OFFERING OF LISTED SENIOR UNSECURED HYBRID DEBENTURES

Term Sheet

October 17, 2018

The Debentures will be offered by way of a short form prospectus in all of the provinces and territories of Canada, except for Quebec. A preliminary short form prospectus containing important information relating to the Debentures has not yet been filed with the applicable Canadian securities regulatory authorities.

A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the Debentures. There will not be any sale or any acceptance of an offer to buy the Debentures until a receipt for the final short form prospectus has been issued.

This document does not provide full disclosure of all material facts relating to the Debentures. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the Debentures, before making an investment decision.

Issuer:	Cargojet Inc. ("Cargojet" or the "Corporation").
Issue:	Listed Senior Unsecured Hybrid Debentures (the "Debentures").
Issue Price:	C$1,000 per Debenture.
Principal Amount:	C$75 million (the "Debenture Offering").
Over-Allotment Option:	The underwriters shall have the option, exercisable up to 30 days following Closing, to acquire up to an additional C$11.25 million of the Debentures at the Issue Price and on the same terms and conditions as set forth herein.
Use of Proceeds:	The Corporation intends to use the net proceeds of the Debenture Offering to pay down the Corporation's revolving credit facility which has been drawn to support engine and aircraft purchases, and to free up capacity to fund anticipated capital expenditures, including aircraft, in the future.
Maturity Date:	The Debentures will mature on April 30, 2024.
Ranking:	The Debentures will be direct, senior unsecured obligations of the Corporation and will rank subordinate to all existing and future senior secured and other secured indebtedness of the Corporation, and will rank *pari passu* to all existing and future senior unsecured, and other unsecured and unsubordinated indebtedness. The indenture under which the Debentures will be issued (the "Indenture") will not restrict the Corporation or its subsidiaries from incurring additional indebtedness or from mortgaging, pledging or charging its properties to secure any indebtedness or liabilities. The Debentures will rank senior to the Corporation's 4.65% convertible unsecured subordinated debentures due December 31, 2021. The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinated in right of payment to the prior payment in full of all senior secured and other secured indebtedness of the Corporation, as will be set forth in the Indenture.

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Interest Rate: The Debentures will bear interest at a rate of 5.75% per annum, payable semiannually in arrears on April 30th and October 31st of each year, with the first interest payment on April 30, 2019. The April 30, 2019 interest payment will represent accrued interest from the Closing, to but excluding April 30, 2019.

Unless an Event of Default (as described below) has occurred and is continuing, the Corporation may elect, from time to time, subject to applicable regulatory approval, to satisfy its obligation to pay interest on the Debentures, on the date it is payable under the Indenture by delivering Common Voting Shares and/or Variable Voting Shares (together, the “Voting Shares”) to the trustee in respect of the Debentures (the “Trustee”), for sale, to satisfy the interest obligations in accordance with the Indenture in which holders of the Debentures will be entitled to receive a cash payment equal to the interest payable, from the proceeds of the sale of such Voting Shares, or any combination of the above and cash.

Redemption: The Debentures shall not be redeemable by the Corporation prior to April 30, 2022. On or after April 30, 2022 and prior to April 30, 2023, the Debentures may be redeemed by the Corporation, in whole or in part from time to time, on not more than 60 days and not less than 40 days prior notice at a redemption price equal to 102.875% of the principal amount of the Debentures redeemed plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. On and after April 30, 2023 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part at the option of the Corporation on not more than 60 days and not less than 40 days prior notice at a price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption.

Payment of Principal Amount in Voting Shares: Cargojet has the option, subject to regulatory approval, to satisfy its obligations to repay the principal amount of the Debentures and accrued and unpaid interest upon redemption or at maturity, provided no Event of Default (as will be defined in the Indenture) has occurred and is continuing at such time, upon not less than 40 days and not more than 60 days prior notice, by issuing and delivering that number of freely tradable Common Voting Shares or Variable Voting Shares, as applicable, obtained by dividing the principal amount of the Debentures and accrued and unpaid interest by 95% of the Current Market Price which will be defined in the Indenture as, generally, the weighted average trading price of the Common Voting Shares on the TSX for the 20 consecutive trading days ending five trading days before the date fixed for redemption or maturity, as the case may be.

Restriction on Share Redemption Right: The Corporation shall not, directly or indirectly (through a subsidiary or otherwise), undertake or announce any rights offering, issuance of securities, subdivision of the Voting Shares, dividend or other distribution on the Voting Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

a) the number of securities to be issued;

b) the price at which securities are to be issued, converted or exchanged; or

c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the Payment of Principal Amount in Voting Shares, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Payment of Principal Amount in Voting Shares.

Change of Control: Within 30 days following the occurrence of a Change of Control, defined generally as the acquisition of voting control or direction over at least 66⅔% of the aggregate voting rights attached to the Voting Shares then outstanding by any person or group of persons acting jointly or in concert ("Change of Control"), Cargojet will be required to make an offer in writing to holders of the Debentures (the "Change of Control Purchase Offer") to repurchase their Debentures then outstanding at a price equal to 101% of the principal amount of the Debentures plus accrued and unpaid interest thereon.

Events of Default: The Indenture will provide that an Event of Default in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect of the Debentures:

a) failure for 30 days to pay interest on the Debentures when due;

b) failure to pay principal or premium, if any, on the Debentures when due, whether at maturity, upon redemption, on a Change of Control, by declaration or otherwise (whether such payment is due in cash or Voting Shares);

c) default in the delivery, when due, of any Voting Shares, which default continues for 15 days;

d) default in the observance or performance of any covenant or condition of the Indenture and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Trustee or from holders of not less than 25% in aggregate principal amount of the Debentures to the Corporation specifying such default and requiring the Corporation to rectify or obtain a waiver for same;

e) certain events of bankruptcy, insolvency or reorganization of the Corporation or any material subsidiary thereof under bankruptcy, insolvency or analogous laws, or the winding-up or dissolution of the Corporation;

f) proceedings with respect to the Corporation or any material subsidiary under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws;

g) if a resolution is passed for the winding-up or liquidation of the Corporation or any material subsidiary, except in certain circumstances as will be described in the Indenture;

h) proceedings with respect to the Corporation or any material subsidiary are taken with respect to a compromise or arrangement, with respect to creditors of the Corporation or any material subsidiary; or

i) if an event of default occurs or exists under any indenture, agreement or other instrument evidencing or governing indebtedness for money borrowed by the Corporation or any material subsidiary having an outstanding principal amount in excess of C$10.0 million (or the equivalent amount in any other currency), and (i) such indebtedness has become due and payable before the date it would otherwise have been due and payable and (ii) the holders of such indebtedness are entitled to commence, and have commenced, the enforcement of security they hold for such indebtedness (if any) or the exercise of any other creditors' remedies to collect such indebtedness.

Non-Financial Covenants:	Non-financial covenants shall include: (a) to pay principal, premium (if any) and interest; (b) to pay the Trustee's remuneration; (c) to give notice of default; (d) preservation of existence; (e) keeping of books; (f) annual certificate of compliance; (g) performance of covenants by the Trustee; (h) no dividends on Voting Shares if Event of Default; (i) withholding tax matters, and (j) maintain reporting issuer status and listing of the Debentures and the Voting Shares.
Purchase for Cancellation:	Cargojet may purchase Debentures for cancellation in the market or by tender or private contract at any time subject to regulatory requirements.
Black-Out:	Other than the Debentures, the Corporation will not directly or indirectly offer, issue, pledge, sell, contract to sell, announce an intention to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, directly or indirectly, any debentures or securities convertible into or exchangeable for Voting Shares (other than for purposes of directors', officers' or employee plans, including the Corporation's LTIP; to satisfy existing instruments already issued at the date hereof; and securities issued, sold, transferred or distributed in connection with an arm's length acquisition, merger, consolidation or amalgamation with the Corporation) for a period ending 90 days after Closing without the prior written consent of RBC Capital Markets and CIBC Capital Markets, on behalf of the Underwriters, such consent not to be unreasonably withheld.
Ratings:	The Debentures are unrated. The Corporation does not intend to apply for any credit ratings in respect of itself or the Debentures.
Offering Basis:	Offered publicly in all provinces and territories of Canada, except Québec, pursuant to a short form prospectus and under Rule 144A in the U.S., and under appropriate private placement exemptions in other jurisdictions.
Underwriting Basis:	"Bought Deal" by syndicate of underwriters led by RBC Capital Markets and CIBC Capital Markets and subject to a definitive underwriting agreement containing conventional "material change out", "regulatory out" and "disaster

out" clauses running to the date of Closing.

Eligibility:	The Debentures will be eligible investments under all usual statutes including RRSPs, RDSPs, RRIFs, DPSPs, RESPs and TFSAs.
Listing:	The Corporation shall apply to list on the TSX the Debentures distributed under the short form prospectus. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.
Bookrunners:	RBC Capital Markets and CIBC Capital Markets.
Commission:	4.00%.
Closing:	On or about November 6th, 2018.