



2009 STOCK OPTION PLAN

1. PURPOSE OF PLAN

The purpose of this WestJet Airlines Ltd. ("**WestJet Airlines**") stock option plan (which together with the WestJet Stock Option Plan 2008, subsumed hereunder, is hereinafter referred to as the "**Plan**") is to develop the interest of officers and key employees of WestJet Airlines, WestJet (an Alberta partnership), and any subsidiary or partnership controlled directly or indirectly by any of the foregoing (collectively or individually, as applicable, "**WestJet**") and others providing services to WestJet in the growth and development of WestJet by aligning their interests with those of the shareholders of WestJet Airlines and providing them with the opportunity to acquire an increased proprietary interest in WestJet Airlines.

The common equity of WestJet Airlines, meaning the (i) common voting shares of WestJet Airlines when the Optionee is a Canadian within the meaning of the *Canadian Transportation Act* ("**CTA**"), or (ii) variable voting shares of WestJet Airlines, if this Optionee is not Canadian within the meaning of the CTA, as the case may be, ("**Common Shares**") will be made available under this Plan.

2. ELIGIBILITY

Officers (including a personal holding company of an officer) and employees of WestJet (individually, an "**Optionee**", and collectively, the "**Optionees**") will be eligible to participate in the Plan. Non-Employee directors are not eligible for the grant of options under the Plan.

3. ADMINISTRATION

The Plan will be administered by the Board of Directors (the "**Board**") of WestJet Airlines (the "**Administrator**") pursuant to rules of procedure fixed by the Board. The Board shall have the authority to delegate to a committee of the Board, the Chief Executive Officer or the Executive Vice President, People 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.

4. GRANTING OF OPTIONS

The Administrator may from time to time grant options ("**Options**") to purchase Common Shares to the Optionees and fix the number of Common Shares subject to option to each Optionee. The Board, in its discretion, may also establish any other terms and conditions it deems appropriate.

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 Options in any period shall not require the Board to approve the grant of Options to any Optionee in any other period; nor shall the Board's decision with respect to the size or terms and conditions of an Option grant in any period require it to approve the grant of an Option grant of the same or similar size or with the same or similar terms and conditions to any Optionee in any other period. No Optionee has any claim or right to be granted Options.

5. COMMON SHARE MAXIMUM

The maximum number of Common Shares which may be issued under the Plan is 15,449,168 Common Shares (the “**Common Share Maximum**”), subject to adjustment as set forth in clause 11, and subject to the following limitations:

Limitations on Reservations of Common Shares

- (a) the number of Common Shares reserved for issuance to any one Optionee will not exceed 5% of the outstanding Common Shares at any time;
- (b) the number of Common Shares, together with all of WestJet Airlines’ other previously established or proposed share compensation arrangements, reserved for issuance to Insiders will not exceed 10% of the outstanding Common Shares;

Limitations on Issuances of Common Shares

- (c) the number of Common Shares which may be issued within a one year period pursuant to the Plan, together with all of WestJet Airlines’ other previously established or proposed share compensation arrangements, will not exceed 10% of the outstanding Common Shares at any time;
- (d) the number of Common Shares which may be issued pursuant to the Plan, together with all of WestJet Airlines’ other previously established or proposed share compensation arrangements, within a one year period to:
 - i. Insiders will not exceed 10% of the outstanding Common Shares at any time; and
 - ii. any one Insider’s and such Insider’s associates will not exceed 5% of the outstanding Common Shares at any time.

For the purpose of this clause: (i) “insider” and “associate” have the meaning set forth in the Toronto Stock Exchange Company Manual; (ii) “Insider” means an insider of WestJet Airlines and any person who is an associate of an insider of WestJet Airlines; and (iii) “outstanding Common Shares” means the issued and outstanding Common Shares on a non-diluted basis provided that for the purposes of (c) and (d) above outstanding Common Shares excludes Common Shares issued within the preceding one-year period under any share compensation arrangement.

6. EXPIRY DATE

All Options granted pursuant to the Plan will expire on the date (the “**Expiry Date**”) as determined by the Administrator at the date of grant provided that no Option may be exercised beyond seven (7) years from the date of grant, subject to any applicable Blackout Period extension. In addition and subject to any extended periods prescribed by WestJet’s policies then in effect, all Options will expire on the Expiry Date other than:

- (a) in the case of voluntary or mandatory retirement or disability, the earlier of the Expiry Date and forty eight (48) months following the date of retirement or disability;
- (b) in the case of death, the earlier of the Expiry Date and the first anniversary of the date of death;

- (c) in the case of termination without cause (wrongful dismissal), the earlier of the Expiry Date and, in the case of vested Options, 120 days, and in the case of unvested Options, 180 days, after the Optionee ceases to hold office or be employed by WestJet or, in the case of an employee of a company providing management services to WestJet, ceases to be employed by such company or such company is no longer retained by WestJet;
- (d) in the case of resignation, for vested Options, the earlier of the Expiry Date and 120 days after the Optionee ceases to hold office or be employed by WestJet or, in the case of an employee of a company providing management services to WestJet, ceases to be employed by such company or such company is no longer retained by WestJet and for unvested Options, immediately; and
- (e) in the case of termination for cause, at the close of business on the last day of employment.

If the Expiry Date for any Option falls within a Blackout Period or within 10 business days from the expiration of a Blackout Period (such Options to be referred to as “**Restricted Options**”), the Expiry Date of such Restricted Options shall be extended to the date that is the 10th business day following the end of the Blackout Period. For the purposes of this clause, “Blackout Period” means the period of time when, pursuant to any policies of WestJet, any securities of the Corporation may not be traded by certain persons as designated by WestJet, including any holder of an Option.

Notwithstanding the foregoing, the Administrator may, in its sole discretion and notwithstanding what is provided in the Option agreement in respect of any Options granted, extend the period of time that Options may be exercised following cessation of employment, provided such period does not extend beyond the Expiry Date of such Options.

7. EXERCISE PRICE

The exercise price (the “**Exercise Price**”) of any Option will be fixed by the Administrator when such Option is granted and will be the current market price (the “**Current Market Price**”) which will be equal to the weighted average trading price of the Common Shares on the Toronto Stock Exchange (or if not listed on the Toronto Stock Exchange, then such other stock exchange as the Common Shares may then be listed and as designated by the Board) for the five trading days immediately prior to the date of the grant or, if such Common Shares are not listed on any stock exchange, at fair market value as determined by the Administrator.

8. VESTING

The Administrator may, in its sole discretion, determine the time during which Options will vest and the method of vesting. Additionally, the Administrator may, at its sole discretion, impose performance related conditions on the Options. Further the Administrator may, at its sole discretion at any time or in the Option agreement in respect of any Options granted, accelerate or provide for the acceleration of, vesting of Options previously granted.

In the event of a termination of employment for any reason, all Options shall continue to be eligible to vest in accordance with their terms other than (a) in the case of death, all Options vest immediately; (b) in the case of a termination without cause (wrongful dismissal), all Options unvested at the date thereof shall continue to be eligible to vest for 180 days following termination, (c) in the case of a termination with cause, or resignation, all Options unvested at the date thereof terminate immediately; and (d) in the case of retirement or disability, all Options unvested at the date thereof shall continue to be eligible to vest for twenty four (24) months following retirement or disability.

9. EXERCISE/EXCHANGE OF OPTION

Subject to the provisions of the Plan:

- (a) Options may be exercised (the “**Exercised Options**”) from time to time, at any time (the “**Exercise Date**”), by an Optionee’s delivery to WestJet Airlines at its head office in Calgary, Alberta or such other place as may be specified by WestJet Airlines of a written exercise specifying the number of Options being exercised and accompanied by payment in full of the purchase price of the Common Shares then being purchased; or
- (b) Options may be exchanged (the “**Exchanged Options**”) for a right (the “**Substituted Right**”) to acquire Common Shares in accordance with clause 10 below, from time to time, at any time (the “**Exchange Date**”), by an Optionee’s delivery to WestJet Airlines at its head office in Calgary, Alberta or such other place as may be specified by WestJet Airlines of a written election specifying the number of Options being exchanged. The Options exchanged under this clause 9(b), shall terminate upon such exchange and the Optionee shall cease to have further rights in such Options; or
- (c) if a particular Optionee elects under clause 9(a) hereof, WestJet Airlines may, in its sole discretion, require the Optionee to exchange his Options for Substituted Rights.

10. SETTLEMENT OF SUBSTITUTE RIGHT

An Optionee electing under clause 9(b) or required to elect under clause 9(c) will receive a Substituted Right which will entitle him to acquire on exercise the following number of Common Shares in settlement of the Substituted Right:

$$\text{Number of Common Shares} = \text{Number of Common Shares under the exchanged options} \times \frac{(\text{Current Price} - \text{Exercise Price})}{\text{Current Price}}$$

For the purpose of this clause, “Current Price” means, the closing price of the Common Voting Shares immediately prior to exercise or exchange of the Options.

Following the settlement of the Substituted Right, WestJet Airlines shall cause a certificate representing such Common Shares to be issued in the name of the Optionee (or as the Optionee may direct) to be sent by pre-paid mail or delivered to the Optionee. Such actual number of Common Shares issued will be deducted from the number of Common Shares reserved and available for issuance under the Plan.

11. ALTERATIONS IN SHARES

Appropriate adjustments in the number of Common Shares optioned, in the Exercise Price and in the type of securities to be issued, as regards to Options granted or to be granted, shall be made by the Administrator in its discretion to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by WestJet Airlines or other relevant changes in the capital of WestJet Airlines.

12. OPTION AGREEMENT

A written agreement will be entered into by WestJet Airlines and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the Exercise Price, the vesting dates, if any, the Expiry Date and any other terms approved by the Administrator, all in accordance with the provisions of the Plan, including such terms as may be considered necessary in order that the Option

will comply with any provisions respecting Options in the income tax or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over WestJet Airlines.

13. MERGER AND SALE, ETC

"Change of Control" means:

- (i) any change in the beneficial ownership or control of the outstanding securities or other interests which results in:
 - A. a person or group of persons "acting jointly or in concert" (as defined in the *Securities Act* (Alberta), as amended from time to time), or;
 - B. an "affiliate" or "associate" (each as defined in the *Securities Act* (Alberta), as amended from time to time) of such person or group of persons;holding, owning or controlling, directly or indirectly, more than 33% of the outstanding voting securities or interests of WestJet Airlines; and
- (ii) the winding up of WestJet or the sale, lease or transfer of all or substantially all of the directly or indirectly held assets of WestJet to any other person or persons (other than pursuant to an internal reorganization or in circumstances where the business of WestJet is continued and where the shareholdings or other securityholdings, as the case may be, in the continuing entity and the constitution of the board of directors or similar body of the continuing entity is such that the transaction would not be considered a "Change of Control"), or
- (iii) any determination by a majority of the Board that a Change of Control has occurred or is about to occur, which determination shall be binding and conclusive for all purposes of the Plan.

In the event of both (a) a Change of Control prior to the Exercise Date; and (b) the termination of the Optionee, subsequent to the Change of Control, without cause within twenty-four (24) months from the effective date of such Change of Control, all Options held by such Optionee shall become vested and exercisable until the applicable Expiry Date.

Other than in circumstances where the foregoing applies, in the event that WestJet Airlines enters into any transaction or series of transactions whereby WestJet Airlines or all or substantially all of WestJet Airlines' undertaking, property or assets would become the property of any other corporation, partnership, trust or other person (a "**Successor**") whether by way of takeover bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, WestJet Airlines 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 Airlines under this Plan and the Option agreements outstanding on consummation of such transaction in a manner that substantially preserves and does not impair the rights of the Optionees thereunder in any material respect (including the right to receive shares, securities, cash or other property of the Successor in lieu of Common Shares upon the subsequent vesting of Options), provided that in the case of the right to receive cash or other property in lieu of Common Shares upon closing of such transaction, the Board may vest all or a portion of outstanding Options and may, in addition to or as an alternative to such vesting, cancel the "out-of-the-money" Options for nominal consideration. Any such Successor shall succeed to, and be

substituted for, and may exercise every right and power of WestJet Airlines under this Plan and such Option agreements with the same effect as though the Successor had been named as WestJet Airlines herein and therein and thereafter, WestJet Airlines shall be relieved of all obligations and covenants under this Plan and such Option agreements and the obligation of WestJet Airlines to the Optionees in respect of the Options shall terminate and be at an end and the Optionees shall cease to have any further rights in respect thereof including, without limitation, any right to acquire Common Shares upon vesting of the Options.

14. TERMINATION OF OPTION IN THE EVENT OF TAKE-OVER BID

In the event a take-over bid (as defined in the *Securities Act* (Alberta)), which is not exempt from the take-over bid requirements of Part 13 of the *Securities Act* (Alberta) (or its replacement or successor provisions) shall be made for the Common Shares, WestJet Airlines may in the agreement providing for the grant of Options herein provide that WestJet Airlines may satisfy any obligations to the Optionee in respect of any Options granted by delivering to the Optionee, in Common Shares, the difference between the exercise price of unexercised Options and the Current Market Price of the securities to which the Optionee would have been entitled upon exercise of the unexercised Options on such date. Upon settlement as aforesaid, the Options shall terminate and the Optionee shall cease to have any further rights in respect thereof.

15. AMENDMENT OR DISCONTINUANCE OF PLAN

Subject to the restrictions set out in this Section 15, the Administrator may amend or discontinue the Plan at any time without shareholder approval; subject to the approval of any stock exchange on which the Common Shares are listed for trading. Without the prior approval of the shareholders, as may be required by the Exchange, the Administrator may not:

- (a) make any amendment to the Plan to increase the number of Common Shares issuable pursuant to the Plan or lower the limitations prescribed by subclauses 5(a) to (d), inclusive;
- (b) reduce the exercise price of any outstanding Options;
- (c) extend the term of any outstanding Option beyond the original Expiry Date of such Option;
- (d) extend the maximum permitted Expiry Date under the Plan beyond seven (7) years;
- (e) change the eligible participants;
- (f) make any amendment to the Plan that would permit an Optionee to transfer or assign Options to a new beneficial Optionee other than in the case of death of the Optionee;
- (g) extend the Expiry Date for any individual grant benefiting an insider of the issuer; or
- (h) amend this clause 15.

In addition, no amendment to the Plan or Options granted pursuant to the Plan may be made without the consent of the Optionee, if it adversely alters or impairs any Option previously granted to such Optionee under the Plan.

16. WITHHOLDING TAXES

On the exercise of an Option, WestJet or a WestJet Entity shall have the right to require the Optionee to remit to WestJet an amount sufficient to satisfy any withholding or other tax requirements relating thereto. Such

withholding tax obligation may also be accomplished, in whole or in part, by WestJet or the WestJet Entity, as the case may be, withholding from the Common Shares to be delivered such number of Common Shares or such amount as is necessary to satisfy the amount of the total withholding tax obligation, and/or sell on behalf of an Optionee such number of Common Shares as is sufficient to remit such amount, or in such other manner as WestJet or WestJet Entity may determine.

17. COMMON SHARES DULY ISSUED

Common Shares issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully paid and non-assessable upon payment thereof in accordance with the terms of the particular agreement and the issuance of Common Shares thereunder will not require a resolution or approval of the Board.

18. NON-ASSIGNABILITY

All Options granted pursuant to the Plan will be personal to the Optionee and will not be assignable.

19. GOVERNING LAW

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

20. EFFECTIVE DATE

This Plan is effective from May 5, 2009.