



## KEY EMPLOYEE AND PILOT RESTRICTED SHARE UNIT PLAN

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### ARTICLE 1 INTRODUCTION AND INTERPRETATION

#### 1.1 PURPOSE

The principal purposes of the Plan are as follows:

- (a) to retain and attract (i) certain key employees at the vice president and director levels ("**Management Participants**"), and (ii) qualified pilots, that WestJet and/or the WestJet Entities, as applicable, require ("**Pilot Participants**");
- (b) to promote a proprietary interest in WestJet by such persons and to encourage such persons to remain in the employ or service of WestJet and/or the WestJet Entities, as applicable, and put forth maximum efforts for the success of the affairs of WestJet; and
- (c) to associate a portion of vice president, director and pilot compensation with the returns achieved by Shareholders of WestJet over the medium to long-term.

#### 1.2 DEFINITIONS

Whenever used in this Plan, the following words and terms have the respective meanings set out below unless the context otherwise requires:

- (a) "**Accelerated Payment Date**" has the meaning ascribed thereto in Section 6.1;
- (b) "**Account**" means the account maintained by WestJet or a WestJet Entity, as applicable, for each Participant in connection with the operation of the Plan to which Restricted Share Units and non-cash Dividends, if any, awarded to the Participant under the Plan will be credited;
- (c) "**Annual Award Value**" has the meaning ascribed thereto in Section 4.1(a)(ii);
- (d) "**Applicable Law**" means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and the rules of any stock exchange upon which the Voting Shares are listed;
- (e) "**Applicable Withholding Taxes**" has the meaning ascribed thereto in Section 2.3(b);
- (f) "**Award Date**" has the meaning ascribed thereto in Section 4.1(a)(i);
- (g) "**Beneficiary**" means, subject to Applicable Law, an individual who has been designated by a Participant, in such form and manner as the Board may determine, to receive benefits payable under the Plan upon the death of the Participant, or, where no such designation is validly in effect at the time of death, or where the designated individual does not survive the Participant, the Participant's legal representative;

- (h) **"Black-Out Period"** means a period of time imposed by the Board pursuant to the Insider Trading and Disclosure Policy of WestJet upon certain designated persons during which those persons may not trade in any securities of WestJet;
- (i) **"Black-Out Extension Term"** means ten (10) Business Days from the date that any Black-Out Period ends;
- (j) **"Board"** means the board of directors of WestJet, as it may be constituted from time to time;
- (k) **"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 a Beneficiary, as applicable, in accordance with Section 6.3, and who is a member of the TSX;
- (l) **"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;
- (m) **"Cause"** in respect of a Participant means:
- i. the failure or wilful refusal of the Participant to substantially perform his or her material duties and responsibilities, except as such results from the Disability of the Participant, that is not cured by the Participant within a reasonable period of written notification thereof to the Participant by WestJet or, if applicable, a WestJet Entity;
  - ii. the failure or wilful refusal of the Participant to substantially perform his or her material duties, obligations and covenants under any non-compete or non-solicit agreements between the Participant and WestJet or, if applicable, a WestJet Entity;
  - iii. any fraudulent activity or serious misconduct by the Participant materially affecting WestJet or, if applicable, the WestJet Entities or in circumstances which would make the Participant unsuitable to continue to discharge his or her duties of employment;
  - iv. the conviction of the Participant for any crime involving fraud, misrepresentation or breach of trust;
  - v. any wilful and intentional act on the part of the Participant having the effect of materially injuring the reputation, business or business relationships of WestJet or, if applicable, a WestJet Entity; or
  - vi. anything or any things constituting "cause" under Applicable Law;
- except that if, at the time of such Participant's Cessation Date, the Participant is party to an employment, severance, retention or similar contract or agreement with WestJet or a WestJet Entity that contains a definition of the term "cause" or a similar term, the term "cause" shall have the meaning, if any, assigned thereto (or to such similar term) in such contract or agreement;
- (n) **"Cessation Date"** means the date of the Participant'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 termination or resignation from active employment. 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 a Participant for any purpose of the Plan;
- (o) **"Common Shares"** means the common voting shares of WestJet;

- (p) **"CTA"** means the *Canadian Transportation Act* (Canada), as amended, or any successor legislation thereto;
- (q) **"Disability"** means the Participant's physical or mental incapacity that prevents such Participant from substantially fulfilling his or her duties and responsibilities on behalf of WestJet or, if applicable, a WestJet Entity, and in respect of which the Participant commences receiving, or is eligible to receive, disability benefits under a short-term or long-term disability plan of WestJet or any WestJet Entity; except that if, at any relevant time, the Participant is party to an employment, severance, retention or similar contract or agreement with WestJet or any WestJet Entity that contains a definition of the term "disability" or a similar term, the term "disability" shall have the meaning, if any, assigned thereto (or to such similar term) in such contract or agreement;
- (r) **"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;
- (s) **"Dividend Payment Date"** means any date that a Dividend is distributed to Shareholders;
- (t) **"Dividend Record Date"** means the applicable record date in respect of any Dividend used to determine the Shareholders entitled to receive such Dividend;
- (u) **"Effective Date"** has the meaning ascribed thereto in Section 1.4;
- (v) **"Eligible Participant"** means each key employee at the vice president or director level, and each pilot, employed by WestJet or any WestJet Entity who is designated by the Board, in its sole discretion, as eligible for participation in the Plan or whose contract of employment with WestJet or any of the WestJet Entities specifies that he or she shall participate in the Plan and who is subsequently designated by the Board, in its sole discretion, as being eligible for participation in the Plan;
- (w) **"Fair Market Value"** means, on any particular date, 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;
- (x) **"Grant"** means a grant of Restricted Share Units made pursuant to Section 4.1;
- (y) **"Grant Agreement"** means an agreement between WestJet and a Participant under which a Restricted Share Unit is granted, as contemplated by Section 4.2, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan;
- (z) **"Grant Date"** means, in respect of a Restricted Share Unit, the date such Restricted Share Unit is granted to a Participant under the Plan;
- (aa) **"Insider"** shall have the meaning given to that term in the TSX rules relating to security-based compensation arrangements;

- (bb) **“Management Participant”** has the meaning ascribed thereto in Section 1.1(a);
- (cc) **“May Trading Period”** means, in any calendar year, the period of time during the month of May that Voting Shares may be traded by Participants under Applicable Law and that is not otherwise a Black-Out Period;
- (dd) **“Participant”** means an Eligible Participant who has agreed to participate in the Plan on such terms as the Board may specify;
- (ee) **“Pilot Participant”** has the meaning ascribed thereto in Section 1.1(a);
- (ff) **“Plan”** means this WestJet Airlines Ltd. Key Employee and Pilot Restricted Share Unit Plan including any Grant Agreement and all Schedules hereto, as amended from time to time in accordance with its terms;
- (gg) **“Plan Trust Fund”** means the assets of the Plan held by the Trustee, as more fully set out in Section 6.4;
- (hh) **“Restricted Share Unit”** means a unit granted to a Participant that is represented by a bookkeeping entry on the books of WestJet, the value of which on any particular date shall be equal to the Fair Market Value;
- (ii) **“Shareholder”** means a holder of Common Shares or Variable Voting Shares, as applicable;
- (jj) **“Share Reserve”** shall have the meaning given to that term in Section 2.2;
- (kk) **“Successor”** shall have the meaning ascribed thereto in Section 7.3(b);
- (ll) **“Total Shares”** means the aggregate number of issued and outstanding Voting Shares;
- (mm) **“Trustee”** means such trustee or trustees as may, from time to time, be appointed for purposes of the Plan pursuant to Section 6.4;
- (nn) **“TSX”** means the Toronto Stock Exchange;
- (oo) **“Variable Voting Shares”** means the variable voting shares of WestJet;
- (pp) **“Vested Restricted Share Units”** means Restricted Share Units that have vested in accordance with the terms of this Plan and/or the terms of any applicable Grant Agreement;
- (qq) **“Vesting Date”** means the date on which a Restricted Share Unit becomes a Vested Restricted Share Unit pursuant to the provisions of this Plan;
- (rr) **“Voting Shares”** means Common Shares and Variable Voting Shares, and, with respect to a Restricted Share Unit, either Common Shares or Variable Voting Shares as applicable;
- (ss) **“WestJet”** means WestJet Airlines Ltd. and includes any successor corporation thereof, and any reference in the Plan to action by WestJet means action by or under the authority of the Board; and
- (tt) **“WestJet Entities”** means, collectively, any of WestJet’s subsidiaries, partnerships, trusts or other controlled entities.

### **1.3 CONSTRUCTION AND INTERPRETATION**

- (a) In this Plan, all references to the masculine include the feminine; references to the singular shall include the plural and *vice versa*, as the context shall require.
- (b) The headings of all articles, sections and paragraphs in the Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of the Plan. References to "Article" "Section" or "Paragraph" mean an article, section or paragraph contained in the Plan unless expressly stated otherwise.
- (c) In this Plan, "including" and "includes" mean including or includes, as the case may be, without limitation. The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to the Plan as a whole and not to any particular article, section, paragraph or other part hereof.
- (d) Whenever the Board or, where applicable, any delegate of the Board is to exercise discretion in the administration of the terms and conditions of this Plan, the term "discretion" means the sole and absolute discretion of the Board or the delegate of the Board, as the case may be.
- (e) Except where expressly provided otherwise, all references in the Plan to currency refer to lawful Canadian currency.

### **1.4 EFFECTIVE DATE**

The Plan shall be effective as of May, 2010 (the "**Effective Date**").

## **ARTICLE 2 ADMINISTRATION OF THE PLAN**

### **2.1 ADMINISTRATION OF THE PLAN**

The Plan shall be administered by the Board. The Board shall have the authority, in its 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 7.1 hereof, including, without limitation, the authority to:

- (a) interpret the Plan and prescribe, modify and rescind rules and regulations relating to the Plan;
- (b) correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent it considers necessary or advisable for the implementation and administration of the Plan;
- (c) exercise rights reserved to WestJet and/or the WestJet Entities under the Plan;
- (d) determine the terms and provisions of Grant Agreements to be used in connection with the Grants of Restricted Share Units;
- (e) determine the terms and provisions of Grant Agreements (which need not be identical) entered into in connection with Grants of Restricted Share Units; and
- (f) make all other determinations and take all other actions as it considers necessary or advisable for the implementation and administration of the Plan.

The Board's determinations and actions under this Plan are final, conclusive and binding on WestJet, the WestJet Entities and the Participants.

To the extent permitted by Applicable Law, the Board may from time to time delegate to any committee of the Board, one or more Board members, WestJet or WestJet Entity officers or employees, or one or more agents, all or any of the powers of the Board. The committee of the Board to whom such powers have been delegated may, subject to Applicable Law, also delegate all or any powers delegated to it or to one or WestJet or WestJet Entity officers or employees, or one or more agents. In such event, the person or entity to whom such powers have been delegated as aforesaid shall exercise such delegated powers in the manner and on the terms authorized by such delegation. Any decision made or action taken by the Board or by the committee of the Board or any person to whom the Board or a committee of the Board has delegated duties as aforesaid arising out of or in connection with the administration or interpretation of this Plan in this context is final, binding and conclusive on WestJet, the WestJet Entities and the Participants.

## **2.2 RESERVATION OF VOTING SHARES**

Up to 1,000,000 Voting Shares may be issued pursuant to this Plan (the "**Share Reserve**"). If any Restricted Share Units granted under this Plan shall expire, terminate or be cancelled for any reason without the Voting Shares issuable thereunder having been issued, any such Voting Shares shall be available for the purposes of the granting of further Restricted Share Units under this Plan.

No one Participant may be granted any Restricted Share Units which, together with all Restricted Share Units then held by such Participant, would entitle such Participant to receive a number of Voting Shares which is greater than two per cent (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 and the WestJet Entities, shall not exceed ten per cent (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 and the WestJet Entities, shall not exceed ten per cent (10%) of the Total Shares.

## **2.3 TAXES AND OTHER SOURCE DEDUCTIONS**

- (a)** WestJet and the WestJet Entities shall not be liable for any tax imposed on any Participant as a result of amounts paid or credited to such Participant under the Plan.
- (b)** 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.

## **2.4 PARTICIPANT INFORMATION**

Each Participant shall provide WestJet, the WestJet Entities, the Board and any delegate of the Board (all, as applicable) with all information, including personal information, that they require in order to administer the Plan, prepare financial statements or other necessary reports and facilitate payment or reimbursement of Plan-related expenses.

## **ARTICLE 3 ELIGIBILITY AND PARTICIPATION**

### **3.1 ELIGIBILITY**

- (a) Each Eligible Participant is eligible to participate in the Plan.
- (b) Notwithstanding any other provision of the Plan, if an Eligible Participant is resident or otherwise subject to taxation in a jurisdiction in which an award of Restricted Share Units under the Plan might be considered to be income which is subject to taxation at the time of such award, the Eligible Participant may elect not to participate in the Plan by providing a written notice to the People Department at WestJet's head office in Calgary, Alberta.

### **3.2 PARTICIPANT'S AGREEMENT TO BE BOUND**

Participation in the Plan by any Eligible Participant shall be construed as acceptance by the Eligible Participant of the terms and conditions of the Plan and all rules and procedures adopted hereunder and as amended from time to time.

## **ARTICLE 4 GRANT OF RESTRICTED SHARE UNITS AND TERMS**

### **4.1 GRANT OF RESTRICTED SHARE UNITS AND TERMS**

- (a) Subject to the terms of the Plan, the Board shall determine, in its discretion:
  - i. each date on which Restricted Share Units are awarded to an Eligible Participant in accordance with this Section 4.1 (each such date, an "**Award Date**"); and
  - ii. the value of the award to be granted in respect of a Participant in relation to any applicable Award Date (the "**Annual Award Value**").
- (b) Unless otherwise determined by the Board in accordance with Section 4.1(c), and subject to receipt of a completed and executed Grant Agreement from the Eligible Participant and the terms and conditions stated herein, each Participant shall receive an annual grant of Restricted Share Units during the May Trading Period.

For Pilot Participants, the number of Restricted Share Units to be credited to Participant's Account as of the Award Date shall be equal to  $A \times B$ , rounded (up or down) to the nearest whole number, where:

- A = the number determined by dividing (i) the Annual Award Value by (ii) the Fair Market Value determined as of the Award Date; and
- B = one (1) for 2010 and, for calendar years following 2010, the number determined by dividing (i) the number of months the Participant has been employed by WestJet and/or the WestJet Entities, as applicable, since the immediately preceding Award Date by (ii) 12, which fraction, for greater certainty, cannot be greater than one (1).

For Management Participants, the number of Restricted Share Units to be credited to Participant's Account as of the Award Date shall be the number determined by dividing (i) the Annual Award Value by (ii) the Fair Market Value determined as of the Award Date.

- (c) Each Restricted Share Unit will give the Participant the right to receive a payment in accordance with Article 6 with respect to each such Restricted Share Unit which has become a Vested Restricted Share Unit pursuant to the provisions of this Plan and in accordance with the terms of the Grant Agreement relating to such Restricted Share Unit.
- (d) Subject to the terms of the Plan, the Board may determine other terms or conditions of any Restricted Share Units, and shall specify the material terms thereof in the applicable Grant Agreement. Without limiting the generality of the foregoing, such additional terms and conditions may include any additional conditions with respect to the vesting of Restricted Share Units, in whole or in part, to become Vested Restricted Share Units or the payment of cash or the provision of Voting Shares under the Plan including conditions in respect of:
- i. the market price of the Voting Shares;
  - ii. the return to holders of Voting Shares, with or without reference to other comparable companies;
  - iii. the financial performance or results of WestJet and/or the WestJet Entities;
  - iv. other performance criteria relating to WestJet and/or the WestJet Entities;
  - v. ownership of Voting Shares by a Participant;
  - vi. restrictions on the re-sale of Voting Shares acquired under the Plan including escrow arrangements; and
  - vii. any other terms and conditions the Board may, in its discretion, determine with respect to vesting or the acceleration of vesting;
- which shall be set out in the Grant Agreement. The conditions may relate to all or a portion of the Restricted Share Units in a grant and may be graduated such that different percentages (which may be greater or lesser than one hundred per cent (100%)) of the Restricted Share Units in a grant will become vested depending on the extent of satisfaction of one or more such conditions.
- (e) The Board may, in its discretion, subsequent to the Grant Date of a Restricted Share Unit, waive any term or condition or determine that it has been satisfied subject to Applicable Law.

## **4.2 GRANT AGREEMENT**

Each grant of a Restricted Share Unit will be set forth in a Grant Agreement containing terms and conditions required under the Plan and such other terms and conditions not inconsistent herewith as the Board may, in its sole discretion, deem appropriate. Certificates representing Restricted Share Units will not be issued by WestJet.

## **4.3 ACCOUNTS AND RECORDS**

- (a) An Account shall be maintained by WestJet or a WestJet Entity, as applicable, for each Participant and will be credited with such grants of Restricted Share Units as are received by a Participant from time to time pursuant to Section 4.1. Restricted Share Units that fail to vest in a Participant pursuant to Article 5, or that are paid out to the Participant or his or her Beneficiary, shall be cancelled and shall cease to be recorded in the Participant's Account as of the date on which such Restricted Share Units are forfeited or cancelled under the Plan or are paid out, as the case may be.
- (b) WestJet or a WestJet Entity, as applicable, shall keep or cause to be kept such records and accounts as may be necessary or appropriate in connection with the administration of the Plan and the



discharge of its duties, which records shall, absent manifest error, be considered conclusively determinative of all information contained therein.

- (c) A written statement confirming the balance in each Participant's Account shall be provided by WestJet or a WestJet Entity, as applicable, to the Participant at least annually. Statements shall contain such information as the Board may determine from time to time. Such statement shall be deemed to have been accepted by the Participant as correct unless written notice to the contrary is given to the People Department at WestJet's head office in Calgary, Alberta within thirty (30) days after such statement is provided to the Participant. For greater certainty, in the event of any discrepancy between the WestJet records and any statement provided to a Participant pursuant to this Section 4.3(c), the WestJet records shall govern and the rights and obligations of WestJet and the WestJet Entities and the Participant shall be determined on the basis of such records.

#### **4.4 PAYMENT OF DIVIDEND EQUIVALENTS**

A Participant's Account shall, unless otherwise determined by the Board in its sole discretion, from time to time, be credited with additional Restricted Share Units, the number of which shall be the quotient determined by dividing: one hundred per cent (100%) of the Dividends declared and that would have been paid to the Participant if the Restricted Share Units in his or her Account 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 three decimal places. For greater certainty no additional Restricted Share Units will be credited to a Participant's Account in respect of or in relation to: (i) any stock Dividends except as specifically provided in this Section 4.4, (ii) any Vested Restricted Share Units after the applicable Vesting Date or Accelerated Payment Date, and (iii) any Restricted Share Units that have been previously forfeited or cancelled under the Plan.

#### **4.5 ADJUSTMENTS TO RESTRICTED SHARE UNITS**

In the event:

- (a) of any change in the Common Shares or Variable Voting Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;
- (b) that any rights are granted to Shareholders to purchase Common Shares or Variable Voting Shares at prices substantially below Fair Market Value; or
- (c) 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, if any, to the Plan, to any Restricted Share Units and to any Grant Agreements outstanding under the Plan as may be appropriate in the circumstances (including changing the Voting Shares covered by each Restricted Share Unit 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 Participants hereunder, subject in each case to receipt of any required regulatory approvals including any required approvals of the TSX.

## **ARTICLE 5**

### **VESTING OF RESTRICTED SHARE UNITS**

#### **5.1 VESTING**

Except as otherwise provided in a Grant Agreement and subject to the terms of this Plan, Restricted Share Units granted to an Participant hereunder shall become Vested Restricted Share Units on the Vesting Date applicable to such Restricted Share Units which date 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 Share Units relate. The vesting provisions in any Grant Agreement will be determined by the Board in its sole discretion.

#### **5.2 ACCELERATED VESTING**

The Board in its sole discretion may, by resolution, permit all unvested Restricted Share Units to vest immediately and be paid out of the Participants' Accounts in accordance with Article 6.

#### **5.3 TERMINATION OF EMPLOYMENT RELATIONSHIP**

Unless otherwise determined by the Board in its discretion or unless otherwise expressly set forth in a Grant Agreement pertaining to a particular Grant or any written employment agreement governing a Participant's role with WestJet or any WestJet Entity, the following provisions shall apply in the event that a Participant ceases to serve or be employed by WestJet or any of the WestJet Entities, as applicable:

- (a) Termination – If a Participant ceases to be an Eligible Participant for any reason whatsoever, other than the death, Disability, retirement (as contemplated under paragraph (c) of this Section 5.3) or termination without Cause of such Participant, all outstanding Restricted Share Units credited to such Participant's Account which have not vested on or before the Cessation Date pursuant to the terms of this Plan, shall be forfeited and cancelled immediately, and the Participant shall have no entitlement to receive any payment in respect of such forfeited Restricted Share Units, by way of damages, pay in lieu of notice or otherwise.
- (b) Termination Without Cause, Death or Disability – If a Participant's employment is terminated by WestJet or a WestJet Entity, as applicable, without Cause, or upon the death or Disability of a Participant, all Restricted Share Units credited to such Participant's Account which have not vested on or before the Cessation Date pursuant to the terms of this Plan shall immediately vest and become Vested Restricted Share Units and the Participant shall be entitled to a payment, pursuant to Article 6, on the date that is the earlier of (a) one hundred and twenty (120) days from the Cessation Date, and (b) December 31<sup>st</sup> of the calendar year in which the Cessation Date occurs.
- (c) Retirement – If a Participant ceases to be an employee upon retirement in accordance with WestJet Policy 4-20 or any similar replacement policy then in effect for voluntary or mandatory retirement, all Restricted Share Units credited to such Participant's Account which have not vested pursuant to the terms of this Plan shall immediately vest and become Vested Restricted Share Units, and the Participant or the Participant's Beneficiary, as applicable, shall receive a payment, pursuant to Article 6, in respect of each Vested Restricted Share, as soon as practical following the Vesting Date and, in any event, no later than December 31<sup>st</sup> of the calendar year in which the Vesting Date occurs.

## **ARTICLE 6 SETTLEMENT OF RESTRICTED SHARE UNITS**

### **6.1 FORM OF PAYMENT**

The Board may, in its absolute discretion, elect one or any combination of the following payment methods for the Vested Restricted Share Units credited to a Participant's Account on a Vesting Date or such other payment date as may be contemplated by Section 5.3 (each such date an "**Accelerated Payment Date**");

- (a) issuing Voting Shares to the Participant or the Participant's Beneficiary, as the case may be, in accordance with Section 6.2;
- (b) causing a Broker to purchase Voting Shares on the TSX for the account of the Participant or the Participant's Beneficiary, as the case may be, in accordance with Section 6.3;
- (c) causing the Trustee to deliver the appropriate number of Voting Shares from the Plan Trust Fund to the Participant or the Participant's Beneficiary, as the case may be, in accordance with Section 6.4; or
- (d) paying cash to the Participant or the Participant's Beneficiary, as the case may be in accordance with Section 6.5.

Where the Board does not specify any payment method for the Vested Restricted Share Units credited to a Participant's Account, the form of payment shall be in cash as provided in Section 6.5.

### **6.2 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 Participant on the relevant Vesting Date or Accelerated 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 Vested Restricted Share Units credited to the Participant's Account.

For greater certainty and without limiting the generality of the foregoing, the number of Voting Shares issued to a Participant will be equal to the number of Vested Restricted Share Units credited to the Participant's Account as at the relevant Vesting Date or Accelerated 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 Accelerated Payment Date, as applicable.

Fractional Voting Shares shall not be issued and where a Participant would be entitled to receive a fractional Voting Share in respect of any fractional Vested Restricted Share Unit credited to the Participant's Account, WestJet or the WestJet Entities, as applicable, will pay to such Participant, in lieu of such fractional Voting Share, cash equal to the Fair Market Value on the Vesting Date or Accelerated Payment Date, as applicable, of the fractional Vested Restricted Share Unit, net of Applicable Withholding Taxes.

### **6.3 PAYMENT IN THE FORM OF VOTING SHARES PURCHASED ON THE TSX**

Where Voting Shares are purchased on the TSX to be delivered to the Participant, WestJet or the WestJet Entities, as applicable, will remit, in cash, to the Broker, the product that results by multiplying (a) the number of Vested Restricted Share Units credited to the Participant's Account as at the Vesting Date or Accelerated Payment Date, as applicable, and (b) the Fair Market Value on the Vesting Date or Accelerated Payment Date, as applicable, net of Applicable Withholding Taxes. The Broker will be required to, within (2) two trading days of the TSX, use the amount to purchase Voting Shares on the TSX as agent and for the account of the Participant, 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. Should the funds provided to the Broker be insufficient to purchase the total required Voting Share to settle the Vested Restricted Share Units, the Broker will inform WestJet of the shortfall and, within two (2) Business Days, WestJet will provide Broker with funds sufficient to purchase the additional Shares required. If the Broker purchase more Voting Shares than necessary to settle the Vested Restricted Share Unites, any excess Voting Shares will be placed in the Plan Trust Fund.

Where the Participant would be entitled to receive a fractional Voting Share in respect of any fractional Vested Restricted Share Unit credited to the Participant's Account, WestJet or the WestJet Entities, as applicable, will pay to such Participant, in lieu of such fractional Voting Share, cash equal to the Fair Market Value on the Vesting Date or Accelerated Payment Date, as applicable, of the fractional Vested Restricted Share Unit net of Applicable Withholding Taxes.

Voting Shares purchased by the Broker shall be delivered to the Participant within ten (10) Business Days of the Vesting Date or Accelerated Payment Date, as applicable.

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.

### **6.4 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 TSX, in such amounts as the Board shall determine in order to facilitate settlement of Vested Restive Share Units 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 a TSX participating organization (designated by the Trustee and which is independent of WestJet), and the facilities of the TSX 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 Participant's Vested Restricted Share Units by delivery of Voting Shares from the Plan Trust Fund, the Trustee shall, within ten (10) Business Days of the Vesting Date or Accelerated Payment Date, as applicable, distribute to the Participant the number of Voting Shares from the Plan Trust Fund corresponding to the number of Vested Restricted Share Units in the Participant's Account identified by the Board for settlement pursuant to this Section 6.4, and shall transfer title and deliver certificates, where applicable, for such Voting Shares to the Participant by first class insured mail, unless the Trustee shall have received alternate instructions from the Participant for the delivery of the Voting Shares.

Where the Participant would be entitled to receive a fractional Voting Share in respect of any fractional Vested Restricted Share Unit credited to the Participant's Account, WestJet or the WestJet Entities, as applicable, will pay to such Participant, in lieu of such fractional Voting Share, cash equal to the Fair Market Value on the Vesting Date or Accelerated Payment Date, as applicable, of the fractional Vested Restricted Share Unit net of Applicable Withholding Taxes.

## **6.5 PAYMENT IN THE FORM OF CASH**

Where the Board elects to pay the Vested Restricted Share Units in cash, the payment will be equal to the product that results by multiplying (a) the number of Vested Restricted Share Units credited to the Participant's Account as at the Vesting Date or Accelerated Payment Date, as applicable, and (b) the Fair Market Value on the Vesting Date or Accelerated Payment Date, as applicable, net of Applicable Withholding Taxes.

## **6.6 TIMING OF PAYMENT**

Unless otherwise agreed to by the Participant and the Board, WestJet or the WestJet Entities, as applicable, will make the payment in cash, Voting Shares, or a combination thereof, as elected by the Board and calculated in accordance with Sections 6.2 to 6.5, to the Participant within ten (10) Business Days of the applicable Vesting Date or Accelerated Payment Date. If the Participant and the Board agree to an alternate payment date, the payment date must be no later than December 31 of the calendar year of the Vesting Date. If any payment under the terms of the Plan would otherwise occur during a Black-out Period, the payment shall be made during the Blackout Extension Term.

## **6.7 DEATH OF A PARTICIPANT**

In the event of the death of a Participant, WestJet or the WestJet Entities, as applicable, shall make a payment in cash, issue Voting Shares, cause Voting Shares to be purchased by a Broker or use a combination of such payment methods, as elected by the Board and calculated in accordance with Sections 6.2 to 6.5, within ten (10) Business Days of the Participant's death or, if earlier, no later than December 31 of the calendar year of the Participant's death.

## **6.8 GENERAL CONDITIONS OF PAYMENT**

- (a)** Unless otherwise determined by the Board in its discretion, where a Voting Share is issued from treasury or purchased by a Broker on the TSX for the benefit of a Participant pursuant to this Article 6, reference to a Voting Share shall be deemed to be reference to one Common Share when the Participant is a Canadian within the meaning of the CTA or to one Variable Voting Share if the Participant is not a Canadian within the meaning of the CTA, as the case may be.
- (b)** Upon payment pursuant to this Article 6, the entitlement of a Participant to receive any and all amounts in respect of the Vested Restricted Share Units to which such payment relates shall be fully discharged and satisfied and all such Vested Restricted Share Units shall thereupon be cancelled and terminated.
- (c)** Notwithstanding any other provision of the Plan or a Grant Agreement, Restricted Share Units granted hereunder shall terminate, if not redeemed or previously terminated and forfeited in accordance with the Plan, and be of no further force and effect after December 31 of the calendar year of the Vesting Date.
- (d)** No interest shall accrue to, or be credited to, the Participant or his Beneficiary on any amount payable under the Plan.

## **ARTICLE 7 GENERAL**

### **7.1 AMENDMENT, SUSPENSION OR TERMINATION**

The Plan may be suspended or terminated, and the Plan and any Grant awarded pursuant to the Plan may be amended, in whole or in part at any time and for any reason by the Board and without Shareholder approval, provided that no such amendment, suspension or termination shall, unless required by Applicable Law, adversely affect the rights of any Participant with respect to Restricted Share Units granted prior to the date of the amendment without the consent of the affected Participant. Upon termination of the Plan, all unvested Restricted Share Units shall remain outstanding and in effect and continue to vest and be settled in accordance with the terms of the Plan existing at the time of its termination and the applicable Grant Agreement. The Plan will terminate on the date upon which no further Restricted Share Units remain outstanding.

Notwithstanding the foregoing, except as set forth in Section 7.3, the following changes to the Plan will require Shareholder approval in accordance with the requirements of the TSX:

- (a)** any amendment increasing the number of Voting Shares in the Share Reserve;
- (b)** any amendment to the definition of Eligible Participant to add categories of eligible participants under the Plan;
- (c)** any amendment adding new forms of compensation involving the issuance of Voting Shares by WestJet or any of the WestJet Entities, as applicable;
- (d)** any amendment to the assignment provisions set forth in Section 7.4;
- (e)** any amendment to the Insider participation limits set forth in Section 2.2; and
- (f)** any amendment to this Section 7.1 to delete any of (a) through (e) above.

For greater certainty and without limiting this Section 7.1, Shareholder approval shall not be required for the following amendments and the Board may make the following changes without Shareholder approval, subject to any regulatory approvals including, where required, the approval of any TSX:

- (a)** amendments of a "housekeeping" nature;
- (b)** any amendment to comply with the rules, policies, instruments and notices of any regulatory authority to which WestJet or any WestJet Entity, as applicable, is subject, including the TSX, or to otherwise comply with Applicable Law;
- (c)** any amendment to the form of Grant Agreement or Beneficiary Designation under the Plan;
- (d)** any amendment specifying practices with respect to Applicable Withholding Taxes;
- (e)** any amendment, including any amendment or adjustment to any Restricted Share Units outstanding under the Plan, pursuant to Section 4.5;
- (f)** amendments required for grants of Restricted Share Units under the Plan to qualify for favourable tax treatment; or
- (g)** any amendment suspending or terminating the Plan.

## 7.2 COMPLIANCE WITH APPLICABLE LAW

The administration of the Plan shall be subject to and made in conformity with Applicable Law. Without limiting the generality of the foregoing, WestJet shall not be obliged to issue any Voting Shares if such issuance would violate any Applicable Law. WestJet, in its sole discretion, may postpone the issuance or delivery of Voting Shares in respect of any Vested Restricted Share Units as the Board may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Voting Shares in compliance with Applicable Law. 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 TSX and any other appropriate regulatory bodies in Canada of the existence of the Plan and the granting of Restricted Share Units hereunder in accordance with any such requirements.

## 7.3 MERGER AND SALE, ETC.

- (a) The existence of any Restricted Share Units shall not affect in any way the right or power of WestJet or its Shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in WestJet's capital structure or its business, or to create or issue any bonds, debentures, shares or other securities of WestJet or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of WestJet, or any amalgamation, combination, merger or consolidation involving WestJet or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.
- (b) Without limiting the generality of the foregoing, in the event that there is 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 Grant Agreements outstanding on consummation of such transaction in a manner that substantially preserves and does not impair the rights of the Participants thereunder in any material respect (including the right to receive shares, securities, cash or other property of the Successor in lieu of Voting Shares upon the subsequent vesting of Restricted Share Units). Any such Successor shall succeed to, and be substituted for, and may exercise every right and power of WestJet under this Plan and such Grant 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 Grant Agreements and the obligation of WestJet to the Participants in respect of the Restricted Share Units shall terminate and be at an end and the Participant shall cease to have any further rights in respect thereof including, without limitation, any right to acquire Voting Shares upon vesting of the Restricted Share Units credited to his or her Account.

## **7.4 ASSIGNMENT**

- (a)** The right to receive Voting Shares pursuant to a Grant to a Participant or any Restricted Share Units credited to his or her Account, as applicable, may only be exercised by such Participant personally, and except as otherwise provided in this Plan, no assignment, sale, transfer, pledge or charge of a Grant or any Restricted Share Units credited to a Participant's Account, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Grant or any Restricted Share Units credited to the Participant's Account, as applicable, 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 Grant or Restricted Share Units, as applicable, shall terminate and be of no further force or effect, provided that (i) the rights of a Participant in respect of any Grant or any Restricted Share Units credited to his or her Account are transferable upon death of the Participant, and (ii) the Participant may transfer or assign the rights of a Grant or any Restricted Share Units credited to his or her Account to minor children or grandchildren or a spouse of the Participant, or a trust or a holding company of which the Participant is a trustee or director, and the beneficiaries or shareholders of which are any combination of the Participant, the Participant's spouse or the Participant's minor children or grandchildren, in accordance with such requirements as the Board may from time to time determine.
- (b)** Rights and obligations under the Plan may be assigned by WestJet to a Successor in accordance with Section 7.3(b).

## **7.5 DESIGNATION OF BENEFICIARY**

Subject to the requirements of Applicable Law, a Participant shall designate in writing an individual as a beneficiary to receive any benefits that are payable under the Plan upon the death of such Participant. The Participant may, subject to Applicable Law, change such designation from time to time. Such designation or change shall be in the form approved by the Board for such purposes. The initial designation of each Participant shall be executed and filed with the People Department at WestJet's head office in Calgary, Alberta: (a) in the case of an existing Participant, within sixty (60) days following the Effective Date of the Plan; or (b) in the case of a new Participant, within sixty (60) days after the his or her date of hire. Changes to such designation may be filed from time to time thereafter, subject to Applicable Law.

## **7.6 PARTICIPATION IS VOLUNTARY; NO ADDITIONAL RIGHTS**

- (a)** The participation of any Participant in the Plan is entirely voluntary and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan.
- (b)** For greater certainty and without limiting the generality of Section 7.6(a) or the discretion conferred on the Board pursuant to this Plan, the Board's decision to approve a Grant in any period shall not require the Board to approve the grant of a Restricted Share Unit to any Participant in any other period; nor shall the Board's decision with respect to the size or terms and conditions of a Grant in any period require it to approve the grant of Restricted Share Units of the same or similar size or with the same or similar terms and conditions to any Participant in any other period. The Board shall not be precluded from approving the grant of Restricted Share Units to any Participant solely because such Participant may previously have been awarded a Grant under this Plan or any other similar compensation arrangement of WestJet or a WestJet Entity. No Participant has any claim or right to be granted a Restricted Share Unit.
- (c)** Without limiting the generality of Section 7.6(a) or Section 7.6(b), neither participation in the Plan nor any action taken under the Plan shall give or be deemed to give any Participant a right to continue in



the employ or service of WestJet or any WestJet Entities, and such participation shall not interfere with or limit in any way the right of WestJet or any WestJet Entity to terminate the Participant's employment or service arrangement with WestJet or any WestJet Entity at any time.

- (d) Without limiting the generality of Section 7.6(a) or Section 7.6(b), nothing in this Plan or the Participant's opportunity to participate in this Plan shall be construed to provide the Participant with any rights whatsoever to participate or to continue participation in this Plan, or to compensation or damages in lieu of participation or the right to participate in this Plan upon the termination of the Participant's employment or service arrangement with WestJet or any WestJet Entity, as applicable, for any reason (including, without limitation, any breach of contract by WestJet or any WestJet Entity, as applicable) or in consequence of any other circumstances whatsoever.

## **7.7 CEASING TO BE A WESTJET ENTITY**

Except as otherwise provided in this Plan, Restricted Share Units 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 Restricted Share Units remain valid and exercisable 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.

## **7.8 UNFUNDED AND UNSECURED PLAN**

Unless otherwise determined by the Board, the Plan shall be unfunded and WestJet will not secure its obligations under the Plan. To the extent any Participant or his or her Beneficiary holds any rights by virtue of a grant of Restricted Share Units under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of WestJet.

## **7.9 MARKET FLUCTUATIONS**

- (a) No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of Voting Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.
- (b) WestJet and the WestJet Entities make no representations or warranties to Participants with respect to the Plan or the Restricted Share Units whatsoever. In seeking the benefits of participation in the Plan, a Participant agrees to exclusively accept all risks associated with a decline in the Fair Market Value of Voting Shares and all other risks associated with the holding of Restricted Share Units.

## **7.10 GOVERNING LAW**

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

## **7.11 SEVERABILITY**

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