



## 2008 EXECUTIVE SHARE UNIT PLAN

---

The Board of Directors of WestJet Airlines Ltd. ("**WestJet**") has adopted this Executive Share Unit Plan (the "**Plan**") governing the issuance of Unit Awards (as defined herein) of WestJet to Executives (as defined herein).

### 1. PURPOSES

The principal purposes of the Plan are as follows:

- (a) to retain and attract qualified Executives that WestJet and WestJet Entities require;
- (b) to promote a proprietary interest in WestJet by such Executives and to encourage such persons to remain in the employ or service of WestJet and WestJet Entities and put forth maximum efforts for the success of the affairs of WestJet; and
- (c) to focus management of WestJet and WestJet Entities on operating and financial performance and total long-term shareholder return.

### 2. DEFINITIONS

As used in this Plan, the following words and phrases shall have the meanings indicated:

- (a) "**Applicable Withholding Taxes**" has the meaning ascribed thereto in Section 7;
- (b) "**Board**" means the board of directors of WestJet as it may be constituted from time to time;
- (c) "**Broker**" means a registered broker, independent from WestJet who has been designated by the Board as the broker that will purchase Voting Shares on behalf of a participant or Beneficiary, as applicable in accordance with this Plan, and who is a member of the Exchange;
- (d) "**Business Day**" means a day other than a Saturday, Sunday or a day when banks in the City of Calgary, Alberta are not generally open for business;
- (e) "**Cessation Date**" means the date of the Executive's termination of, or resignation from, active employment with WestJet or a WestJet Entity, as the case may be, regardless of whether adequate or proper advance notice of termination or resignation shall have been provided in respect of such cessation of being an Executive. For greater certainty, a transfer of employment or services between WestJet and a WestJet Entity or between WestJet Entities shall not be considered an interruption or termination of the employment of an Executive for any purpose of the Plan;
- (f) "**Change of Control**" means:
  - i. a successful "take-over bid" (as defined in the *Securities Act* (Alberta), as amended, or any successor legislation thereto) pursuant to which the "offeror" beneficially owns in excess of 33% of the outstanding Total Shares;

- ii. the issuance to, or acquisition by any person, or group of persons acting in concert, directly or indirectly, including through an arrangement or other form of reorganization, of Total Shares or Common Shares which in the aggregate total 33% or more of the then issued and outstanding Total Shares;
  - iii. the sale of all or substantially all of the assets of WestJet;
  - iv. the liquidation, winding-up or dissolution of WestJet; or
  - v. an event that the Board determines constitutes a Change of Control for the purposes of this Plan,  
  
provided that notwithstanding the application of any of the foregoing, a "Change of Control" shall be deemed to not have occurred:
  - vi. pursuant to an arrangement or other form of reorganization of WestJet where the holders of the outstanding voting securities or interests of WestJet immediately prior to the completion of the reorganization will hold directly or indirectly more than 90% of the outstanding voting securities or interests of the continuing entity upon completion of the reorganization;
- (g) **"Common Shares"** means the common voting shares of WestJet;
- (h) **"Dividend"** means a dividend paid by WestJet in respect of the Voting Shares, whether of cash, Common Shares, Variable Voting Shares or other securities or other property, expressed as an amount per Voting Share;
- (i) **"Dividend Payment Date"** means any date that a Dividend is distributed to Shareholders;
- (j) **"Dividend Record Date"** means the applicable record date in respect of any Dividend used to determine the Shareholders entitled to receive such Dividend;
- (k) **"Executive"** means officers of WestJet and any WestJet Entity and any other employees of WestJet or a WestJet Entity determined by the Board;
- (l) **"Exchange"** means the TSX and/or any such other stock exchange(s) on which the Common Shares are then listed and posted for trading from time to time;
- (m) **"Expiry Date"** means the date determined by the Board (not to exceed five (5) years from the Grant Date), subject to extension in accordance with Section i or Section ii), in connection with each Restricted Award or Performance Award made pursuant to the Plan upon which Voting Shares awarded thereunder shall be issued to the Grantee of such Unit Award if they have not been exercised by the Grantee;
- (n) **"Fair Market Value"** with respect to a Voting Share, as at any date means the weighted average of the Voting Shares traded on the TSX (or, if the Voting Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the Voting Shares are then listed and posted for trading as may be selected for such purpose by the Board in its sole and absolute discretion) for the five (5) trading days on which the Voting Shares traded on the said exchange immediately preceding such date. In the event that the Voting Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Voting Shares as determined by the Board in its sole discretion, acting reasonably and in good faith. If initially determined in United States dollars, the Fair

Market Value shall be converted into Canadian dollars at an exchange rate selected and calculated in the manner determined by the Board from time to time acting reasonably and in good faith;

- (o) **"Grant Date"** means the actual grant date for a Unit Award;
- (p) **"Grant Value"** means the dollar amount for a Unit Award as contemplated by Section 4 hereof;
- (q) **"Grantee"** has the meaning set forth in Section 4 hereof;
- (r) **"Insider"** has the meaning set forth in the applicable rules of the Exchange for this purpose;
- (s) **"Leave of Absence"** means a period of time designated as a "leave of absence" by the Board which is in excess of three months;
- (t) **"Performance Award"** means an award under the Plan designated as a "Performance Award" in the Unit Award Agreement pertaining thereto pursuant to which Voting Shares shall be issued or delivered as determined in accordance with Section 6(d) hereof, based upon achieving Performance Vesting and subject to adjustment pursuant to the provisions of Section iii;
- (u) **"Performance Vesting"** means any performance-related conditions in respect of the Vesting of Unit Awards determined by the Board from time to time, which without limitation may include, performance of WestJet, any WestJet Entity, WestJet shareholder return or otherwise, and which may be graduated by percentages of a Unit Award, including a percentage in excess of 100%;
- (v) **"Plan Trust Fund"** means the assets of the Plan held by the Trustee, as more fully set out in Section 6(g);
- (w) **"Restricted Award"** means an award under the Plan designated as a "Restricted Award" in the Unit Award Agreement pertaining thereto pursuant to which Voting Shares shall be issued or delivered as determined in accordance with Section 6(d) hereof, based upon achieving Time Vesting and subject to adjustment pursuant to the provisions of Section iii;
- (x) **"Shareholder"** means a holder of Common Shares or Variable Voting Shares;
- (y) **"Time Vesting"** means any conditions relating to continued service with WestJet or a WestJet Entity for a period of time in respect of the Vesting of Unit Awards determined by the Board; which may be graduated by percentages of a Unit Award, including a percentage in excess of 100%;
- (z) **"Total Shares"** means the aggregate number of issued and outstanding Common Shares and Variable Voting Shares;
- (aa) **"Trustee"** means such trustee or trustees as may, from time to time, be appointed for purposes of the Plan pursuant to Section 6(g);
- (bb) **"TSX"** means the Toronto Stock Exchange;
- (cc) **"Unit Award"** means a Restricted Award or Performance Award made pursuant to the Plan;
- (dd) **"Unit Award Agreement"** has the meaning set forth in Section 6 hereof;
- (ee) **"Variable Voting Shares"** means the variable voting shares of WestJet;
- (ff) **"Vested"** means the applicable Time-Vesting, Performance-Vesting and/or any other conditions for Vesting in relation to a whole or a percentage of the number of Voting Shares covered by a Unit

Award determined by the Board in connection with each Restricted Award or Performance Award made pursuant to the Plan, as the case may be, have been met and **"Vesting"** has a comparable meaning;

- (gg)** **"Vesting Date"** means a date on which the applicable Time-Vesting, Performance Vesting conditions and/or any other conditions for a Unit Award becoming Vested are met;
- (hh)** **"Voting Shares"** means Common Shares and Variable Voting Shares, and, with respect to a Unit Award, either Common Shares or Variable Voting Shares as applicable; and
- (ii)** **"WestJet Entities"** means, collectively, any of WestJet's subsidiaries, partnerships, trusts or other controlled entities.

### **3. ADMINISTRATION**

The Plan shall be administered by the Board.

The Board shall have the authority in its sole and absolute discretion to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan subject to and not inconsistent with the express provisions of this Plan and of Section 10 hereof, including, without limitation, the authority:

- (a)** to grant Unit Awards (including determining whether the Unit Awards subject to a grant will relate to Common Shares or Voting Variable Shares);
- (b)** to determine the Grant Date for Unit Awards, if not the date on which the Board determines to grant such Unit Awards;
- (c)** to determine the Executives to whom, and the time or times at which Unit Awards shall be granted and shall become issuable;
- (d)** to determine the Grant Value for each Unit Award and accordingly the number of Voting Shares to be covered by each Unit Award in accordance with Section 4 hereof;
- (e)** to determine Performance Vesting, Time Vesting and/or other Vesting conditions;
- (f)** to prescribe, amend and rescind rules and regulations relating to the Plan;
- (g)** to interpret the Plan;
- (h)** to determine the terms and provisions of Unit Award Agreements (which need not be identical) entered into in connection with Unit Awards; and
- (i)** to make all other determinations deemed necessary or advisable for the administration of the Plan.

The Board may delegate to a committee of the Board, one or more of its members, WestJet or WestJet Entity officers or employees, or one or more agents such duties as it may deem advisable, and the committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the committee or such person may have under the Plan.

For greater certainty and without limiting the discretion conferred on the Board pursuant to this Section, the Board's decision to approve the grant of a Unit Award in any period shall not require the Board to approve the grant of a Unit Award to any Executive in any other period; nor shall the Board's decision with respect to the size or terms and conditions of a Unit Award in any period require it to approve the grant of a Unit Award of

the same or similar size or with the same or similar terms and conditions to any Executive in any other period. The Board shall not be precluded from approving the grant of a Unit Award to any Executive solely because such Executive may previously have been granted a Unit Award under this Plan or any other similar compensation arrangement of WestJet or a WestJet Entity. No Executive has any claim or right to be granted a Unit Award.

#### **4. ELIGIBILITY AND AWARD DETERMINATION**

In determining the Executives to whom Unit Awards may be granted ("**Grantees**") and the Grant Value for (and accordingly the number of Voting Shares to be covered by) each Unit Award (subject to adjustment in accordance with Time Vesting or Performance Vesting), the Board may take into account such factors as it shall determine in its sole and absolute discretion.

The number of Voting Shares to be covered by each Unit Award shall be determined by dividing the Grant Value for such Unit Award by the Fair Market Value of a Voting Share as at the Grant Date, rounded up to the next whole number.

#### **5. RESERVATION OF VOTING SHARES**

Up to 1,450,000 Voting Shares may be issued pursuant to this Plan. If any Unit Award granted under this Plan shall expire, terminate or be cancelled for any reason without the Voting Shares issuable thereunder having been issued in full, any such Voting Shares shall be available for the purposes of the granting of further Unit Awards under this Plan.

No one Executive may be granted any Unit Award which, together with all Unit Awards then held by such Grantee, would entitle such Grantee to receive a number of Voting Shares which is greater than 2% of the Total Shares. In addition: (i) the number of Voting Shares issuable to Insiders at any time, under all security based compensation arrangements of WestJet, shall not exceed 10% of Total Shares; and (ii) the number of Voting Shares issued to Insiders, within any one year period, under all security based compensation arrangements of WestJet, shall not exceed 10% of the Total Shares.

#### **6. TERMS AND CONDITIONS OF UNIT AWARDS**

Each Unit Award granted under the Plan shall be subject to the terms and conditions of the Plan and evidenced by a written agreement between WestJet and the Grantee (a "**Unit Award Agreement**") which agreement shall comply with, and be subject to, the requirements of the TSX and the following terms and conditions (and with such other terms and conditions as the Board, in its discretion, shall establish):

- (a) *Number and Type of Unit Awards*** – The Board shall determine the number of Voting Shares to be awarded to a Grantee pursuant to the Unit Award (subject to adjustment in accordance with Time Vesting or Performance Vesting) in accordance with the provisions set forth in Section 4 hereof and shall designate such award as either a "Restricted Award" or a "Performance Award", as applicable, in the Unit Award Agreement relating thereto.

**(b) Vesting Dates and Adjustment of Unit Awards**

- i. *Restricted Awards* – With respect to any Restricted Award the Board shall determine the Time Vesting Dates, which shall, in any event, not be later than December 15 of the third (3<sup>rd</sup>) calendar year following the end of the calendar year in which the services to which the grant of such Restricted Awards relate.
- ii. *Performance Awards* – With respect to any Performance Award the Board shall determine the Performance Vesting Dates, which shall, in any event, not be later than December 15 of the third (3<sup>rd</sup>) calendar year following the end of the calendar year in which the services to which the grant of such Performance Awards relate.
- iii. Notwithstanding any other provision of this Plan, but subject to the limits described in Sections 5 and any other applicable requirements of the TSX or other regulatory authority, the Board hereby reserves the right to make any additional adjustments to the number of Voting Shares covered by any Unit Award (including adjustments determined by reference to or as a result of the achievement of Performance Vesting conditions) if, in the sole discretion of the Board, such adjustments are appropriate in the circumstances having regard to the principal purposes of the Plan and the terms of the Unit Award.
- iv. Notwithstanding any other provision of this Plan, the Board may, in its sole discretion, determine that a Unit Award is Vested in relation to all or a percentage of the Voting Shares covered thereby for all or any Unit Awards at any time and from time to time.

**(c) Change of Control Double Trigger** - In the event of both (a) any Change of Control prior to the Vesting Dates, and (b) the Grantee's employment is, subsequent to such Change of Control, terminated without cause (regardless of whether or not a Grantee is on a Leave of Absence), all Voting Shares awarded pursuant to any Restricted Awards or any Performance Awards to a Grantee that have not yet been issued as of such time shall be Vested.

**(d) Form of Payment** – The Board may, in its absolute discretion, elect one or any combination of the following payment methods for a Unit Award on a Vesting Date or such other payment date as may be contemplated by this Plan:

- i. issuing Voting Shares to the Grantee or the Grantee's beneficiary, as the case may be, in accordance with Section 6(e);
- ii. causing a Broker to purchase Voting Shares on the Exchange for the account of the Grantee or the Grantee's beneficiary, as the case may be, in accordance with Section 6(f);
- iii. causing the Trustee to deliver the appropriate number of Voting Shares from the Plan Trust Fund to the Grantee or the Grantee's beneficiary, as the case may be, in accordance with Section 6(g); or
- iv. paying cash to the Grantee or the Grantee's beneficiary, as the case may be, in accordance with section 6(h);

Where the Board does not specify any payment method for the Vested Unit Awards credited to a Grantee's Account, the form of payment shall be in cash as provided in Section 6(h).

**(e) Payment in the Form of Newly-Issued Voting Shares** – Where WestJet issues Voting Shares from treasury, the number of Voting Shares that are issuable to the Grantee on the relevant Vesting Date or such other payment date, as applicable, shall be issued from treasury by WestJet, as fully paid

and non-assessable shares in consideration of past services valued by the Board at no less than the Fair Market Value of the number of Voting Shares covered by the Unit Award.

For greater certainty and without limiting the foregoing, the number of Voting Shares issued to a Grantee will be equal to the number of Voting Shares covered by the Vested Unit Award as at the relevant Vesting Date or such other payment date, as applicable, less the number of Voting Shares that results by dividing the Applicable Withholding Taxes by the Fair Market Value as at the Vesting Date or such other payment date, as applicable.

Fractional Voting Shares shall not be issued and where a Grantee would be entitled to receive a fractional Voting Share in respect of any Vested Unit Award, WestJet or the WestJet Entities, as applicable, shall round the number of Voting Shares to be issued up to the nearest whole number.

- (f) *Payment in the Form of Voting Shares Purchased on the Exchange*** – Where Voting Shares are purchased on the Exchange to be delivered to the Grantee, WestJet or the WestJet Entities, as applicable, will remit, in cash, to the Broker, the product that results by multiplying (a) the number of Voting Shares covered by the Unit Award and (b) the Fair Market Value on the Vesting Date, net of Applicable Withholding Taxes. The Broker will be required to, within two (2) trading days of the Exchange, use the amount to purchase Voting Shares on the Exchange as agent and for the account of the Grantee, as the case may be. The actual number of Shares purchased by the Broker will be that number that the Broker is able to purchase with the amount remitted to the Broker.

Fractional Voting Shares shall not be purchased and where the Grantee would be entitled to receive a fractional Voting Share in respect of any Unit Award, WestJet or the WestJet Entities, as applicable, shall round up the number of Voting Shares to be covered by the Unit Award to the nearest whole number.

Voting Shares purchased by the Broker shall be delivered to the Grantee within ten (10) Business Days of the Vesting Date.

WestJet or the WestJet Entities, as applicable, will pay all brokerage fees and commissions arising in connection with the purchase of Voting Shares by the Broker in accordance with the Plan.

- (g) *Payment in the Form of Voting Shares Distributed from Plan Trust Fund*** – From time to time, WestJet may establish and maintain one or more trust funds, on such terms and conditions as the Board shall determine, and WestJet and the WestJet Entities shall contribute cash for the purchase of Voting Shares on the Exchange, in such amounts as the Board shall determine in order to facilitate settlement of Vested Unit Awards under the Plan. Such contributions, if any, and the Voting Shares acquired therewith shall constitute the Plan Trust Fund and shall be held and administered by the Trustee pursuant to the terms of the Plan and any trust agreement entered into by WestJet and the Trustee, from time to time, which governs the Plan Trust Fund.

The Trustee shall arrange for the purchase of the requisite number of Voting Shares on the open market through an Exchange participating organization (designated by the Trustee and which is independent of WestJet), and the facilities of the Exchange as soon as practicable (but in any event within thirty (30) calendar days) after receipt of any contributions from WestJet and the WestJet Entities. The Voting Shares shall be purchased at prevailing market prices.

Where the Board elects to settle some or all of a Grantee's Vested Unit Award by delivery of Voting Shares from the Plan Trust Fund, the Trustee shall, within ten (10) Business Days of the Vesting Date or such other payment date, as applicable, distribute to the participant the number of Voting Shares from the Plan Trust Fund corresponding to the number of Voting Shares from the Plan Trust Fund

corresponding to the number of Voting Shares covered by the Vested Unit Award identified by the Board for settlement pursuant to this Section 6(g), and shall transfer title and deliver certificates, where applicable, for such Voting Shares to the Grantee by first class insured mail, unless the Trustee shall have received alternate instructions from the Grantee for the delivery of the Voting Shares.

Fractional Voting Shares shall not be distributed and where the Grantee would be entitled to receive a fractional voting share in respect of any Vested Unit Award, WestJet or the WestJet Entities, as applicable, shall round up the number of Voting Shares to be distributed to the nearest whole number.

- (h) ***Payment in the Form of Cash*** – Where the Board elects to pay the Unit Award in cash, the payment will be equal to the product that results by multiplying (a) the number of Voting Shares covered by the Unit Award and (b) the Fair Market Value on the Vesting Date, net of Applicable Withholding Taxes.
- (i) ***Payment of Dividend Equivalents*** – A Grantee’s Unit Award shall, unless otherwise determined by the Board in its sole discretion, from time to time, be adjusted to include additional Voting Shares, the number of which shall be the quotient determined by dividing: one hundred percent (100%) of the Dividends declared and that would have been paid to the Grantee if the Voting Shares covered by his or her Unit Awards on the relevant Dividend Record Date had been Voting Shares (excluding stock Dividends but including Dividends which may be paid in cash or Voting Shares at the option of the Shareholder) by the Fair Market Value on the Dividend Payment Date, with fractions computed to four decimal places. For greater certainty no Unit Awards will be adjusted to include additional Voting Shares in respect of or in relation to: (i) any stock Dividends except as specifically provided for in this Section 6(i), (ii) any Dividends declared after the Vesting Date, and (iii) in respect of any Unit Awards that have been previously forfeited or cancelled under the Plan.
- (j) ***Termination of Relationship as Executive*** – Unless otherwise determined by the Board or unless otherwise expressly set forth in a Unit Award Agreement pertaining to a particular Unit Award or any written employment or consulting agreement governing a Grantee’s role as an Executive, the following provisions shall apply in the event that a Grantee ceases to be an Executive:
- i. ***Termination*** – If a Grantee ceases to be an Executive for any reason whatsoever, other than the death, disability, retirement or termination without cause of such Grantee, all outstanding Unit Award Agreements under which Unit Awards have been made to such Grantee, to the extent not Vested, shall be terminated and all rights to receive a payment thereunder shall be forfeited by the Grantee.
  - ii. ***Termination Without Cause or Retirement*** – If a Grantee’s employment is terminated by WestJet without cause, or if a Grantee ceases to be an Executive upon retirement in accordance with WestJet Policy 4-20 or any similar replacement policy then in effect for voluntary or mandatory retirement, Unit Awards held by such Grantee shall be Vested such that the number of Vested Unit Awards (including Unit Awards already Vested) shall be pro rata based on the proportion that the period from the Grant Date of the Unit Awards to the Cessation Date is of the period from such Grant Date to the Vesting Date or, if more than one Vesting Date for a Unit Award, the last Vesting Date, and to the extent any such Unit Awards are Performance Awards, the Board shall apply such modified Performance Conditions as it deems appropriate under the circumstances, in its complete discretion. The proportion of such Unit Awards which are not so Vested shall be terminated and all rights to receive a payment thereunder shall be forfeited by the Grantee. A payment in respect of such Vested Unit Awards shall be made as soon as practicable following the Cessation Date.



iii. *Death or Disability* – Upon the death or disability of a Grantee, Unit Awards held by such Grantee shall be Vested such that the number of Vested Unit Awards (including Unit Awards already Vested) shall be *pro rata* based on the proportion that the period from the Grant Date of the Unit Awards to the Cessation Date is of the period from such Grant Date to the Vesting Date or, if more than one Vesting Date for a Unit Award, the last Vesting Date, and to the extent any such Unit Awards are Performance Awards, the Board shall apply such modified Performance Conditions as it deems appropriate under the circumstances, in its complete discretion. The proportion of such Unit Awards which are not so Vested shall be terminated and all rights to receive Voting Shares thereunder shall be forfeited by the Grantee. A payment in respect of such Vested Unit Awards shall be made as soon as practicable following the Cessation Date.

(k) ***Rights as a Shareholder*** – Unless and until Voting Shares in respect of a Vested Unit Award have been issued, delivered or purchased by the Broker and deposited to the account of the Grantee in accordance with the terms of the Plan, the Grantee to whom such Unit Award has been made shall not possess any incidents of ownership of such Voting Shares including, for greater certainty and without limitation, the right to receive cash Dividends on such Voting Shares and the right to exercise voting rights in respect of such Voting Shares.

(l) ***Treatment of Non-Cash Dividends*** – In the case of a non-cash Dividend, including Common Shares, Variable Voting Shares or other securities or other property, the Board may, in its sole and absolute discretion, determine that this non-cash Dividend be provided to the Unit Award holder on the same basis as a holder of a Voting Share with the same Dividend Record Date and Dividend Payment Date, regardless of the Unit Award Vesting Date. The Board may provide this non-cash Dividend to the Unit Award holder in the same form as the non-cash Dividend received by a holder of a Voting Share or a cash equivalent amount determined in the sole and absolute discretion of the Board.

In the alternate case, where the Unit Award holder does not participate in a non-cash Dividend as described above, the Board will, in its sole and absolute discretion, determine the cash value of such non-cash Dividend.

(m) ***Effect of Certain Changes*** – In the event:

- i. of any change in the Common Shares or Variable Voting Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;
- ii. that any rights are granted to Shareholders to purchase Common Shares or Variable Voting Shares at prices substantially below Fair Market Value; or
- iii. that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares or Variable Voting Shares are converted into or exchangeable for any other securities,

then, in any such case, the Board shall make such adjustments to the Plan, to any Unit Awards and to any Unit Award Agreements outstanding under the Plan as may be appropriate in the circumstances (including changing the Voting Shares covered by each Unit Award into other securities on the same basis as Voting Shares are converted into or exchangeable for such securities in any such transaction) to prevent dilution or enlargement of the rights granted to Grantees hereunder.

## 7. WITHHOLDING TAXES

WestJet and any of the WestJet Entities, as applicable, shall be authorized to deduct from any amount paid or credited hereunder such taxes and other amounts as it may be required by law to withhold (the “**Applicable**

**Withholding Taxes**”), and the Board may, in its discretion, adopt and apply such rules and regulations that in its opinion will ensure that WestJet and the WestJet Entities, as applicable, will be able to so comply.

## **8. NON-TRANSFERABILITY**

The right to receive Voting Shares or a cash payment in lieu of pursuant to a Unit Award granted to an Executive may only be exercised by such Executive personally, and except as otherwise provided in this Plan, no assignment, sale, transfer, pledge or charge of a Unit Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Unit Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Unit Award shall terminate and be of no further force or effect, provided that (a) the rights of a Grantee in respect of the Unit Award are transferable upon death of the Grantee, and (b) the Grantee may transfer or assign the rights of a Unit Award hereunder to minor children or grandchildren or a spouse of the Grantee, or a trust or a holding company of which the Grantee is a trustee or director, and the beneficiaries or shareholders of which are any combination of the Grantee, Grantee’s spouse or the Grantee’s minor children or grandchildren, in accordance with such requirements as the Board may from time to time determine.

## **9. MERGER AND SALE, ETC.**

In the event that WestJet enters into any transaction or series of transactions whereby WestJet or all or substantially all of WestJet’s undertaking, property or assets would become the property of any other trust, body corporate, partnership or other person (a **“Successor”**) whether by way of takeover bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, WestJet and the Successor shall execute such instruments and do such things as are necessary, if any, to establish that upon the consummation of such transaction the Successor will have assumed all the covenants and obligations of WestJet under this Plan and the Unit Award Agreements outstanding on consummation of such transaction in a manner that substantially preserves and does not impair the rights of the Grantees thereunder in any material respect (including the right to receive shares, securities, cash or other property of the Successor in lieu of Voting Shares or a cash payment therefor upon the subsequent vesting of Unit Awards). Any such Successor shall succeed to, and be substituted for, and may exercise every right and power of WestJet under this Plan and such Unit Award Agreements with the same effect as though the Successor had been named as WestJet herein and therein and thereafter, WestJet shall be relieved of all obligations and covenants under this Plan and such Unit Award Agreements and the obligation of WestJet to the Grantees in respect of the Unit Awards shall terminate and be at an end and the Grantees shall cease to have any further rights in respect thereof including, without limitation, any right to acquire Voting Shares or receive a cash payment therefor upon vesting of the Unit Awards.

## 10. AMENDMENT AND TERMINATION OF PLAN

This Plan and any Unit Awards granted pursuant to the Plan may be amended, modified or terminated by the Board without approval of Shareholders subject to any required approval of the TSX. Notwithstanding the foregoing, the Plan or any Unit Award may not be amended without Shareholder approval to:

- (a) increase the number of Voting Shares issuable on exercise of outstanding Unit Awards at any time pursuant to Section 5 hereof;
- (b) extend the Expiry Date of any outstanding Unit Awards;
- (c) permit a Grantee to transfer or assign Unit Awards to a new beneficial holder other than as set forth in Section 8;
- (d) increase the number of Voting Shares that may be issued to Insiders above the restriction contained in Section 5;
- (e) extend the maximum permitted Expiry Date under the Plan beyond five (5) years;
- (f) adding additional categories of Grantees; or
- (g) amend this Section 10 to delete any of (a) through (f) above.

In addition, no amendment to the Plan or Unit Awards granted pursuant to the Plan may be made without the consent of the Grantee, if it adversely alters or impairs the rights of any Grantee in respect of any Unit Award previously granted to such Grantee under the Plan.

## 11. MISCELLANEOUS

- (a) ***Effect of Headings*** – The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.
- (b) ***Compliance with Legal Requirements*** – WestJet shall not be obliged to issue or direct a Broker to purchase any Voting Shares if such issuance would violate any law or regulation or any rule of any government authority or Exchange. WestJet, in its sole discretion, may postpone the issuance, purchase or delivery of Voting Shares under any Unit Award as the Board may consider appropriate, and may require any Grantee to make such representations and furnish such information as it may consider appropriate in connection with the issuance, purchase or delivery of Voting Shares in compliance with applicable laws, rules and regulations. WestJet shall not be required to qualify for resale pursuant to a prospectus or similar document any Voting Shares awarded under the Plan, provided that, if required, WestJet shall notify the Exchange and any other appropriate regulatory bodies in Canada of the existence of the Plan and the granting of Unit Awards hereunder in accordance with any such requirements.
- (c) ***No Additional Rights*** – Nothing in the Plan or in any Unit Award Agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ or service of WestJet or any WestJet Entities, to be entitled to any remuneration or benefits not set forth in the Plan or a Unit Award Agreement or to interfere with or limit in any way the right of WestJet or any WestJet Entity to terminate Grantee's employment or service arrangement with WestJet or any WestJet Entity. Neither designation of an employee as a Grantee nor the grant of any Unit Awards to any Grantee entitles any Grantee to a grant, or any additional or subsequent grant, as the case may be, of any Unit Awards under the Plan.

(d) ***Ceasing to be a WestJet Entity*** – Except as otherwise provided in this Plan, Unit Awards granted under this Plan shall not be affected by any change in the relationship between or ownership of WestJet and a WestJet Entity. For greater certainty, all Unit Awards remain valid in accordance with the terms and conditions of this Plan and are not affected by reason only that, at any time, any corporation, partnership or trust ceases to be a WestJet Entity.

(e) ***Expenses*** – All expenses in connection with the administration of this Plan shall be borne by WestJet.

## **12. GOVERNING LAW**

The Plan shall be governed by and construed in accordance with the laws in force in the Province of Alberta.

## **13. EFFECTIVE DATE**

This Plan took effect on February 4, 2008.

**Schedule "A"**  
**Provisions for U.S. Taxpayers; U.S. Code Section 409A**

- 1.** All payments and benefits to be provided with respect to Grantees under this Plan who are or will become subject to the U.S. Internal Revenue Code of 1986, as amended (the "U.S. Code"), are to the fullest extent permissible intended to be exempt from the provisions of Section 409A of the U.S. Code and the regulations and guidance promulgated thereunder ("Section 409A"), and, to the extent that any amount or benefit payable hereunder is or becomes subject to Section 409A, this Plan is intended to comply with the applicable requirements of Section 409A so as to avoid any additional tax arising pursuant thereto. This Plan shall be interpreted and administered in a manner consistent with the foregoing statement of intent. Notwithstanding the preceding, no persons connected with this Plan in any capacity, including but not limited to WestJet or any WestJet Entities, and their respective directors, officers, agents and employees, makes any representation, commitment or guarantee that any tax treatment, including but not limited to, federal, state and local income, estate and gift tax treatment, will be applicable with respect to any Voting Shares issued or amounts payable under the Plan or that such tax treatment will apply to a Grantee.
- 2.** In furtherance of the intent expressed in Paragraph 1 above, solely with respect to a Grantee who is subject to income taxation under the laws of the United States (a "U.S. Grantee") and is thereby potentially subject to the additional penalty taxes imposed by Section 409A, the following provisions shall apply notwithstanding any provision of this Plan other than this Schedule "A" to the contrary:

  - (a)** The settlement date of a Unit Award (or any portion thereof) held by a U.S. Grantee that becomes Vested pursuant to Section 6(j)(ii) or Section 6(j)(iii) of the Plan on a date earlier than the original Unit Award Vesting Date shall be the date the U.S. Grantee incurs a Separation from Service (as defined below) or the date of the U.S. Grantee's death, if applicable.
  - (b)** The settlement date of a Unit Award (or any portion thereof) that becomes Vested due to the Separation from Service of a U.S. Grantee who is a Specified Employee (as defined below) shall be the date that is 6 months after such Separation from Service (or, if earlier, the date of the U.S. Grantee's death); provided that this sentence shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A.
  - (c)** In the event the Board exercises its discretion to accelerate the Vesting of a Unit Award held by a U.S. Grantee pursuant to Section 6(b)(iv) of the Plan, such acceleration shall not affect the timing of settlement for such Unit Award, such that the settlement date shall be the earlier of the original Vesting Date or the date of a Separation from Service (or the 6 month anniversary thereof), in accordance with Section 6(j) of the Plan and Sections 2(a) and 2(b) of this Schedule "A".
  - (d)** No Voting Shares issued or payments made in respect of a Unit Award held by a U.S. Grantee subject to this Schedule "A" shall be funded with any assets set aside in a trust or other arrangement described under U.S. Code Section 409A(b)(1) at any time.
  - (e)** For the avoidance of doubt, any increase in the Voting Shares subject to a Unit Award made pursuant to Section 6(i) in connection with a declaration of Dividends on Voting Shares shall be subject to the same Vesting conditions as, and shall not affect the timing of the settlement date or the form of payment of, such Unit Award.

- (f)** For purposes of this Schedule,
- (i)** "Employer" means, consistent with the definition of service recipient in U.S. Treasury Regulation § 1.409A-1(g):
- (1)** WestJet Airlines Ltd. or if the U.S. Grantee is employed by a subsidiary, partnership, trust or other controlled entity of WestJet Airlines Ltd., such subsidiary, partnership, trust or other controlled entity; and
- (2)** All other entities with which the entity named in (1) would be aggregated and treated as a single employer under Section 414(b) of the U.S. Code (governing a controlled group of corporations) and Section 414(c) of the U.S. Code (governing a group of trades or businesses under common control), as applicable. To identify the group of entities described in the preceding sentence, an ownership threshold of 50% shall be used as a substitute for the 80% minimum ownership threshold that appears in, and otherwise must be used when applying, the applicable provisions of: (i) Section 1563 of the U.S. Code and the regulations thereunder for determining a controlled group of corporations under Section 414(b) of the U.S. Code; and (ii) U.S. Treasury Regulation § 1.414(c)-2 for determining the trades or businesses that are under common control under Section 414(c) of the U.S. Code.
- (ii)** "Separation from Service" means a termination of services provided by a U.S. Grantee to his or her Employer, whether voluntarily or involuntarily, as determined by the Board in accordance with the rules for determining when a service provider has incurred a separation from service under U.S. Treasury Regulation § 1.409A-1(h).
- (iii)** "Specified Employee" means a U.S. Grantee who, as of the date of the U.S. Grantee's Separation from Service, is a "key employee" as defined in U.S. Code Section 416(i)(1)(A)(i), (ii), or (iii) (applied in accordance with the regulations thereunder and disregarding U.S. Code Section 416(i)(5)) at any time during the 12-month period ending on a "specified employee identification date" (within the meaning of U.S. Treasury Regulation § 1.409A-1(i)(3)), as determined by the Board in accordance with U.S. Treasury Regulation § 1.409A-1(i)(1). If a U.S. Grantee is a key employee as of a specified employee identification date, the U.S. Grantee is treated as a key employee for purposes of this definition for the entire 12-month period beginning on the specified employee effective date (within the meaning of U.S. Treasury Regulation § 1.409A-1(i)(4)).