

NOTICE

Air Canada has adopted amendments to the proposed amendments to the Air Canada Long Term Incentive Plan to be considered for approval by Air Canada shareholders at Air Canada's annual meeting of shareholders to be held on May 5, 2017 (the "Meeting"). Specifically, Air Canada has amended the Long Term Incentive Plan to provide that the share reserve will be replenished by an amount of 3,000,000 without any other increase. As a result, the maximum number of shares reserved for issuance under Air Canada's Long-Term Incentive Plan will be 19,381,792, representing 7.15% of the currently issued and outstanding shares of Air Canada. Air Canada has also amended the Long Term Incentive Plan to reduce the limit on the number of shares reserved for issuance of share units under the Long-Term Incentive Plan from 5,000,000 to 500,000. The Long Term Incentive Plan (attached hereto, as amended) is subject to approval by shareholders at the Meeting.

***DRAFT SUBJECT TO SHAREHOLDER APPROVAL AT THE ANNUAL MEETING OF
SHAREHOLDERS OF AIR CANADA TO BE HELD ON MAY 5, 2017***

AIR CANADA LONG-TERM INCENTIVE PLAN

Adopted November 24, 2006

(as amended on May 27, 2010, May 15, 2014, and as further amended on May 5, 2017)

As filed with the
corporate records of Air Canada:

Carolyn Hadrovic, Corporate Secretary

Air Canada Long-Term Incentive Plan

Air Canada hereby establishes a Long-Term Incentive Plan for certain management employees holding positions that can have a significant impact on the Company's long-term results.

SECTION 1 — DEFINITIONS

- 1.1 **Definitions.** Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:
- 1.1.1 **"Associate"**, where used to indicate a relationship with a Participant, means (i) any partner of that Participant and (ii) the spouse of that Participant and that Participant's children, as well as that Participant's relatives and that Participant's spouse's relatives, if they share that Participant's residence;
 - 1.1.2 **"Black Out Period"** means the period during which designated employees of the Company cannot trade the Common Shares pursuant to the Company's policy respecting restrictions on employee trading which is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);
 - 1.1.3 **"Board"** has the meaning ascribed thereto in Section 3.1 hereof;
 - 1.1.4 **"Business Day"** means a day on which there is trading on the TSX;
 - 1.1.5 **"Change in Control"** means an event whereby (i) any Person becomes the beneficial owner, directly or indirectly, of 50% or more of either the Outstanding Issue of Common Shares or the combined voting power of the Company's then outstanding voting securities entitled to vote generally or (ii) the Company undergoes a liquidation or dissolution or sells all or substantially all of its assets;
 - 1.1.6 **"Committee"** has the meaning ascribed thereto in Section 3.1 hereof;
 - 1.1.7 **"Common Shares"** means the Class A variable voting shares and the Class B voting shares of the Company and, when referring to the shares held by a Participant, means (i) the Class A variable voting shares of the Company when the Participant is not a Canadian within the meaning of the CTA, and (ii) the Class B voting shares of the Company when the Participant is Canadian within the meaning of the CTA, as the case may be;
 - 1.1.8 **"Company"** means Air Canada, a corporation incorporated and existing under the *Canada Business Corporations Act*, as amended;
 - 1.1.9 **"CTA"** means the *Canada Transportation Act* and the regulations thereunder, as the same may be amended and supplemented from time to time;

- 1.1.10 "**Eligible Participants**" has the meaning ascribed thereto in Section 4.1 hereof;
- 1.1.11 "**Insider**" means (i) directors, executives or officers of the Company or a Subsidiary and (ii) any Person who exercises control over more than 10% of a class of shares of the Company to which are attached voting rights or an unlimited right to a share of the profits and in its assets in case of winding-up, other than securities that were the object of a firm underwriting and are in the course of distribution;
- 1.1.12 "**Options**" has the meaning ascribed thereto in Section 2.1 hereof;
- 1.1.13 "**Option Price**" has the meaning ascribed thereto in Section 6.1 hereof;
- 1.1.14 "**Outstanding Issue of Common Shares**" means the aggregate number of Common Shares outstanding on a non-diluted basis immediately prior to the share issuance in question, excluding any Common Shares issued pursuant to the Plan and any Common Shares issuable pursuant to any other Share Compensation Arrangements of the Company over the preceding one-year period;
- 1.1.15 "**Participants**" means Eligible Participants that are granted Options and/or PSUs, as applicable, under the Plan;
- 1.1.16 "**Participant's account**" means an account maintained for each Participant's participation in PSUs under the Plan;
- 1.1.17 "**Performance Share Unit**" or "**PSU**" means a right awarded to a Participant to receive a payment in the form of Shares, cash or a combination of Shares and cash, as provided in Section 7 hereof and subject to the terms and conditions of this Plan;
- 1.1.18 "**Person**" means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a person shall have a similarly extended meaning;
- 1.1.19 "**Plan**" means this Long-Term Incentive Plan, including any amendments or supplements hereto made after the date hereof;
- 1.1.20 "**Restriction Period**" means the period specified by the Board or the Committee pursuant to Section 7.3 hereof;
- 1.1.21 "**Share Compensation Arrangement**" means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of shares to one or more full-time employees, officers, insiders, service providers or consultants of the Company or a Subsidiary including a share purchase from treasury by a full-time employee, officer, insider, service provider or consultant which is financially assisted by the Company by way of a loan, guarantee or otherwise;

1.1.22 "**Subsidiary**" means a corporation, company or partnership that is controlled, directly or indirectly, by the Company;

1.1.23 "**Successor Company**" has the meaning ascribed thereto in Section 10.3 hereof; and

1.1.24 "**TSX**" means the Toronto Stock Exchange.

SECTION 2— PURPOSE OF THE PLAN

2.1 The purpose of the Plan is to permit the Company to grant options ("**Options**") to purchase Common Shares or to grant PSUs to Eligible Participants, subject to certain conditions as hereinafter set forth, for the following purposes:

2.1.1 to increase the interest in the Company's welfare of those Eligible Participants, who share responsibility for the management, growth and protection of the business of the Company;

2.1.2 to furnish an incentive to such Eligible Participants to continue their services for the Company or a Subsidiary and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Company are necessary or essential to its success, image, reputation or activities; and

2.1.3 to provide a means through which the Company or a Subsidiary may attract and retain able persons to enter its employment.

SECTION 3— IMPLEMENTATION AND ADMINISTRATION OF THE PLAN

3.1 The Plan shall be administered and interpreted by the board of directors of the Company (the "**Board**") or, if the Board by resolution so decides, by a committee appointed by the Board (the "**Committee**") and consisting of not less than three members of the Board.

3.2 The Board or the Committee, as the case may be, may, from time to time, as it may deem expedient, adopt, amend and rescind rules and regulations for carrying out the provisions and purposes of the Plan. Subject to the provisions of the Plan, the Board or the Committee, as the case may be, is authorised, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration of the Plan as it may deem necessary or advisable. The interpretation, construction and application of the Plan and any provisions hereof made by the Board or the Committee, as the case may be, shall be final and binding on all Eligible Participants.

3.3 No member of the Board or of the Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Options or PSUs granted hereunder.

- 3.4 Any determination approved by a majority of the Board or of the Committee, as the case may be, shall be deemed to be a determination of that matter by the Board or the Committee, as the case may be.

SECTION 4 — ELIGIBLE PARTICIPANTS

- 4.1 The persons who shall be eligible to receive Options or PSUs ("**Eligible Participants**") shall be the officers and may include level "A" and level "B" senior managers and other employees of the Company or a Subsidiary as the Board or the Committee, as the case may be, shall determine are in key positions in the Company or a Subsidiary. In determining Options or PSUs to be granted under the Plan, the Board or the Committee, as the case may be, shall give due consideration to the value of each Eligible Participant's present and potential future contribution to the Company's success. For greater certainty, a person whose employment with the Company or a Subsidiary has ceased for any reason, or who has given notice or been given notice of such cessation, whether such cessation was initiated by such employee, the Company or such Subsidiary, as the case may be, shall not be eligible to receive Options or PSUs hereunder.

SECTION 5 — GENERAL LIMITATIONS

- 5.1 The aggregate number of Common Shares that may be issued under the Plan, in respect of both Options and PSUs, shall not exceed the number provided for in Section 9 hereof.
- 5.2 The aggregate number of Common Shares reserved for issuance at any time to any one Eligible Participant shall not exceed five percent (5%) of the Outstanding Issue of Common Shares at such time.
- 5.3 The aggregate number of Common Shares issued to any one Insider of the Company and Associates of such Insider under the Plan or any other proposed or established Share Compensation Arrangement of the Company within any one-year period, shall not exceed five percent (5%) of the Outstanding Issue of Common Shares.
- 5.4 The aggregate number of Common Shares (i) issued to Insiders of the Company and Associates of such Insiders under the Plan or any other proposed or established Share Compensation Arrangement of the Company within any one-year period and (ii) issuable to Insiders of the Company and Associates of such Insider at any time under the Plan or any other proposed or established Share Compensation Arrangement of the Company, shall in each case not exceed ten percent (10%) of the Outstanding Issue of Common Shares.
- 5.5 Any Option or PSU granted under the Plan shall be subject to the requirement that, if at any time counsel to the Company shall determine that the listing, registration or qualification of the Common Shares subject to such Option or PSU upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Option or PSU or - the issuance or purchase of Common Shares hereunder, such Option or PSU may not be accepted or exercised in whole or in part unless such listing, registration, qualification,

consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, qualification, consent or approval.

SECTION 6 —OPTIONS

6.1 Option Awards

Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board or the Committee, as the case may be, shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) fix the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Common Share to be payable upon the exercise of each such Option (the "**Option Price**") and the relevant vesting provisions (including performance related vesting terms, if applicable) and Option term, the whole subject to the terms and conditions prescribed in this Plan and in any Option agreement or certificate.

6.2 Option Price

The Option Price for Common Shares that are the subject of any Option shall be fixed by the Board or the Committee, as the case may be, when such Option is granted, but shall not be less than the market value of such Common Shares at the time of the grant. For purposes of this Section 6, the market value of the Common Shares shall be the volume weighted average trading price of the Common Shares on the TSX for the five trading day period ending on the last trading day before the day on which the Option is granted.

6.3 Option Term

The Board or the Committee, as the case may be, shall determine, at the time of granting the particular Option, the period during which the Option is exercisable, which shall not be more than ten (10) years from the date the Option is granted. Unless otherwise determined by the Board or the Committee, all unexercised Options shall be cancelled at the expiry of such Options or upon such Options having been forfeited (or otherwise terminated) further to the terms of the Plan, whichever is earlier.

Should the expiration date for an Option (which, for greater certainty, has vested and not been terminated) fall within a Black Out Period or within nine Business Days following the expiration of a Black Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black Out Period, such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding Section 11 hereof, the ten Business Day period referred to in this Section 6.3 may not be extended by the Board.

6.4 Exercise of Options

Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable as to all or such part or parts of the optioned Common Shares and at such time or times as the Board or the Committee, as the case may be, at the time of granting the particular Option, may determine in its sole discretion.

6.5 Method of Exercise and Payment of Purchase Price

Subject to the provisions of the Plan, an Option granted under the Plan which a Participant has a right to exercise shall be exercisable (from time to time as provided in Section 6.4 hereof) by the Participant (or such Participant's personal representatives or legatees) giving notice in writing to the Company at its registered office to the attention of the secretary of the Company or the individual that the secretary of the Company may from time to time designate, which notice shall specify the number of Common Shares in respect of which the Option is being exercised and shall be accompanied by full payment, by cash, cheque or bank draft of the purchase price for the number of Common Shares specified therein or instructions to the Company and its transfer agent and registrar to sell, at the prevailing market price of the Shares on the TSX at the time of any such sale, the necessary number of Common Shares issuable upon the exercise of such Option to effect payment of the applicable purchase price with the resulting proceeds. Unless the Participant intends to dispose of the Common Shares simultaneously with the exercise of the Option, upon such exercise the Company shall, as soon as practicable after such exercise, forthwith cause the transfer agent and registrar of the Common Shares to deliver to the Participant (or such Participant's personal representatives or legatees) a certificate in the name of the Participant (or such Participant's personal representatives or legatees) representing in the aggregate such number of Common Shares as the Participant (or such Participant's personal representatives or legatees) shall have then paid for and as are specified in such written notice of exercise of Options, less, if applicable, any Common Shares sold on behalf of such Participant in accordance with their instructions referred to above to effect payment of the applicable purchase price with the resulting proceeds.

6.6 Share Option Agreements or Certificates

Options shall be evidenced by a share option agreement or certificate in such form not inconsistent with the Plan as the Board or the Committee, as the case may be, may from time to time determine, provided that the substance of Sections 6 and 8 hereof be included therein.

SECTION 7—PERFORMANCE SHARE UNITS

7.1 PSU Awards

Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board or the Committee, as the case may be, shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive PSUs under the Plan, (ii) fix the number or dollar amount of PSUs, if any, to be granted to each Eligible Participant and the date or dates on which such PSUs shall be granted, and (iii) determine the relevant conditions and vesting provisions (including performance related

vesting terms) and Restriction Period of such PSUs, the whole subject to the terms and conditions prescribed in this Plan and in any PSU agreement or certificate.

In making such determination, the Board shall consider the timing of crediting PSUs to the Participant's account and the vesting requirements applicable to such PSUs to ensure that the crediting of the PSUs to the Participant's account and the vesting requirements are not considered a "salary deferral arrangement" for purposes of the *Income Tax Act* (Canada) and any applicable provincial legislation.

Subject to the vesting and other conditions and provisions herein set forth and in the PSU agreement or certificate, each PSU awarded to a Participant shall entitle the Participant to receive, on the last day of the Restriction Period, a payment in the form of (a) one Common Share, (b) cash in an amount equal to the market value of one Common Share on the last day of the Restriction Period, or (c) a combination of Common Shares and cash equal to (a) or (b), at the discretion of the Board or the Committee, as the case may be. For purposes of this Section 7, the market value of the Common Shares shall be the volume weighted average trading price of the Common Shares on the TSX for the five trading day period ending on the last trading day before the last day of the Restriction Period.

7.2 Dividends Equivalents

During the Restriction Period applicable to PSUs awarded to a Participant, the Company, as determined by the Board or the Committee, may pay to the Participant in cash, at the same time that dividends are paid to holders of Common Shares or, subject to the satisfaction of the applicable vesting conditions, on the last day of the Restriction Period, the aggregate amount which the Participant would have received as dividends if the Participant had held a number of Common Shares equal to the number of PSUs credited to the Participant's account.

7.3 Restriction Period and Vesting Criteria

The applicable Restriction Period in respect of a particular PSU award shall be specified by the Board or the Committee, as the case may be, but in all cases shall end no later than December 31 of the calendar year which is three (3) years after the calendar year in which the award is made (inclusive of such calendar year in which the award is made). The Board or the Committee, as the case may be, may establish any performance criteria and other conditions which must be met by the Company and/or any Subsidiary in order for a Participant to be entitled to payment for all or a portion of the PSUs. Unless otherwise determined by the Board or the Committee, all unvested PSUs shall be cancelled on the last day of the applicable Restriction Period.

7.4 Payment to Participant

In the event that the vesting conditions of a PSU award are satisfied within the applicable Restriction Period, on the last day of the applicable Restriction Period the Company shall forthwith, as applicable (i) cause the transfer agent and registrar of the Common Shares to deliver to the Participant (or such Participant's personal representatives or legatees) a certificate in the name of the Participant (or such Participant's personal representatives or legatees) representing in the aggregate such number of Common Shares as the Participant (or such Participant's personal representatives or legatees) shall then be entitled to receive (unless the

Participant intends to simultaneously dispose of any such Common Shares) and (ii) deliver to the Participant (or such Participant's personal representatives or legatees) payment in the form of a cheque or other payment method as determined by the Board or the Committee, of any cash portion then payable to the Participant (or such Participant's personal representatives or legatees).

7.5 PSU Agreements or Certificates

PSUs shall be evidenced by a PSU agreement or certificate in such form not inconsistent with the Plan as the Board or the Committee, as the case may be, may from time to time determine, provided that the substance of Sections 7 and 8 hereof be included therein.

7.6 Use of an Administrative Agent and Trustee

The Board or the Committee, as the case may be, may in their sole discretion appoint from time to time one or more entities to act as administrative agent to administer the PSU awards granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of PSUs granted under the Plan, the whole in accordance with the terms and conditions determined by the Board or the Committee, as the case may be, in their sole discretion.

SECTION 8—GENERAL CONDITIONS

8.1 General Conditions applicable to Options and PSUs

Each Option and PSU shall be subject to the following conditions:

- 8.1.1 **Employment** - The granting of an Option or a PSU to a Participant shall not impose upon the Company or a Subsidiary any obligation to retain the Participant in its employ in any capacity.
- 8.1.2 **Non-assignability of Option and PSU Rights** – Each Option and PSU granted under the Plan is personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased Participant. No Option or PSU granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.
- 8.1.3 **Rights as a Shareholder** – Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholders in respect of any Common Shares covered by such Participant's Option or PSUs until the date of issuance of a share certificate to such Participant or such Participant's personal representatives or legatees for such Common Shares. Without in any way limiting the generality of the foregoing but subject to Section 7.2 hereof in respect of PSUs, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.
- 8.1.4 **Conformity to Plan** – In the event that an Option or PSU is granted or an option or PSU agreement is executed which does not conform in all particulars with the

provisions of the Plan, or purports to grant Options or PSUs on terms different from those set out in the Plan, the Option, PSU or the grant of such Option or PSU shall not be in any way void or invalidated, but the Option or PSU so granted will be adjusted to become, in all respects, in conformity with the Plan.

8.2 General Conditions applicable to Options

Each Option shall be subject to the following conditions:

8.2.1 Effect of Termination or Cessation of Employment or Death

8.2.1.1 Upon a Participant's employment with the Company or a Subsidiary being terminated for "Cause" (as such term is defined below), any Option or the unexercised portion thereof granted to such Participant shall terminate on the Termination Notice Date (as such term is defined in s. 8.2.1.5). For the purposes of the Plan, the determination by the Company that the Participant was terminated for Cause shall be binding on the Participant. For the purpose of the Plan, "Cause" shall include any condition for termination (identified as being for "cause") provided in the Participant's employment agreement as well as any act or omission which alone or in conjunction with other acts or omissions constitutes, under applicable law, cause, serious reason or any similar basis for termination.

8.2.1.2 If a Participant dies while employed by the Company or a Subsidiary, at the time of the death, the vesting of all Options shall cease and any unvested Option shall be forfeited. Any vested Option or unexercised part thereof granted to such Participant may be exercised by the person to whom the Option is transferred by will or the laws of descent and distribution for that number of Common Shares only which such Participant was entitled to acquire under the Option pursuant to Section 6.4 hereof at the time of such Participant's death. Such vested Option shall only be exercisable within one (1) year after the Participant's death or prior to the expiration of the original term of the Option, whichever occurs earlier.

8.2.1.3 Upon a Participant's employment with the Company or a Subsidiary being terminated by reason of injury or disability, any Option or unexercised part thereof granted to such Participant may be exercised by such Participant as the rights to exercise accrue. Such Option shall only be exercisable within three (3) years after the effective date of termination or prior to the expiration of the original term of the Option, whichever occurs earlier.

8.2.1.4 Upon the retirement of a Participant, any Option or unexercised part thereof granted to such Participant may be exercised by such Participant as the rights to exercise accrue. Such Option shall only be exercisable within three (3) years after the effective date of retirement or prior to the expiration of the original term of the Option, whichever occurs earlier.

8.2.1.5 When used in the Plan, the term “Termination Notice Date” means the date that a Participant notifies the Company of their resignation or the date that the Company notifies the Participant of the Participant’s termination, which date will be extended for the period during which the Participant is required and continues to perform their regular duties for the Company. For greater certainty, under no circumstance shall a Participant have any entitlement to any rights under the Plan in respect of any notice of termination period which the Participant may be entitled to or receives, whether under contract, law, court order or otherwise.

On the Termination Notice Date (except in the case of transfer from the Company to a Subsidiary, from a Subsidiary to another Subsidiary or from a Subsidiary to the Company) other than (i) for Cause (see Section 8.2.1.1 hereof), (ii) by reason of death (see Section 8.2.1.2 hereof), (iii) by reason of injury or disability (see Section 8.2.1.3 hereof), or (iv) upon retirement (see Section 8.2.1.4 hereof), the vesting of all Options shall cease and for greater certainty, any unvested Options on the Termination Notice Date shall be forfeited. Any vested Option or unexercised part thereof granted to such Participant may be exercised by such Participant for that number of Common Shares only which such Participant was entitled to acquire under the Option pursuant to Section 6.4 hereof. Such Option shall only be exercisable for a period of thirty (30) days from the Termination Notice Date or prior to the expiration of the original term of the Option, whichever occurs earlier.

8.2.1.6 Upon a Participant ceasing to be an Eligible Participant (except where otherwise provided for in Sections 8.2.1.1 to 8.2.1.5 hereof), the vesting of all Options shall cease and for greater certainty, any unvested Options shall be forfeited. Any vested Option or unexercised part thereof granted to such Participant may be exercised by such Participant for that number of Common Shares only which such Participant was entitled to acquire under the Option pursuant to Section 6.4 hereof at the time of such cessation. Such Option shall only be exercisable within ninety (90) days after such cessation or prior to the expiration of the original term of the Option, whichever occurs earlier.

8.2.1.7 Upon a Participant electing a voluntary leave of absence, any Option or unexercised part thereof granted to such Participant may be exercised by such Participant as the rights to exercise accrue. Such Option shall only be exercisable within one (1) year after the commencement of such leave of absence or prior to the expiration of the original term of the Option, whichever occurs earlier.

8.3 General Conditions applicable to PSUs

Each PSU shall be subject to the following conditions:

8.3.1 Effect of Termination or Cessation of Employment or Death

8.3.1.1 Upon a Participant's employment with the Company or a Subsidiary being terminated for Cause or the Participant's resignation from employment with the Company or a Subsidiary, on the Termination Notice Date, the Participant's participation in the Plan shall cease and all PSUs credited to such Participant's account that have not vested shall be forfeited and cancelled, and the Participant's rights to Common Shares that relate to such Participant's unvested PSUs shall be forfeited and cancelled. For the purposes of the Plan, the determination by the Company that the Participant was terminated for Cause shall be binding on the Participant.

8.3.1.2 Except as otherwise determined by the Board or the Committee from time to time, at their sole discretion, upon a Participant's retirement, a Participant's employment with the Company or a Subsidiary being terminated by the Company or a Subsidiary for reasons other than for Cause, or a Participant's employment with the Company or a Subsidiary being terminated by reason of injury or disability, the Participant's participation in the Plan shall cease as of, the effective date of the Participant's retirement, the Termination Notice Date or the effective date of termination by reason of injury or disability, provided that all unvested PSUs in the Participant's account as of such date relating to a Restriction Period in progress shall remain in effect until the end of the applicable Restriction Period.

If, at the end of the Restriction Period, the Board or the Committee determines that the vesting conditions were not met for such Restriction Period, then all unvested PSUs credited to such Participant's account shall be forfeited and cancelled and the Participant's rights to Common Shares that relate to such unvested PSUs shall be forfeited and cancelled.

If, at the end of such Restriction Period, the Board or the Committee determines that the vesting conditions were met, the Participant shall be entitled to receive that number of Common Shares equal to the number of PSUs outstanding in the Participant's account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Company or a Subsidiary during the relevant Restriction Period, as of the effective date of the Participant's retirement, the Termination Notice Date or the effective date of termination by reason of injury or disability, and the denominator of which shall be equal to the total number of months included in the relevant Restriction Period (which calculation shall be made at the end of the Restriction Period) and the Company shall distribute such number of Common Shares (or cash or a combination of Common Shares and cash as permitted under this Plan) to the Participant

as soon as practicable thereafter, the Company shall debit the corresponding number of PSUs from such Participant's account, and the Participant's right to all other Common Shares that relate to such Participant's PSUs shall be forfeited and cancelled.

- 8.3.1.3 Except as otherwise determined by the Board or the Committee from time to time, at their sole discretion, upon the death of a Participant, the Participant's participation in the Plan shall be terminated immediately provided that all unvested PSUs in the Participant's account as of such date relating to a Restriction Period in progress shall remain in effect until the end of the applicable Restriction Period.

If, at the end of such Restriction Period, the Board or the Committee determines that the vesting conditions were not met for such Restriction Period, then all unvested PSUs credited to such Participant's account shall be forfeited and cancelled and the Participant's rights to Common Shares that relate to such unvested PSUs shall be forfeited and cancelled.

If, at the end of such Restriction Period, the Board or the Committee determines that the vesting conditions were met, the Participant shall be entitled to receive that number of Common Shares equal to the number of PSUs outstanding in the Participant's account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Company or a Subsidiary during the relevant Restriction Period as of the date of death of the Participant and the denominator of which shall be equal to the total number of months included in the relevant Restriction Period (which calculation shall be made at the end of the Restriction Period) and the Company shall distribute such number of Common Shares (or cash or a combination of Common Shares and cash as permitted under this Plan) to the Participant's legal representatives as soon as practicable thereafter, the Company shall debit the corresponding number of PSUs from such deceased Participant's account, and the Participant's right to all other Common Shares that relate to such deceased Participant's PSUs shall be forfeited and cancelled.

- 8.3.1.4 Except as otherwise determined by the Board or the Committee from time to time, at their sole discretion, upon a Participant ceasing to be an Eligible Participant (except where otherwise provided for in Sections 8.3.1.1, 8.3.1.2 and 8.3.1.3 hereof), the Participant's participation in the Plan shall be terminated immediately at the time of such cessation, provided that all unvested PSUs in the Participant's account as of such date relating to a Restriction Period in progress shall remain in effect until the end of the applicable Restriction Period.

If, at the end of the Restriction Period, the Board or the Committee determines that the vesting conditions were not met for such Restriction

Period, then all unvested PSUs credited to such Participant's account shall be forfeited and cancelled and the Participant's rights to Common Shares that relate to such unvested PSUs shall be forfeited and cancelled.

If, at the end of such Restriction Period, the Board or the Committee determines that the vesting conditions were met, the Participant shall be entitled to receive that number of Common Shares equal to the number of PSUs outstanding in the Participant's account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Company or a Subsidiary during the relevant Restriction Period as of the date the Participant ceases to be an Eligible Participant and the denominator of which shall be equal to the total number of months included in the relevant Restriction Period (which calculation shall be made at the end of the Restriction Period) and the Company shall distribute such number of Common Shares (or cash or a combination of Common Shares and cash as permitted under this Plan) to the Participant as soon as practicable thereafter, the Company shall debit the corresponding number of PSUs from such Participant's account, and the Participant's right to all other Common Shares that relate to such Participant's PSUs shall be forfeited and cancelled.

- 8.3.1.5 Except as otherwise determined by the Board or the Committee from time to time, at their sole discretion, upon a Participant electing a voluntary leave of absence, the Participant's participation in the Plan shall be terminated immediately upon the commencement of such leave of absence, provided that all unvested PSUs in the Participant's account as of such date relating to a Restriction Period in progress shall remain in effect until the end of the applicable Restriction Period.

If, at the end of the Restriction Period, the Board or the Committee determines that the vesting conditions were not met for such Restriction Period, then all unvested PSUs credited to such Participant's account shall be forfeited and cancelled and the Participant's rights to Common Shares that relate to such unvested PSUs shall be forfeited and cancelled.

If, at the end of such Restriction Period, the Board or the Committee determines that the vesting conditions were met, the Participant shall be entitled to receive that number of Common Shares equal to the number of PSUs outstanding in the Participant's account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Company or a Subsidiary during the relevant Restriction Period as of the date the Participant commences such voluntary leave of absence and the denominator of which shall be equal to the total number of months included in the relevant Restriction Period (which calculation shall be made at the end of the Restriction Period) and the Company shall

distribute such number of Common Shares (or cash or a combination of Common Shares and cash as permitted under this Plan) to the Participant as soon as practicable thereafter, the Company shall debit the corresponding number of PSUs from such Participant's account, and the Participant's right to all other Common Shares that relate to such Participant's PSUs shall be forfeited and cancelled.

8.3.1.6 For greater certainty, where (i) a Participant's employment with the Company or a Subsidiary is terminated pursuant to Section 8.3.1.1, 8.3.1.2 or 8.3.1.3 hereof, (ii) a Participant ceases to be an Eligible Participant pursuant to Section 8.3.1.4 hereof or (iii) a Participant elects for a voluntary leave of absence pursuant to Section 8.3.1.5 hereof following the satisfaction of all vesting conditions in respect of particular PSUs but before receipt of the corresponding distribution or payment in respect of such PSUs, the Participant shall, subject to and in accordance with the Plan, remain entitled to such distribution or payment.

SECTION 9— COMMON SHARES SUBJECT TO THE PLAN

- 9.1 The maximum number of Common Shares that may be issued under the Plan as of and from May 5, 2017 is nineteen million, three hundred eighty-one thousand, seven hundred ninety-two (19,381,792) Common Shares subject to adjustment pursuant to the provisions of Section 10 hereof. In accordance with the foregoing, a total of nineteen million, three hundred eighty-one thousand, seven hundred ninety-two (19,381,792) Common Shares shall be and they are hereby set aside and reserved for allotment for the purpose of the Plan. Notwithstanding the foregoing, the number of Common Shares reserved for issuance under the Plan for share units granted under the Plan shall not exceed five hundred thousand (500,000) Common Shares. The Board or the Committee, as the case may be, may cause Common Shares used to satisfy share unit awards granted under the Plan to be purchased instead on the open market.
- 9.2 Common Shares in respect of which an Option or PSU is granted under the Plan but not exercised prior to the termination of such Option or not vested or delivered prior to the termination of such PSU, due to the expiration, termination or lapse of such Option or PSU or otherwise, shall be available for Options or PSUs to be granted thereafter pursuant to the provisions of the Plan. All Common Shares issued pursuant to the exercise of the Options or the vesting of PSUs granted under the Plan shall be so issued as fully paid and non-assessable Common Shares.

SECTION 10—ADJUSTMENT TO COMMON SHARES SUBJECT TO OUTSTANDING OPTIONS AND PSUs

- 10.1 In the event of any subdivision of the Common Shares into a greater number of Common Shares at any time after the grant of an Option or PSU to a Participant and prior to the expiration of the term of such Option or PSU, the Company shall deliver to such Participant at the time of any subsequent exercise of such Option or vesting of such PSU in accordance with the terms hereof in lieu of the number of Common Shares to which such Participant was theretofore entitled upon such exercise of such Option or

vesting of such PSU, but for the same aggregate consideration payable therefor in the case of Options, such number of Common Shares as such Participant would have held as a result of such subdivision if on the record date thereof the Participant had been the registered holder of the number of Common Shares to which such Participant was theretofore entitled upon such exercise of such Option or vesting of such PSU.

- 10.2 In the event of any consolidation of Common Shares into a lesser number of Common Shares at any time after the grant of an Option or PSU to any Participant and prior to the expiration of the term of such Option or PSU, the Company shall deliver to such Participant at the time of any subsequent exercise of such Option or vesting of such PSU in accordance with the terms hereof in lieu of the number of Common Shares to which such Participant was theretofore entitled upon such exercise of such Option or vesting of such PSU, but for the same aggregate consideration payable therefor in the case of Options, such number of Common Shares as such Participant would have held as a result of such consideration if on the record date thereof the Participant had been the registered holder of the number of Common Shares to which such Participant was theretofore entitled upon such exercise of such Option or vesting of such PSU.
- 10.3 If at any time after the grant of an Option or PSU to any Participant and prior to the expiration of the term of such Option or PSU, the Common Shares shall be reclassified, reorganised or otherwise changed, otherwise than as specified in Section 10.1 or Section 10.2 hereof or, subject to the provisions of Section 11.3 hereof, the Company shall consolidate, merge or amalgamate with or into another company (the company resulting or continuing from such consolidation, merger or amalgamation being herein called the "**Successor Company**"), the Participant shall be entitled to receive upon the subsequent exercise of such Option or vesting of such PSU in accordance with the terms hereof and shall accept in lieu of the number of Common Shares then subscribed for but for the same aggregate consideration payable therefor in the case of Options, the aggregate number of shares of the appropriate class or other securities of the Company or the Successor Company (as the case may be) or other consideration from the Company or the Successor Company (as the case may be) that such Participant would have been entitled to receive as a result of such reclassification, reorganization or other change of shares or, subject to the provisions of Section 11.3 hereof, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganization or other change of shares or the effective date of such consolidation, merger or amalgamation, as the case may be, such Participant had been the registered holder of the number of Common Shares to which such Participant was immediately theretofore entitled upon such exercise of such Option or vesting of such PSU.
- 10.4 If, at any time after the grant of an Option or PSU to any Participant and prior to the expiration of the term of such Option or PSU, the Company shall make a distribution to all holders of Common Shares of shares or other securities in the capital of the Company, or cash, evidences of indebtedness or other assets of the Company (excluding a regular ordinary course dividend in cash or shares, but including for greater certainty shares or equity interests in a subsidiary or business unit of the Company or one of its subsidiaries or cash proceeds of the disposition of such a subsidiary or business unit), or should the Company effect any transaction or change having a similar effect, then the

Option Price and the number of Common Shares to which the Participant is entitled upon exercise of Options or vesting of PSUs shall be adjusted to take into account such distribution, transaction or change. The Board shall determine the appropriate adjustments to be made in such circumstances in order to maintain the Participants' economic rights in respect of their Options or PSUs in connection with such distribution, transaction or change.

SECTION 11 — AMENDMENT OR DISCONTINUANCE OF THE PLAN

11.1 The Board may amend the Plan or any Option or PSU at any time without the consent of the Participants provided that such amendment shall:

11.1.1 not adversely alter or impair any Option or PSU previously granted except as permitted by the provisions of Section 10 hereof;

11.1.2 be subject to any regulatory approvals including, where required, the approval of the TSX; and

11.1.3 be subject to shareholder approval, where required by law or the requirements of the TSX, provided, however, that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to:

11.1.3.1 amendments of a "housekeeping" nature;

11.1.3.2 a change to the vesting provisions of any Option or PSU;

11.1.3.3 the introduction or amendment of a cashless exercise feature payable in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Plan reserve;

11.1.3.4 the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted; and

11.1.3.5 the addition of a deferred or restricted share unit or any other provision which results in Participants receiving securities while no cash consideration is received by the issuer.

11.2 Notwithstanding Section 11.1.3 hereof, the Board shall be required to obtain shareholder approval to make any of the following amendments:

11.2.1 any change to the maximum number of Common Shares issuable from treasury under the Plan, including an increase to the fixed maximum number of Common Shares or a change from a fixed maximum number of Common Shares to a fixed maximum percentage, other than an adjustment pursuant to Section 10 hereof;

11.2.2 any amendment which reduces the exercise price of any Option after the Options have been granted or any cancellation of an Option and the substitution of that Option by a new option with a reduced price or any cancellation of a PSU and the

substitution of that PSU by a new PSU, except in the case of an adjustment pursuant to Section 10 hereof;

- 11.2.3 any amendment which extends the expiration date of any Option or PSU beyond the original expiration date of such Option or PSU, except in cases of an extension due to a Black Out Period;
- 11.2.4 any amendment which would permit any Option or PSU granted under the Plan to be transferable or assignable by any Participant other than as allowed by Section 8.1.2 hereof;
- 11.2.5 any amendment which would permit a change to the Eligible Participants of the Plan, including a change which would have the potential of broadening or increasing participation by Insiders including non-employee directors;
- 11.2.6 any amendment which increases the maximum number of Common Shares that may be issued to (i) Insiders and Associates of such Insiders; or (ii) any one Insider and Associates of such Insider under the Plan or any other proposed or established Share Compensation Arrangement of the Company in a one-year period, except in case of an adjustment pursuant to Section 10 hereof; and
- 11.2.7 any amendment to the amendment provisions of the Plan,

provided that Common Shares held directly or indirectly by Insiders benefiting from the amendments in Section 11.2.2 and 11.2.3 shall be excluded when obtaining such shareholder approval.

- 11.3 Notwithstanding anything contained to the contrary in the Plan, in an Option or PSU agreement or certificate contemplated herein or in any resolution of the Board in implementation thereof, in the event of a Change of Control, any unvested Options shall become exercisable and any unvested PSUs shall become payable immediately prior to the date of the Change of Control with respect to all of the Common Shares subject thereto and all Options must be exercised prior to their original term.
- 11.4 The Board may, by resolution, advance the date on which any Option may be exercised or any PSU may be payable or, subject to applicable regulatory provisions and shareholder approval, extend the expiration date of any Option or PSU, in the manner to be set forth in such resolution provided that the period during which an Option is exercisable or PSU is outstanding does not exceed ten (10) years in the case of Options and three (3) years in the case of PSUs from the date such Option or PSU is granted. The Board shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which any Option may be exercised or PSU may be outstanding by any other Participant.
- 11.5 The Board may, by resolution, but subject to applicable regulatory approvals, decide that any of the provisions hereof concerning the effect of termination of the Participant's employment shall not apply for any reason acceptable to the Board.

- 11.6 The Board may, subject to regulatory approval, discontinue the Plan at any time without the consent of the Participants provided that such discontinuance shall not materially and adversely affect any Options or PSUs previously granted to a Participant under the Plan.

SECTION 12— TAX WITHHOLDING

- 12.1 Notwithstanding any other provision of this Plan, all distributions or payments to a Participant under the Plan shall be made net of applicable source deductions. If the event giving rise to the withholding obligation involves a distribution of Common Shares, then, the withholding obligation may be satisfied by (a) having the Participant elect to have the appropriate number of such Common Shares sold by the Company, the Company's transfer agent and registrar or any trustee appointed by the Company pursuant to Section 7.6 hereof, on behalf of and as agent for the Participant, as soon as permissible and practicable, with the proceeds of such sale being remitted to the appropriate governmental authorities, or (b) any other mechanism as may be required or appropriate to conform with local tax and other rules.

Notwithstanding the first paragraphs of this Section 12, the applicable tax withholdings may be waived where the Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which subsection 100(3) of the regulations made under the *Income Tax Act* (Canada) apply.

SECTION 13— GOVERNING LAWS

- 13.1 The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Québec and the laws of Canada applicable therein.

SECTION 14 — EFFECTIVE DATE OF PLAN

- 14.1 The Plan was adopted on November 24, 2006 concurrently with the initial public offering of the Common Shares, and further amended on May 27, 2010, May 15, 2014 and May 5, 2017. Should any changes to the Plan be required by any securities commission or other governmental body of any province or territory of Canada or by any stock exchange on which the Common Shares may from time to time be listed, such changes shall be made to the Plan as are necessary to conform with such requests and, if such changes are approved by the Board, the Plan, as amended, shall remain in full force and effect in its amended form as of and from that date.