief financial officer, in the relevant company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) 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 became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except on December 17, 2002, Flagship International Marketing Ltd. (“FIML”) voluntarily filed an assignment in bankruptcy under the *Bankruptcy and Insolvency Act*. At the time of filing the assignment in bankruptcy, Ajay Virmani was a shareholder and director of FIML. Ajay Virmani and a former officer of the GP represented approximately 76% of creditor claims. The Fuller Landau Group Inc. acted as trustee of FIML. On December 21, 2006, Starjet Airways Ltd. (“SAL”) voluntarily filed an assignment in bankruptcy under the *Bankruptcy and Insolvency Act*. At the time of filing the assignment in bankruptcy, Ajay Virmani and Jamie Porteous were officers and directors of SAL. The Virmani Family Trust and The Porteous Family Trust were shareholders of SAL. The Fuller Landau Group Inc. acted as trustee of SAL. Paul Godfrey is President and Chief Executive Officer of the National Post Inc., which was part of CanWest when it voluntarily entered into 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 remains outside of the CCAA filing, but part of the sales process that has been initiated by Canwest.
- (6) No proposed Trustee has, within 10 years before 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 its assets.
- (7) Lead director of the GP Board.
- (8) Chairman of the GP Board.

APPOINTMENT OF AUDITORS OF THE FUND

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

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

Under applicable securities legislation, the Fund is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer (“CEO”), the Chief Financial

Officer (“CFO”) and the Fund’s three most highly compensated executive officers (other than the CEO and CFO) whose total salary and bonus exceeds \$150,000 (the “NEOs”). The Fund, however, does not carry on an active business. Rather, the operations of the Fund are conducted through the Operating Partnership and the executive officers are compensated through the Operating Partnership for acting in such capacities.

This compensation discussion and analysis (“CD&A”) is intended to provide Cargojet’s unitholders with an understanding of our approach to compensation, including a description of the decisions and processes involved, the different components of our program, what we paid NEOs for the financial year ended December 31, 2009 and why. The NEOs for the financial year ended December 31, 2009 were:

- Ajay Virmani, CEO
- Dan Mills, former CFO
- Jamie Porteus, Executive Vice President of the GP
- John Kim, CFO and former Vice President Finance
- George Sugar, Vice President, Flight Operations

In 2009, at the direction of the Board, the Compensation and Nominating Committee (the “CNC”) undertook a comprehensive review of the Fund’s executive compensation policies and practices. The CNC retained Hugessen Consulting Inc. (“Hugessen”) to act as an independent consultant to gather competitive market data and to advise on the design of new executive compensation plans proposed by management. Upon reviewing the objectives of the Fund, the practices of comparable companies and the advice provided by Hugessen, the CNC proposed and the Board determined that it would be appropriate for Cargojet to adopt both new short term and long term incentive plans that align executive compensation with the Fund objectives and with the interests of Fund Unitholders. The new compensation plans will be fully developed and implemented in 2010.

Executive Compensation Philosophy

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

- Compensation levels should be fair and competitive with the market;
- Compensation should help to retain and motivate executives who are critical to Cargojet’s long-run success;
- Compensation should reward overall business performance and should encourage an environment of teamwork and collaboration; and
- Compensation should align the interests of Cargojet executives with those of Cargojet unitholders.

Individual compensation arrangements differ between the top three NEOs who have broader business responsibilities, and NEOs and senior managers who are responsible for specific functions. For example, the STIP for the top three NEOs is based entirely on distributable cash performance, while the annual bonus for other senior managers and NEOs is based on the discretion of the CEO, who may take into account both corporate performance and individual performance when making payout decisions.

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

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

(i) Role and Composition of the CNC

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

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

The CNC of the GP is comprised of Paul Godfrey (Chairman), Terence Francis, and John Webster, all of whom are "unrelated" within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (the "**Governance Disclosure Rule**").

(ii) Role of Management in Compensation Decisions

The CFO assists the CEO in developing and presenting to the CNC all of management's recommendations and supporting material pertaining to the compensation of the NEOs and other senior executives. In addition, the CFO works with the 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 committee meeting.

(iii) Role of Independent Advisor in Compensation Decisions

Hugessen has been retained directly by the CNC to provide independent advice, compensation analysis and other information in support of the Committee's decision-making in regard to executive compensation and related matters. Hugessen attends CNC meetings as requested by the Chair of the Committee, and at all times reports directly to the CNC. All work performed by Hugessen is at the direction of, and must be pre-approved by, the CNC including occasional work performed in partnership with management.

The decisions taken by the CNC remain its responsibility and may reflect factors and considerations in addition to the information and recommendations provided by Hugessen.

Compensation consulting fees paid to Hugessen in 2009 were approximately \$91,500, inclusive of applicable taxes. Hugessen has no other mandates with Cargojet.

Components of Cargojet's Executive Compensation Program

Compensation component	Objectives	Form
Base salary	Provide fixed compensation reflecting the role, skills, and experience of the executive.	Cash
STIP/bonus	Provide performance-based compensation linked to the achievement of distributable cash objectives and of individual performance objectives.	Cash
LTIP (inactive)	Provide performance-based compensation linked to the achievement of distributable cash objectives, encourage retention of talented executives, and align the interests of executives with those of unitholders.	Time-vested fund units

The compensation mix varies by executive level 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 at risk.

The target pay mix of the primary compensation components for the NEOs for fiscal 2009 is shown in the following table:

NEO	Percentage of Target Total Direct Compensation¹			Percentage of pay at risk
	Base salary	Short-term incentive	Long-term incentives²	
Ajay Virmani	57%	43%	0%	43%
Dan Mills ³	56%	44%	0%	44%
Jamie Porteous	56%	44%	0%	44%
John Kim ⁴	75%	25%	0%	25%
George Sugar	73%	27%	0%	27%

Notes:

¹ Percentages have been rounded to the nearest whole number.

² LTIP was not active in 2009.

³ Mr. Mills ceased acting as Executive Vice President, Corporate Governance, and Chief Financial Officer, Corporate Secretary, and Director of the GP effective April 1, 2010.

⁴ Effective April 1, 2010, Mr. Kim became Chief Financial Officer of the GP.

The overall design of Cargojet's 2009 NEO compensation program is summarized in the following table:

NEO	Salary (\$000's)	STIP Target (as % of salary)	LTIP Target (as % of salary) ¹
Ajay Virmani	\$475	75%	0%
Dan Mills ²	\$375	75%	0%
Jamie Porteous	\$375	75%	0%
John Kim ³	\$200	30%	0%
George Sugar	\$200	30%	0%

Notes:

¹ LTIP was not active in 2009.

² Mr. Mills ceased acting as Executive Vice President, Corporate Governance, and Chief Financial Officer, Corporate Secretary, and Director of the GP effective April 1, 2010.

³ Effective April 1, 2010, Mr. Kim became Chief Financial Officer of the GP.

Competitive Benchmarking

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

In 2009, Cargojet asked Hugessen to benchmark the compensation of Ajay Virmani, Dan Mills, and Jamie Porteous. This review included an analysis of the competitiveness of total compensation as well as the components of individual compensation. The group of companies against which Cargojet conducted this benchmarking, as approved by the CNC, is listed in the table below. The list includes publicly-traded Canadian companies in the transportation and logistics industry, with annual revenues ranging between one-half to two times the revenues of Cargojet:

Benchmarking Peer Group
<p style="text-align: center;"> Contrans Income Fund Trimac Transportation Services LP Livingston International Income Fund Clarke Inc. Exchange Industrial Income Fund Discovery Air Inc. Canadian Helicopters Income Fund </p>

The next review will be completed in 2010.

How Cargojet Makes Executive Compensation Decisions

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 and Hugessen, makes an annual recommendation to the Board for each NEO's annual salary, taking the following into consideration:

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

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

Short-Term Incentive Plan

Pay for performance is an important underlying principle of the Fund's executive compensation philosophy, with the result that variable compensation can represent a substantial proportion of total compensation. The Fund administers the STIP, which is based on the Fund meeting certain distributable cash targets. Each year, the CNC recommends for approval by the Board the STIP design, including business performance measures, weightings, and targets.

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

For 2009, participation in the STIP allows the executive officers, Ajay Virmani, Dan Mills and Jamie Porteous, to earn a bonus from 25% to 75% of salary upon the Fund meeting certain distributable cash targets ranging from \$10.0 million to \$12.5 million for the financial period ended December 31, 2009. Payouts are increased between the minimum and target (maximum) based on increments of 10% for every 5% increase towards the distributable cash target. For other NEOs and senior managers, the annual bonus plan was based on similar financial performance targets (individual performance targets were not set for 2009 due to timing issues, but will be established for the 2010 performance year). A discretionary bonus equal to 30% of base salary was paid to the other NEOs as a reward for the company exceeding its distributable cash targets for 2009.

NEO	STIP Award (% of base salary)		
	Minimum	Threshold	Target/Maximum
Ajay Virmani	0%	25%	75%
Dan Mills ¹	0%	25%	75%
Jamie Porteous	0%	25%	75%
John Kim ²	0%	n/a	30%
George Sugar	0%	n/a	30%

Notes:

¹ Mr. Mills ceased acting as Executive Vice President, Corporate Governance, and Chief Financial Officer, Corporate Secretary, and Director of the GP effective April 1, 2010.

² Effective April 1, 2010, Mr. Kim became Chief Financial Officer of the GP.

Long-Term Incentive Plan

Although the LTIP was inactive during 2009, the officers and key employees of the Fund and its subsidiaries are eligible to participate in the program. The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance the Partnership's ability to attract, retain and motivate key personnel and reward officers and key employees for significant performance that results in the Partnership exceeding its per unit distributable cash targets. Pursuant to the LTIP, the Partnership may set aside a pool of funds based upon the amount, if any, by which the Fund's distributable cash per unit (as measured on a fully diluted basis, assuming the exchange of all of the Exchangeable LP Units), exceed certain defined distributable cash targets. The Partnership or a trustee will purchase Fund Units in the market with this pool of funds and will hold the Fund Units until such time as ownership vests to each participant.

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

Initially, the LTIP will provide for awards that may be earned based on the amount by which distributable cash per annum per unit (as measured on a fully diluted basis, assuming the exchange of all of the Exchangeable LP Units) exceeds a base threshold per unit per annum. The percentage amount of that excess which forms the LTIP incentive pool will be determined in accordance with the table below:

Percentage by which distributable cash per unit exceeds the base threshold ⁽¹⁾	Maximum proportion of distributable cash available for LTIP payments
5% or less	10% of any excess over the base threshold
over 5% to 10%.....	15% of any excess over 5% to 10%

Percentage by which distributable cash per unit exceeds the base threshold ⁽¹⁾	Maximum proportion of distributable cash available for LTIP payments
greater than 10%	20% of any excess over 10%

Note:

⁽¹⁾ Annualized for fiscal periods of less than 12 months.

The base threshold will be subject to adjustment by the Board of Trustees.

Perquisites & Benefits

Cargojet takes a conservative approach to perquisites. NEOs are provided with an annual car allowance and home office allowance, health and other benefits. In aggregate, such perquisites and benefits amount to \$79,200 annually for Mr. Virmani, \$64,800 annually for Mr. Mills, and \$64,800 annually for Mr. Porteous. Mr. Kim and Mr. Sugar were provided an annual car allowance of \$12,000 and \$12,300 respectively.

2009 Performance and Compensation Decisions

In 2009 Cargojet faced a very challenging business environment, with annual revenues decreasing over 19% due to the weak global economy. Despite this, Cargojet management reduced expenses significantly and managed to realize increases in both gross margin (which grew from 15.6% to 24.3%) and EBITDA (which grew from \$16.2 million to \$23.7 million).

Cargojet believes strongly in paying its executives based on the performance of the company, and 2009 was no exception. At the beginning of 2009, Cargojet's management and its CNC agreed in regard to the STIP on a targeted range for distributable cash of \$10.0M to \$12.5M for the year ending December 31, 2009. The company's distributable cash for 2009 was \$17.6M (before normal course issuer bid purchases), significantly in excess of the upper bound of this range, so the Board agreed to pay Cargojet's top three executives the maximum under their STIP (a plan which is based on distributable cash results, as described above): Ajay Virmani, \$356,250, Dan Mills, \$281,250 and Jamie Porteous, \$281,250. For the same reason, the two other NEOs were paid at the maximum of their own bonus plans, which for 2009 were based on the discretion of the CEO. Mr. Kim and Mr. Sugar were paid \$60,000 each.

No LTIP was active at Cargojet in 2009.

Due to management and company performance exceeding expectations, a salary rollback applied in 2008 was repaid quarterly throughout 2009 (based on good company performance), and base salaries were increased for Ajay Virmani (on March 1, 2009, from \$450,000 to \$475,000, or 5.6%), Dan Mills (on October 1, 2009, from \$350,000 to \$375,000, or 7.1%), and Jamie Porteous (on October 1, 2009, from \$350,000 to \$375,000, or 7.1%).

Each of Ajay Virmani, Dan Mills and Jamie Porteous entered into an employment agreement on June 9, 2005 for an indefinite term, to reflect employment terms that became effective in June 2004. The employment agreements were updated in November 2009 as part of the annual review process by the CNC. As a result of this review, Mr. Virmani's salary was increased as described above, and the change of control provisions were amended to reflect a three times multiple of total cash compensation as compared a two times multiple. There were no other material or compensation adjustments to Mr. Virmani's employment contract. Similarly, Messrs. Mills and Porteous' base salaries were increased as above, and the change in control provisions were amended to reflect a two times multiple of total cash compensation as compared to 1½ times. All compensation adjustments were recommended and approved by the CNC to bring Messrs.

Virmani's, Mills' and Porteous' respective salaries more in line with executive salaries paid by comparable businesses and in recognition of the Fund's overall performance.

Conclusion

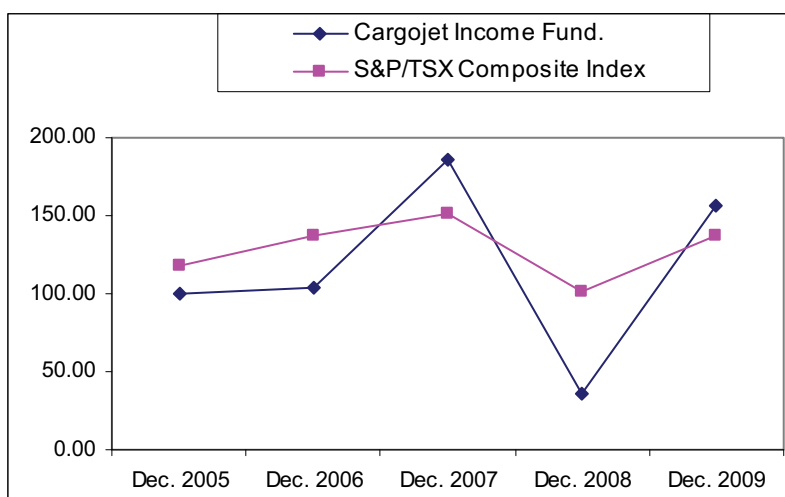
The CNC is satisfied that Cargojet's executive compensation policies and practices support Cargojet in achieving its strategic objectives, and that the programs are effective in attracting, retaining and motivating a skilled team of NEOs. The Chairman of the Committee, Paul Godfrey, will be available to answer questions relating to Cargojet's executive compensation practices at the Meeting.

Report presented by:

Paul Godfrey, *Chairman*
 Terence Francis
 John Webster

PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the cumulative total unitholder return for \$100 invested in Fund Units on June 9, 2005 against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years of the Fund, assuming the reinvestment of all distributions.



	June 9 2005	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009
Cargojet Income Fund	100.00	99.81	103.38	186.13	35.45	156.90
S&P/TSX Composite Index	100.00	117.37	137.63	151.16	101.27	136.77

During the period from 2005 to 2009, the Fund's cumulative total Fund Unitholder return increased by 56.9% compared to the S&P/TSX Index increase of 36.77%. During this same period, the annual base salaries of the Named Executive Officers increased on average by 41.2%. Total compensation (excluding benefits) during this period increased by 37.1%

SUMMARY COMPENSATION TABLE

The following table provides information for the financial year ended December 31, 2009, regarding compensation paid to or earned by the Named Executive Officers. In light of the change to the requirements in the content and format for executive compensation disclosure made by the Canadian Securities Administrators applicable to issuers with a December 31, 2008 or later year end, the Company has disclosed compensation in the Summary Compensation Table below for the 2008 and 2009 fiscal years, in accordance with these requirements. Disclosure of compensation for prior years, in accordance with then applicable requirements, is contained in the Company's previous management information circular dated May 26, 2008, which is available on SEDAR at www.sedar.com.

Name and Principal Position	Year	Salary (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
			Annual incentive Plans	Long-term incentive Plans			
Ajay Virmani ⁽¹⁾ President and Chief Executive Officer of the GP	2009	471,154	356,250	Nil	Nil	79,200 ⁽⁴⁾	906,604
	2008	445,000	Nil	Nil	Nil	80,800	525,800
Dan Mills ⁽¹⁾⁽²⁾ Former Executive Vice President and former Chief Financial Officer of the GP	2009	356,250	281,250	Nil	Nil	67,289 ⁽⁵⁾	704,789
	2008	318,846	Nil	Nil	Nil	64,800	383,646
Jamie Porteous Executive Vice President of the GP	2009	356,442	281,250	Nil	Nil	64,800 ⁽⁶⁾	702,492
	2008	344,231	Nil	Nil	Nil	68,327	412,558
John Kim ⁽³⁾ Chief Financial Officer and Former Vice President of Finance of the GP	2009	178,081	60,000	Nil	Nil	12,000	250,081
	2008	Nil	Nil	Nil	Nil	Nil	Nil
George Sugar Senior Vice President of Cargojet Airways Ltd.	2009	164,652	60,000	Nil	Nil	12,300	236,952
	2008	169,154	Nil	Nil	3,944	16,754	189,852

Note:

⁽¹⁾ No compensation was paid to Messrs. Virmani and Mills in their capacities as Trustee or director of the GP.

⁽²⁾ Mr. Mills ceased acting as Executive Vice President, Corporate Governance, and Chief Financial Officer, Corporate Secretary, and Director of the GP effective April 1, 2010.

⁽³⁾ Effective April 1, 2010, Mr. Kim became Chief Financial Officer of the GP.

⁽⁴⁾ Of this amount, \$45,600 represents Mr. Virmani's car allowance and \$21,600 represents Mr. Virmani's home office allowance.

⁽⁵⁾ Of this amount, \$38,400 represents Mr. Mills' car allowance and \$14,400 represents Mr. Mills' home office allowance.

⁽⁶⁾ Of this amount, \$38,400 represents Mr. Porteous' car allowance and \$14,400 represents Mr. Porteous' home office allowance.

INCENTIVE PLAN AWARDS

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for the financial year ended December 31, 2009.

Incentive plan awards – value vested or earned during the year

Name	Non-equity incentive plan compensation – Value earned during the year (\$)
Ajay Virmani	\$356,250
Dan Mills ⁽¹⁾	\$281,250
Jamie Porteous	\$281,250
John Kim ⁽²⁾	\$60,000
George Sugar	\$60,000

Note:

⁽¹⁾ Mr. Mills ceased acting as Executive Vice President, Corporate Governance, and Chief Financial Officer, Corporate Secretary, and Director of the GP effective April 1, 2010.

⁽²⁾ Effective April 1, 2010, Mr. Kim became Chief Financial Officer of the GP.

PENSION PLAN BENEFITS – DEFERRED COMPENSATION PLANS

The Fund offers a DPSP to all permanent full-time and part-time employees. The Fund matches employee contributions made in the year to the employee's group RRSP, to a maximum of 3% of base salary. DPSP contributions become vested upon the completion of two years of Plan membership. The Fund temporarily suspended its matching of employee contributions for the period January 1, 2009 to December 31, 2009. The Fund continued the matching of employee contributions effective January 1, 2010.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Either Ajay Virmani or Jamie Porteous may resign by providing not less than six months written notice, with certain exceptions. Messrs. Virmani and Porteous's employment agreements provide that if the Named Executive Officer is terminated without cause, he is entitled to a lump sum severance payment equal to three times his employment income for income tax purposes in the previous calendar year (less any required deductions), in the case of Mr. Virmani, and two times his employment income for income tax purposes in the previous calendar year (less any required deductions), in the case of Mr. Porteous. The Named Executive Officer will continue to receive benefits, with certain exceptions, for one year following such termination without cause. The Named Executive Officer will receive a similar lump sum severance payment and benefits if within one year after a "Change of Control" (as defined therein) he is terminated without cause or resigns for "Good Reason" (as defined therein). In the event that the Named Executive Officer is terminated for cause, he is entitled to receive his compensation (including unused vacation pay) to the date of notice of termination.

Additionally, pursuant to each of these employment agreements, the Named Executive Officer is bound by a non-competition provision during the period of his employment and for a period of two years after the termination of his employment for cause or voluntarily by the Named Executive Officer, or for a period of one year after the termination of his employment without cause, with certain exceptions. Additionally, each employment agreement includes a non-solicitation provision during the term of employment of the Named Executive Officer and for a period of two years following the termination of his employment, with or without cause.

Effective April 1, 2010, Dan Mills ceased acting as Chief Financial Officer of the GP. Mr. Mills' employment agreement provided that he may resign by providing not less than six months written notice, with certain exceptions. Mr. Mills' employment agreement also provided for a lump sum severance payment equal to 1½ times employment income for income tax purposes in the previous calendar year (less

any required deductions), with monthly increases to the calendar year period if within one year after a “Change of Control” (as defined therein) he is terminated without cause or resigns for “Good Reason” (as defined therein). Mr. Mills will continue to receive benefits, with certain exceptions, for one year following such termination. Additionally, pursuant to his employment agreement, Mr. Mills is bound by a non-competition provision during the period of his employment and for a period of two years after voluntary termination of his employment. Additionally, the employment agreement includes a non-solicitation provision during the term of employment and for a period of two years following the termination of Mr. Mills’ employment.

Effective April 1, 2010, John Kim became Chief Financial Officer of the GP. Pursuant to his employment agreement, Mr. Kim is entitled to 12 months compensation in the event there is a change in control of the Fund and where there is a loss of employment. If Mr. Kim is terminated, other than for just cause, on or before September 30, 2010, he will be entitled to three months’ severance. Following the completion of probation, if Mr. Kim’s employment is terminated other than for just cause, he will be entitled to one month severance for every completed year of service to a minimum of three months and a maximum of 12 months. Mr. Kim’s employment agreement includes a non-solicitation provision during the term of employment and for 12 months thereafter.

The following table provides details regarding the estimated incremental payments from the Fund to each of the Named Executive Officers on a change of control or on termination without cause, assuming a triggering event occurred on December 31, 2009.

Name	Severance Period (# of months)	Base Salary (\$)	Bonus Target Value (\$)	Benefits Uplift (\$)	Total Incremental Payment (\$)
Ajay Virmani	36	1,425,000	Nil	237,600	1,662,600
Dan Mills ⁽¹⁾	24	750,000	Nil	129,600	879,600
Jamie Porteous	24	750,000	Nil	129,600	879,600
John Kim ⁽²⁾	12	200,000	Nil	12,000	212,000
George Sugar	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Totals		3,125,000	Nil	508,800	3,633,800

Note:

⁽¹⁾ Mr. Mills ceased acting as Executive Vice President, Corporate Governance, and Chief Financial Officer, Corporate Secretary, and Director of the GP effective April 1, 2010.

⁽²⁾ Effective April 1, 2010, Mr. Kim became Chief Financial Officer of the GP.

Benefits uplift includes all “other compensation” plus an estimate related to the existing medical plan for a 12 month period.

TRUSTEE AND DIRECTOR COMPENSATION

For the year ended December 31, 2009, compensation for directors of the GP was \$30,000 per director per year, \$1,200 per director per meeting for attending board meetings of the GP Board and \$1,000 per director

per meeting for attending committee meetings of the GP. Effective January 1, 2010, the compensation for directors of the GP will be increased to \$45,000 per director per year and \$1,500 per director per meeting for attending board meetings. The lead director of the GP Board and the chairman of each of the Audit Committee, CNC and Corporate Governance Committee received additional remuneration of \$5,000, respectively, per year. The Fund or the Partnership also reimbursed trustees and directors for out-of-pocket expenses for attending meetings. No director compensation is paid to directors who are members of management of the Fund or its subsidiaries and no director receives compensation for acting as a trustee (other than for fees for attending board or committee meetings of the Fund that do not run concurrently with meetings of the GP Board).

None of the directors or Trustees were compensated in their capacity as director or Trustee by the Fund or any of its subsidiaries, as applicable during the financial year ended December 31, 2009 pursuant to any other arrangement or in lieu of any standard compensation arrangement.

The following table provides information regarding compensation paid to the Trustees and directors of the GP for acting in such capacity during the financial year ended December 31, 2009.

Trustee and Director Compensation Table

Name ⁽¹⁾	Fees earned (\$) ⁽²⁾	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$) ⁽³⁾	Total (\$)
John Webster	54,100	Nil	Nil	Nil	Nil	37,500	91,600
Terence Francis	51,100	Nil	Nil	Nil	Nil	33,750	84,850
Paul Godfrey	51,000	Nil	Nil	Nil	Nil	33,750	84,850

Notes:

⁽¹⁾ No compensation was paid to Messrs. Virmani and Mills in their capacities as Trustee or director of the GP. For a summary of compensation paid in their capacities as executive officers of the Fund, see “Summary Compensation Table”, above.

⁽²⁾ Fees earned include all fees earned during the fiscal year. As at December 31, 2009, fees earned but not paid were \$16,500 to Mr. Webster and \$16,250 to Messrs. Francis and Godfrey.

⁽³⁾ Trustees were paid a bonus in respect of the performance of the Fund and in recognition of their efforts on behalf of the Fund in fiscal 2009.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

CORPORATE GOVERNANCE

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

The Fund and the Board recognize the importance of corporate governance to the effective management of the Fund and to the protection of its employees and Fund Unitholders. The Fund’s approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Fund are effectively managed so as to enhance Fund Unitholder value. The Board fulfills its mandate directly and through its committees and the committees of the GP Board 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 Fund's affairs and in light of opportunities or risks, which the Fund faces. The Trustees and directors of the GP are kept informed of the Fund's operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The Fund's corporate governance practices have been and continue to be in compliance with applicable Canadian requirements. The Fund 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 Fund's corporate governance practices, which has been prepared by the Corporate Governance Committee of the GP Board and has been approved by the Board. See Appendix "I" for additional information.

THE BOARD AND THE GP BOARD

Each of Terence Francis, Paul Godfrey and John Webster, being all of the Trustees that comprise the Board, are independent within the meaning of the Governance Guidelines and hold regularly scheduled meetings to review the business operations, governance and financial results of the Fund without the presence of management. The Board's chairman is responsible for the leadership of the Board and for specific functions to ensure the independence of the Board.

The GP Board is comprised of each of the Trustees and two additional directors, Ajay Virmani, the President and Chief Executive Officer of the GP and Jamie Porteous, the Executive Vice President of the GP. Ajay Virmani is the chairman of the GP Board and John Webster is its lead director. The lead director works closely with and in an advisory capacity to the Chairman of the GP Board. His primary focus is to be satisfied that the GP Board is organized properly, functions effectively and operates independently of management.

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

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

POSITION DESCRIPTIONS

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

The roles and responsibilities of the CEO are set out in the position description and employment agreement of Ajay Virmani, which is reviewed and approved by the Board with the assistance of the CNC. See "Compensation Matters and LTIP Awards in Most Recently Completed Year", above, for additional information.

MEETINGS OF THE BOARD AND GP BOARD

From January 1, 2009 to December 31, 2009, the Board held 5 meetings at which all Trustees were in attendance. The GP Board held 5 meetings at which all directors were in attendance.

OTHER PUBLIC COMPANY DIRECTORSHIPS/COMMITTEE APPOINTMENTS

The following table provides details regarding directorships held by the Trustees and the directors of the GP in other reporting issuers.

Trustee	Other Reporting Issuer Directorships	Other Reporting Issuer Committee Appointments
Terence Francis	None	None
Paul Godfrey	RioCan Real Estate Investment Trust Astral Media Inc.	Chairman of the Board, Member of Audit, Governance and Nominating, Human Resource and Compensation and Investments Committee's
John Webster	Dundee Wealth Inc. (TSX)	Compensation Committee
Ajay Virmani	None	None
Jamie Porteous	None	None

BOARD CHARTER

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

A copy of the Charter of the Board setting out the Board's mandate, responsibilities and the duties of its members is attached as Appendix "H" to this Information Circular.

ORIENTATION AND CONTINUING EDUCATION

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

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

The Board recognizes the importance of ongoing trustee and director education and the need for each trustee and director to take personal responsibility for this process. To facilitate ongoing education of the Trustees and directors, the Board and the GP Board, through consultation with their committees will: (a) periodically canvas the Trustees and directors to determine their training and education needs and interests; (b) arrange ongoing visitation by the Trustees and directors to the Fund's facilities and operations; (c) arrange the funding for the attendance of the Trustees and directors at seminars or conferences of interest and relevance to their position as a Trustee and/or 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 Trustees, directors, officers and employees of the Fund and its subsidiaries and affiliates. Cargojet’s Manager, Human Resources has responsibility for monitoring compliance with the Code by ensuring all Trustees, 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 Cargojet’s Manager, Human Resources. The Trustees monitor compliance of the Code by obtaining reports from Cargojet’s Manager, Human Resources as to any matters reported under the Code. A copy of the Code is available on SEDAR at *www.sedar.com*.

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

NOMINATION OF TRUSTEES

The Board, with the assistance of the CNC, which is composed entirely of independent directors, is responsible for identifying and recruiting new candidates for nomination to the Board. The process by which the Board identifies new candidates is through recommendations of the CNC taking into account the following considerations: (a) the competencies and skills the Board, as a whole, should possess; (b) the competencies and skills that each existing Trustee possesses; (c) the competencies and skills each new nominee will bring to the Board; and (d) whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member.

The Board’s responsibilities, in consultation with the committees of the GP Board, include periodically reviewing the charters of the Board and Audit Committee and the CNC and Corporate Governance Committee of the GP Board; assisting the chairman of the Board in carrying out his responsibilities; considering and, if thought fit, approving requests from Trustees for the engagement of independent counsel in appropriate circumstances; preparing a set of corporate governance guidelines, the Code and annually a “Statement of Corporate Governance Practices” to be included in the Fund’s information circular; and annually reviewing the Board’s relationship with management to ensure the Board is able to, and in fact does, function independently of management.

COMPENSATION

The Board, with the assistance of the CNC, which is composed entirely of independent directors, determines appropriate compensation for the Trustees and directors. The process by which appropriate compensation is determined is through periodic and annual reports from the CNC on the Fund’s overall

compensation and benefits philosophies with such compensation realistically reflecting the responsibilities and risks of such positions. The CNC also engages the advice of a professional third party to assist in the review process.

The CNC's responsibilities also include reviewing and making recommendations to the GP Board regarding any equity or other compensation plan and regarding the total compensation package of the CEO and other executive officers of the Fund, considering and approving the recommendations of the CEO regarding the total compensation and benefits philosophies and programs for senior management and employees and preparing and recommending to the Board annually a "Report on Executive Compensation" to be incorporated in the Fund's information circular.

AUDIT COMMITTEE

Information regarding the Fund's Audit Committee is contained in the Fund's AIF dated March 11, 2010 under the heading "Audit Committee". The AIF is available on SEDAR at www.sedar.com.

BOARD ASSESSMENTS

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

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

The Trustees and the directors and executive officers of the Fund Group and their associates, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 2,000,000 Voting Units, representing approximately 25.1% of the outstanding Voting Units.

The Arrangement will not result in any change of control, termination or other payments being made to any directors, trustees, officers or employees of the Fund or its subsidiaries pursuant to employment, change of control or similar agreements.

INDEBTEDNESS OF TRUSTEES, DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

As at the date hereof, no current or former Trustee, director, executive officer or employee of the Fund or any of its subsidiaries, as applicable, is indebted to the Fund 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 Fund or any of its subsidiaries.

LIABILITY INSURANCE

The Fund provides insurance for the benefit of the trustees, directors and officers of the Fund's subsidiaries against liability incurred by them in such capacities. The current annual policy limit is \$15.0 million, with Side A excess liability coverage of \$5.0 million, and contains a deductible of \$250,000. For the policy year of May 17, 2009 to May 17, 2010, the Fund paid an annual premium of \$78,000 for this insurance. Under the policy, each entity has reimbursement coverage to the extent that it has indemnified the trustees, directors and officers of such entity.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

FUND UNITS, SPECIAL VOTING UNITS AND PRINCIPAL HOLDERS THEREOF

The Fund has outstanding two classes of units that entitle holders to vote at meetings of unitholders: Fund Units and Special Voting Units. The Special Voting Units were issued to holders of Exchangeable L.P. Units in connection with the 2005 Acquisition. The Special Voting Units provide the holder with voting rights equivalent to the voting rights attached to the Fund Units by entitling the holder to one vote at all meetings of unitholders for each Special Voting Unit held, subject to customary anti-dilution adjustments.

As of April 9, 2010, there were 6,437,109 Fund Units and 1,556,307 Special Voting Units issued and outstanding. Each Fund Unit or Special Voting Unit is entitled to one vote per Fund Unit or Special Voting Unit on all matters to be voted on at Voting Unitholder meetings. As far as the Trustees are aware, no single Voting Unitholder beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the Voting Units, other than:

Name	Voting Units Owned on a Non-Diluted Basis #/% ⁽¹⁾	Voting Units Owned on a Fully Diluted Basis #/% ⁽¹⁾
The Virmani Family Trust	1,808,693 / 22.63%	1,808,693 / 22.63%

Note:

⁽¹⁾ The information as to Voting Units beneficially owned or over which control or direction is exercised, not being within the knowledge of the Fund, has been furnished by the Voting Unitholders listed above.

GENERAL PROXY MATTERS

REGISTERED VOTING UNITHOLDERS

Each Voting Unitholder is entitled to one vote for each Voting Unit registered in his, her or its name as of the record date. The Trustees have set April 5, 2010 as the record date. If a Voting Unitholder sells some or all of the Voting Units that he, she or it owns after the record date, the person who purchased the Voting Units will become a Voting Unitholder, but is not eligible to vote at the Meeting.

NON-REGISTERED BENEFICIAL VOTING UNITHOLDERS

You may be a non-registered beneficial Voting Unitholder (as opposed to a registered Voting Unitholder) if your Voting Units are held on your behalf, or for your account, by a broker, a securities dealer, a bank, a trust company or another similar entity (called an "**Intermediary**"). If you are a non-registered beneficial Voting Unitholder, your Intermediary will be the entity legally entitled to vote your Voting Units. In order to vote your Voting Units, you must carefully follow the instructions that your Intermediary delivered to you with this Information Circular. Instead of completing the Form of Proxy that may be enclosed with this Information Circular, you will likely be asked to complete and deliver a different form to your Intermediary. This form will instruct the Intermediary how to vote your Voting Units at the Meeting on your behalf. As a non-registered beneficial Voting Unitholder, while you are invited to attend the Meeting, you will not be entitled to vote at the Meeting, unless you submit all required information to your Intermediary well in advance of the Meeting and carefully follow its instructions and procedures.

QUORUM

The presence of two or more Voting Unitholders or proxyholders entitled to cast at least 10% of the votes attached to all outstanding Voting Units will constitute a quorum at the Meeting. The Fund's list of Voting Unitholders as of the record date will be used to deliver to Voting Unitholders both the Notice of Meeting and this Information Circular, as well as to determine who is eligible to vote.

VOTING IN PERSON

If you attend the Meeting on May 18, 2010, and are a registered Voting Unitholder, you may cast one vote for each of your registered Voting Units on any and all resolutions put before the Meeting. This includes the election of Trustees, the re-appointment of auditors and any other business that may arise at the Meeting. **If you do not wish to vote for any matter proposed at the Meeting you may withhold your vote from any resolution at the Meeting.** If you attend the Meeting in person and are a non-registered beneficial Voting Unitholder, you will not be entitled to vote at the Meeting unless you contact your Intermediary well in advance of the Meeting and carefully follow its instructions and procedures.

VOTING BY PROXY FOR REGISTERED UNITHOLDERS

The following instructions are for registered Voting Unitholders only. **If you are a non-registered beneficial Voting Unitholder, please follow your Intermediary's instructions on how to vote your Voting Units.**

If you are unable to attend the Meeting, or if you do not wish to personally cast your votes, you may still make your votes count by authorizing another person who will be at the Meeting to vote on your behalf. You may either tell that person how you want to vote, or let him or her choose for you. This is called voting by proxy.

WHAT IS A PROXY?

A proxy is a document that you may sign in order to authorize another person to cast your votes for you at the Meeting. The Form of Proxy that is enclosed with this Information Circular is a form of proxy that you may use to authorize another person to vote on your behalf at the Meeting. You may use this Form of Proxy to assign your votes to the Chairman (or his alternate) or to any other person of your choice. You may also use any other legal form of proxy.

APPOINTING A PROXYHOLDER

Your proxyholder is the person that you appoint to cast your votes at the Meeting on your behalf. You may choose the Chairman (or his alternate) or any other person that you want to be your proxyholder. Please note that your proxyholder is not required to be another Voting Unitholder. If you want to authorize the Chairman (or his alternate) as your proxyholder, please leave the line near the top of the Form of Proxy blank, as the Chairman's name (and the name of his alternate), are already pre-printed on the form. If you want to authorize another person as your proxyholder, fill in that person's name in the blank space located near the top of the enclosed Form of Proxy and cross out the name of the Chairman and his alternate.

Your proxy authorizes the proxyholder to vote and otherwise act for you at the Meeting, including any continuation of the Meeting that may occur in the event that the Meeting is adjourned or postponed. **If you return the attached Form of Proxy to Computershare, and have left the line for the proxyholder's name blank, then the Chairman (or his alternate) will automatically become your proxyholder.**

DEPOSITING YOUR PROXY

To be valid, the Form of Proxy must be filled out, correctly signed (exactly as your name appears on the Form of Proxy), and returned to the Fund's transfer agent, Computershare: (i) by mail or by hand to 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1; or (ii) by facsimile to 1 (866) 249-7775 or (416) 263-9524, Attention: Proxy Department at least 48 hours (excluding Saturdays, Sundays and statutory or civic holidays in the City of Toronto) before the time of the Meeting or any adjournments or postponements thereof, or by presenting it at the Meeting to the Chairman prior to commencement of the Meeting (or at the reconvened meeting in the event of any adjournment or postponement of the Meeting). Your proxyholder may then vote on your behalf at the Meeting.

You may instruct your proxyholder how you want to vote on the issues listed in the Notice of Meeting by checking the appropriate boxes on the Form of Proxy. If you have specified on the Form of Proxy how you want to vote on a particular issue, then your proxyholder must cast your votes as instructed, including on any ballot that may be called for at the Meeting. By checking "WITHHOLD FROM VOTING" on the Form of Proxy, where applicable, you will be abstaining from voting.

If you have NOT specified how to vote on a particular matter, your proxyholder is entitled to vote your Voting Units as he or she sees fit. Please note that if your Form of Proxy does not specify how to vote on any particular matter, and if you have authorized the Chairman (or his alternate) to act as your proxyholder (by leaving the line for the proxyholder's name blank on the Form of Proxy), your Voting Units will be voted at the Meeting as follows:

- **FOR the Arrangement Resolution;**
- **FOR the election of the three nominees to the Board of Trustees;**
- **FOR the direction in respect of the election three nominees to the board of trustees of the Trust;**
- **FOR the direction in respect of the election of three nominees to the board of directors of the GP; and**
- **FOR the re-appointment of Deloitte as auditors of the Fund and to authorize the Board of Trustees to fix the auditor's remuneration.**

For more information on these matters, please see the sections entitled "Special Business of the Meeting" and "Other Business of the Meeting" in this Information Circular. If any other issues properly arise at the Meeting that are not described in the Notice of Meeting, or if any amendments are proposed to the matters described in the Notice of Meeting, your proxyholder is entitled to vote your Voting Units as he or she sees fit. The Notice of Meeting sets out all the matters to be determined at the Meeting that are known to the Trustees as of April 9, 2010.

REVOKING YOUR PROXY

A Voting Unitholder who has submitted a proxy (other than a Voting Unitholder who completed a voting instruction form) may revoke the proxy at any time prior to the exercise thereof:

- (a) by depositing an instrument of revocation in writing executed by the Voting Unitholder or by the Voting Unitholder's attorney authorized in writing:

- (i) at the registered office of the Fund or at the offices of Computershare at any time up to and including the last Business Day preceding the day of the Meeting, or any adjournments or postponements thereof, at which the proxy is to be used, or
 - (ii) with the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournments or postponements thereof; or
- (b) in any other manner permitted by law.

A Voting Unitholder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote 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 form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary in sufficient time prior to the Meeting.

SOLICITATION OF PROXIES

The Fund requests that you fill out your Form of Proxy to ensure your votes are cast at the Meeting. If you leave the Form of Proxy blank, and if you do not specify how your Voting Units are to be voted on particular resolutions, the Chairman (or his alternate) will vote your Voting Units as described above. **This solicitation of your proxy (your vote) is made on behalf of the Board of Trustees.**

The Fund will pay the cost related to the foregoing solicitation of your proxy. This solicitation will be made primarily by mail. Regular employees of the Fund, or the representatives of Computershare, may also ask for proxies to be returned, but will not be paid any additional compensation for doing so.

HOW A VOTE IS PASSED

The matters scheduled to be voted upon at the Meeting consist of both ordinary and special resolutions. Ordinary resolutions are passed by a simple majority, meaning that if more than half of the votes that are cast are in favour, then the resolution passes. Special resolutions require at least two-thirds of the votes cast.

OTHER BUSINESS

As of the date hereof, management does not know of any matters to be brought before the Meeting other than those set forth in the Notice of Meeting accompanying this Information Circular.

ADDITIONAL INFORMATION

Current financial information for the Fund is provided in the Fund'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 Fund can be found on the SEDAR website at www.sedar.com and on the Fund's website at www.cargojet.com.

Copies of the Fund's AIF, annual report (including management's discussion and analysis), financial statements, and this Information Circular may be obtained upon request to the Fund's Investor Relations group. The Fund may require the payment of a reasonable charge if the request is made by a person who is not a unitholder of the Fund.

TRUSTEES' APPROVAL

The contents and the sending of this Information Circular have been approved by the Board of Trustees.

DATED at Mississauga, Ontario, on April 9, 2010.

(signed) "*John Webster*"

John Webster
Trustee

AUDITORS' CONSENT

We have read Cargojet Income Fund's (the "**Fund**") Notice of Meeting and Management Information Circular relating to an annual and special meeting of voting unitholders of the Fund to consider a plan of arrangement involving the Fund, Cargojet Inc., Cargojet Operating Trust, Cargojet Holdings Limited Partnership, Cargojet GP Inc., Cargojet Holdings Ltd., Cargojet Partnership and the unitholders of the Fund and Cargojet Holdings Limited Partnership dated April 9, 2010. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned circular of our report to the unitholders of the Fund on the consolidated balance sheets of the Fund as at December 31, 2009 and 2008 and the consolidated statements of operations and deficit, comprehensive income and cash flows for years then ended. Our report is dated February 25, 2010.

(signed) "*Deloitte & Touche LLP*"

Toronto, Canada
April 9, 2010

Chartered Accountants
Licensed Public Accountants

APPENDIX “A” - ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE VOTING UNITHOLDERS THAT:

1. the arrangement (the “**Arrangement**”) under Section 182 of the *Business Corporations Act* (Ontario) substantially as set forth in the Plan of Arrangement (the “**Plan of Arrangement**”) attached as Exhibit “A” to Appendix “D” to the management information circular (the “**Information Circular**”) of Cargojet Income Fund (the “**Fund**”) dated April 9, 2010 and all transactions contemplated thereby, be and are hereby authorized and approved;
2. the arrangement agreement (“**Arrangement Agreement**”) dated April 8, 2010 among the Fund, Cargojet Inc. (“**New Cargojet**”), Cargojet Operating Trust (the “**Trust**”), Cargojet Holdings Limited Partnership (the “**Partnership**”), Cargojet GP Inc. (the “**GP**”), Cargojet Holdings Ltd. (“**Holdings**”) and Cargojet Partnership (the “**Operating Partnership**”), a copy of which is attached as Appendix “D” to the Information Circular, together with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 6 hereof, such approval to be evidenced conclusively by the execution and delivery of any such amendments or variations, is hereby confirmed, ratified and approved;
3. the amendments to the Fund Declaration of Trust (as defined in the Plan of Arrangement), the Trust Declaration of Trust (as defined in the Plan of Arrangement), the Partnership Agreement (as defined in the Plan of Arrangement) and the Operating Partnership Agreement (as defined in the Plan of Arrangement) as necessary to facilitate the Arrangement be and are hereby authorized and approved;
4. the trustees of the Fund are hereby authorized to vote or permit to be voted any other securities of a member of the Fund Group (as defined in the Information Circular) that are directly or indirectly owned or controlled by the Fund, to authorize the Arrangement and related matters, including any amendment to the constating documents of any member of the Fund Group to facilitate the Arrangement;
5. notwithstanding that this resolution has been duly passed and/or that the Arrangement has received the approval of the Ontario Superior Court of Justice, the board of trustees of the Fund or the board of directors of the GP (as general partner of the Partnership) or New Cargojet may, without further notice to or approval of the holders of Voting Units (as defined in the Information Circular), subject to the terms of the Arrangement, amend or terminate the Arrangement Agreement or the Plan of Arrangement or revoke this resolution at any time prior to the Arrangement becoming effective pursuant to the *Business Corporations Act* (Ontario); and
6. any trustee of the Fund, any trustee of the Trust and any director or officer of the GP, as attorney of the Fund and the Trust, any director or officer of the GP, on behalf of itself and as general partner of the Partnership and managing partner of the Operating Partnership, any director or officer of New Cargojet, and any director or officer of Holdings, is hereby authorized, for and on behalf of itself, the Fund, the Partnership and the Operating Partnership, as applicable, to execute and deliver Articles of Arrangement and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such trustee, director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.

APPENDIX “B” – INTERIM ORDER

Commercial List Court File No. CV-10-8660-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) FRIDAY, THE 9th DAY
JUSTICE) OF APRIL, 2010

IN THE MATTER OF AN APPLICATION UNDER Section 182 of the *BUSINESS CORPORATIONS ACT (ONTARIO)*, being Chapter B.16 of The Revised Statutes of Ontario 1990, as amended, and Rules 14.05(2) and 14.05(3) of the Rules of Civil Procedure

AND IN THE MATTER OF a Proposed Arrangement involving CARGOJET INCOME FUND, CARGOJET INC., CARGOJET OPERATING TRUST, CARGOJET HOLDINGS LIMITED PARTNERSHIP, CARGOJET GP INC., CARGOJET HOLDINGS LTD., CARGOJET PARTNERSHIP and the UNITHOLDERS OF CARGOJET INCOME FUND and CARGOJET HOLDINGS LIMITED PARTNERSHIP

Applicants

INTERIM ORDER

THIS MOTION made by the Applicants pursuant to section 182 of the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, as amended (the “OBCA”), for an interim order for advice and directions in connection with the within application (the “Application”), was heard this day at 330 University Avenue, 8th Floor, Toronto, Ontario.

ON READING the Notice of Application, the Notice of Motion and the Affidavit of John Kim, Chief Financial Officer of Cargojet Income Fund (the “Fund”), sworn April 7, 2010 (the “Supporting Affidavit”), and the exhibits thereto, and on hearing the submissions of counsel for the Applicants, no one else appearing,

Definitions

1. **THIS COURT ORDERS THAT** all capitalized terms not otherwise defined in this Order shall have the meanings ascribed thereto in the draft Notice of Meeting and management information circular (the “Circular”) attached as Exhibit “C” to the Supporting Affidavit.

The Meeting

2. **THIS COURT ORDERS** that, in accordance with section 12.1 of the Amended and Restated Declaration of Trust of the Fund dated as of April 25, 2005 and amended and restated as of June 1, 2005 (the “Declaration of Trust”), the Applicants shall be permitted to call, hold and conduct the Meeting, at which holders of units (the “Fund Units”) and special voting units of the Fund (together with the Fund Units, the “Voting Units”) will be asked to, among other things, consider and, if deemed advisable, pass, with or without variation, the Arrangement Resolution, a copy of which is located in the Circular, to, among other things, authorize, approve and adopt the Plan of Arrangement.

3. **THIS COURT ORDERS** that, in accordance with section 12.8 of the Declaration of Trust, the record date (the “Record Date”) for the Meeting shall be 5:00 p.m. (Toronto time) on April 5, 2010.

4. **THIS COURT ORDERS** that, for the purposes of the Meeting and in accordance with section 12.3 of the Declaration of Trust, the quorum requirement shall be the presence of two or more holders of the Voting Units (“Voting Unitholders”) or proxyholders entitled to cast at least ten percent (10%) of the total number of votes attached to the Voting Units.

5. **THIS COURT ORDERS** that, subject to the Declaration of Trust, the only persons entitled to attend at the Meeting shall be: (a) the Voting Unitholders or their respective proxyholders; (b) the Applicants’ trustees, officers, directors, auditors and advisors; and (c) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that, in accordance with section 12.1 of the Declaration of Trust, at the Meeting, the Applicants may also transact such other business as is contemplated by the Circular or as otherwise may be properly brought before the Meeting.

Amendments to the Arrangement and Plan of Arrangement

7. **THIS COURT ORDERS** that, subject to compliance with the Declaration of Trust and applicable securities laws, the Applicants are authorized to make such amendments, revisions and/or supplements to the Arrangement and to the Plan of Arrangement as they may determine, and the Arrangement and the Plan of Arrangement, as so amended, revised and/or supplemented, shall be the Arrangement and the Plan of Arrangement to be submitted to the Voting Unitholders at the Meeting and shall be the subject of the Arrangement Resolution.

Adjournments and Postponements

8. **THIS COURT ORDERS** that the Applicants, if they deem advisable and subject to compliance with section 12.2 of the Declaration of Trust, are specifically authorized to adjourn or postpone the Meeting on one or more occasions.

Notice of the Meeting

9. **THIS COURT ORDERS** that the Applicants shall give notice of the Meeting in compliance with the Declaration of Trust, substantially in the form of the notice (the “Notice”) located in the Circular, subject to the Applicants’ ability to change dates and other relevant information in the final form of Notice in accordance with section 12.2 of the Declaration of Trust.

Solicitation of Proxies

10. **THIS COURT ORDERS** that the Applicants are authorized to use proxies at the Meeting in accordance with section 12.4 of the Declaration of Trust.

11. **THIS COURT ORDERS** that any proxy to be used at the Meeting must be received by Computershare Trust Company of Canada (“Computershare”) at 9th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, by mail, by hand or by facsimile (416-263-9524 or 1-866-249-7775) to the attention of Computershare’s Proxy Department, in accordance with the time provisions contained in section 12.4 of the Declaration of Trust.

Method of Distribution of Meeting Materials and Court Materials

12. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to distribute the Notice of Application, this Order, the Notice, the Circular, the form of proxy, the Letter of Transmittal and any other communications or documents determined by the Applicants to be necessary or desirable (collectively, the “Meeting Materials”) in accordance with section 12.2 of the Declaration of Trust, as follows:

- (a) to (i) registered Voting Unitholders entitled to vote as at the Record Date, (ii) registered holders of the convertible debentures (“Debentures”) of the Fund, (iii) the trustees, partners or directors of the Applicants, and (iii) the auditor of the Applicants; respectively, by pre-paid ordinary mail (with, at their option, but not required by delivery, in person or by courier) not later than twenty-one (21) days and not more than fifty (50) days prior to the date established for the Meeting in the Notice. Distribution to such persons shall be to their addresses as they appear on the books and records of the Fund, as applicable, as of the Record Date; and
- (b) to Non-Registered Fund Unitholders by the Applicants complying with their obligations under National Instrument 54-101 of the Canadian Securities Administrators.

13. **THIS COURT ORDERS** that the Applicants are hereby authorized to distribute the Notice of Application, this Order, the Notice, the Circular and any other communications or documents determined by the Applicants to be necessary or desirable (collectively, the “Court Materials”), concurrently with the distribution described in paragraph 12 of this Order, to any other persons the Applicants deem appropriate by pre-paid ordinary mail or by delivery, in person or by courier, or, for those persons that are currently trustees, partners, employees, officers or directors of the Applicants, by email. Distribution to such persons shall be to their addresses (whether electronic or otherwise) as they appear on the books and records of the Applicants, as applicable, as of the Record Date. In any event, distribution of the Meeting Materials or the Court Materials to such persons by regular mail shall be deemed to be effective on the third (3rd) business day after mailing and distribution thereof by fax, email or courier shall be deemed to be effective on the first business day after distribution in such manner.

14. **THIS COURT ORDERS** that the Applicants are hereby authorized to make such amendments, revisions or supplements (“Additional Information”) to the Meeting Materials and/or Court Materials as the Applicants may determine in accordance with the terms of the Arrangement Agreement, and, subject to the Declaration of Trust, the Applicants shall distribute such Additional Information by

press release, by newspaper advertisement, by pre-paid ordinary mail, by delivery, in person or by courier, or by the most reasonably practicable method in the circumstances as the Applicants may reasonably determine.

15. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials, as well as any Additional Information, pursuant to paragraphs 12, 13 and 14 of this Order, shall constitute good and sufficient service and notice thereof upon all such persons of the Meeting and the within Application. Further, no other form of service of the Meeting Materials, the Court Materials or any Additional Information or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to the persons described in paragraphs 12, 13 and 14 of this Order or to any other persons.

Voting

16. **THIS COURT ORDERS** that, in accordance with section 12.4 of the Declaration of Trust, the only persons entitled to vote in person or by proxy on the Arrangement Resolution or such other business as may be properly brought before the Meeting shall be the Voting Unitholders as at the Record Date.

17. **THIS COURT ORDERS** that, in accordance with section 12.6 of the Declaration of Trust, the Arrangement Resolution must be passed at the Meeting by the affirmative vote of more than two-thirds of the votes cast in respect of the Arrangement Resolution by the Voting Unitholders present in person, or represented by proxy, at the Meeting who are entitled to vote in accordance with paragraph 16 above.

18. **THIS COURT ORDERS** that, in compliance with section 12.4 of the Declaration of Trust, each holder of Fund Units and each holder of Special Voting Units of the Fund is entitled to one (1) vote for each such Voting Unit held.

Hearing of Application for Approval of the Arrangement

19. **THIS COURT ORDERS** that, upon the passing of the Arrangement Resolution pursuant to the provisions of paragraph 17 hereof, the Applicants shall be permitted to apply to this Honourable Court for final approval of the Arrangement pursuant to the within Notice of Application on Thursday, May 27th, 2010 (or on such other date directed by this Honourable Court).

20. **THIS COURT ORDERS** that the only persons entitled to appear and be heard at the hearing of the within Application shall be:

- (a) the Applicants and their counsel; and
- (b) any person who has filed a Notice of Appearance herein in accordance with the provisions hereof, the Notice of Application and the *Rules of Civil Procedure*.

21. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served, subject to any further Order of this Court, on or before 5:00 p.m. (Toronto time) by Tuesday, May 25th, 2010 on counsel for the Applicants at the following address: Cassels Brock & Blackwell LLP, Suite 2100, 40 King Street West, Toronto, Ontario, M5H 3C2, Attention: Robert B. Cohen.

22. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons set out in paragraph 20 shall be entitled to be given notice of the adjourned date.

Variance

23. **THIS COURT ORDERS** that the Applicants shall be entitled to seek leave to vary this Order upon such terms and upon the giving of such notice, if any, as this Honourable Court may direct.

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at **TORONTO**

INTERIM ORDER

CASELS BROCK & BLACKWELL LLP
Scotia Plaza, Suite 2100
40 King Street West
Toronto, Ontario M5H 3C2

Robert B. Cohen LSUC#: 32187D
Tel: 416-869-5425
Fax: 416-350-6929

Lawyers for the Applicants

APPENDIX "C" – NOTICE OF APPLICATION

Commercial List Court File No. CV-10-8660 -00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF AN APPLICATION UNDER Section 182 of the *BUSINESS CORPORATIONS ACT (ONTARIO)*, being Chapter B.16 of The Revised Statutes of Ontario 1990, as amended, and Rules 14.05(2) and 14.05(3) of the Rules of Civil Procedure

AND IN THE MATTER OF a Proposed Arrangement involving CARGOJET INCOME FUND, CARGOJET INC., CARGOJET OPERATING TRUST, CARGOJET HOLDINGS LIMITED PARTNERSHIP, CARGOJET GP INC., CARGOJET HOLDINGS LTD., CARGOJET PARTNERSHIP and the UNITHOLDERS OF CARGOJET INCOME FUND and CARGOJET HOLDINGS LIMITED PARTNERSHIP

Applicants

NOTICE OF APPLICATION

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appears on the following pages.

THIS APPLICATION will be made to a judge presiding over the Commercial List on **Thursday, May 27, 2010 at 10:00 a.m. at 330 University Avenue, 8th Floor, Toronto, Ontario.**

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with the documents in the application, you or an Ontario lawyer acting for you must prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicants' lawyer(s) or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in this court office, and you or your lawyers(s) must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you and your lawyer(s) must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants' lawyer(s) or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND

THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LEGAL AID OFFICE.

Date April 6, 2010

Issued by (signed) "Registrar"
Local Registrar

Address of court office 330 University Avenue
7th floor
Toronto ON M5G 1R7

TO: ALL HOLDERS OF TRUST UNITS AND SPECIAL VOTING UNITS OF CARGOJET INCOME FUND and UNITS OF CARGOJET HOLDINGS LIMITED PARTNERSHIP

AND TO: ALL DIRECTORS AND TRUSTEES (as the case may be) OF CARGOJET INCOME FUND, CARGOJET INC., CARGOJET OPERATING TRUST, CARGOJET HOLDINGS LIMITED PARTNERSHIP, CARGOJET GP INC., CARGOJET HOLDINGS LTD. and CARGOJET PARTNERSHIP

AND TO: DELOITTE & TOUCHE LLP
2 Queen Street East
Toronto, ON M5C 3G7
Auditor to Cargojet Income Fund

APPLICATION

1. THE APPLICANTS MAKE APPLICATION FOR:

- (a) an Interim Order for advice and directions of this Honourable Court pursuant to subsection 182(5) of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the "OBCA"), with respect to notice and the conduct of a meeting (the "Meeting") of the holders of units (the "Fund Units") and special voting units ("Special Voting Units" and together with the Fund Units, the "Voting Units") of Cargojet Income Fund (the "Fund"), and such other matters pertaining to a proposed arrangement (the "Arrangement") under a plan of arrangement whereby the Fund will be converted from the income trust to a corporation governed by the OBCA, as described in more detail below;
- (b) a Final Order of the Superior Court of Justice pursuant to subsections 182(3) and 182(5) of the OBCA approving the Arrangement if it is adopted and approved by the holders of the Voting Units (the "Voting Unitholders") at the Meeting; and
- (c) such further and other relief as to this Honourable Court seems just.

2. THE GROUNDS FOR THE APPLICATION ARE:

- (a) the Fund is an unincorporated, open-ended limited purpose trust established by a Declaration of Trust (the "Fund Declaration of Trust") that is governed by the laws of the Province of Ontario;
- (b) the Fund operates in the overnight air cargo services industry, and its Fund Units are listed and trade publicly on the Toronto Stock Exchange;
- (c) Cargojet Inc. ("New Cargojet") is a corporation incorporated pursuant to the laws of the Province of Ontario;
- (d) pursuant to an Arrangement Agreement, the Fund is being converted into an Ontario corporation by way of the following:
 - (i) the Fund Declaration of Trust and the limited partnership agreement of Cargojet Holdings Limited Partnership (the "Partnership"), a limited partnership

established under the laws of the Province of Ontario, shall be amended to the extent necessary to facilitate the Arrangement;

- (ii) Cargojet Operating Trust (the “Trust”), a trust established under the laws of the Province of Ontario, shall issue units of the Trust to the Fund in consideration for notes issued by the Trust and held by the Fund;
- (iii) the Partnership shall transfer its 0.01% interest in Cargojet Partnership (the “Operating Partnership”), a general partnership established under the laws of the Province of Ontario, to Cargojet Holdings Ltd. (“Holdings”), a corporation incorporated under the OBCA, and the Operating Partnership shall be dissolved;
- (iv) the Partnership shall settle a portion of its loan payable to Holdings against its loan receivable from Holdings, resulting in a net loan payable by Holdings to the Partnership;
- (v) Holdings shall issue common shares of Holdings to the Partnership in consideration for the settlement of the loan payable by Holdings to the Partnership;
- (vi) the Partnership shall sell the loan receivable from Cargojet Airways Ltd., a corporation incorporated under the OBCA, to Holdings in exchange for common shares of Holdings;
- (vii) the Fund Units held by unitholders (the “Fund Unitholders”) shall be transferred to New Cargojet, free and clear of any claims, solely in consideration for common voting shares (“Common Voting Shares”) of New Cargojet on the basis of one Common Voting Share for each Fund Unit so transferred;
- (viii) the Special Voting Units shall be redeemed for cancellation by the Fund for consideration of \$0.000001 per Special Voting Unit and will be cancelled;
- (ix) the Exchangeable L.P. Units, being the class B limited partnership units of the Partnership, held by Exchangeable L.P. unitholders shall be transferred to New Cargojet, free and clear of any claims, solely in consideration for Common Voting Shares on the basis of one Common Voting Share for each Exchangeable L.P. Unit so transferred;

- (x) the Common Voting Shares issued to Fund Unitholders that are non-Canadian shall be converted into variable voting shares (“Variable Voting Shares”) of New Cargojet on the basis of one Variable Voting Share for each Common Voting Share;
 - (xi) the 100 Common Voting Shares issued to the Fund in connection with the organization of New Cargojet shall be purchased for cancellation by New Cargojet in consideration for \$100;
 - (xii) the Partnership shall issue units of the Partnership to the Trust in consideration for the settlement of the loan payable by the Partnership to the Trust;
 - (xiii) (a) the Partnership shall draw on its existing line of credit; (b) the Partnership shall return capital to the Trust; (c) the Trust shall settle its loan to the Partnership; (d) the Fund shall settle its loan to the Partnership; and (e) the Partnership shall repay its line of credit; and
 - (xiv) New Cargojet shall assume all of the covenants and obligations of the Fund under the indenture (the “Indenture”) governing the convertible debentures of the Fund (the “Debentures”) for consideration with a fair market value equivalent to the principal amount of the Debentures such that the Debentures shall be valid and binding obligations of New Cargojet entitling the holders thereof, as against New Cargojet, to all the rights of holders of Debentures under the Indenture and in connection therewith, the Fund, New Cargojet and Computershare Trust Company of Canada shall enter into a supplemental indenture. If there is accrued and unpaid interest on the Debentures at 8:00 a.m. on the date the Arrangement is effective under the OBCA, New Cargojet will assume the accrued and unpaid interest liability for consideration with a fair market value equal to such accrued and unpaid interest;
- (e) all statutory requirements under the OBCA have been, or will be, fulfilled by the return date of this Application;
 - (f) the directions set out and Voting Unitholder approvals required pursuant to any Interim Order this Court have been followed and obtained, or will be followed and obtained, by the return date of this Application;

- (g) the Arrangement is in the best interests of all affected parties and securityholders;
- (h) the Arrangement is procedurally and substantively fair and reasonable to all affected parties and securityholders;
- (i) if made, the Final Order approving, among other things, the fairness of the terms and conditions of the Arrangement will constitute the basis for an exemption from the United States *Securities Act of 1933*, as amended, in respect of the issuance by New Cargojet of New Cargojet Common Shares and Variable Voting Shares to Fund Unitholders in exchange for Fund Units;
- (j) pursuant to an interim order (the “Interim Order”) of this Court to be obtained by the Applicants, notice of this application will be served on all Voting Unitholders at their respective registered addresses as they appear on the books of the Applicants at the close of business on April 5, 2010, including those Voting Unitholders whose registered addresses are outside the Province of Ontario. Service of these proceedings on persons outside Ontario will be effected pursuant to Rules 17.02(n) and (o) of the *Rules of Civil Procedure* and the Interim Order. With respect to all other persons and entities having an interest in the affairs of the Applicants, notice of this application will be given in accordance with the provisions of the Interim Order;
- (k) the Application has a material connection to the Toronto Region and the Meeting is scheduled to take place in downtown Toronto;
- (l) Section 182 of the OBCA;
- (m) Rules 14.05(2), 14.05(3) and 38 of the *Rules of Civil Procedure*; and
- (n) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the application:

- (a) the Affidavit of John Kim, Chief Financial Officer of the Fund, sworn in April of 2010;
- (b) a supplementary affidavit to be filed after the Meeting and detailing the events thereat;

- (c) such further affidavits of deponents on behalf of the Fund reporting as to compliance with the Interim Order; and
- (d) such further and other documentary evidence as may be necessary for the hearing of the application and as may be permitted by the Court.

April 6, 2010

CASSELS BROCK & BLACKWELL LLP
Scotia Plaza, Suite 2100
40 King Street West
Toronto, Ontario M5H 3C2

Robert B. Cohen LSUC#: 32187D
Tel: 416-869-5425
Fax: 416-350-6929

Lawyers for the Applicants

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at **TORONTO**

NOTICE OF APPLICATION

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Toronto, Ontario M5H 3C2

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Tel: 416-869-5425
Fax: 416-350-6929

Lawyers for the Applicants

APPENDIX “D” – ARRANGEMENT AGREEMENT

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is made as of the 8th day of April, 2010

AMONG:

CARGOJET INCOME FUND, a trust established under the laws of the Province of Ontario (the “**Fund**”)

- and –

CARGOJET INC., a corporation incorporated under the laws of the Province of Ontario (“**New Cargojet**”)

- and -

CARGOJET OPERATING TRUST, a trust established under the laws of the Province of Ontario (the “**Trust**”)

- and -

CARGOJET HOLDINGS LIMITED PARTNERSHIP, a limited partnership established under the laws of the Province of Ontario (the “**Partnership**”)

- and –

CARGOJET GP INC., a corporation incorporated under the laws of the Province of Ontario (the “**GP**”)

- and -

CARGOJET HOLDINGS LTD., a corporation incorporated under the laws of the Province of Ontario (“**Holdings**”)

- and –

CARGOJET PARTNERSHIP, a general partnership established under the laws of the Province of Ontario (the “**Operating Partnership**”)

WHEREAS:

- (a) the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership wish to propose an arrangement involving the holders of the units of the Fund designated as fund units (the “**Fund Units**”) and special voting units (the “**Special Voting Units**”) and the holders of the Class B exchangeable limited partnership units (the “**Exchangeable L.P. Units**”) of the Partnership;

- (b) the Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the *Business Corporations Act* (Ontario); and
- (c) the Parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for the other matters relating to such arrangement.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the Parties hereto hereby covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

“**Agreement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

“**Arrangement**” means the proposed arrangement under the provisions of Section 182 of the OBCA set forth in the Plan of Arrangement as amended, modified or supplemented;

“**Arrangement Resolution**” means the special resolution of the Voting Unitholders approving the Arrangement;

“**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under Subsection 183(1) of the OBCA to be filed with the Director after the Final Order has been granted giving effect to the Arrangement;

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

“**Class A LP Units**” means the Class A limited partnership units of the Partnership;

“**Common Voting Shares**” means the common voting shares of the share capital of New Cargojet;

“**Court**” means the Ontario Superior Court of Justice;

“**Debentures**” means the debentures of the Fund convertible into Fund Units pursuant to the Indenture;

“**Director**” means the director appointed under Section 278 of the OBCA;

“**Effective Date**” means the date the Arrangement is effective under the OBCA;

“**Effective Time**” means 8:00 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as may be specified in writing by New Cargojet;

“**Exchange Agreement**” means the agreement dated as of June 9, 2005, among the Fund, the Trust, the Partnership, the GP, The Virmani Family Trust, The Mills Family Trust, The Porteous Family Trust and each Person who, from time to time, becomes or is deemed to become a party thereto by reason of his, her or its registered ownership of Exchangeable L.P. Units, as the same may be amended, supplemented or restated from time to time, which provides for the exchange of Exchangeable L.P. Units for Fund Units;

“**Exchangeable L.P. Units**” means the Class B exchangeable limited partnership units of the Partnership;

“**Final Order**” means the final order of the Court approving the Arrangement pursuant to Subsection 182(5) of the OBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

“**Fund**” means Cargojet Income Fund, a trust established under the laws of the Province of Ontario;

“**Fund Declaration of Trust**” means the amended and restated declaration of trust of the Fund dated as of April 25, 2005 and amended and restated as of June 1, 2005, as it may be amended, modified or supplemented from time to time;

“**Fund Units**” means the units of beneficial interest of the Fund designated as “Fund Units” under the Fund Declaration of Trust;

“**GP**” means Cargojet GP Inc., a corporation incorporated under the laws of the OBCA;

“**Holdings**” means Cargojet Holdings Ltd., a corporation incorporated under the laws of the Province of Ontario;

“**Indenture**” means the indenture dated as of April 9, 2008, between the Fund and Computershare Trust Company of Canada;

“**Information Circular**” means the information circular of the Fund to be dated on or about April 9, 2010, together with all appendices thereto, to be distributed to Voting Unitholders in respect of the Meeting;

“**Interim Order**” means an interim order of the Court under Subsection 182(5) of the OBCA containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

“**Meeting**” means the annual and special meeting of the Voting Unitholders to be held on May 18, 2010, and any adjournment or postponement thereof, to, among other things, consider and vote on the Arrangement Resolution and related matters;

“**New Cargojet**” means Cargojet Inc., a corporation incorporated under the OBCA;

“**OBCA**” means the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B-16, including the regulations promulgated thereunder, in either case as amended;

“**Operating Partnership**” means Cargojet Partnership, a general partnership established under the laws of the Province of Ontario;

“**Operating Partnership Agreement**” means the general partnership agreement dated as of June 9, 2005 in respect of the Operating Partnership, as the same may be amended, modified or supplemented from time to time;

“**Partnership**” means Cargojet Holdings Limited Partnership, a limited partnership established under the laws of the Province of Ontario;

“**Partnership Agreement**” means the limited partnership agreement dated as of April 28, 2005 in respect of the Partnership, as the same may be amended, modified or supplemented from time to time;

“**Party**” means a party to this Agreement;

“**Person**” means and includes individuals, corporations, partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and governments, agencies and political subdivisions thereof;

“**Plan of Arrangement**” means the plan of arrangement attached hereto as Exhibit A, as amended, modified or supplemented from time to time in accordance with the terms thereof;

“**Special Voting Units**” means the units of the Fund designated as “Special Voting Units” under the Fund Declaration of Trust;

“**Subsidiary**” has the meaning ascribed thereto in Section 1.1 of National Instrument 45-106 – *Prospectus and Registration Exemptions*, as it exists on the date hereof;

“**Trust**” means Cargojet Operating Trust, a trust established under the laws of the Province of Ontario;

“**Trust Declaration of Trust**” means the declaration of trust of the Trust dated as of April 25, 2005, as it may be amended, modified or supplemented from time to time;

“**TSX**” means the Toronto Stock Exchange;

“**Variable Voting Shares**” means the variable voting shares of the share capital of New Cargojet;

“**Voting Shares**” means the Variable Voting Shares and the Common Voting Shares of the share capital of New Cargojet, or, as applicable, any one of them as the context requires;

“**Voting Unitholders**” means, collectively, the holders of Fund Units and Special Voting Units; and

“**Voting Units**” means, collectively, the Fund Units and Special Voting Units.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

1.3 Interpretation not Affected by Headings

The division of this Agreement into articles, sections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Article References

Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and schedules are to articles, sections and schedules of this Agreement.

1.5 Extended Meanings

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; and words importing any gender shall include all genders.

1.6 Entire Agreement

This Agreement, together with the exhibit attached hereto, constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof.

1.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable in Ontario and shall be treated in all respects as an Ontario contract.

1.8 Exhibit

Exhibit A annexed to this Agreement, being the Plan of Arrangement, is incorporated by reference into this Agreement and forms a part hereof.

**ARTICLE 2
THE ARRANGEMENT**

2.1 Arrangement

As soon as reasonably practicable, the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership shall apply to the Court pursuant to Section 182 of the OBCA for an order approving the Arrangement and in connection with such application shall:

- (a) forthwith file, proceed with and prosecute an application for an Interim Order under Section 182 of the OBCA providing for, among other things, the calling and holding of the Meeting for the purpose of considering and, if thought advisable, approving the Arrangement Resolution; and
- (b) subject to obtaining all necessary approvals as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take steps necessary to submit the Arrangement to the Court and apply for the Final Order.

Subject to satisfaction or waiver of the conditions set forth herein, New Cargojet shall deliver to the Director Articles of Arrangement and such other documents as may be required to give effect to the Arrangement, and the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

2.2 Effective Date

The Arrangement shall become effective at the Effective Time on the Effective Date.

**ARTICLE 3
COVENANTS**

3.1 Covenants of the Fund, the Trust, the Partnership, the GP, Holdings and the Operating Partnership

Each of the Fund, the Trust, the Partnership, the GP, Holdings and the Operating Partnership covenants and agrees that it will:

- (a) take, and cause its Subsidiaries to take, all reasonable actions necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;
- (b) use all reasonable efforts to obtain all consents, exemptions, approvals, assignments, waivers and amendments to or terminations of any instruments considered necessary or desirable by the Parties and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) to the extent applicable to it, solicit proxies to be voted at the Meeting in favour of the Arrangement Resolution and prepare the Information Circular and proxy solicitation materials and any amendments, modifications or supplements thereto

as required by, and in compliance with, the Interim Order, and applicable corporate and securities laws, the Fund Declaration of Trust and/or the Partnership Agreement, and file and distribute the same to the Voting Unitholders in a timely and expeditious manner in all jurisdictions where the same are required to be filed and distributed;

- (d) to the extent applicable to it, convene the Meeting as contemplated by the Interim Order and conduct such Meeting in accordance with the Interim Order and as otherwise required by law;
- (e) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;
- (f) subject to the approval of the Arrangement Resolution by the Voting Unitholders, as required by the Interim Order, submit the Arrangement to the Court and apply, together with New Cargojet, for the Final Order;
- (g) to the extent applicable to it, carry out the terms of the Final Order;
- (h) to the extent applicable to it, upon issuance of the Final Order and subject to the conditions precedent in Article 5, proceed to file the Articles of Arrangement, the Final Order and all related documents with the Director pursuant to Subsection 183 of the OBCA;
- (i) subject to Section 7.3, not perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement; and
- (j) in the case of the Fund, prior to the Effective Date, make an application for approval of the listing of the Voting Shares issuable pursuant to the Arrangement on the TSX.

3.2 Covenants of New Cargojet

New Cargojet covenants and agrees that it will:

- (a) take all reasonable actions necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;
- (b) use all reasonable efforts to obtain all consents, exemptions, approvals, assignments, waivers and amendments to or terminations of any instruments considered necessary or desirable by the Parties and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;

- (c) until the Effective Date, other than as contemplated herein, in the Plan of Arrangement or in the Information Circular, not carry on any business or enter into any transaction without the prior written consent of the Fund;
- (d) until the Effective Date, not issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities, except to the Fund;
- (e) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;
- (f) subject to approval of the Arrangement Resolution by Voting Unitholders, as required by the Interim Order, submit the Arrangement to the Court and apply, in conjunction with the Fund, for the Final Order;
- (g) to the extent applicable to it, carry out the terms of the Final Order;
- (h) upon issuance of the Final Order and subject to the conditions precedent in Article 5, proceed to file the Articles of Arrangement, the Final Order and all related documents with the Director pursuant to Section 183 of the OBCA;
- (i) reserve and authorize for issuance the Voting Shares issuable pursuant to the Arrangement; and
- (j) prior to the Effective Date, cooperate with the Fund in making the application for approval of the listing of the Voting Shares on the TSX.

3.3 Amendment of Agreements

The Parties agree that, pursuant to the Arrangement, the Fund Declaration of Trust will be amended in a manner satisfactory to the Fund and New Cargojet; and the Partnership Agreement will be amended in a manner satisfactory to the Fund (on behalf of the Partnership) and New Cargojet, in each case acting reasonably, if and as necessary to facilitate and implement the Arrangement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Fund

The Fund represents and warrants to and in favour of the other Parties hereto as follows, and acknowledges that the other Parties hereto are relying upon such representations and warranties:

- (a) the Fund is a trust established under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;

- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and, subject to the approval of the Arrangement Resolution, the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the Fund Declaration of Trust;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the trustees of the Fund and this Agreement constitutes a valid and binding obligation of the Fund enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of the Fund, contemplated or threatened against or affecting the Fund or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of the Fund, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of the Fund and its Subsidiaries taken as a whole; and
- (e) as at March 31, 2010, there were 6,437,109 Fund Units, 1,556,307 Special Voting Units and \$24,655,000 principal amount of Debentures issued and outstanding and, except as may be contemplated by this Agreement and the Plan of Arrangement, the only obligation, contractual or otherwise, of the Fund to issue any Voting Units or other securities is (i) under the Partnership Agreement and the Exchange Agreement in connection with the exchange of Exchangeable L.P. Units and (ii) pursuant to the Debentures.

4.2 Representations and Warranties of New Cargojet

New Cargojet represents and warrants to and in favour of the other Parties hereto as follows, and acknowledges that the other Parties hereto are relying upon such representations and warranties:

- (a) New Cargojet is a corporation incorporated under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the articles of incorporation of New Cargojet;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the directors of

New Cargojet and this Agreement constitutes a valid and binding obligation of New Cargojet enforceable against it in accordance with its terms;

- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of New Cargojet, contemplated or threatened against or affecting New Cargojet or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of New Cargojet, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of New Cargojet and its Subsidiaries taken as a whole; and
- (e) on the date hereof, there is 100 Common Voting Share issued and outstanding and, except as may be contemplated by this Agreement and the Plan of Arrangement, there is no obligation, contractual or otherwise, of New Cargojet to issue any Voting Shares or other securities.

4.3 Representations and Warranties of the Trust

The Trust represents and warrants to and in favour of the other Parties hereto as follows, and acknowledges that the other Parties hereto are relying upon such representations and warranties:

- (a) the Trust is a trust established under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and, subject to approval of the Arrangement Resolution, the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the Trust Declaration of Trust;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the trustees of the Trust and this Agreement constitutes a valid and binding obligation of the Trust enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of the Trust, contemplated or threatened against or affecting the Trust or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of the Trust, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or

investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of the Trust and its Subsidiaries taken as a whole; and

- (e) on the date hereof, all of the issued and outstanding trust units of the Trust are held by the Fund and, except as may be contemplated by this Agreement and the Plan of Arrangement, there is no obligation, contractual or otherwise, of the Trust to issue any trust units or other securities.

4.4 Representations and Warranties of the Partnership

The Partnership represents and warrants to and in favour of the other Parties hereto as follows, and acknowledges that the other Parties hereto are relying upon such representations and warranties:

- (a) the Partnership is a limited partnership established under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and, subject to approval of the Arrangement Resolution, the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the Partnership Agreement;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the directors of the GP, on behalf of the Partnership, and this Agreement constitutes a valid and binding obligation of the Partnership enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of the Partnership, contemplated or threatened against or affecting the Partnership or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of the Partnership, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of the Partnership and its Subsidiaries taken as a whole; and
- (e) on the date hereof, the general partnership interest of the Partnership is held by the GP, all of the Class A LP Units are held by the Trust and, as at the date hereof

there are 1,556,307 Exchangeable L.P. Units issued and outstanding and, except as may be contemplated by this Agreement and the Plan of Arrangement, there is no obligation, contractual or otherwise, of the Partnership to issue any partnership units or other securities.

4.5 Representations and Warranties of the GP

The GP represents and warrants to and in favour of the other Parties hereto as follows, and acknowledges that the other Parties hereto are relying upon such representations and warranties:

- (a) the GP is a corporation incorporated under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the articles of incorporation of the GP;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the directors of the GP and this Agreement constitutes a valid and binding obligation of the GP enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of the GP, contemplated or threatened against or affecting the GP or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of the GP, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of GP and its Subsidiaries taken as a whole; and
- (e) on the date hereof, all of the issued and outstanding common shares of the GP are held by the Trust and, except as may be contemplated by this Agreement and the Plan of Arrangement, there is no obligation, contractual or otherwise, of the GP to issue any GP common shares or other securities.

4.6 Representations and Warranties of Holdings

Holdings represents and warrants to and in favour of the other Parties hereto as follows, and acknowledges that the other Parties hereto are relying upon such representations and warranties:

- (a) Holdings is a corporation incorporated under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the articles of incorporation of Holdings;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the directors of Holdings and this Agreement constitutes a valid and binding obligation of Holdings enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of Holdings, contemplated or threatened against or affecting Holdings or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of Holdings, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of Holdings and its Subsidiaries taken as a whole; and
- (e) on the date hereof, all of the issued and outstanding common shares of Holdings are held by the Partnership and, except as may be contemplated by this Agreement and the Plan of Arrangement, there is no obligation, contractual or otherwise, of Holdings to issue any common shares or other securities.

4.7 Representations and Warranties of the Operating Partnership

The Operating Partnership represents and warrants to and in favour of the other Parties hereto as follows, and acknowledges that the other Parties hereto are relying upon such representations and warranties:

- (a) the Operating Partnership is a general partnership established under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the Operating Partnership Agreement;

- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the directors of the GP, on behalf of the Operating Partnership, and this Agreement constitutes a valid and binding obligation of the Operating Partnership enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of the Operating Partnership, contemplated or threatened against or affecting the Operating Partnership or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of the Operating Partnership, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of the Operating Partnership and its Subsidiaries taken as a whole; and
- (e) on the date hereof, the partnership interests of the Operating Partnership are held by Holdings and the Partnership and, as at the date hereof there are 2,171,174 Class A units and 7,996,768 Class C units of the Operating Partnership issued and outstanding and, except as may be contemplated by this Agreement and the Plan of Arrangement, there is no obligation, contractual or otherwise, of the Operating Partnership to issue any partnership units or other securities.

ARTICLE 5

CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership to complete the transactions contemplated by this Agreement, and in particular the Arrangement, shall be subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived collectively by them without prejudice to their right to rely on any other condition:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, not later than April 9, 2010 or such later date as the Parties hereto may agree and shall not have been set aside or modified in a manner unacceptable to such Parties on appeal or otherwise;
- (b) the Arrangement Resolution shall have been approved by the requisite number of votes cast by the Voting Unitholders at the Meeting in accordance with the provisions of the Interim Order and any applicable regulatory requirements;

- (c) the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, not later than December 31, 2010 or such later date as the Parties hereto may agree;
- (d) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to the Parties, acting reasonably, shall have been accepted for filing by the Director together with the Final Order in accordance with Subsection 183 of the OBCA;
- (e) no material action or proceeding shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency and there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that: (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein;
- (f) all necessary third party consents and approvals with respect to the transactions contemplated hereby shall have been completed or obtained;
- (g) all material regulatory consents, exemptions, decisions and approvals considered necessary or desirable by the Parties with respect to the transactions contemplated under the Arrangement shall have been completed or obtained including, without limitation, consents, exemptions, decisions and approvals from the Canadian Transportation Agency, Transport Canada and applicable securities regulatory authorities and under the rules or policies of the Canadian Transportation Agency and the TSX; and
- (h) the TSX shall have conditionally approved the listing or the substitutional listing of the Voting Shares and Debentures to be issued and/or outstanding following completion of the Arrangement, subject only to the filing of required documents which cannot be filed prior to the Effective Date.

5.2 Additional Conditions to Obligations of the Fund, the Trust, the Partnership, the GP, Holdings and the Operating Partnership.

In addition to the conditions contained in Section 5.1, the obligation of the Fund, the Trust, the Partnership, the GP, Holdings and the Operating Partnership to complete the transactions contemplated by this Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived by them without prejudice to their right to rely on any other condition:

- (a) each of the covenants, acts and undertakings of New Cargojet to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with; and

- (b) each of the boards of trustees of the Fund and the Trust, and the board of directors of the GP, on its own behalf and on behalf of the Operating Partnership and the Partnership, and the board of directors of Holdings shall not have determined in its sole and absolute discretion that to proceed with the Arrangement would not be in the best interests of the Fund or Voting Unitholders, the Trust, the Partnership, the GP, Holdings or the Operating Partnership, respectively.

5.3 Additional Conditions to Obligations of New Cargojet

In addition to the conditions contained in Section 5.1, the obligation of New Cargojet to complete the transactions contemplated by this Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of the following conditions, any of which may be waived by New Cargojet without prejudice to its right to rely on any other condition:

- (a) each of the covenants, acts and undertakings of the Fund, the Trust, the Partnership, the GP, Holdings and the Operating Partnership to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with.

5.4 Notice and Effect of Failure to Comply with Conditions

If any of the conditions precedent set forth in Sections 5.1, 5.2 or 5.3 hereof shall not be satisfied or waived by the Party or Parties for whose benefit such conditions are provided on or before the date required for the satisfaction thereof, then a Party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement; provided that, prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the Party intending to rely thereon has delivered a written notice to the other Party, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non satisfaction of the applicable conditions precedent and the Party in breach shall have failed to cure such breach within ten Business Days of receipt of such written notice thereof (except that no cure period shall be provided for a breach which by its nature cannot be cured). More than one such notice may be delivered by a Party.

5.5 Satisfaction of Conditions

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the OBCA to give effect to the Arrangement.

ARTICLE 6 AMENDMENT AND TERMINATION

6.1 Amendments

This Agreement may, at any time and from time to time before or after the Meeting, be amended in any respect whatsoever by written agreement of the Parties hereto without further notice to or authorization on the part of their respective securityholders, provided that any such amendment

that changes the consideration to be received by the holders of Fund Units, Special Voting Units and Exchangeable L.P. Units pursuant to the Arrangement is brought to the attention of the Court and is subject to such requirements as may be ordered by the Court.

6.2 Termination

This Agreement shall be terminated in each of the following circumstances:

- (a) the mutual agreement of the Parties hereto;
- (b) the Arrangement shall not have become effective on or before December 31, 2010 or such later date as may be agreed to by the Parties hereto; and
- (c) termination of this Agreement under Article 5 hereof.

ARTICLE 7 GENERAL

7.1 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

7.2 No Assignment

No Party may assign its rights or obligations under this Agreement.

7.3 Exclusivity

None of the covenants of the Fund, the Trust, the Partnership, the GP, Holdings and the Operating Partnership contained herein shall prevent the boards of trustees of the Fund or the Trust, the board of directors of the GP, on its own behalf and on behalf of the Operating Partnership and the Partnership, or the board of directors of Holdings from responding as required by law to any unsolicited submission or proposal regarding any acquisition or disposition of assets or any unsolicited proposal to amalgamate, merge or effect an arrangement, reorganization or similar transaction or any unsolicited acquisition proposal generally or make any disclosure to its securityholders with respect thereto which in the judgment of the boards of trustees of the Fund or the Trust, the board of directors of the GP, on its own behalf and on behalf of the Operating Partnership and the Partnership, or the board of directors of Holdings, acting upon the advice of counsel, is required under applicable law.

7.4 Equitable Remedies

All representations, warranties and covenants herein or to be given hereunder as to enforceability in accordance with the terms of any covenant, agreement or document shall be qualified as to applicable bankruptcy and other laws affecting the enforcement of creditors' rights generally and to the effect that specific performance, being an equitable remedy, may only be ordered at the discretion of the court.

7.5 Survival of Representations and Warranties

The representations and warranties contained herein shall survive the performance by the Parties of their respective obligations hereunder for a period of one year.

7.6 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

7.7 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of another Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

7.8 Time of Essence

Time shall be of the essence.

7.9 Liability of the Fund

Each of the Parties acknowledges the obligations of the Fund under this Agreement and that such obligations will not be personally binding upon any of the trustees of the Fund, any registered or beneficial holder of Voting Units or any beneficiary under a plan of which a holder of such units acts as a trustee or carrier, and that resort will not be had to, nor will recourse be sought from, any of the foregoing or the private property of any of the foregoing in respect of any indebtedness, obligation or liability of the Fund arising hereunder, and recourse for such indebtedness, obligations or liabilities of the Fund will be limited to, and satisfied only out of, the assets of the Fund.

7.10 Liability of the Partnership

The Partnership is a limited partnership formed under the laws of the Province of Ontario, a limited partner of which is only liable for any of its liabilities or any of its losses to the extent of the amount that the limited partner has contributed or agreed to contribute to its capital and the

limited partner's *pro rata* share of any undistributed income. Each of the Parties acknowledges that the obligations of the Partnership shall not be personally binding upon, nor shall resort be had to, the property of any of the limited partners, their heirs, successors and assigns, and that resort shall only be had to the property of the Partnership or the property of the Partnership's general partner. The sole general partner of the Partnership is the GP.

7.11 Counterparts

This Agreement may be executed in counterparts, in original, facsimile or electronic form, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed and delivered by the Parties hereto effective as of the date first above written.

**CARGOJET INCOME FUND, by its attorney,
CARGOJET GP INC.**

Per: (signed) "*Ajay Virmani*"

Name: Ajay Virmani
Title: Director

Per: (signed) "*Jamie Porteous*"

Name: Jamie Porteous
Title: Director

CARGOJET INC.

Per: (signed) "*Ajay Virmani*"

Name: Ajay Virmani
Title: Director

Per: (signed) "*Jamie Porteous*"

Name: Jamie Porteous
Title: Director

**CARGOJET OPERATING TRUST, by its attorney,
CARGOJET GP INC.**

Per: (signed) "*Ajay Virmani*"

Name: Ajay Virmani
Title: Director

Per: (signed) "*Jamie Porteous*"

Name: Jamie Porteous

Title: Director

**CARGOJET HOLDINGS LIMITED
PARTNERSHIP, by its general partner,
CARGOJET GP INC.**

Per: (signed) "*Ajay Virmani*"

Name: Ajay Virmani

Title: Director

Per: (signed) "*Jamie Porteous*"

Name: Jamie Porteous

Title: Director

CARGOJET GP INC.

Per: (signed) "*Ajay Virmani*"

Name: Ajay Virmani

Title: Director

Per: (signed) "*Jamie Porteous*"

Name: Jamie Porteous

Title: Director

CARGOJET HOLDINGS LTD.

Per: (signed) "*Ajay Virmani*"

Name: Ajay Virmani

Title: Director

Per: (signed) "*Jamie Porteous*"

Name: Jamie Porteous

Title: Director

CARGOJET PARTNERSHIP, by its managing partner, CARGOJET GP INC.

Per: (signed) "*Ajay Virmani*"

Name: Ajay Virmani

Title: Director

Per: (signed) "*Jamie Porteous*"

Name: Jamie Porteous

Title: Director

EXHIBIT A

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

ARTICLE 1 INTERPRETATION

- 1.1 In this Plan of Arrangement, the following terms have the following meanings:
- (a) “**Airways**” means Cargojet Airways Ltd., a corporation incorporated under the OBCA;
 - (b) “**Arrangement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to the arrangement pursuant to Section 182 of the OBCA set forth in this Plan of Arrangement as amended, modified or supplemented, and not to any particular article, section or other portion hereof;
 - (c) “**Arrangement Agreement**” means the agreement dated as of April 8, 2010, among the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership with respect to the Arrangement and all amendments thereto;
 - (d) “**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under Subsection 183(1) of the OBCA to be filed with the Director after the Final Order has been granted giving effect to the Arrangement;
 - (e) “**Canadian**” shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;
 - (f) “**Certificate**” means the certificate which may be issued by the Director pursuant to Subsection 183(2) of the OBCA giving effect to the Arrangement;
 - (g) “**Common Voting Shares**” means the common voting shares of the share capital of New Cargojet;
 - (h) “**Court**” means the Ontario Superior Court of Justice;
 - (i) “**CTA**” means the *Canada Transportation Act*, S.C. 1996, Ch. 10;
 - (j) “**Debentures**” means the debentures of the Fund convertible into Fund Units pursuant to the Indenture;
 - (k) “**Director**” means the director appointed under Section 278 of the OBCA;
 - (l) “**Effective Date**” means the date the Arrangement is effective under the OBCA;

- (m) “**Effective Time**” means 8:00 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as may be specified in writing by New Cargojet;
- (n) “**Exchangeable L.P. Units**” means the Class B limited partnership units of the Partnership;
- (o) “**Exchangeable L.P. Unitholders**” means the holders of the Exchangeable L.P. Units from time to time;
- (p) “**Final Order**” means the final order of the Court approving the Arrangement pursuant to Subsection 182(5) of the OBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;
- (q) “**Fund**” means Cargojet Income Fund, a trust established under the laws of the Province of Ontario;
- (r) “**Fund Declaration of Trust**” means the amended and restated declaration of trust of the Fund dated as of April 25, 2005 and amended and restated as of June 1, 2005, as it may be amended, modified or supplemented from time to time;
- (s) “**Fund Units**” means the units of beneficial interest of the Fund designated as “Fund Units” under the Fund Declaration of Trust;
- (t) “**Fund Unitholders**” means the holders of Fund Units from time to time;
- (u) “**GP**” means Cargojet GP Inc., a corporation formed under the laws of Ontario;
- (v) “**Holdings**” means Cargojet Holdings Ltd., a corporation incorporated under the laws of the Province of Ontario;
- (w) “**Indenture**” means the indenture dated as of April 9, 2008, between the Fund and Computershare Trust Company of Canada governing the Debentures;
- (x) “**Interim Order**” means the interim order of the Court under Subsection 182(5) of the OBCA containing declarations and directions with respect to this Arrangement, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;
- (y) “**Meeting**” means the special meeting of the Voting Unitholders to be held on May 18, 2010, and any adjournment or postponement thereof, to, among other things, consider and vote on the Arrangement Resolution and related matters;
- (z) “**New Cargojet**” means Cargojet Inc., a corporation incorporated under the OBCA;
- (aa) “**OBCA**” means the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B-16, including the regulations promulgated thereunder, in either case as amended;

- (bb) **“Operating Partnership”** means Cargojet Partnership, a general partnership formed under the laws of the Province of Ontario;
- (cc) **“Partnership”** means Cargojet Holdings Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;
- (dd) **“Partnership Agreement”** means the limited partnership agreement dated as of April 28, 2005 in respect of the Partnership, as the same may be amended, modified or supplemented from time to time;
- (ee) **“Party”** means a party to the Arrangement Agreement;
- (ff) **“Person”** means and includes individuals, corporations, partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and governments, agencies and political subdivisions thereof;
- (gg) **“Special Voting Unitholders”** means the holders of Special Voting Units from time to time;
- (hh) **“Special Voting Units”** means the units of the Fund designated as “Special Voting Units” under the Fund Declaration of Trust;
- (ii) **“Trust”** means Cargojet Operating Trust, a trust established under the laws of the Province of Ontario;
- (jj) **“Variable Voting Shares”** means the variable voting shares of the share capital of New Cargojet;
- (kk) **“Voting Shares”** means the Variable Voting Shares and the Common Voting Shares of the share capital of New Cargojet, or, as applicable, any one of them as the context requires;
- (ll) **“Voting Unitholders”** means the holders of Voting Units from time to time; and
- (mm) **“Voting Units”** means, collectively, the Fund Units and Special Voting Units.

1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; and words importing any gender shall include all genders.

- 1.5 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant to, and is subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, if any, shall become effective on, and be binding on and after, the Effective Time on: (i) Fund Unitholders and Exchangeable LP Unitholders; (ii) the Fund; (iii) New Cargojet, (iv) the Trust, (v) the Partnership; (vi) the GP; (vii) Holdings; and (viii) the Operating Partnership.
- 2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.
- 2.4 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any Party or Person until the Effective Time. Furthermore, each of the events listed in Article 3 shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in said Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

ARTICLE 3 ARRANGEMENT

- 3.1 Commencing at the Effective Time, each of the events set out below in this Section 3.1 and in Sections 3.2, 3.3 and 3.4 shall occur and shall be deemed to occur in the following order, each occurring five minutes apart (unless otherwise noted), without any further act or formality except as otherwise provided herein. Notwithstanding the foregoing, some of the steps may be amended if the tax advisers of New Cargojet are of the view that it would be tax advantageous to do so.

Amendment of the Fund Declaration of Trust and the Partnership Agreement

- (a) the Fund Declaration of Trust and the Partnership Agreement shall be amended to the extent necessary to facilitate the Arrangement as provided therein;

Conversion of debt to units of the Trust

- (b) the Trust shall issue units of the Trust to the Fund in consideration for notes issued by the Trust and held by the Fund;

Dissolution of the Operating Partnership

- (c) the Partnership shall transfer its 0.01% interest in the Operating Partnership to Holdings in consideration for common shares of Holdings and the Operating Partnership shall be dissolved;

Partial settlement of debt of Holdings

- (d) the Partnership shall settle its loan payable to Holdings against a portion of its loan receivable from Holdings;

Conversion of debt to common shares of Holdings

- (e) Holdings shall issue common shares of Holdings to the Partnership in consideration for the settlement of the loan payable by Holdings to the Partnership;

Sale of debt of Airways

- (f) the Partnership shall sell the loan receivable from Airways to Holdings in exchange for common shares of Holdings;

Conversion of debt to common shares of Airways

- (g) Airways shall issue common shares of Airways to Holdings in consideration for the settlement of the loan payable by Airways to Holdings;

Exchange of Fund Units for Common Voting Shares

- (h) the Fund Units held by Fund Unitholders shall be transferred to New Cargojet, free and clear of any claims, solely in consideration for Common Voting Shares on the basis of one Common Voting Share for each Fund Unit so transferred;

Redemption of Special Voting Units

- (i) the Special Voting Units shall be redeemed for cancellation by the Fund for consideration of \$0.000001 per Special Voting Unit and will be cancelled;

Exchange of Exchangeable L.P. Units for Common Voting Shares

- (j) the Exchangeable L.P. Units held by Exchangeable L.P. Unitholders shall be transferred to New Cargojet, free and clear of any claims, solely in consideration for Common Voting Shares on the basis of one Common Voting Share for each Exchangeable L.P. Unit so transferred;

Exchange of Common Voting Shares for Variable Voting Shares by non-Canadians

- (k) the Common Voting Shares issued to Fund Unitholders that are non-Canadian shall be converted into Variable Voting Shares in accordance with the Articles of Incorporation of New Cargojet;

Cancellation of the Initial Common Voting Shares

- (l) the 100 Common Voting Shares issued to the Fund in connection with the organization of New Cargojet shall be purchased for cancellation by New Cargojet in consideration for \$100;

Conversion of debt to units of the Partnership

- (m) the Partnership shall issue units of the Partnership to the Trust in consideration for the settlement of the loan payable by the Partnership to the Trust; and

Settlement of debt of the Fund

- (n) the Fund shall settle its loan to the Partnership;

Reduction of Stated Capital of New Cargojet

- (o) there shall have been added to the stated capital account(s) maintained for the Voting Shares an amount determined by the directors in accordance with Section 24 of the OBCA in respect of the Voting Shares issued under the Arrangement, and the directors shall be authorized to subsequently reduce its stated capital in an amount determined by the directors, in respect of which no amount is to be distributed to the shareholders of New Cargojet, as contemplated by Subsection 34(1)(b)(ii)(B) of the OBCA; and

Assumption of Debentures

- (p) New Cargojet shall assume all of the covenants and obligations of the Fund under the Indenture in respect of the Debentures for consideration with a fair market value equivalent to the principal amount of Debentures such that the Debentures shall be valid and binding obligations of New Cargojet entitling the holders thereof, as against New Cargojet, to all the rights of holders of Debentures under the Indenture and in connection therewith, the Fund, New Cargojet and Computershare Trust Company of Canada shall enter into a supplemental indenture. If there is accrued and unpaid interest on the Debentures at the Effective Time, New Cargojet will assume the accrued and unpaid interest liability for consideration with a fair market value equal to such accrued and unpaid interest.

- 3.2 The members of the board of directors of New Cargojet shall be set at five (5), in accordance with the Articles of Incorporation of New Cargojet, and each of the following persons shall be appointed to the board of directors of New Cargojet to hold office until

the next annual meeting of shareholders of New Cargojet or until his successor is elected or appointed:

Terence Francis
John Webster
Jamie Porteous

Paul Godfrey
Ajay Virmani

- 3.3** The registered office of New Cargojet shall be 350 Britannia Road East, Units 5 and 6 Mississauga, Ontario L4Z 1X9.
- 3.4** Initially, the auditors of New Cargojet shall be Deloitte & Touche LLP.
- 3.5** Upon the exchange of Fund Units and Exchangeable L.P. Units for Common Voting Shares and the redemption of Special Voting Units, pursuant to Section 3.1:
- (i) each former holder of Fund Units shall cease to be the holder of the Fund Units so exchanged and the name of each such former holder of Fund Units shall be removed from the register of Fund Units and New Cargojet shall become the sole holder of the Fund Units and shall be added to the register of Fund Units as the sole owner of the Fund Units;
 - (ii) each former holder of Exchangeable L.P. Units (and Special Voting Units) shall cease to be the holder of the Exchangeable L.P. Units (and Special Voting Units) so exchanged and the name of each Exchangeable L.P. Unitholder (and Special Voting Unitholder) shall be removed from the record of limited partners of the Partnership and the register of Special Voting Units, as applicable, and New Cargojet shall become the sole holder of the Exchangeable L.P. Units and shall be added to the record of limited partners of the Partnership as the sole owner of the Exchangeable L.P. Units and the cancellation of the Special Voting Units shall be noted on the register of Special Voting Units;
 - (iii) each such holder of Fund Units and Exchangeable L.P. Units shall become the holder of the Common Voting Shares exchanged for Fund Units and Exchangeable L.P. Units, as applicable, by such holder and shall be added to the register of holders of Common Voting Shares in respect thereof; and
 - (iv) each holder of Common Voting Shares that is non-Canadian shall cease to be the holder of Common Voting Shares and the name of each holder of Common Voting Shares that is non-Canadian shall be removed from the register of Common Voting Shares, and thereafter shall become the holder of Variable Voting Shares in accordance with the Articles of Incorporation of New Cargojet and shall be added to the register of holders of Variable Voting Shares in respect thereof.

ARTICLE 4
OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES

- 4.1** From and after the Effective Time, any certificates formerly representing Fund Units or Exchangeable L.P. Units shall represent only the right to receive Voting Shares in respect thereof as provided in this Plan of Arrangement.
- 4.2** If any certificate which immediately prior to the Effective Time represented an interest in outstanding Fund Units or Exchangeable L.P. Units (and Special Voting Units) that were transferred pursuant to Section 3.1 hereof has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the former registered holder thereof in the register of Fund Units or record of limited partners of the Partnership, as applicable, shall, as a condition precedent to the receipt of any Voting Shares, or in the case of the Special Voting Units, the consideration payable in respect thereof, to be issued to such person, provide to New Cargojet, the Fund and the Partnership a bond, in form and substance satisfactory to New Cargojet, or otherwise indemnify New Cargojet, the Fund and the Partnership to their satisfaction, in their sole and absolute discretion, against any claim that may be made against them with respect to the certificate alleged to have been lost, stolen or destroyed.
- 4.3** No fractional Voting Shares, and no certificates representing fractional Voting Shares, shall be issued pursuant to the Plan of Arrangement.

ARTICLE 5
AMENDMENTS

- 5.1** The Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership may amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) approved by the other Parties to the Arrangement Agreement; and (iii) filed with the Court.
- 5.2** Any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time by the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership (or, following the Effective Time, by New Cargojet) without the approval of the Court or the Voting Unitholders, provided that it concerns a matter which, in the reasonable opinion of the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership (or, following the Effective Time, New Cargojet), is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any former holder of Fund Units or Exchangeable L.P. Units (and Special Voting Units).
- 5.3** Subject to Section 6.2, any amendment to this Plan of Arrangement may be proposed by the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership at any time prior to or at the Meeting (provided that the other Parties to the Arrangement Agreement shall have consented thereto) with or without any prior notice or

communication to Voting Unitholders, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

- 5.4** Subject to Section 6.2, the Fund, New Cargojet, the Trust, the Partnership, the GP, Holdings and the Operating Partnership may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court and, if and as required by the Court, after communication to the Voting Unitholders.

ARTICLE 6 GENERAL

- 6.1** Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.
- 6.2** If, prior to the Effective Date, any term or provision of this Plan of Arrangement is held by the Court to be invalid, void or unenforceable, the Court, at the request of any Parties, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan of Arrangement shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.
- 6.3** This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan of Arrangement and all proceedings taken in connection with this Plan of Arrangement and its provisions shall be subject to the exclusive jurisdiction of the Court.

APPENDIX “E” -INFORMATION CONCERNING NEW CARGOJET

NOTICE TO READER

As at the date hereof, New Cargojet has not carried on any active business other than executing the Arrangement Agreement. Unless otherwise noted, the disclosure in this Appendix “E” has been prepared assuming that the Arrangement has been completed. New Cargojet will be the publicly listed corporation resulting from the reorganization of the Fund’s trust structure into a corporation pursuant to the Arrangement. Unless otherwise defined herein, all capitalized words and phrases used in this Appendix have the meaning given to such words and phrases in the “Glossary of Terms” or elsewhere in the Information Circular.

CORPORATE STRUCTURE

NAME, ADDRESS AND INCORPORATION

New Cargojet was incorporated on April 7, 2010 pursuant to the provisions of the OBCA, for purposes of effecting the Conversion. Once the Arrangement has been completed, New Cargojet will hold all of the issued and outstanding Fund Units and Exchangeable L.P. Units. The principal and head office of New Cargojet is located at 350 Britannia Road East, Units 5 and 6 Mississauga, Ontario L4Z 1X9.

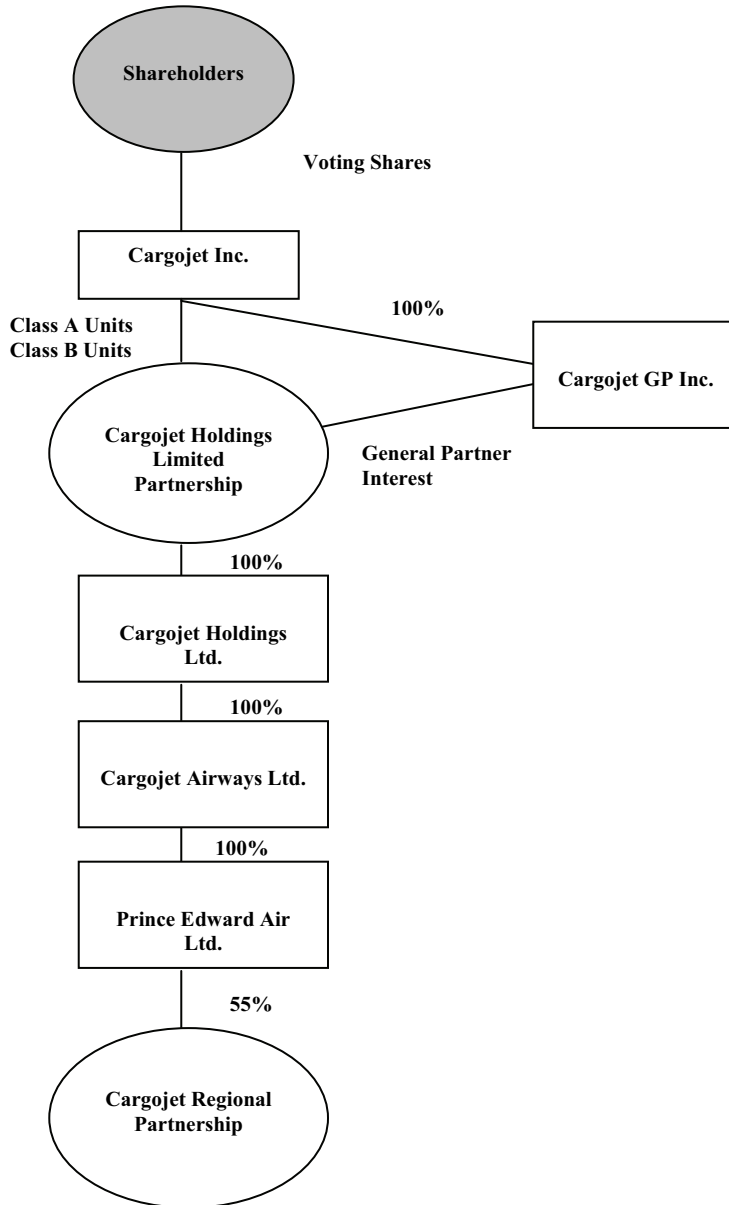
INTERCORPORATE RELATIONSHIPS

As at the date hereof, New Cargojet does not have any subsidiaries. The following table provides the name, the percentage of voting securities to be owned, directly or indirectly, by New Cargojet and the jurisdiction of incorporation, continuance or formation of New Cargojet’s anticipated subsidiaries after giving effect to the Arrangement, including the winding up of the Trust and the Fund.

Entity	Jurisdiction	Percentage of Interest held directly or indirectly by the New Cargojet
Cargojet Holdings Limited Partnership	Ontario	100%
Cargojet GP Inc.	Ontario	100%
Cargojet Holdings Ltd.	Ontario	100%
Cargojet Airways Ltd.	Ontario	100%
Prince Edward Air Ltd.	Ontario	100%
Cargojet Regional Partnership	Ontario	55%

ORGANIZATIONAL STRUCTURE OF NEW CARGOJET

The following diagram illustrates the organizational structure of New Cargojet immediately following the completion of the Arrangement, including the winding up of the Trust and the Fund. The business of the Fund Group is carried on by certain direct and indirect subsidiaries of the Partnership.



GENERAL DEVELOPMENT OF THE BUSINESS

New Cargojet has not carried on any active business since its incorporation other than executing the Arrangement Agreement. If approved, the Arrangement will result in the reorganization of the Fund's trust structure into a corporation, New Cargojet, that will own all of the Voting Units and Exchangeable L.P. Units. Upon completion of the Arrangement, the former Fund Unitholders and Exchangeable L.P. Unitholders will become holders of Voting Shares. For a detailed description of the historical development of the business of the Fund, see "General Development of the Business of the Fund" in the AIF which is incorporated by reference in the Information Circular. For a description of the business to be carried on by New Cargojet following completion of the Arrangement, see "Description of the Business" in this Appendix.

New Cargojet will, as a result of the Arrangement, become (or, where necessary, seek to become) a reporting issuer in all Canadian provinces and, accordingly, become subject to the informational reporting requirements under the securities laws of each jurisdiction in which it so becomes a reporting issuer.

The TSX has conditionally approved the listing or substitutional listing of the Voting Shares and the Debentures, subject to New Cargojet satisfying the requirements of the TSX. The Common Voting Shares, Variable Voting Shares and the Debentures will be listed on the TSX under the trading symbols "CJT.A", "CJT.B" and "CJT.DB", respectively.

DESCRIPTION OF THE BUSINESS

If approved, the Arrangement will result in the reorganization of the Fund's trust structure into a corporation, New Cargojet, that will own all of the Fund Units and Exchangeable L.P. Units. New Cargojet will continue to operate the business of the Fund. It is anticipated that the board of directors of New Cargojet will initially be comprised of the following Trustees and directors of the GP: Terence Francis, Paul Godfrey, John Webster, Ajay Virmani and Jamie Porteous. The senior management of New Cargojet will be comprised of the current members of senior management of the GP. For a detailed description of the Fund's business, which will continue to be carried on by New Cargojet if the Arrangement is completed, see the section entitled "Business of Cargojet" in the AIF which is incorporated by reference in the Information Circular.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at the date of this Information Circular, New Cargojet has not conducted any business or operations, other than to execute the Arrangement Agreement, and has issued 100 common share in connection with its organization. In the event the Arrangement is completed, New Cargojet will own all of the Fund Units and Exchangeable L.P. Units. New Cargojet's financial position, risks and outlook after the Arrangement is completed will be substantially the same as those outlined in the management's discussion and analysis incorporated by reference in the Information Circular. It is anticipated that New Cargojet will account for the Arrangement transaction as a continuity of interests. Since the Arrangement does not contemplate a change of control for accounting purposes, the financial statements of New Cargojet will reflect the assets and liabilities of the Fund at the respective carrying amounts, however, any change to the interpretation of a change of control for tax purposes could result in a change to the carrying amount of future income tax assets. Changes to the carrying amount of future income tax assets will be charged to future income tax expense and will result in a reduction to shareholders' equity and these changes may be material.

New Cargojet will agree to indemnify its directors and officers, to the extent permitted under corporate law, against costs and damages incurred by the directors and officers as a result of lawsuits or any other judicial, administrative or investigative proceedings in which the directors and officers are sued as a result

of their services. New Cargojet's directors and officers will be covered by directors' and officers' liability insurance.

Readers are encouraged to review the management's discussion and analysis, which has been filed on SEDAR at www.sedar.com and which is incorporated by reference in the Information Circular.

DESCRIPTION OF SHARE CAPITAL

The share capital of New Cargojet will consist of Variable Voting Shares, Common Voting Shares and Preferred Shares. For a description of the share capital of New Cargojet, see "Description of New Cargojet – Description of Share Capital" in the Information Circular.

PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets forth the unaudited pro forma consolidated capitalization of New Cargojet as at December 31, 2009, both before and after giving effect to the completion of the Arrangement. See also the balance sheet of New Cargojet attached as Exhibit "A" to this Appendix "E".

Designation (Authorization)	As at December 31, 2009 (before giving effect to the Arrangement)	As at December 31, 2009 (after giving effect to the Arrangement) ⁽¹⁾
Bank loans and other long-term debt	17,136,172	17,136,172
Convertible debentures	29,723,081	29,723,081
Conversion option	2,044,727	2,044,727
Non-controlling interests	21,270,060	2,826,785
Unitholders' capital	53,517,349	-
Shareholders' capital	-	71,960,624
Contributed surplus	1,490,981	1,490,981
Accumulated comprehensive loss	(360,691)	(360,691)
Deficit	(9,991,256)	(9,991,256)
Total capitalization	114,830,423	114,830,423
Trust units	5,760,461	-
Exchangeable limited partnership units	2,232,955	-
Common shares (unlimited)	-	7,993,416

Notes:

(1) Assumes that New Cargojet was incorporated as of December 31, 2009 and no Fund Units are redeemed or cancelled prior to the Effective Date.

DIVIDEND RECORD AND POLICY

New Cargojet has not declared or paid any dividends since its incorporation and will not declare any dividends prior to completion of the Arrangement. The board of directors of New Cargojet is expected to adopt a dividend policy upon completion of the Conversion. However, any dividend payments will be

determined by the board of directors of New Cargojet in light of New Cargojet’s financial performance and its current and anticipated business needs at that time. The amount of any dividends payable by New Cargojet will be at the discretion of the board of directors of New Cargojet and will be established on the basis of New Cargojet’s earnings, financial requirements for its consolidated operations, the satisfaction of solvency tests imposed by the OBCA for the declaration and payment of dividends and other relevant factors.

PRIOR SALES

Prior to the Effective Date, New Cargojet will not issue any securities from its share capital other than the 100 Common Voting Shares currently held by the Fund issued at a price of \$1 per Common Voting Share.

The Voting Shares will be issued to Fund Unitholders and Exchangeable L.P. Unitholders on the Effective Date in consideration for the transfer of their Fund Units and Exchangeable L.P. Units to New Cargojet as part of the Arrangement, on the basis of one Voting Share for each Fund Unit and Exchangeable L.P. Unit so transferred.

PRINCIPAL SHAREHOLDERS

As of the date hereof, the Fund is the sole shareholder of New Cargojet, holding 100 Common Voting Shares. To the knowledge of the Trustees, no person or company will, following the Arrangement, beneficially own, directly or indirectly, or exercise control and direction over, more than 10% of the voting rights attached to the outstanding Common Voting Shares, other than:

Name	Anticipated Voting Shares Owned on a Non-Diluted Basis #/%(¹)	Anticipated Voting Shares Owned on a Fully Diluted Basis #/%(¹)
The Virmani Family Trust	1,808,693 / 22.63%	1,808,693 / 22.63%

Note:

⁽¹⁾ Number of Anticipated Voting Shares is based on information as to the number of Voting Units beneficially owned or over which control or direction is exercised, which, not being within the knowledge of the Fund, has been furnished by the Voting Unitholders listed above.

DIRECTORS AND EXECUTIVE OFFICERS

Following the completion of the Arrangement, it is anticipated that the board of directors of New Cargojet will initially be comprised of the current Trustees of the Fund and directors of the GP: Terrence Francis, Paul Godfrey, John Webster, Ajay Virmani and Jamie Porteous. The senior management of New Cargojet will be comprised of the current members of senior management of the GP. The following table sets forth the name, municipality of residence, offices anticipated to be held and principal occupation for each of the anticipated directors and executive officers of New Cargojet upon completion of the Arrangement. See “Other Business of the Meeting - Election of Trustees” in the Information Circular for additional information concerning the anticipated directors. The directors of New Cargojet shall hold office until the next annual meeting of shareholders or until their resignation or removal or until their respective successors have been duly elected or appointed.

Name and Municipality of Residence	Principal Occupation	Director Since ⁽¹⁾
Paul V. Godfrey Ontario, Canada ⁽²⁾⁽³⁾⁽⁴⁾ <i>Proposed Director</i>	President and Chief Executive Officer of the National Post	2009

Name and Municipality of Residence	Principal Occupation	Director Since⁽¹⁾
Terence M. Francis ⁽²⁾⁽³⁾⁽⁴⁾ British Columbia, Canada <i>Proposed Director</i>	Principal of T.&T.G. Consulting (SA) Ltd.	2005
John P. Webster ⁽²⁾⁽⁴⁾ Ontario, Canada <i>Proposed Director</i>	President and Chief Executive Officer of Maple Trust Company	2005
Ajay Virmani Ontario, Canada <i>Proposed President, Chief Executive Officer and Director</i>	Chief Executive Officer of the GP	2005
John Kim Ontario, Canada <i>Proposed Chief Financial Officer</i>	Chief Financial Officer and former Vice President of Finance of the GP	N/A
Jamie Porteous Ontario, Canada <i>Proposed Executive Vice President and Director</i>	Executive Vice President Sales & Service	2005

Notes

- (1) Indicates date on which each applicable person became a trustee or director of a predecessor to New Cargojet, namely the Fund or the GP.
- (2) Anticipated member of the Audit Committee. Mr. Webster is anticipated to act as Chairman of the Audit Committee.
- (3) Anticipated member of the Corporate Governance Committee. Mr. Francis is anticipated to act as Chairman of the Corporate Governance Committee.
- (4) Member of the CNC. Mr. Francis is anticipated to act as Chairman of the CNC.

Each of the anticipated directors and executive officers has held the same principal occupation, or in the case of the executive officers, other executive offices with the Fund Group or its predecessors, for the five preceding years.

Immediately after giving effect to the Arrangement, it is anticipated that the individuals named in the above table and their associates, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 2,000,000 Common Voting Shares, representing approximately 25.1% of the issued and outstanding Voting Shares.

Employees

As at the date of this Information Circular, New Cargojet has no employees. As at the date of this Information Circular, the Fund Group has approximately 500 full-time employees.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

To date, New Cargojet has not carried on any active business and has not completed a fiscal year of operations. No compensation has been paid by New Cargojet to its directors or executive officers and none will be paid until after the Arrangement is completed. The proposed directors and executive officers of New Cargojet are currently compensated by the Fund or its subsidiaries. See the section entitled “Executive Compensation” in this Information Circular.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Fund, none of the persons anticipated to be directors or executive officers of New Cargojet (a) are, as at the date hereof, or have been, within the 10 years before the date of the Information Circular, a director, chief executive officer or chief financial officer of any 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 (an “**Order**”) that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the person 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) are, as at the date of the Information Circular, or have been within 10 years before the date of the Information Circular, a director or executive officer of any 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) have, within the 10 years before the date of the Information Circular, 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 person, except as follows: (1) on December 17, 2002, Flagship International Marketing Ltd. (“**FIML**”) voluntarily filed an assignment in bankruptcy under the *Bankruptcy and Insolvency Act*. At the time of filing the assignment in bankruptcy, Ajay Virmani was a shareholder and director of FIML. Ajay Virmani and a former officer of the GP represented approximately 76% of creditor claims. The Fuller Landau Group Inc. acted as trustee of FIML; (2) On December 21, 2006, Starjet Airways Ltd. (“**SAL**”) voluntarily filed an assignment in bankruptcy under the *Bankruptcy and Insolvency Act*. At the time of filing the assignment in bankruptcy, Ajay Virmani and Jamie Porteous were officers and directors of SAL. The Virmani Family Trust and The Porteous Family Trust were shareholders of SAL. The Fuller Landau Group Inc. acted as trustee of SAL; and (3) Paul Godfrey is President and Chief Executive Officer of the National Post Inc., which was part of CanWest when it voluntarily entered into 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 remains outside of the CCAA filing, but part of the sales process that has been initiated by Canwest.

Penalties or Sanctions

To the knowledge of the Fund, none of the persons anticipated to be directors or executive officers of New Cargojet, nor any personal holding company thereof owned or controlled by them, (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CORPORATE GOVERNANCE

It is currently anticipated that each of the existing committees of the Board of Trustees or board of directors of the GP will become committees of the board of directors of New Cargojet. See “Directors and

Officers”. It is anticipated that the mandates and policies of New Cargojet in respect of corporate governance matters will be substantially similar to those of the Fund and the GP. For a description of corporate governance matters relating to the Fund and the GP, see “Governance Disclosure” in this Information Circular. For a description of the audit committee, see “Audit Committee” in the AIF which is incorporated by reference in this Information Circular.

CONFLICTS OF INTEREST

Except as disclosed in the Information Circular or in this Appendix “E”, none of the persons anticipated to be directors or executive officers of New Cargojet has any existing or potential material conflict of interest with New Cargojet or any of its subsidiaries.

RISK FACTORS

Risk factors related to the business of the Fund and its subsidiaries will continue to apply to New Cargojet after the Effective Date. In the event the Arrangement is completed, the business and operations of, and an investment in, New Cargojet will be subject to various risk factors set forth in the Information Circular and the AIF.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than the proceedings relating to the approval of the Arrangement, and other than as disclosed under “Legal Proceedings” in the AIF, to the knowledge of the Fund Group, there are no legal proceedings to which New Cargojet or members of the Fund Group is a party or to which any of their assets are subject, which are material to New Cargojet or the Fund Group, and New Cargojet is not aware of any such proceedings that are contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in the Information Circular or this Appendix “E”, none of the persons anticipated to be directors or executive officers of New Cargojet, or any person or company that will be the direct or indirect owner of, or will exercise control or direction over, more than 10% of any class or series of New Cargojet’s outstanding Voting Shares, or any associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any past transaction or any proposed transaction that has materially affected or will materially affect New Cargojet.

AUDITORS, TRANSFER AGENT AND REGISTRAR

AUDITORS

The auditors of New Cargojet are Deloitte & Touche LLP, Chartered Accountants, Licensed Public Accountants.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Voting Shares and Variable Voting Shares will be Computershare at its principal offices located in Toronto.

MATERIAL CONTRACTS

The only contract entered into by New Cargojet since incorporation that materially affects New Cargojet, or to which New Cargojet will become a party on or prior to the Effective Date, that can reasonably be

regarded as material to a proposed investor in Voting Shares, other than contracts entered into in the ordinary course of business, is the Arrangement Agreement. A copy of the Arrangement Agreement is attached at Appendix “D” to this Information Circular.

For a description of material contracts of the Fund, see the section entitled “Material Contracts” in the AIF, which is incorporated by reference in this Information Circular.

Unaudited Pro Forma Consolidated Balance Sheet

As at December 31, 2009

	Cargojet Income Fund	Pro Forma Adjustments	Notes	New Cargojet
	\$	\$		\$
ASSETS				
CURRENT				
Cash	3,031,764	-		3,031,764
Accounts receivable	10,217,959	-		10,217,959
Materials and supplies	808,907	-		808,907
Prepaid expenses and deposits	3,558,439	-		3,558,439
Note receivable	800,000	-		800,000
Future income taxes	177,118	-		177,118
	<u>18,594,187</u>	<u>-</u>		<u>18,594,187</u>
CAPITAL ASSETS	56,790,848	-		56,790,848
NOTE RECEIVABLE	2,066,667	-		2,066,667
INTANGIBLE ASSETS	4,503,704	-		4,503,704
DEPOSITS	3,859,283	-		3,859,283
DEFERRED HEAVY MAINTENANCE	2,132,212	-		2,132,212
GOODWILL	46,865,907	-		46,865,907
	<u>134,812,808</u>	<u>-</u>		<u>134,812,808</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued charges	12,517,157	-		12,517,157
Income taxes payable	1,946,834	-		1,946,834
Derivatives contracts	538,713	-		538,713
Distributions payable	335,723	-		335,723
Current portion of long-term debt	666,150	-		666,150
	<u>16,004,577</u>	<u>-</u>		<u>16,004,577</u>
LONG-TERM DEBT	16,470,022	-		16,470,022
CONVERTIBLE DEBENTURES	29,723,081	-		29,723,081
FUTURE INCOME TAXES	4,643,958	-		4,643,958
	<u>66,841,638</u>	<u>-</u>		<u>66,841,638</u>
NON-CONTROLLING INTERESTS	21,270,060	(18,443,275)	2. (a)	2,826,785
UNITHOLDERS' AND SHAREHOLDERS' EQUITY				
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	(360,691)	-		(360,691)
DEFICIT	(9,991,256)	-		(9,991,256)
	<u>(10,351,947)</u>	<u>-</u>		<u>(10,351,947)</u>
UNITHOLDERS' CAPITAL	53,517,349	(53,517,349)	2. (b)	-
SHAREHOLDERS' CAPITAL - SHARES	-	71,960,624	2. (a)	71,960,624
CONTRIBUTED SURPLUS	1,490,981	-		1,490,981
CONVERSION OPTION	2,044,727	-		2,044,727
	<u>46,701,110</u>	<u>18,443,275</u>		<u>65,144,385</u>
	<u>134,812,808</u>	<u>-</u>		<u>134,812,808</u>
UNITS AND SHARES OUTSTANDING - END OF YEAR				
TRUST UNITS	5,760,461	(5,760,461)		-
EXCHANGEABLE LIMITED PARTNERSHIP UNITS	2,232,955	(2,232,955)		-
SHARES	-	7,993,416		7,993,416
	<u>7,993,416</u>	<u>-</u>		<u>7,993,416</u>

Unaudited Pro Forma Consolidated Statement of Operations

For the year ended December 31, 2009

	<u>Cargojet</u> <u>Income Fund</u>	Pro Forma <u>Adjustments</u>	Notes	<u>New Cargojet</u>
	\$	\$		\$
REVENUES	166,163,797	-		166,163,797
DIRECT EXPENSES	125,776,250	-		125,776,250
	<u>40,387,547</u>	<u>-</u>		<u>40,387,547</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES				
Sales and marketing	594,764	-		594,764
General and administrative	21,015,313	-		21,015,313
Gain on debenture redemption	(400,853)	-		(400,853)
Interest, net	4,061,873	-		4,061,873
Amortization of capital assets	755,481	-		755,481
Amortization of intangible assets	5,886,260	-		5,886,260
	<u>31,912,838</u>	<u>-</u>		<u>31,912,838</u>
EARNINGS BEFORE INCOME TAXES AND NON-CONTROLLING INTERESTS	<u>8,474,709</u>	<u>-</u>		<u>8,474,709</u>
PROVISION FOR (RECOVERY OF) INCOME TAXES				
Current	1,435,809	2,350,081	2. (c)	3,785,890
Future	(2,295,781)	-		(2,295,781)
	<u>(859,972)</u>	<u>2,350,081</u>		<u>1,490,109</u>
EARNINGS (LOSS) BEFORE NON-CONTROLLING INTERESTS	9,334,681	(2,350,081)		6,984,600
NON-CONTROLLING INTERESTS	(1,169,328)	2,912,402	2. (d)	1,743,074
NET INCOME	<u>8,165,353</u>	<u>562,321</u>		<u>8,727,674</u>
EARNINGS PER TRUST UNIT / SHARE				
- BASIC	<u>1.28</u>	<u>(0.27)</u>	2. (e)	<u>1.01</u>
EARNINGS PER TRUST UNIT / SHARE				
- DILUTED	<u>1.28</u>	<u>(0.27)</u>	2. (f)	<u>1.01</u>
UNITS AND SHARES OUTSTANDING - AVERAGE				
TRUST UNITS	6,367,176	(6,367,176)		-
EXCHANGEABLE LIMITED PARTNERSHIP UNITS	2,232,955	(2,232,955)		-
SHARES	-	8,600,131		8,600,131
	<u>8,600,131</u>	<u>-</u>		<u>8,600,131</u>

Notes to the Unaudited Proforma Consolidated Balance Sheet and Statement of Operations

December 31, 2009

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated balance sheet as at December 31, 2009 and statement of operations for the year ended December 31, 2009 (the “Pro Forma Financial Statements”) have been prepared by the management of Cargojet Income Fund (“the Fund”) in accordance with Canadian generally accepted accounting principles to reflect the Plan of Arrangement (the “Arrangement”) to convert the Fund from an income trust to a corporation, as described in the Fund’s information circular (“Information Circular”). The Pro Forma Financial Statements should be read in conjunction with the description of the Arrangement in the Information Circular and the audited financial statements of the Fund as at December 31, 2009.

These Pro Forma Financial Statements give effect to the acquisition of the Fund by a new corporation (“New Cargojet”) that will continue the business of the Fund as Canada’s leading provider of time-sensitive overnight air cargo services. As the Arrangement does not give rise to any substantive change in the ownership of the Fund, all assets and liabilities acquired by New Cargojet are measured at the Fund’s carrying values, using the continuity-of-interest method of accounting.

These Pro Forma Financial Statements are based on the available financial information and certain estimates and assumptions, which may not be indicative of results that would have occurred if the events reflected herein had been in effect on the dates indicated or of the results that may be obtained in the future. The actual adjustments may differ materially from those assumed or described herein.

2. PROFORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro forma consolidated balance sheet as at December 31, 2009 gives effect to the Arrangement and the related assumptions described herein as if they had occurred at the date of the balance sheet. The unaudited pro forma statement of operations for the year ended December 31, 2009 gives effect to the Arrangement and the related assumptions described herein as if they had occurred on January 1, 2009. The costs of the Arrangement have not been reflected in the Pro Forma Financial Statements.

- (a) Non-controlling interests related to the Fund’s exchangeable limited partnership units (“LP Units”) in Cargojet Holdings Limited Partnership in the amount of \$18,443,275 has been transferred to Shareholders’ Capital to reflect the exchange of the LP Units for an equal number of voting common shares of New Cargojet. The remaining balance of non-controlling interests of \$2,826,785 represents the non-controlling interests in the Cargojet Regional Partnership that would be owned 55% by New Cargojet through its wholly-owned subsidiary Prince Edward Air Ltd.
- (b) Unitholders’ Capital of \$53,517,349 has been transferred to Shareholders’ Capital to reflect the exchange of all of the outstanding trust units of the Fund for an equal number of shares of New Cargojet.
- (c) The provision for current income taxes has been increased by \$2,350,081 to reflect the assumption that all distributions declared by the Fund during the year ended December 31, 2009 would not be deductible for income tax purposes. No adjustments have been made on account of capital taxes since the effect of the Arrangement on the Fund’s capital taxes is not expected to be significant.
- (d) Non-controlling interests related to the Fund’s LP Units has been eliminated resulting in an adjustment of \$2,912,402 credit to net income to reflect the exchange of the LP Units for an equal number of voting common shares of New Cargojet.
- (e) Earnings per share – basic has been calculated based on the assumption that all LP Units and the Fund’s trust units have been exchanged for an equal number of shares.
- (f) Earnings per share – diluted excludes the effect of New Cargojet’s convertible debentures since the effect of conversion of these debentures would be anti-dilutive.

APPENDIX "F"- ARTICLES OF INCORPORATION

(see next page)

Request ID: 012094568
Demande n°:
Transaction ID: 040986998
Transaction n°:
Category ID: CT
Catégorie:

Province of Ontario
Province de l'Ontario
Ministry of Government Services
Ministère des Services gouvernementaux

Date Report Produced: 2010/04/07
Document produit le:
Time Report Produced: 16:53:30
Imprimé à:

Certificate of Incorporation Certificat de constitution

This is to certify that

Ceci certifie que

C A R G O J E T I N C .

Ontario Corporation No.

Numéro matricule de la personne morale en
Ontario

0 0 2 2 3 9 6 7 4

is a corporation incorporated,
under the laws of the Province of Ontario.

est une société constituée aux termes
des lois de la province de l'Ontario.

These articles of incorporation
are effective on

Les présents statuts constitutifs
entrent en vigueur le

A P R I L 0 7 A V R I L , 2 0 1 0



Director/Directrice
Business Corporations Act/Loi sur les sociétés par actions

Request ID / Demande n°

12094568

Ontario Corporation Number
Numéro de la compagnie en Ontario

2239674

FORM 1

FORMULE NUMÉRO 1

BUSINESS CORPORATIONS ACT

/

LOI SUR LES SOCIÉTÉS PAR ACTIONS

ARTICLES OF INCORPORATION
STATUTS CONSTITUTIFS

1. The name of the corporation is: *Dénomination sociale de la compagnie:*
CARGOJET INC.

2. The address of the registered office is: *Adresse du siège social:*

350 BRITANNIA ROAD EAST Suite 5 AND 6

(Street & Number, or R.R. Number & if Multi-Office Building give Room No.)
(Rue et numéro, ou numéro de la R.R. et, s'il s'agit édifice à bureau, numéro du bureau)

MISSISSAUGA ONTARIO
CANADA L4Z 1X9
(Name of Municipality or Post Office) (Postal Code/Code postal)
(Nom de la municipalité ou du bureau de poste)

3. Number (or minimum and maximum number) of directors is: *Nombre (ou nombres minimal et maximal) d'administrateurs:*
Minimum 3 Maximum 10

4. The first director(s) is/are: *Premier(s) administrateur(s):*

First name, initials and surname <i>Prénom, initiales et nom de famille</i>	Resident Canadian <i>Résident Canadien</i>	State Yes or No <i>Oui/Non</i>
Address for service, giving Street & No. or R.R. No., Municipality and Postal Code	<i>Domicile élu, y compris la rue et le numéro, le numéro de la R.R., ou le nom de la municipalité et le code postal</i>	

* AJAY VIRMANI YES

350 BRITANNIA ROAD EAST Suite 5 AND 6

MISSISSAUGA ONTARIO
CANADA L4Z 1X9

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* JAMIE
PORTEOUS YES

350 BRITANNIA ROAD EAST Suite 5 AND 6

MISSISSAUGA ONTARIO
CANADA L4Z 1X9

* PAUL
GODFREY YES

350 BRITANNIA ROAD EAST Suite 5 AND 6

MISSISSAUGA ONTARIO
CANADA L4Z 1X9

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5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.

Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.

There are no restrictions on the business the Corporation may carry on or the powers the Corporation may exercise.

6. The classes and any maximum number of shares that the corporation is authorized to issue:

Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:

The Corporation is authorized to issue an unlimited number of Variable Voting Shares, an unlimited number of Common Voting Shares and an unlimited number of Preferred Shares, issuable in series.

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

1. INTERPRETATION

1.1 Definitions

For purposes of these Articles of Incorporation, the following terms have the following meanings:

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

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

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

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

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

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

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

"person" includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative;

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

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

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

"Voting Shares" means the Variable Voting Shares and the Common Voting Shares.

1.2 Control

For purposes of these Articles of Incorporation:

1.2.1 a body corporate is controlled by a person if:

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

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

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

1.3 Undefined Terms

All terms used herein that are not defined herein shall have the meanings ascribed thereto in the OBCA. Any provision herein shall be read so as to be consistent with the OBCA.

2. VARIABLE VOTING SHARES

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

2.1 Voting

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

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

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

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

2.1.2 the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting exceeds twenty-five percent (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 and without further act or formality to equal the maximum permitted vote per Variable Voting Share such that (a) in the circumstance described in paragraph 2.1.1, the Variable Voting Shares as a class shall be restricted to twenty-five percent (25%) of the aggregate votes attached to all issued and outstanding Voting Shares and (b) in the circumstance described in paragraph 2.1.2, the number of votes cast by all holders of Variable Voting Shares at such shareholder's meeting, shall be twenty-five percent (25%) of the total number of votes cast at such meeting.

2.2 Dividends

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

2.3 Subdivision or Consolidation

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

2.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation ranking prior to the Variable Voting

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

Shares, in the case of liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purpose of winding-up its affairs, the holders of Variable Voting Shares and Common Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

2.5 Conversion

2.5.1 Automatic

Each issued and outstanding Variable Voting Share shall be automatically converted into one Common Voting Share, without any further act on the part of the Corporation or of the holder, if:

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

2.5.2 Upon an Offer

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

To exercise the conversion right in this paragraph 2.5.2, the holder or the

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

attorney of such holder duly authorized in writing shall:

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

No share certificates representing the Common Voting Shares resulting from the conversion of the Variable Voting Shares in accordance with this paragraph 2.5.2 shall be delivered to the holders on whose behalf such deposit is being made or to the Transfer Agent.

2.5.3 Conversion Into Variable Voting Shares

If the Offeror takes up and pays for the Common Voting Shares resulting from conversion in accordance with this paragraph 2.5.2, the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.

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

If the Offeror is not Canadian, each Common Voting Share resulting from the conversion provided for in paragraph 2.5.2 and taken up and paid for by the Offeror shall be automatically converted into one Variable Voting Share, without any further act on the part of the Corporation or of the Offeror at the time when the Offeror is required under the applicable securities legislation to take up and pay for such shares.

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

2.5.4 Exceptions

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

(a) if the offer to purchase Common Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed to be made to all or substantially all of the holders of Common Voting Shares in a province of Canada to which the requirement applies, that is, the offer is an "exempt take-over bid" within the meaning of the foregoing securities legislation; or

(b) if an offer to purchase Variable Voting Shares is made concurrently with the offer to purchase Common Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects; provided only that the offer for the Variable Voting Shares shall contain a condition to the effect that the Offeror is not required to take up and pay for Variable Voting Shares deposited to such offer if no shares are purchased pursuant to the contemporaneous offer for the Common Voting Shares.

3. COMMON VOTING SHARES

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

3.1 Voting

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

3.2 Dividends and Distributions

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

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

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

3.3 Subdivision or Consolidation

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

3.4 Liquidation, Dissolution or Winding-up

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

3.5 Conversion

3.5.1 Automatic

Each issued and outstanding Common Voting Share shall be automatically converted into one Variable Voting Share, without any further act of the Corporation or the holder, if such Common Voting Share is or becomes beneficially owned or controlled, directly or indirectly, by a person who is a member of a class of persons who under Canadian law is restricted from holding a specified percentage (or part) of all the issued and outstanding shares of the Corporation, as a body corporate to which such restrictions apply.

3.5.2 Upon an Offer

If an offer is made to purchase Variable Voting Shares, and such offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, to be made to all or substantially all the holders of Variable Voting Shares, each Common Voting Share shall become convertible at the option of the holder into one

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

Variable Voting Share at any time while such offer is in effect until one day after the time prescribed by applicable securities legislation for the person making the offer (for the purposes of section 3.5, the "Offeror") to take up and pay for such shares as are to be acquired pursuant to such offer. The conversion right may only be exercised in respect of Common Voting Shares for the purpose of depositing the resulting Variable Voting Shares pursuant to such offer, and for no other reason, including with respect to voting rights attached thereto, which are deemed to remain subject to section 3.1, notwithstanding their conversion. The Transfer Agent shall deposit the resulting Variable Voting Shares pursuant to such offer, on behalf of such holder.

To exercise the conversion right in this paragraph 3.5.2, the holder or the attorney of such holder duly authorized in writing shall:

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

No share certificates representing the Variable Voting Shares resulting from the conversion of the Common Voting Shares in accordance with this paragraph 3.5.2 shall be delivered to the holders on whose behalf such deposit is being made or the Transfer Agent.

3.5.3 Conversion Into Common Voting Shares

If (a) Variable Voting Shares resulting from the conversion and deposited pursuant to such offer are withdrawn by the holder or are not taken up by the Offeror; (b) such offer is abandoned or withdrawn by the Offeror or (c) such offer otherwise expires without such Variable Voting Shares being taken up and paid for, then each Variable Voting Share resulting from the conversion under paragraph 3.5.2 shall be automatically re-converted into one Common Voting Share, without any further act on the part of the Corporation or of the holder and the share certificate(s) representing such Common Voting Shares referred to in subparagraph 3.5.2(b) shall be returned to the holder in question by the Transfer Agent and the Transfer Agent shall destroy each of the stock powers of attorney previously delivered to it in subparagraph 2.5.2(b).

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

If the Offeror is Canadian, each Variable Voting Share resulting from the conversion provided for in paragraph 3.5.2 and taken up and paid for by the Offeror shall be automatically converted into one Common Voting Share, without any further act on the part of the Corporation or of the Offeror at the time when the Offeror is required under the applicable securities legislation to take up and pay for such shares.

If the Offeror takes up and pays for the Variable Voting Shares resulting from conversion in accordance with this paragraph 3.5.2, the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.

3.5.4 Exceptions

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

(a) if the offer to purchase Variable Voting Shares is not required, under applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, to be made to all or substantially all of the holders of Variable Voting Shares in a province of Canada to which the requirement applies, that is, the offer is an "exempt take-over bid" within the meaning of the foregoing securities legislation; or

(b) if an offer to purchase Common Voting Shares is made concurrently with such offer to purchase Variable Voting Shares, and the offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects; provided only that the offer for the Common Voting Shares shall contain a condition to the effect that the Offeror is not required to take up and pay for Common Voting Shares deposited to such offer if no shares are purchased pursuant to the contemporaneous offer for the Variable Voting Shares.

4. PREFERRED SHARES

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

4.1 Issuable in Series

The Preferred Shares may at any time or from time to time be issued in one or more series. Before any shares of a particular series are issued, the Board of Directors shall, by resolution, fix the number of shares that will form such

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

series and shall, subject to the limitations set out herein, by resolution fix the designation, rights, privileges, restrictions and conditions to be attached to the Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate, amount or method of calculation of dividends thereon, the time and place of payment of dividends, the consideration for and the terms and conditions (if any) of any purchase for cancellation, retraction or redemption thereof, conversion or exchange rights (whether into or for securities of the Corporation or otherwise), the terms and conditions of any share purchase or retirement plan or sinking fund, restrictions on the payment of dividends on any shares other than Preferred Shares or payment in respect of capital on any shares in the capital of the Corporation, and the creation or issue of debt or equity securities; the whole subject to filing with the Director (as defined in the OBCA) of articles of amendment setting forth a description of such series including the designation, rights, privileges, restrictions and conditions attached to the shares of such series.

4.2 Voting

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

4.3 Board of Directors

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

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

Unless otherwise fixed by the Board of Directors under section 4.3, the Preferred Shares shall be entitled to a preference over the Common Voting Shares and the Variable Voting Shares, and over any other shares of the Corporation ranking junior to the Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If any cumulative dividends or amounts payable on a return of capital are not paid in full, the Preferred Shares of all series shall participate rateably in respect of such

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Preferred Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment in satisfaction of claims in respect of dividends.

4.5 Rights Attaching to a Preferred Share Series

Provided they are not inconsistent with any other provision of this Article 4, the Preferred Shares of any series may also be given such other preferences over the Common Voting Shares and the Variable Voting Shares and any other shares ranking junior to the Preferred Shares.

4.6 Variation of Preferred Share Rights, Privileges, Restrictions and Conditions

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

5. RESTRICTIONS ON SHARE TRANSFERS - CONSTRAINTS ON OWNERSHIP OF SHARES

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

5.1 Variable Voting Shares

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

5.2 Common Voting Shares

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

5.3 OBCA Constraints

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

5.4 Joint Ownership

Where Voting Shares of the Corporation are beneficially owned or controlled by several persons jointly, the number of Voting Shares beneficially owned or controlled by any one such person shall include the number of Voting Shares beneficially owned or controlled jointly with such other persons. Where the Voting Shares are beneficially owned or controlled jointly by a person who is not Canadian and another person or persons, the Voting Shares shall be deemed to be owned or controlled by such person who is not Canadian.

5.5 Exceptions

5.5.1 Nothing in these articles shall be construed to apply in respect of Voting Shares of the Corporation that:

(a) are held by one or more underwriters solely for the purpose of distributing the shares to the public; or

(b) are held by any person that is acting in relation to the shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

centralized facilities for the clearing of trades in securities.

5.5.2 The constraints imposed herein do not apply to the extent that a person who is not Canadian holds Voting Shares by way of security only and such holding by way of security only is evidenced in such manner as may be prescribed by the by-laws or resolutions adopted by the shareholders or directors of the Corporation, executed copies of which security shall have been provided by such holder with the Corporation.

5.6 Powers of Directors

5.6.1 In the administration of the provisions of these articles, the Board of Directors shall have, in addition to the powers set forth herein, all of the powers necessary or desirable, in their opinion, to carry out the intent and purpose of these articles, including but not limited to all powers contemplated by the provisions relating to constrained share corporations in the OBCA and the OBCA Regulations.

5.6.2 No shareholder of the Corporation nor any other person claiming an interest in shares of the Corporation shall have any claim or action against the Corporation or against any director or officer of the Corporation, and the Corporation shall have no claim or action against any director or officer of the Corporation, arising out of any act (including any omission to act) taken by any such director or officer pursuant to, or in intended pursuance of, the provisions of these articles or any breach or alleged breach of such provisions.

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8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:

L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:

None

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9. Other provisions, (if any, are):

Autres dispositions, s'il y a lieu:

Without in any way restricting the powers conferred upon the Corporation or its board of directors by the Business Corporations Act, as now enacted or as the same may from time to time be amended, re-enacted or replaced, the board of directors may from time to time, without authorization of the shareholders, in such amounts and on such terms as it deems expedient:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, re-issue, sell or pledge debt obligations of the Corporation;
- (c) subject to the provisions of the Business Corporations Act, as now enacted or as the same may from time to time be amended, re-enacted or replaced, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

The board of directors may from time to time delegate to a director, a committee of directors or an officer of the Corporation any or all of the powers conferred on the board as set out above, to such extent and in such manner as the board shall determine at the time of such delegation.

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10. The names and addresses of the incorporators are

Nom et adresse des fondateurs

First name, initials and last name
or corporate name

*Prénom, initiale et nom de
famille ou dénomination sociale*

Full address for service or address of registered office or of principal place of business
giving street & No. or R.R. No., municipality and postal code

*Domicile élu, adresse du siège social au adresse de l'établissement principal, y compris
la rue et le numéro, le numéro de la R.R., le nom de la municipalité et le code postal*

* AJAY VIRMANI

350 BRITANNIA ROAD EAST Suite 5 AND 6

MISSISSAUGA ONTARIO
CANADA L4Z 1X9

* JAMIE PORTEOUS

350 BRITANNIA ROAD EAST Suite 5 AND 6

MISSISSAUGA ONTARIO
CANADA L4Z 1X9

* PAUL GODFREY

350 BRITANNIA ROAD EAST Suite 5 AND 6

MISSISSAUGA ONTARIO
CANADA L4Z 1X9

Name of Corporation
CARGOJET INC.

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ELECTRONIC INCORPORATION TERMS AND CONDITIONS

The following are the terms and conditions for the electronic filing of Articles of Incorporation under the Ontario *Business Corporations Act* (OBCA) with the Ministry of Government Services. Agreement to these terms and conditions by at least one of the incorporators listed in article 10 of the Articles of Incorporation is a mandatory requirement for electronic incorporation.

- 1) The applicant is required to obtain an Ontario biased or weighted NUANS search report for the proposed name. The applicant must provide the NUANS name searched, the NUANS reservation number and the date of the NUANS report. The NUANS report must be kept in electronic or paper format at the corporation's registered office address.
- 2) All first directors named in the articles must sign a consent in the prescribed form. The original consent must be kept at the corporation's registered office address.
- 3) A Corporation acquiring a name identical to that of another corporation must indicate that due diligence has been exercised in verifying that the Corporation meets the requirements of Subsection 6(1) of Regulation 62 made under the OBCA. Otherwise, the Corporation is required to obtain a legal opinion on legal letterhead signed by a lawyer qualified to practise in Ontario that clearly indicates that the corporations involved comply with Subsection 6(2) of that Regulation by referring to each clause specifically. The original of this legal opinion must be kept at the Corporation's registered office address. The applicant must complete the electronic version of this legal opinion provided by one of the Service Providers under contract with the Ministry.
- 4) The date of the Certificate of Incorporation will be the date the articles are updated to the ONBIS electronic public record database. Articles submitted electronically outside MGS, ONBIS access hours, will receive an endorsement date effective the next business day when the system resumes operation, if the submitted Articles of Incorporation meet all requirements for electronic incorporation. Articles of Incorporation submitted during system difficulties will receive an endorsement date effective the date the articles are updated to the ONBIS system.
- 5) The electronic Articles of Incorporation must be in the format approved by the Ministry and submitted through one of the Service Providers under contract with the Ministry.
- 6) Upon receipt of the Certificate of Incorporation issued by the ONBIS system, a duplicate copy of the Articles of Incorporation with the Ontario Corporation Number and the Certificate of Incorporation must be kept in paper or electronic format. The Ministry will print and microfilm copies of the Certificate of Incorporation, the Articles of Incorporation and any other documentation submitted electronically. These will be considered the true original filed copies.
- 7) The sole responsibility for correctness and completeness of the Articles of Incorporation, and for compliance with the OBCA and all regulations made under it, lies with the incorporator(s) and/or their legal advisor(s), if any.

The incorporator(s) have read the above Terms and Conditions and they understand and agree to them.

I am an incorporator or I am duly authorized to represent and bind the incorporator(s).

First Name
AJAY

Last Name
VIRMANI

APPENDIX “G” - BOARD CHARTER

Charter of the Board of Trustees of

Cargojet Income Fund

I. Purpose

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

II. Composition

The Board of Trustees 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” trustee is a trustee who has no direct or indirect material relationship with the Fund. A “material relationship” is a relationship which could, in the view of the Board of Trustees of the Fund, be reasonably expected to interfere with the exercise of the trustee’s independent judgement or a relationship deemed to be a material relationship pursuant to NI 52-110.

III. Responsibilities

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

1. Appointing an independent chairman who will be responsible for the leadership of the Board of Trustees and for specific functions to ensure the independence of the Board of Trustees.
2. The assignment to committees of trustees of the Fund or the directors of the GP, the general responsibility for developing the Fund’s approach to: (i) financial reporting and internal controls; (ii) corporate governance issues; and (iii) issues relating to compensation of trustees, directors, officers and employees;
3. With the assistance of the Audit Committee:
 - (a) recommending the appointment of auditors and assessing the independence of the auditors;
 - (b) ensuring the integrity of the Fund’s internal control and management information systems;
 - (c) identifying the principal risks of the Fund’s business and ensuring that appropriate systems are in place to manage these risks;

- (d) approving interim and annual financial statements of the Fund;
 - (e) reviewing the Charter of the Audit Committee, at least annually.
4. With the assistance of the Compensation and Nominating Committee:
- (a) approving the compensation of trustees, directors, senior management and all other significant employees;
 - (b) ensuring that an appropriate selection process for new nominees to the Board of Trustees of the Fund is in place and developing the Fund's approach to nomination and review of trustees, directors, officers and employees; and
 - (c) developing the corporate objectives that the Chief Executive Officer is responsible for meeting, and assessing the Chief Executive Officer against these objectives.
5. With the assistance of the Corporate Governance Committee:
- (a) developing the Fund's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Fund;
 - (b) approving the formal charters of the Audit Committee, Compensation and Nominating Committee and Corporate Governance Committee; and
 - (c) adopting a communication policy for the Fund.
6. Assessing, at least annually, the effectiveness of the Board of Trustees of the Fund as a whole, the Audit Committee, Compensation and Nominating Committee and Corporate Governance Committee and the contribution of individual trustees and directors, including consideration of the appropriate size of the Board of Trustees of the Fund.
7. Ensuring that an appropriate orientation and education program for new recruits to the Board of Trustees of the Fund and Board of Directors of the GP is in place and providing continuing education opportunities for all trustees.
8. Succession planning and the appointment, training and monitoring of the Chief Executive Officer and other senior management.
9. Developing a position description for the Chair of the Board of Trustees and the Chair of each Board Committee.
10. Developing, together with the Chief Executive Officer, a position description for the Chief Executive Officer, including the definition of the limits to management's responsibilities.
11. Approving securities compliance policies, including communications policies of the Fund and reviewing these policies at least annually.
12. The adoption of a strategic planning process and the approval and review, on at least an annual basis, of a strategic plan that takes into account business opportunities and business risks.

13. The adoption of a formal process to consider what competencies and skills the board, as a whole, should possess and what competencies and skills each existing director possesses.
14. The adoption of a formal code of business ethics or business conduct for the Fund that governs the behavior of Trustees of the Fund and directors, officers and employees of subsidiaries of the Fund.
15. Monitoring compliance with the code of business ethics or business conduct and granting any waivers from compliance with the code for Trustees of the Fund and directors and officers of subsidiaries of the Fund.
16. Ensuring that the Charter of the Audit Committee is published in the Fund's annual report or information circular as required.
17. Performing such other functions as prescribed by law or assigned to the Board of Trustees of the Fund in the declaration of trust governing the Fund.

IV. Administrative Procedures

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

