

A Time to Invest

THE NORTH WEST COMPANY INC.

Notice of Meeting & Management Information Circular for an Annual General and Special Meeting of Shareholders of The North West Company Inc.

APRIL 9, 2015



The North West Company Inc.



April 9, 2015

Dear Shareholder:

You are invited to attend an annual general and special meeting (the "**Meeting**") of the shareholders of the common shares of The North West Company Inc. ("**North West**") to be held in the Muriel Richardson Auditorium, Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba on Wednesday, June 10, 2015 at 11:30 a.m. (Central Time).

This Notice of Meeting and Management Information Circular (the "**Circular**") describes the business to be conducted at the Meeting, and provides information on executive compensation and corporate governance at North West. We hope that you will take the time to read the Circular in advance of the Meeting as it provides background information that will help you exercise your right to vote on a number of important matters. We encourage you to exercise your vote by voting as outlined in the accompanying Circular.

You can find our 2014 Annual Report, which includes our consolidated financial statements and the auditor's report to shareholders for the financial year ended January 31, 2015, and the Management's Discussion and Analysis, on our website at www.northwest.ca or on SEDAR at www.sedar.com.

The Meeting also presents an opportunity for you to meet and ask questions of the Board of Directors of North West and the senior management team. At the end of the formal portion of the Meeting, there will be a presentation on our progress during the past year and first quarter of this year, and a question and answer period.

On behalf of the Board of Directors, we would like to thank you for your continued support of North West. We look forward to seeing you at the Meeting.

Sincerely,

"H. Sanford Riley"

H. Sanford Riley
Chairman of the Board

"Edward S. Kennedy"

Edward Kennedy
President and Chief Executive Officer

The North West Company Inc.

Notice of Annual General and Special Meeting of Shareholders

You are invited to the 2015 Annual General and Special Meeting of common shareholders (the “**Meeting**”) of The North West Company Inc. (“**North West**”).

Date: Wednesday, June 10, 2015

Place: Muriel Richardson Auditorium
Winnipeg Art Gallery,
300 Memorial Boulevard
Winnipeg, Manitoba

Time: 11:30 a.m. (Central Time)

The Meeting will have the following purposes:

1. to receive North West’s consolidated annual financial statements for the year ended January 31, 2015, including the external auditor’s report;
2. to elect the directors of North West, who will serve until the next annual meeting of shareholders;
3. to appoint PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual meeting of shareholders, and to authorize the directors to set the auditor’s compensation;
4. to pass an ordinary resolution, confirming the adoption of By-Law No.1A, which amends North West’s By-Law No. 1;
5. to pass an ordinary resolution, a) approving an amended and restated deferred share unit plan for North West; b) approving the issuance of up to 484,970 North West common shares on the exercise of deferred share units under the deferred share unit plan; and c) ratifying the grant of 32,266 deferred share units under the deferred share unit plan in compliance with TSX requirements;
6. to consider an advisory resolution on North West’s approach to executive compensation disclosed in the Circular; and
7. to consider any other business which may be properly brought before the Meeting, and any and all adjournments thereof.

The accompanying Management Information Circular (the “**Circular**”) provides detailed information relating to the above matters.

You have the right to vote at the Meeting as set out in the accompanying Circular if you are a North West shareholder as of the close of business on April 27, 2015. For those shareholders who cannot attend the Meeting, North West has made arrangements to provide a live webcast of the Meeting. Details on how shareholders may view the webcast can be found at www.northwest.ca and will also be provided in a media release prior to the Meeting. Shareholders viewing the webcast will not be permitted to vote through the webcast facilities.

**BY ORDER OF THE BOARD OF DIRECTORS OF THE
NORTH WEST COMPANY INC.**

“Paulina Hiebert”

Paulina Hiebert
Vice President, Legal and Corporate Secretary
The North West Company Inc.

Winnipeg, Manitoba
April 9, 2015

Management Information Circular

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Management Information Circular

Part I — Voting Information

Unless stated otherwise, information contained in this Management Information Circular (the “Circular”) is given as of April 9, 2015.

WHAT MATTERS WILL I BE VOTING UPON?

Shareholders will be asked to vote upon the following matters:

- to receive North West’s consolidated annual financial statements for the year ended January 31, 2015, including the external auditor’s report;
- to elect the directors of North West, who will serve until the next annual meeting of shareholders;
- to appoint PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual meeting of shareholders, and to authorize the directors to set the auditor’s compensation;
- to pass an ordinary resolution, confirming the adoption of By-Law No.1A, which amends North West’s By-Law No. 1;
- to pass an ordinary resolution, a) approving an amended and restated deferred share unit plan for North West; b) approving the issuance of up to 484,970 North West common shares on the exercise of deferred share units under the deferred share unit plan; and c) ratifying the grant of 32,366 deferred share units under the deferred share unit plan in compliance with TSX requirements;
- to consider an advisory resolution on North West’s approach to executive compensation disclosed in the Circular; and
- to consider any other business which may be properly brought before the Meeting, and any and all adjournments thereof.

WHO CAN VOTE?

You are entitled to one vote for each North West common share you own as of the record date (the “Share” or “Shares”). The Board of Directors of North West (the “Board” or the “Directors”) have set April 27, 2015 as the record date.

Registered Shareholders

You are a registered Shareholder if your name appears on your Share certificate (a “Registered Shareholder”). The enclosed form of proxy indicates whether you are a Registered Shareholder. Please also see “— How Do I Vote If I Am a Registered Shareholder?” below.

Each shareholder is entitled to one vote for each Share registered in his, her or its name as of the record date (the “Shareholder” or “Shareholders”). If a Shareholder sells some or all of the Shares that he, she or it owns after the record date, the person who purchased the Shares will become a Shareholder, but is not eligible to vote at the Meeting.

Non-Registered Beneficial Shareholders

You may be a non-registered beneficial Shareholder (as opposed to a registered Shareholder) if your Shares are held on your behalf, or for your account, by a broker, a securities dealer, a bank, a trust company or another similar entity (called an “Intermediary”). If you are a non-registered beneficial Shareholder, your Intermediary will be the entity legally entitled to vote your Shares. In order to vote your Shares, you must carefully follow the instructions that your Intermediary delivered to you with this Circular. Instead of

completing the form of proxy that is printed on blue paper and may be enclosed with this Circular, you will likely be asked to complete and deliver a different form to your Intermediary. This form will instruct the Intermediary how to vote your Shares at the Meeting on your behalf. As a non-registered beneficial Shareholder, while you are invited to attend the Meeting, you will not be entitled to vote at the Meeting, unless you submit all required information to your Intermediary well in advance of the Meeting and carefully follow its instructions and procedures. Please also see “— How Do I Vote If I Am a Non-Registered Beneficial Shareholder?” below.

HOW DO I VOTE IF I AM A REGISTERED SHAREHOLDER?

You can vote your Shares by proxy prior to the Meeting, or in person at the Meeting if you are a Registered Shareholder.

Voting by Proxy

Vote on the internet. Go to www.cstvotemyproxy.com and follow the instructions on the screen. You will need the control number located on the enclosed form of proxy. You do not need to return your form of proxy.

Vote using your smartphone. Scan the QR Code located on your proxy and follow the instructions on the screen. You will need the control number located on the enclosed form of proxy. You do not need to return your form of proxy.

Vote by email. Scan and email your proxy to proxy@canstockta.com. You do not need to return your form of proxy.

Vote by fax. Fax your proxy to 416-368-2502 or toll free in Canada and United States to 1-866-781-3111. You do not need to return your form of proxy.

Vote by mail. By completing, dating and signing the enclosed form of proxy and returning same in the envelope provided.

Voting in Person

If you attend the Meeting and are a Registered Shareholder, you may cast one vote for each of your registered Shares on any and all resolutions put before the Meeting. **If you do not wish to vote in favour of any matter proposed at the Meeting you may withhold your vote from, or vote your Shares against, any resolution at the Meeting, depending on the specific resolution.**

Instructions for Registered Shareholders

The following instructions are for Registered Shareholders only. If you are a non-registered beneficial Shareholder, please follow your intermediary's instructions on how to vote your Shares and see the discussion under the heading “— How Do I Vote If I Am a Non-Registered Beneficial Shareholder?” below.

If you are unable to attend the Meeting, or if you do not wish to personally cast your votes, you may still make your votes count by authorizing another person who will be at the Meeting to vote on your behalf. You may either tell that person how you want to vote, or let him or her choose for you. This is called voting by proxy.

What Is a Proxy?

A proxy is a document that you may sign in order to authorize another person to cast your votes for you at the Meeting. The form of proxy that is printed on blue paper and is enclosed with this Circular is a form of proxy that you may use to authorize another person to vote on your behalf at the Meeting. You may use this form of proxy to assign your votes to the Chairman (or his alternate) or to any other person of your choice. You may also use any other legal form of proxy.

Appointing a Proxyholder

Your proxyholder is the person that you appoint to cast your votes at the Meeting on your behalf. **You may choose the Chairman (or his alternate) or any other person that you want to be your proxyholder. Please note that your proxyholder is not required to be another Shareholder. If you want to authorize the Chairman (or his alternate) as your proxyholder, please leave the line near the top of the form of proxy blank, as the Chairman's name (and the name of his alternate) are already pre-printed on the form. If you want to authorize another person as**

your proxyholder, fill in that person's name in the blank space located near the top of the enclosed form of proxy and cross out the name of the Chairman and his alternate.

Your proxy authorizes the proxyholder to vote and otherwise act for you at the Meeting, including any continuation of the Meeting that may occur in the event that the Meeting is postponed or adjourned. If you return the attached form of proxy to CST Trust Company, and have left the line for the proxyholder's name blank, then the Chairman (or his alternate) will automatically become your proxyholder.

Depositing Your Proxy

To be valid, the form of proxy must be filled out, correctly signed (exactly as your name appears on the form of proxy), and returned to the transfer agent for the Shares, CT Trust Company, by no later than 4:30 p.m. (Central Time) on June 8, 2015 (or at least 24 hours prior to the commencement of any reconvened meeting in the event of any adjournment or postponement of the Meeting). Your proxyholder may then vote on your behalf at the Meeting.

You may instruct your proxyholder how you want to vote on the issues listed in the Notice of Meeting by checking the appropriate boxes on the form of proxy. If you have specified on the form of proxy how you want to vote on a particular issue, then your proxyholder must cast your votes as instructed. Depending on the particular resolution, if you do not wish to vote in favour of a matter proposed at the Meeting you may, as applicable to the specific resolution, withhold your vote from, or vote your Shares against, such resolution at the Meeting. By checking "WITHHOLD FROM VOTING" on the form of proxy, where applicable, you will be abstaining from voting. By checking "AGAINST" on the form of proxy, where applicable, you will be voting against the particular resolution.

If you have NOT specified how to vote on a particular matter, your proxyholder is entitled to vote your Shares as he or she sees fit. Please note that if your form of proxy does not specify how to vote on any particular matter, and if you have authorized the Chairman (or his alternate) to act as your proxyholder (by leaving the line for the proxyholder's name blank on the form of proxy), your Shares will be voted at the Meeting as follows:

- **"FOR"** the election of the 10 nominees to the Board;
- **"FOR"** the re-appointment of PricewaterhouseCoopers LLP as auditors of North West and to authorize the audit committee of the Board to fix the auditor's remuneration;
- **"FOR"** the ordinary resolution confirming the adoption of By-Law No.1A, which amends North West's By-Law No. 1;
- **"FOR"** the ordinary resolution a) approving an amended and restated deferred share unit plan for North West; b) approving the issuance of up to 484,970 North West common shares on the exercise of deferred share units under the deferred share unit plan; and c) ratifying the grant of 32,366 deferred share units under the deferred share unit plan in compliance with TSX requirements;
- **"FOR"** the advisory resolution on North West's approach to executive compensation; and
- **"FOR"** management proposals generally.

For more information on these matters, please see "PART II — BUSINESS OF THE MEETING". If any other issues properly arise at the Meeting that are not described in the Notice of Meeting, or if any amendments or variations are proposed to the matters described in the Notice of Meeting, your proxyholder is entitled to vote your Shares as he or she sees fit. The Notice of Meeting sets out all the matters to be determined at the Meeting that are known to the Directors as of April 9, 2015.

Can I Change My Vote?

If you want to change your vote or revoke your proxy after you have signed and delivered it to CST Trust Company, you may do so by delivering another properly executed form of proxy bearing a later date and delivering it as set out above under the heading "— Depositing Your Proxy" by no later than 4:30 p.m. (Central Time) on June 8, 2015 (or at least 24 hours prior to any reconvened meeting in the event of any adjournment(s) or postponement(s) of the Meeting), or in any other manner permitted by law.

If you revoke your proxy and do not replace it with another form of proxy that is deposited with CST Trust Company on or before the deadline at 4:30 p.m. (Central Time) on June 8, 2015, you may still vote your own Shares in person at the Meeting provided you are a Registered Shareholder whose name appeared on the Shareholders' register of North West as at April 27, 2015.

HOW DO I VOTE IF I AM A NON-REGISTERED BENEFICIAL SHAREHOLDER?

The information set forth in this section is important to many Shareholders, as a substantial number of such persons do not hold Shares in their own name.

Holders who do not hold their Shares in their own name ("**Beneficial Shareholders**" or "**Beneficial Shareholder**" individually) should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Shareholders whose names appear on the records maintained by or on behalf of North West as the registered holders of Shares on the record date. If such Shares are listed in an account statement provided to a Shareholder by a broker or other Intermediary, then in almost all cases those Shares will not be registered in that holder's name on the records of North West. Such Shares will more likely be registered under the name of the holder's broker, an agent or nominee of that broker or another intermediary. In Canada, the vast majority of such Shares are typically registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Shares held by brokers or their agents or nominees or another intermediary can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, the intermediaries are prohibited from voting the Shares for their clients. North West does not know for whose benefit Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholder meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders, however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to Broadridge as instructed by Broadridge. Alternatively the Beneficial Shareholder can call a toll-free telephone number or access the internet to provide instructions regarding the voting of the Shares held by the beneficial holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at a meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have such Shares voted.

If you are a Beneficial Shareholder, you may only attend the Meeting as a proxyholder for the registered holder and vote your Shares, as applicable, in that capacity. If you wish to attend the Meeting and vote your own Shares, you must do so as proxyholder for the registered holder. To do this, you should enter your own name in the blank space on the applicable form of proxy or voting instruction form provided to you (and cross out the name of the Chairman and his alternate) and return the document to your broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker or intermediary well in advance of the Meeting and carefully follow its instructions and procedures.

IS MY VOTE CONFIDENTIAL?

The transfer agent protects the confidentiality of individual Shareholder votes, except where (a) the Shareholder clearly intends to communicate his or her individual position to management; and (b) as necessary to comply with legal requirements. All proxies are considered confidential and will be returned to North West's transfer agent, CST Trust Company. The transfer agent will also act as the Meeting's scrutineers and will count the proxies and tabulate and verify the results. The transfer agent will refer a proxy to North West if it has a comment or is intended for North West's management, or in connection with the applicable legal requirements.

HOW MANY SHARES ARE ENTITLED TO VOTE?

As of April 9, 2015, the common Shares are the only class of Shares of North West outstanding which entitle holders to vote at meetings of Shareholders. As of April 9, 2015, there were 48,498,846 Shares issued and outstanding. Each Shareholder is entitled to one vote per Share on all matters to be voted on at Shareholder meetings.

A quorum is required to conduct the business of the Meeting. Two or more individuals present in person either holding personally or representing as proxies not less in aggregate than 25% of the outstanding Shares will constitute a quorum at the Meeting. North West's list of Shareholders as of the record date will be used to deliver to Shareholders both the Notice of Meeting and this Circular, as well as to determine who is eligible to vote.

ARE THERE ANY PRINCIPAL HOLDERS OF SHARES?

As at April 9, 2015, based on publicly available filings, to the knowledge of the Directors and the officers of North West, Franklin Resources, Inc., beneficially owns, or controls or directs, directly or indirectly, 4,730,514 or 9.77% of North West's voting securities.

SOLICITATION OF PROXIES

North West requests that you fill out your form of proxy to ensure your votes are cast at the Meeting. **If you leave the form of proxy blank, and if you do not specify how your Shares are to be voted on particular resolutions, the Chairman (or his alternate) will vote your Shares as described above under the heading "— How Do I Vote If I Am A Registered Shareholder? — Instructions for Registered Shareholders — Depositing Your Proxy". This solicitation of your proxy (your vote) is made by or on behalf of the Board.**

North West will pay the costs related to the foregoing solicitation of your proxy. This solicitation will be made primarily by mail. Employees of North West and its subsidiaries, or representatives of CST Trust Company, may also ask for proxies to be returned, but will not be paid any additional compensation for doing so.

HOW IS A VOTE PASSED?

The matters scheduled to be voted upon at the Meeting consist of ordinary resolutions. Ordinary resolutions are passed by a simple majority, meaning that if more than half of the votes that are cast are in favour, then the resolution passes.

WILL THERE BE ANY OTHER BUSINESS CONDUCTED AT THE MEETING?

As of April 9, 2015, management and the Directors do not know of any matters to be brought before the Meeting other than those set forth in the Notice of Meeting accompanying this Circular.

Part II — Business of the Meeting

1. FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The financial statements of North West for the year ended January 31, 2015 and the auditor's report to the Shareholders of North West will be presented at the Meeting. The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. These financial statements are posted on SEDAR at www.sedar.com and at www.northwest.ca.

2. APPOINTMENT OF AUDITORS

If you return a form of proxy but do not specify how you want your Shares voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting "FOR" the reappointment of PricewaterhouseCoopers LLP, Chartered Accountants, Winnipeg, Manitoba, as auditors of North West to hold office until the next annual meeting of Shareholders at a remuneration to be determined by the audit committee of the Board.

PricewaterhouseCoopers LLP have been the auditors of North West since January 1, 2011, and auditors of its predecessor companies since June 10, 1987.

AUDITOR FEES

The following table lists the fees incurred by North West for services from PricewaterhouseCoopers LLP, by category, for the last two fiscal years.

Type of Fees (\$ in thousands)	Fiscal 2014	% of Total Fees	Fiscal 2013	% of Total Fees
Audit Fees	\$388	85.6	\$448	78.6
Audit-Related Fees	13	2.9	61	10.7
Tax Fees	52	11.5	61	10.7
All other Fees	–	–	–	–
Total	\$453	100	\$570	100

The nature of each category of fees is described below:

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of North West's annual consolidated financial statements or services provided in connection with statutory and regulatory filings or engagements, and the review of the North West's interim consolidated financial statements.

Audit Related Fees

Audit related fees pertain to professional services for store audit procedures, review of procedures for North West, confirmation on compliance with debt covenants, due diligence, completion of procedures required by contract and advice on new accounting standards. During 2013 the services provided in this category also included the French translation of the audited financial statements, management discussion and analysis and other regulatory filings.

Tax-Related Fees

Tax related fees include professional services for tax compliance services and advice, commodity tax consultation, reorganizations, acquisitions and other tax related matters.

All Other Fees

Generally these fees include professional services for business consulting.

Pre-Approval Policies and Procedures

As part of North West's governance structure, the Audit Committee annually reviews and approves the terms of the external auditor's engagement. To further ensure the independence of the auditors is not compromised, the Audit Committee also pre-approves all engagements of the auditors for non-audit related services in accordance with its pre-approval policy.

3. ELECTION OF DIRECTORS OF NORTH WEST

If you return a form of proxy but do not specify how you want your Shares to be voted, the persons named as proxy holders will cast the votes represented by proxy at the Meeting "FOR" the following Director nominees. Each Director elected will hold office until the next annual meeting or until his or her successor is elected or appointed, unless his or her office is vacated earlier.

The following persons have been nominated for election:

- H. Sanford Riley
- Frank J. Coleman
- Wendy F. Evans
- Stewart Glendinning
- Edward S. Kennedy
- Robert J. Kennedy
- Annalisa King
- Violet (Vi) A.M. Konkle
- Gary Merasty
- Eric L. Stefanson

All nominated Directors are currently Directors of North West. See “Part III — ABOUT THE NOMINATED DIRECTORS” for further information on the nominated Directors.

Majority Voting Policy

North West’s majority voting policy provides that any nominee who receives more withheld votes than votes in his or her favor in an uncontested election of Directors will tender his or her resignation to the Chairman of the Board promptly following the Meeting. The Governance and Nominating Committee (the “**Governance Committee**”) will promptly consider the Director’s offer to resign (within 90 days of the Meeting) and make a recommendation to the Board whether to accept it. The Governance Committee and the Board will consider if there are exceptional circumstances whereby the Director’s resignation should not be accepted, consistent with the Board’s fiduciary duty to act in the best interests of North West. Any Director who tenders his or her resignation will not participate in any meetings at which the resignation is considered. The Board will announce its decision in a press release as soon as practically possible after the Meeting. If the Board rejects the resignation, it will disclose the reasons why.

Subject to the requirements of the *Canada Business Corporations Act* (“**CBCA**”), the Board may leave any resulting vacancy unfilled until the next Annual Meeting of Shareholders or fill the vacancy through the appointment of a new Director.

Mandatory Retirement Age

North West’s mandatory retirement policy provides that all Directors must retire from the Board upon completion of their term of office at the annual meeting of Shareholders following their 70th birthday. Please refer to Schedule “C” of this Circular for more information on North West’s Board tenure and retirement policy, and for more information on North West’s position on Board diversity.

4. BY-LAW AMENDMENTS

On March 12, 2015, the Board, on the recommendation of the Governance Committee, adopted By-Law No. 1A, which amends North West’s By-Law No. 1 dated December 9, 2010. The amendments to By-Law No 1 provide for:

- the adoption of advance notice requirements for nominations of directors by Shareholders; and
- explicit authorization for North West to send by electronic means notices and other documentation to Shareholders, including materials relating to future meetings of shareholders, where permitted by law, by way of “notice-and-access”.

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, pass an ordinary resolution confirming By-Law No. 1A.

The following is an overview of the amendments to By-Law No. 1, and is qualified by reference to the full text of By-Law No. 1A, which is attached as Schedule “A” to this Circular.

The advance notice provision included in By-Law No. 1A sets forth a clear and transparent procedure requiring advance notice to North West by any Shareholder who intends to nominate any person for election as a Director of North West. Among other things, the advance notice provision fixes a deadline by which Shareholders must notify North West of their intention to nominate Directors and sets out the information that Shareholders must provide in the notice in order for it to be valid. In particular, a

Shareholder wishing to nominate a Director would be required to provide notice to North West in the prescribed form within the following time periods:

- In the case of an annual meeting of Shareholders (which includes an annual and special meeting held at the same time), not less than 30 days prior to the date of the annual meeting of Shareholders; provided, however, that if an annual meeting of Shareholders is called for a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice must be received not later than the close of business on the 10th day following the date on which the public announcement of the date of the annual meeting is first made by North West;
- In the event North West uses “notice-and-access” (as defined in National Instrument 54-101 — *Communications with Beneficial Owners of Securities of a Reporting Issuer*) to send proxy-related materials to Shareholders in connection with an annual meeting, notice must be received not less than 40 days prior to the date of the annual meeting; or
- In the case of a special meeting of Shareholders (which is not also an annual meeting of Shareholders), not later than the close of business on the 15th day following the day on which the public announcement of the date of the special meeting of Shareholders is first made by North West.

The advance notice provision provides North West with the opportunity, prior to a meeting, to confirm the eligibility of a proposed Director to serve as an independent director and to confirm certain other information about the proposed nominee and the nominating Shareholder that could be material to a reasonable Shareholder’s understanding of such proposed nominee’s independence, or lack thereof.

All information provided in a nominating Shareholder’s notice will be made publicly available to Shareholders of North West. The advance notice requirements do not interfere with the ability of Shareholders to requisition a meeting or to nominate Directors by way of a shareholder proposal in accordance with the CBCA.

The inclusion of advance notice requirements in a corporation’s by-laws has become a common and important tool for public companies in Canada to ensure that shareholders are provided with appropriate and timely information in connection with the election of directors. The proposed timing for the delivery of a notice under the proposed advance notice provision and the information that must be submitted are consistent with recognized good governance principles. The Board believes that the inclusion of advance notice provisions in its by-law will benefit Shareholders by:

- facilitating orderly nomination and meeting processes;
- treating all Shareholders fairly by providing timely and adequate notice of Director nominations; and
- allowing all Shareholders to fully participate in the Director election process and to register an informed vote.

By-Law No. 1A has been effective since its adoption by the Board on March 12, 2015. Pursuant to the provisions of the CBCA, By-Law No. 1A will cease to be effective unless confirmed by a resolution of a simple majority of the votes cast by Shareholders at the Meeting. If By-Law No. 1A is not confirmed, By-Law No. 1 (unamended), will continue in full force and effect.

By-Law No. 1 and By-Law No. 1A are filed with the Canadian Securities Administrators under North West’s profile on SEDAR at www.sedar.com. The Board encourages Shareholders to read the full text of By-Law No. 1 and By-Law No. 1A before voting on this resolution. By-Law No. 1 and By-Law No. 1A are to be read together and have effect, so far as practicable, as though all the provisions thereof were contained in one by-law of North West.

The resolution to confirm By-Law No. 1A is as follows:

“RESOLVED that:

- 1. By-Law No. 1A of North West, in the form adopted by the Board of Directors of North West on March 12, 2015, and attached as Schedule “A” to this Management Information Circular, is hereby confirmed; and***
- 2. Any officer of North West be and is hereby authorized and directed for and on behalf of North West to do such things and to take such actions as may be necessary or desirable to carry out the intent of the foregoing resolution and the matters authorized thereby.”***

The Board recommends that shareholders vote “FOR” the resolution confirming By-Law No. 1A. If you return a form of proxy but do not specify how you want your Shares voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting “FOR” the resolution confirming By-Law No. 1A.

5. AMENDED AND RESTATED DIRECTOR DEFERRED SHARE UNIT PLAN

Background

North West offers a deferred share unit plan for its independent directors (the “**DSU Plan**”). The purpose of the DSU Plan is to enhance the ability of North West to attract and retain independent directors whose training, experience and ability will contribute to the effective governance of North West, and to directly align their interests with the interests of Shareholders by providing compensation for services to North West in the form of deferred share units (“**DSUs**”). There are 166,755 deferred Share units outstanding as at April 9, 2015, which represents 0.34% of total issued and outstanding North West Shares.

The current DSU Plan is structured as a 1% rolling maximum plan which does not have a fixed number of Shares reserved for issuance. Under TSX requirements, all unallocated options under a rolling plan must be approved every three years by the issuer’s shareholders. Due to an administrative oversight, North West did not renew its DSU Plan as required by the TSX, and as such, the DSU Plan expired on January 31, 2014. As a result, the Shareholders will be asked to approve a resolution to ratify the DSUs granted to Directors since January 31, 2014 in compliance with TSX requirements, in addition to approving certain amendments to the DSU Plan.

As described below, the amendments to the DSU Plan will, among other things, (a) convert the DSU Plan from a rolling plan to a fixed plan; (b) include certain technical changes with respect to U.S. participants that will cause the payments made under the DSU Plan to comply with or be exempt from the tax regulations issued under Section 409A of the *U.S. Internal Revenue Code* (the “**Code**”); and (c) amend the amendment provisions of the DSU Plan. The terms of the amended and restated DSU Plan are otherwise substantially the same as the terms of the current DSU Plan.

At the Meeting, Shareholders will be asked to approve a resolution (the “**DSU Plan Resolution**”) to: (a) amend and restate the DSU Plan in the form attached as Schedule “B” to this Circular; (b) approve the issuance of up to 484,970 Shares on the exercise of DSUs under the DSU Plan; and (c) ratify the grant of 32,366 DSUs since January 1, 2014 under the DSU Plan in compliance with TSX requirements.

The TSX has conditionally approved the amendment and restatement of the DSU Plan and the listing of the Shares reserved for issuance under the DSU Plan, as amended and restated, subject to the receipt of Shareholder approval.

Summary of DSU Plan

The following is a summary of the material provisions of the DSU Plan. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the DSU Plan, the full text of which is set out in Schedule B to this Circular.

Purpose

The principal purpose of the DSU Plan is to enhance the ability of North West to attract and retain Directors of North West who are not otherwise employees of North West or any affiliate of North West (collectively, the “**DSU Participants**”) whose training, experience and ability will promote the interests of North West and its affiliates and to directly align the interests of such Directors with the interests of Shareholders by providing compensation in the form of Shares. The DSU Plan is designed to permit DSU Participants to defer the receipt of all or a portion of the cash compensation otherwise payable to them for services to North West.

Administration

The DSU Plan will be administered by the Governance and Nominating Committee of the Board or such other committee as the Board considers appropriate (the “**Administrator**”). The determinations of the Administrator are subject to review and approval by the Board whose determination will be final, conclusive and binding on all parties. The Administrator is permitted to delegate to one or more of its members or to one or more agents such administrative duties as it deems advisable, and the Administrator 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 of the Administrator or such person may have under the DSU Plan.

Award Grants and Elections

In each year, each DSU Participant will be automatically granted a number of DSUs equal in value to the DSU Participant's Annual DSU Retainer (as defined in the DSU Plan). The value of such Annual DSU Retainer will be determined by the Board from time to time.

Each DSU Participant may elect in each year to receive all or any portion of such DSU Participant's annual cash retainer, chair retainer and meeting fees (other than fees for service on a special or other *ad hoc* committee unless otherwise determined by the Board) (the "**Eligible Fees**"), as applicable, in DSUs. DSU Participants who have elected to receive Eligible Fees as DSUs will be credited with DSUs on the date in each quarter, which is three business days following the publication by North West of its financial results for the previous quarter (or the previous financial year in the case of the first quarter), or such other date determined by the Board from time to time that does not fall within a Blackout Period (as defined in the DSU Plan).

The number of DSUs underlying an award under the DSU Plan is calculated on the date of grant by dividing the portion of the Annual DSU Retainer and the amount of Eligible Fees a DSU Participant has elected to receive as DSUs by the "Fair Market Value" of the Shares on the date such an award is granted. The term "Fair Market Value" is defined in the DSU Plan to mean the weighted average of the prices at which the Shares traded on the TSX (or, if the 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 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 trading days on which the Shares traded on the TSX immediately preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value will be the fair market value of the Shares as determined by the Board in its sole and absolute discretion.

Discretionary Grants in Special Circumstances

The Board may determine from time to time, upon the advice of the Administrator, that special circumstances exist that would reasonably justify the grant to a DSU Participant of DSUs as compensation in addition to any regular retainer or fee to which the DSU Participant is otherwise entitled.

Limitation on Individual Participant Grants

The value of DSUs granted to any one DSU Participant pursuant to the Annual DSU Retainer, any discretionary grants in special circumstances (as described in the preceding section), and any Eligible Fees (as described above), together with any other awards granted to such DSU Participant under any other equity compensation arrangements of North West in any one calendar year shall not exceed \$100,000.

Vesting

DSUs vest immediately upon being awarded.

Exercise of DSUs

DSUs awarded to DSU Participants who are Canadian residents and not U.S. taxpayers will be exercisable by such DSU Participant for Shares at such DSU Participant's option at any time and from time to time after the DSU Participant ceases to be a Director for any reason whatsoever and is no longer otherwise employed by North West or any of its affiliates (the "**Cessation Date**"), but in no event later than December 31 of the first calendar year after the Cessation Date. DSUs awarded to DSU Participants who are U.S. taxpayers will be exercised automatically for Shares on a date that is on or after, but no later 90 days following, the date of such DSU Participant's Separation from Service (as defined in the DSU Plan). If a DSU Participant who is a U.S. taxpayer is or was an employee of North West and is determined to be a "specified employee" within the meaning of Section 409A of the Code, based on an identification date of December 31, and if such DSU Participant is eligible to receive payment of the DSU Participant's DSUs solely because that DSU Participant has a Separation from Service, no exercise of such DSUs will be made prior to the date that is six months after the date of the DSU Participant's Separation from Service (or, if earlier, the date of death of the DSU Participant).

At any time when the Shares are listed and posted for trading on the TSX, a DSU Participant may elect at the time of exercise of any award under the DSU Plan, subject to the consent of North West, that North West pay an amount in cash equal to the aggregate current market value of the Shares (as adjusted in accordance with provisions of the DSU Plan and based on the closing price of the Shares on the TSX on the trading day immediately preceding the Share Issue Date (as defined in the DSU Plan)) in consideration for

the surrender by the DSU Participant to North West of the right to receive Shares under such award. To the extent such amount is not paid in cash in accordance with the foregoing, such amount will be satisfied in Shares.

Limitations on Underlying Shares

Except with the approval of the Shareholders given by affirmative vote of a majority of the votes, excluding the votes attaching to Shares beneficially owned by Insider Participants (as defined in the DSU Plan), no DSUs will be granted to any DSU Participant if such grant could result, at any time, in:

- (a) the number of Shares issuable to Insider Participants pursuant to the DSU Plan and any other equity compensation arrangements exceeding 10% of the then issued and outstanding Shares;
- (b) the issuance to Insider Participants, within a one-year period, of a number of Shares underlying the DSUs and other equity compensation arrangements exceeding 10% of the then issued and outstanding Shares; and
- (c) the issuance to any one Insider Participant, within a one-year period, of a number of Shares underlying the DSUs and other equity compensation arrangements exceeding 5% of the then issued and outstanding Shares.

Number of Shares Reserved for Issuance

The amendment of the DSU Plan will convert the DSU Plan from a rolling plan to a fixed plan. A fixed plan has a definitive number of share units available for grant whereas a rolling, or evergreen, plan has a variable number of share units available for grant depending upon the number of issued and outstanding shares from time to time.

Under the current DSU Plan, subject to certain adjustments under the DSU Plan, the number of Shares reserved for issuance from time to time pursuant to awards granted under the DSU Plan and outstanding at any time may not exceed a number of Shares equal to 1% of the aggregate number of: (a) issued and outstanding Shares; plus (b) the number of Shares issuable upon the exchange of outstanding shares or other securities in the capital of North West or any other affiliate of North West that are exchangeable into Shares, if any. Under the amended and restated DSU Plan, subject to certain adjustments under the DSU Plan, the maximum number of Shares that may be issued upon the exercise of DSUs will not exceed 484,970 Shares.

Assuming that the amendment of the DSU Plan is approved, as of the date of this Circular, the maximum limit of 484,970 Shares that may be issued upon the exercise of DSUs represents 1.0% of the issued and outstanding Shares of North West.

If any award granted under the DSU Plan should expire, terminate or be cancelled for any reason without the Shares issuable thereunder having been issued, any such Shares will be available for the purposes of the granting of further awards under the DSU Plan.

Termination

The Board may suspend or discontinue the DSU Plan at any time; provided, however, that no such suspension or discontinuance of the DSU Plan may contravene the requirements of the TSX or any securities commission or regulatory body to which the DSU Plan or North West is now or may hereafter be subject to.

Assignability

The right to receive DSUs pursuant to the DSU Plan may only be exercised by the DSU Participant granted such DSUs. Except as otherwise provided in the DSU Plan, no assignment, sale, transfer, pledge or charge of an award of DSUs, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell transfer, pledge or charge such award will terminate and be of no further force or effect.

Notwithstanding the foregoing, where a DSU Participant has died, his or her estate may exercise such participant's DSUs.

Amendments

The Board may amend the DSU Plan or any DSU at any time without the consent of DSU Participants provided that such amendment will:

- (a) not adversely alter or impair any DSU previously granted except as permitted by the provisions of the DSU Plan relating to certain changes, including, without limitation, any change in the Shares through subdivision, consolidation, amalgamation, merger or otherwise;
- (b) be subject to any regulatory approvals including, where required, the approval of the TSX; and
- (c) be subject to shareholder approval, where required, under the DSU Plan, by law or the requirements of the TSX, provided that shareholder approval will not be required for the following amendments and the Board may make any changes which may include but are not limited to:
 - (i) amendments of a "housekeeping nature";
 - (ii) a change to the vesting provisions of any DSU; and
 - (iii) a change to the expiration provisions of any DSU that does not entail an extension beyond the original expiration date.

The amended and restated DSU Plan further provides that notwithstanding any provision in the DSU Plan to the contrary, any amendment to the Plan that would:

- (a) result in any increase in the maximum number of Shares that may be issued pursuant to the DSU Plan upon the exercise of awards;
- (b) change the expiration provisions of any DSU that results in an extension beyond the original expiration date;
- (c) change the individuals eligible to participate under the DSU Plan;
- (d) result in any increase of the limit specified in the DSU Plan regarding the value of DSUs issued to any one DSU Participant as all or a portion of such DSU Participant's Eligible Fees or pursuant to discretionary grants in special circumstances and any other awards granted under any other equity compensation arrangements of North West to such DSU Participant in any one calendar year;
- (e) permit DSUs issued pursuant to the DSU Plan to be transferable or assignable other than for normal estate settlement purposes; and
- (f) amend the amendment provisions set forth in the DSU Plan,

will be subject to the approval of the Shareholders.

Compliance with Legal Requirements

North West intends that the DSU Plan and all DSUs be construed to avoid the imposition of additional taxes, interest and penalties pursuant to Section 409A of the Code. To that end, in the event any DSU is subject to such additional taxes, interest or penalties pursuant to Section 409A of the Code, the DSU Plan has been amended to include a right on the part of the Board or the Administrator in their sole discretion to amend the DSU Plan, adopt policies and procedures or take any other actions as are necessary or appropriate to exempt the DSU Plan or any DSU from the application of Section 409A of the Code, preserve the intended tax treatment of any such DSU or comply with the requirements of Section 409A of the Code.

Ratification of Previously Granted DSUs

Since January 1, 2014, 32,266 DSUs have been granted under the DSU Plan as follows:

Name of Director	Number of DSUs	Name of Director	Number of DSUs
H. Sanford Riley	7,841	Violet (Vi) A.M. Konkle	2,859
Frank J. Coleman	4,497	Gary J. Lukassen ⁽¹⁾	999
Wendy F. Evans	3,154	Gary Merasty	3,867
Stewart Glendinning	345	Eric L. Stefanson	2,160
Robert J. Kennedy	3,729	Annette M. Verschuren ⁽²⁾	2,915

Notes

- (1) Mr. Lukassen retired from the Board effective June 11, 2014.
(2) Ms. Verschuren resigned from the Board effective November 10, 2014.

TSX Approval

The amendment and restatement of the DSU Plan is subject to the approval of the TSX. The TSX has conditionally approved the amendment and restatement of the DSU Plan and the listing of the Shares reserved for issuance under the DSU Plan, as amended and restated, subject to the receipt of Shareholder approval.

Shareholder Approval

The Board has concluded that the approval of (a) the amendment and restatement of the DSU Plan in the form attached as Schedule "B" to this Circular; (b) the issuance of up to 484,970 Shares on the exercise of DSUs under the DSU Plan; and (c) the ratification of the grant of 32,266 DSUs since January 1, 2014 under the DSU Plan is in the best interest of North West and its Shareholders. Accordingly, the Board unanimously recommends that Shareholders entitled to vote on the DSU Plan Resolution, vote in favour of such DSU Plan Resolution.

The DSU resolution is as follows:

"BE IT RESOLVED THAT:

- 1. The amended and restated director deferred share unit plan (the "Deferred Share Unit Plan") of The North West Company Inc. (the "Corporation") dated as of March 12, 2015, substantially as set forth in Schedule "B" to this Circular, is hereby approved, ratified and confirmed.***
- 2. The issuance of up to 484,970 common shares of the Corporation on the exercise of deferred share units granted under the Deferred Share Unit Plan, as amended from time to time, is hereby authorized and approved.***
- 3. The grant of 32,266 deferred share units since January 1, 2014 under the Deferred Share Unit Plan, is hereby approved, ratified and confirmed.***
- 4. Any one director or officer of the Corporation is hereby authorized and empowered to execute or cause to be executed, whether under the seal of the Corporation or otherwise and to deliver or cause to be delivered, all such documents and instruments and to do or cause to be done all such other acts and things as such director or officer may determine to be necessary or desirable in order to carry out the intent of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents and other instruments or the doing of any such act or thing."***

In order to be approved, the DSU Plan Resolution must be passed by a majority of the votes cast by the holders of the Shares present in person or represented by proxy at the Meeting. **If you return a form of proxy but do not specify how you want your Shares voted, the persons named as proxy holders will cast the votes represented by proxy at the Meeting "FOR" the DSU Plan Resolution.**

6. ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION APPROACH

You will have an opportunity to vote on our approach to executive compensation at the upcoming Meeting. Your vote is advisory and non-binding, and will provide the Board and the Human Resources, Compensation and Pension Committee (the “**Compensation Committee**”) with important feedback.

The Board, through the Compensation Committee, is responsible for formulating and monitoring the effectiveness of North West’s executive compensation program. In creating North West’s executive compensation program, North West is guided by the goal of aligning the interests of North West’s executives with the long-term interests of the Shareholders. The Board believes that Shareholders should have the opportunity to express their opinion on North West’s executive compensation program by voting for or against the following resolution:

“RESOLVED on an advisory basis and not to diminish the role and responsibilities of the Board, that the Shareholders accept the approach to executive compensation disclosed in North West’s Circular delivered in advance of the 2015 annual general and special meeting of Shareholders.”

Approval of this resolution will require that it be passed by a majority of the votes cast by Shareholders. As this is an advisory vote, the results will not be binding on the Board. However, the Board and the Compensation Committee will consider the outcome of the vote as part of its ongoing review of North West’s executive compensation program.

Prior to voting on this resolution, North West urges Shareholders to read the “Compensation Discussion and Analysis” section of the Circular. We describe our compensation philosophy, the objectives and elements of each program, and the way we measure and assess the performance and make compensation decisions. We explain how and why a large portion of our executive’s compensation is linked to performance and earned over the longer term. North West encourages Shareholders with specific concerns to contact the Board directly by writing to the Chairman of the Board, 77 Main Street, Winnipeg, Manitoba R3C 2C1.

If you return a form of proxy but do not specify how you want your Shares voted, the persons named as proxy holders will cast the votes represented by proxy at the Meeting “FOR” the advisory resolution.

North West will disclose the results of the advisory vote in its report on the 2015 annual general and special meeting voting results.

7. OTHER BUSINESS

North West will consider any other business that may properly come before the Meeting. As at the date of this Circular, we are not aware of any other business to be considered at the Meeting.

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Part III — About the Nominated Directors

The articles of North West provide that the Board shall consist of a minimum of seven directors and a maximum of twelve directors, with the actual number to be determined from time to time by the Board. The Board has determined that, at the present time, the appropriate number of Directors to be elected at the Meeting at ten.

H. Sanford Riley		Independent				
		Mr. Riley was appointed Chairman of North West in June, 2008. Mr. Riley has been President and CEO of Richardson Financial Group Limited since 2003. He held the positions of Chairman of Investors Group Inc. from 2001 to 2002, and President and CEO of Investors Group Inc. from 1992 to 2001. He currently holds the positions of Director for Molson Coors Brewing Company, Richardson GMP Limited, GMP Capital Inc., The Canada West Foundation, Canadian Western Bank and MTS Allstream. He is the Chairman of the University of Winnipeg Foundation. Mr. Riley was appointed to the Order of Canada in July, 2002.				
Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors (Chair) ⁽¹⁾		7 of 7	100%	7 of 7	100%	
Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2014	11,000	55,581	66,581	1,768,391		
2013	11,000	47,911	58,911	1,497,518	292,500	Yes
Net Change	–	7,670	7,670	270,873		
Voting Results for 2014 Annual Shareholders Meeting						
Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes		
26,074,512	96.36%	984,212	3.64%	27,058,724		

Winnipeg, Manitoba
Canada

Age: 64
Director Since: 2003

Frank J. Coleman		Independent				
		Mr. Coleman has been the President and Chief Executive Officer of the Coleman Group of Companies since 1991. He is the Chair of the Board of Directors of Rocky Mountain Liquor Inc., a past Director of the Distribution Council of the Canadian Federation of Independent Grocers, and of Emera Newfoundland & Labrador Holdings Incorporated. He is the former President and Chief Executive Officer of Humber Valley Paving Ltd. and Humber Valley Aggregates and Asphalt Ltd. He also has served as a director of Newfoundland Power, a subsidiary of Fortis and Fishery Products Ltd.				
Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors		7 of 7	100%	18 of 18	100%	
Governance Committee		6 of 6	100%			
Audit		5 of 5	100%			
Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2014	24,500	17,167	41,667	1,106,676		
2013	72,500	13,193	85,693	2,178,316	225,000	Yes
Net Change	(48,000)	3,974	(44,026)	(1,171,640)		
Voting Results for 2014 Annual Shareholders Meeting						
Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes		
26,867,094	99.29%	191,630	0.71%	27,058,724		

Corner Brook,
Newfoundland and
Labrador
Canada

Age: 61
Director Since: 1999

Wendy F. Evans**Independent**

Toronto, Ontario
Canada

Age: 64
Director Since: 2005

Ms. Evans is President of Evans and Company Consultants Inc., which she founded in 1987. The company provides international marketing, financial and management services to clients across North America. She is also an Associate of Cambridge Corporate Development and an Adjunct Professor, since 1992, in the Ted Rogers School of Management, Ryerson University. She is currently a Director of the Canadian Executive Services Organization, Director of the City Living Foundation, and author of "Border Crossings, Doing Business in the U.S. Ms. Evans has served as a director on a number of boards, including Sun Life Financial Trust, the Ontario Retail Sector Strategy Advisory Board, Dean's Council in the Ted Rogers School of Management, and the Canadian Cancer Society. She is also the past President and Chair of Granite Ltd.

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	7 of 7	100%
Audit Committee ⁽⁹⁾	3 of 3	100%
Compensation Committee	7 of 7	20 of 20
Governance Committee ⁽⁹⁾	3 of 3	100%

Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2014	5,300	23,775	29,075	772,232		
2013	5,300	20,861	26,161	665,013	225,000	Yes
Net Change	-	2,915	2,914	107,219		

Voting Results for 2014 Annual Shareholders Meeting				
Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
26,998,738	99.78%	59,986	0.22%	27,058,724

Stewart Glendinning**Independent**

Toronto, Ontario
Canada

Age: 49
Director Since: 2014

Mr. Glendinning has been the President and Chief Executive Officer of Molson Coors Canada since 2013. Since joining Molson Coors in 2005, he has also held the positions of Chief Financial Officer, Molson Coors UK, Global Chief Financial Officer, Molson Coors Brewing Company, and President and Chief Executive Officer, Molson Coors UK. Before joining Molson Coors, Mr. Glendinning worked with KPMG and The Hackett Group, both professional services companies where he held various senior audit and consulting roles, working with a broad array of multinational clients. He has also served with various organizations within the U.S. Naval Reserve.

Board/Committee Membership ⁽⁶⁾	Attendance	Attendance (Total)
Board of Directors	1 of 1	100%
Audit Committee	-	1 of 1
Compensation Committee	-	100%

Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2014	-	345	345	9,163	\$225,000	No ⁽⁸⁾

Voting Results for 2014 Annual Shareholders Meeting ⁽⁶⁾				
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Edward S. Kennedy**Non-independent (President and Chief Executive Officer)**

Mr. Kennedy, who joined North West in 1989, was appointed President & Chief Executive Officer of North West in 1997. He is currently a Director of Norcraft Companies Inc., United Grocers Inc. and the Canada West Foundation. Mr. Kennedy has received several retail industry and community leadership recognitions, both locally and nationally.

Winnipeg, Manitoba
Canada

Age: 55
Director Since: 1996

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors ⁽²⁾	7 of 7	100%

Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's) ⁽⁴⁾	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁶⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2014	303,919	–	303,820	8,069,459		
2013	264,170	–	264,170	6,715,201	225,000	Yes
Net Change	39,749	–	39,650	1,354,258		

Voting Results for 2014 Annual Shareholders Meeting					
Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes	
26,991,391	99.75%	67,333	0.25%	27,058,724	

Robert J. Kennedy**Independent**

Mr. Kennedy has been President and Chief Executive Officer and founder of WiBand Communications Corp. since 1999. He was an acquisition consultant for IBM Corporation from 1997 to 1999. Mr. Kennedy was President, Chief Executive Officer and founder of PBSC Computer Training Centres from 1985 to 1997; and President, Chief Executive Officer and founder of ComputerLand Stores Western Canada from 1978 to 1987.

Winnipeg, Manitoba
Canada

Age: 65
Director Since: 2003

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	7 of 7	100%
Compensation Committee	7 of 7	100%
Governance Committee	6 of 6	100%

Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2014	3,000	34,266	37,266	989,785		
2013	3,000	30,518	33,518	852,028	225,000	Yes
Net Change	–	3,748	3,748	137,757		

Voting Results for 2014 Annual Shareholders Meeting					
Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes	
25,900,199	95.72%	1,158,525	4.28%	27,058,724	

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Annalisa King**Independent**

Ms. King has been Senior Vice President and Chief Financial Officer of Best Buy Canada Ltd. since 2008. Prior to her current position, Ms. King was Senior Vice President of Business Transformation for Maple Leaf Foods Inc. She has also held senior positions, primarily in finance, throughout her career at consumer packaged goods companies, Kraft and Pillsbury Canada. Ms. King is a director of Saputo Inc.

Vancouver, British Columbia, Canada

Age: 48
Director Since: 2014

Board/Committee Membership ⁽⁶⁾		Attendance		Attendance (Total)	
	Board of Directors	1 of 1	100%		
	Audit Committee	–	–	1 of 1	100%
	Compensation Committee	–	–		

Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2014	–	–	–	–	225,000	No ⁽⁸⁾

Voting Results for 2014 Annual Shareholders Meeting⁽⁶⁾**Violet (Vi) A.M. Konkle****Independent**

Ms. Konkle is the past President and Chief Executive Officer of The Brick Ltd. Prior to joining The Brick in 2010 as President, Business Support; she held a number of positions with Walmart Canada, including Chief Operating Officer and Chief Customer Officer. Ms. Konkle also held a number of senior executive positions with Loblaw Companies Ltd., including Executive Vice President, Atlantic Wholesale Division. Ms. Konkle is a director of Dare Foods, a privately held Canadian based food manufacturer, the National Board of Habitat for Humanity, and a past director of The Brick Ltd., Trans Global Insurance, and the Canadian Chamber of Commerce.

Milton, Ontario, Canada

Age: 61
Director Since: 2014

Board/Committee Membership		Attendance		Attendance (Total)	
	Board of Directors	7 of 7	100%		
	Audit Committee	5 of 5	100%	19 of 19	100%
	Compensation Committee	7 of 7	100%		

Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2014	–	2,859	2,859	79,935		
2013	–	–	–	–	225,000	No ⁽⁸⁾
Net Change	–	2,859	2,859	79,935		

Voting Results for 2014 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
26,987,724	99.74%	71,000	0.26%	27,058,724

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Saskatoon,
Saskatchewan
Canada

Age: 50
Director Since: 2011

Mr. Merasty is the President and Chief Operating Officer of Des Nedhe Development, an English River First Nation owned group of companies. He previously held the positions of Vice President Corporate Social Responsibility and Communications for Cameco Corporation, Member of Parliament for the Desnethe Mississippi Churchill River Riding, the Grand Chief for the Prince Albert Grand Chief Council in Northern Saskatchewan, Chief of Staff of the Federation of Saskatchewan Indian Nation, and the Educational Coordinator for Peter Ballantyne Cree Nation. A director for the Canada West Foundation, Frontier College, and Chairperson for Northern Career Quest. Former Chairman and Director for the Saskatchewan Indian Gaming Authority, and former director of the Saskatchewan Indian Institute of Technology, the Northern Lights Community Development, Westwind Aviation Ltd., and the Saskatoon Airport Authority. Mr. Merasty has received the following awards:

- 2005 — the Queen Elizabeth II Golden Jubilee Medal;
- 2006 — Recognized as One of the Top 100 Alumni of Influence by the University of Saskatchewan;
- 2006 — an Honorary Diploma for Business from the Saskatchewan Institute of Applied Arts and Sciences; and
- 2012 — the Queen Elizabeth II Diamond Jubilee Medal.

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	7 of 7	100%
Compensation Committee ⁽⁷⁾	5 of 7	71%
Governance Committee ⁽¹⁰⁾	3 of 3	100%
Audit Committee ⁽¹⁰⁾	2 of 2	100%
		17 of 19
		89%

Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2014	–	10,308	10,308	273,780		
2013	–	6,809	6,809	173,084	225,000	Yes
Net Change	–	3,499	3,499	100,696		

Voting Results for 2014 Annual Shareholders Meeting					
Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes	
26,682,285	98.61%	376,439	1.39%	27,058,724	

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Winnipeg, Manitoba
Canada

Age: 64
Director Since: 2012

Mr. Stefanson was the managing partner of the Central Canada Region for BDO Canada LLP Chartered Accountants and Advisors, from 2004 to 2009. He also held various positions with Assante Canada, including the position of Chief Financial Officer from 2001 to 2004. Mr. Stefanson was a member of the Legislative Assembly of Manitoba from 1990 to 2000, and held various portfolios, including the position of Finance Minister and Chair of the Treasury Board from 1993 to 1999. Mr. Stefanson was a Winnipeg City Councillor from 1982 to 1989 and served as Deputy Mayor. He is currently a director of Via Rail Canada (Interim Chairman), FWS Holdings Ltd. (Chair of Audit Committee), People Corporation, and Chair of the Investment Committee of the Winnipeg Civic Employees' Benefits Program. He was a member of the Board of Directors and Chair of the Audit Committee for the Winnipeg Foundation from 2005 to 2011, and a past member and Chair of the Board for the Health Sciences Centre Foundation from 2009 to 2012. In 2000, Mr. Stefanson received the Icelandic Order of the Falcon from the President of Iceland. In 2013, Mr. Stefanson was the recipient of the Lifetime Achievement Award from the Institute of Chartered Accountants in Manitoba.

Board/Committee Membership		Attendance		Attendance (Total)		
	Board of Directors	7 of 7	100%			
	Audit Committee	5 of 5	100%	18 of 18	100%	
	Governance Committee	6 of 6	100%			
Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2014	1,839	6,266	8,105	215,269		
2013	1,329	4,152	5,481	139,327	\$225,000	No ⁽⁸⁾
Net Change	510	2,114	2,624	75,942		
Voting Results for 2014 Annual Shareholders Meeting						
Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes		
26,965,554	99.66%	93,170	0.34%	27,058,724		

Notes

- (1) The Chairman of the Board is an ex-officio member of all Board committees.
- (2) The President and Chief Executive Officer attends Board committee meetings as an invited guest.
- (3) The table shows the number and value of Shares and DSU's as at January 31, 2015, valued at the closing price of the Shares at January 31, 2015 of \$26.56. The table also shows the number of and value of Shares and DSU's as at January 31, 2014, valued at the closing price as at January 31, 2014 of \$25.42.
- (4) Mr. Edward Kennedy is not eligible to participate in the Director Deferred Share Unit Plan, as he is an employee of North West.
- (5) Indicates Shares owned either directly or subject to the Director's control and direction.
- (6) Mr. Stewart Glendinning and Ms. Annalisa King were appointed to the Board in November 2014.
- (7) Mr. Gary Merasty was unable to attend one meeting of the Human Resources, Compensation and Pension Committee due to a serious illness in his immediate family.
- (8) Directors have five years from his/her date of initial appointment to the Board to meet the minimum shareholding requirement. The minimum share ownership requirement for Directors was increased from \$90,000 to \$225,000 in 2013. Mr. Glendinning was appointed to the Board in November, 2014; Ms. King was appointed to the Board in November, 2014; Ms. Konkle was appointed to the Board in March, 2014; and Mr. Stefanson was appointed to the Board in January, 2012.
- (9) Ms. Wendy Evans was appointed to the Governance and Nominating Committee in June, 2014, and left the Audit Committee in June, 2014.
- (10) Mr. Gary Merasty was appointed to the Audit Committee in June, 2014, and left the Governance and Nominating Committee in June, 2014.

ATTENDANCE OF DIRECTORS AT BOARD AND COMMITTEE MEETINGS

The table below sets forth the number of Board meetings and Board committee meetings held during the twelve month period ended January 31, 2015, and the number of meetings attended by each Director.

Director Name	Full Board (7 Meetings)		Audit Committee (5 Meetings)		Governance and Nominating Committee (6 Meetings)		Human Resources, Compensation and Pension Committee (7 Meetings)		Total Attendance	
	#	%	#	%	#	%	#	%	#	%
	H. Sanford Riley ⁽¹⁾	7/7	100	–	–	–	–	–	–	7/7
Frank Coleman	7/7	100	5/5	100	6/6	100	–	–	18/18	100
Wendy Evans	7/7	100	3/3	100	3/3	100	7/7	100	20/20	100
Stewart Glendinning ⁽²⁾	1/1	100	–	–	–	–	–	–	1/1	100
Edward Kennedy ⁽³⁾	7/7	100	–	–	–	–	–	–	7/7	100
Robert Kennedy	7/7	100	–	–	6/6	100	7/7	100	20/20	100
Annalisa King ⁽²⁾	1/1	–	–	–	–	–	–	–	1/1	100
Violet (Vi) Konkle	7/7	100	5/5	100	–	–	7/7	100	19/19	100
Gary Merasty ⁽⁴⁾	7/7	100	2/2	100	3/3	100	5/7	71	17/19	89
Eric Stefanson	7/7	100	5/5	100	6/6	100	–	–	18/18	100
Annette Verschuren ⁽⁵⁾	5/6	83	2/4	50	–	–	4/6	67	11/16	69
Average Percentage	63/64	98	22/24	92	24/24	100	30/34	88	139/146	95

Notes

- (1) The Chairman of the Board is an ex-officio member of all Board committees.
- (2) Mr. Glendinning and Ms. King joined the Board on November 7, 2014.
- (3) The President and Chief Executive Officer attends all Board committee meetings as an invited guest.
- (4) Mr. Gary Merasty was unable to attend one meeting of the Human Resources, Compensation and Pension Committee due to a serious illness in his immediate family.
- (5) Ms. Verschuren resigned from the Board on November 10, 2014.

IN-CAMERA SESSIONS

The Board and its committees regularly conduct “in-camera” sessions, at which no management Directors or other members of management are present. The in-camera sessions are intended not only to encourage the Board and its committees to fully and independently fulfil their mandates, but also to facilitate the performance of fiduciary duties and responsibilities of the Board and its committees on behalf of the Shareholders.

EXPERTISE AND COMPOSITION OF THE BOARD

A board of directors is most effective when it can draw from a variety of skills and experience. The Board looks for the following skills and experience when recruiting new Directors: corporate governance experience; retail experience; operations experience; human resources and executive compensation experience; community affairs/government relations experience; financial literacy; risk management experience; information technology experience; international experience; and aboriginal experience. In addition, a candidate’s diversity of gender, aboriginal heritage, nationality, geography, age, experience, and other attributes are considered favorably in the assessment of a candidate. The Board believes that it has the appropriate diversity of experience and expertise on the Board required to perform effectively and to act in the best interests of North West and its Shareholders. Please refer to Schedule “C” of this Circular for more information on North West’s diversity policies and practices.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

North West is committed to high standards of corporate governance, and is focused on processes that truly matter in creating and sustaining investor value and the long-term health of our enterprise. The corporate governance practices and structure of North West are set out in Schedule "C" attached to this Circular.

PUBLIC COMPANY DIRECTORSHIPS AND INTERLOCKING DIRECTORSHIPS

The Board has not implemented a policy which limits the number of public company directorships its Directors can hold. The Board believes that its Director evaluation program is the best method for ensuring that Directors remain accountable and continue to discharge their duties as North West Directors.

While North West does not have any nominees who both sit together on boards of other public companies as at April 9, 2015, Mr. H. Sanford Riley is a director of Molson Coors Brewing Company and Mr. Stewart Glendinning is the President and Chief Executive Officer of Molson Coors Canada, a subsidiary of Molson Coors Brewing Company. The Board does not believe that this interlocking relationship impacts the ability of these Directors to act in North West's best interests.

DIRECTOR FEES

North West conducts an in-depth market review every three years to assess the market competitiveness of Director compensation, including share ownership requirements. The Governance and Nominating Committee (the "**Governance Committee**") retained Towers Watson in 2013 as its consultant to conduct this review.

The primary comparator group selected to benchmark Director compensation comprised of 15 similar sized companies in the Canadian retail sector, supplemented by three companies with interlocking director relationships of similar size (the "**Primary Comparator Group**"). North West's revenue was positioned at the 50th percentile relative to this peer group and its market capitalization was positioned at the 56th percentile (the data point that is higher than 50% and 56% respectively, of all other data in the sample when ranked low to high). This group of companies is listed below.

AutoCanada Inc.	Hudsons Bay Company	Reitmans Canada Ltd.
BMTC Group Inc.	Indigo Books and Music Inc.	Rona Inc.
Colabor Group Inc.	Leons Furniture	Sears Canada Inc.
Glentel Inc.	Parkland Fuel Corporation	The Jean Coutu Group Inc.
Indigo Books & Music Inc.	Leons Furniture Ltd.	Richelieu Hardware Ltd.
Manitoba Telecom Services Inc.	Canadian Western Bank	Emera Inc.
Uni-Select Inc.		

Two additional reference groups were used to provide additional context in setting Director compensation against the primary comparator group. The first group consisted of four Canadian food retailers, all of which are much larger in size than North West. This group of companies is listed below.

Alimentation Couche-Tard Inc.	Empire Company Ltd.	Loblaws Company Limited
Metro Inc.		

The second group consisted of five US food retailers of similar size to North West, which are listed below.

PriceMart Inc.	Spartan Stores Inc.	The Fresh Market Inc.
Village Super Markets Inc.	Weis Markets Inc.	

The Governance Committee concluded that North West's Director compensation was not competitive, as total Director compensation was below the 25th percentile of the Primary Comparator Group, and below the 40th percentile for the Chairman of the Board (the data point that is higher than 25% and 40% respectively, of all other data in the sample when ranked low to high). As a result, the Board increased Director compensation for non-management Directors in 2013. No changes were made to Director compensation in 2014. The following table provides a detailed breakdown on the fees paid to North West's non-management Directors for the years ended January 31, 2014 and January 31, 2015.

Annual Cash Retainer	2013 and 2014 (\$)
Chairperson of the Board ⁽¹⁾	132,500
Board Members ⁽²⁾	30,000
Audit Committee Chairperson ⁽²⁾	15,000
Governance and Nominating Committee Chairperson ⁽²⁾	8,000
Human Resources, Compensation and Pension Committee Chairperson ⁽²⁾	12,000
Annual Equity Retainer⁽³⁾	
Chairperson of the Board	67,500
Board Members	45,000
Meeting Attendance Fees⁽⁴⁾	
Board meeting (in person or by conference call)	1,500
Any Committee meeting of the Board (in person or by conference call)	1,500

Notes

- (1) The Chairperson of the Board is not paid any meeting attendance fees. This Annual Retainer is divided into four equal payments and paid per fiscal quarter (either by cash or the grant of deferred Share units at the discretion of the Chairperson).
- (2) These Annual Retainers are divided into four equal payments and paid per fiscal quarter (either by cash or the grant of deferred Share units at the discretion of the Director).
- (3) The Annual Equity Retainer is paid by the grant of deferred Share units in July of each year.
- (4) Each Board member and Committee Chairperson, other than the Chairperson of the Board, are entitled to meeting attendance fees of \$1,500 per meeting, in addition to their Annual Cash Retainers. These fees are paid either by cash or the grant of deferred Share units at the discretion of the Director.

DIRECTOR SHARE OWNERSHIP REQUIREMENTS

To ensure Directors are aligned with Shareholder interests, all non-management Directors of North West are required to hold, either directly or indirectly, or exercise control or direction over Shares or deferred share units at levels set by the Board.

North West's share ownership requirements were increased in 2013 to align with current market practice, and as a result of the increases to Director compensation, minimum share ownership requirements for Directors was increased to \$225,000 (3 times the annual cash and equity retainer), and to \$292,500 for the Chairman of the Board (3 times the annual cash retainer for all Directors and the Chairman's equity retainer). Directors have five years from their initial appointment to the Board to comply with these minimum Share ownership requirements.

The value of the Shares is calculated at market value. See "Part III — ABOUT THE NOMINATED DIRECTORS" for current Share ownership levels for individual Directors.

DIRECTOR DEFERRED SHARE UNIT PLAN

North West offers a deferred share unit plan for independent Directors (the "**DSU Plan**"). The purpose of the DSU Plan is to enhance the ability of North West to attract and retain independent Directors whose training, experience and ability will contribute to the effective governance of North West, and to directly align their interests with the interests of Shareholders by providing compensation for services to North West in the form of deferred share units. In addition to the annual equity retainer which is paid in the form of a grant under the DSU Plan, participants are entitled to elect each year the amount credited with deferred share units based on the portion of Director fees each participant elects to allocate to the DSU Plan. Each deferred share unit entitles the holder to receive one Share. The grant for deferred Share units cannot exceed \$100,000 per calendar year for any Director.

Participants are credited with deferred share units on a quarterly basis. The number of Shares underlying an award is calculated on the date of grant by dividing the portion of the Director's fees that are payable to the participant in deferred share units for the current quarter, by the fair market value of the Shares on the date that the award is granted. Fair market value is determined by calculating the weighted average trading price of the Shares on the TSX for the five trading days on which the Shares traded immediately preceding such date.

The deferred Share units, which vest immediately on the grant date, can be exercised by the holder at any time after the Director resigns or retires from the Board, but no later than December 31 of the first calendar year commencing after the holder ceases to

be a Director. A participant may elect at the time of exercise of any deferred share units, subject to the consent of North West, to have North West pay an amount in cash equal to the aggregate current market value of the Shares, determined based on the closing price of the Shares on the TSX on the trading day preceding the exercise date, in consideration for the surrender by the participant to North West the right to receive Shares from the exercising of the deferred share units.

There were 166,755 deferred Share units outstanding as at April 9, 2015. See "Part III — ABOUT THE NOMINATED DIRECTORS" for current deferred Share units held by individual Directors. There were 3,500 deferred Share Units exercised during the year ended January 31, 2015 by a retired Director. These units were settled in cash.

At the Meeting, Shareholders will be asked to approve a resolution which will among other matters, amend the DSU Plan. The amendment will, among other things, (a) convert the DSU Plan from a rolling plan to a fixed plan; (b) include certain technical changes with respect to U.S. participants that will cause the payments made under the DSU Plan to comply with or be exempt from the tax regulations issued under Section 409A of the *U.S. Internal Revenue Code*; and (c) amend the amendment provisions of the DSU Plan. The terms of the proposed amended and restated DSU Plan are otherwise substantially the same as the terms of the current DSU Plan. See "Part II — BUSINESS OF THE MEETING — Amended and Restated Deferred Share Unit Plan" for further information on the proposed amendments to the current DSU plan.

DIRECTOR FEES PAID FOR THE YEAR ENDED JANUARY 31, 2015

The retainer and meeting fees earned by each Director who is not an officer or employee of North West or any of its subsidiaries for the fiscal year ended January 31, 2015 are reflected in the following chart. The Directors are also reimbursed for reasonable traveling and other expenses properly incurred by them in attending Board or Board committee meetings in connection with their services as Directors.

Name	Fees Earned (\$) ⁽¹⁾	Share-based awards (\$) ⁽²⁾	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation	Total (\$)
H. Sanford Riley	99,834	100,165	–	–	–	–	200,000
Frank Coleman	25,500	79,000	–	–	–	–	104,500
Wendy Evans	62,500	45,000	–	–	–	–	107,500
Stewart Glendinning ⁽³⁾	–	9,000	–	–	–	–	9,000
Robert Kennedy	70,500	45,000	–	–	–	–	115,500
Annalisa King ⁽³⁾	9,000	–	–	–	–	–	9,000
Violet (Vi) Konkle	24,500	67,750	–	–	–	–	92,250
Gary Merasty	21,000	75,000	–	–	–	–	96,000
Eric Stefanson	63,000	45,000	–	–	–	–	108,000
Annette Verschuren ⁽⁴⁾	34,875	58,125	–	–	–	–	93,000

Notes

- (1) Represents fees paid to the Director in cash.
- (2) Represents awards under the DSU Plan.
- (3) Mr. Glendinning and Ms. King were appointed to the Board on November 7, 2014.
- (4) Ms. Verschuren resigned from the Board on November 10, 2014.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

Mr. Robert J. Kennedy

Mr. Kennedy was a Director of Jazz Golf Equipment Inc. In 2006, Jazz Golf Equipment Inc., a company listed on the TSX Venture Exchange, filed a proposal under the Bankruptcy Act to sell its assets to Ensis Corporation to become a private company. Under the proposal, all creditors were to be satisfied. Mr. Kennedy resigned on November 22, 2006 from the Board. Jazz Golf Equipment Inc. was de-listed from the TSX Venture Exchange.

Part IV — Compensation Discussion and Analysis

LETTER TO OUR SHAREHOLDERS

We believe that it is important for North West's Shareholders to clearly understand our compensation plans and programs, as well as the philosophies that underlie them. Compensation is used to attract, motivate, and retain outstanding talent, link compensation to business results and individual performance, and to promote decision making that delivers threshold returns to our Shareholders on a sustainable and consistent basis, through a balanced emphasis on earnings growth and an annual cash dividend.

Overall, the Board believes the performance of its senior executive team has made a significant contribution to the growth and success of North West. Over the past five year period, North West Shares have produced a compounded annual return of 14.0%, and trading profit ("EBITDA") has grown from \$125.8 million to \$137.8 million. During this same 5-year period, North West's Share price has increased from \$21.09 to \$26.56, and \$280.2 million has been returned to Shareholders in the form of dividend or distribution payments.

While this year was challenging for our northern Canadian markets, we achieved strong performance within our international segment, led by an improvement at Cost-U-Less. These results helped to soften the impact of more challenging conditions in Canada and reinforced our conviction that our current geographic reach and portfolio of store banners is of continuing benefit to North West. Shareholder returns in 2014 remained strong at 9.6%.

Over the previous long range plan cycle ("LRP"), North West's focus related to being better at the basic elements of its value offer, including its in-stock performance, and the profitability of its perishable and other high-convenience categories. The logistics side of the business was also an investment priority. The strategic planning work into 2013 identified that further gains in operating standards and efficiencies were still attractive paths for North West. Even more important was our physical store network, local selling capability and community relations. The logistics and data links to our stores were also identified as important competencies that could be further leveraged.

We also understand that the engine of North West's continued growth is our northern Canadian market. To this end, we embarked upon an ambitious store investment program in mid-2014 that is heavily weighted to northern Canada and that takes advantage of our physical footprint to better serve the changing requirements of our customers. Stores will be reconfigured to emphasize more of today's local everyday shopping needs and we are refocusing our efforts on manager and employee training — all through our Top 40 Markets and Top Categories initiatives. Please see our Annual Report filed on www.sedar.com and on www.northwest.ca for further details on "A Time to Invest" and North West's financial performance and its key strategic initiatives.

We believe our approach to executive compensation in 2014 is working as intended. Notwithstanding the strong returns North West continued to deliver to its Shareholders in 2014, it did not meet all of its performance objectives, which resulted in decreased compensation for its named executive officers. The specific, individual measures of performance that factored into North West's compensation program for 2014 are outlined in the following pages.

At North West, the Human Resources, Compensation and Pension Committee (the "**Compensation Committee**") is responsible for recommending performance-based compensation awards for Board approval. We work carefully to structure North West's compensation programs to deliver the right outcomes for our Shareholders, our customers, and our employees. We rely on formulas and benchmarks, independent experts, and rigorous analysis, but we also rely on our own experience, expertise and considered application of the Board's business judgment when setting compensation.

In the following pages you will find a straightforward and transparent description of our executive pay practices. The Board believes it is important to give Shareholders an effective way to provide input to our approach to executive compensation. We hope you will review the information presented below, and that you will cast your "say-on-pay" vote at the upcoming Annual General and Special Meeting of Shareholders. We recommend that Shareholders vote **for** the advisory resolution on our approach to executive compensation.

On behalf of the members of the Compensation Committee and the Board, we want to thank you for your continued support of North West.

Sincerely,

"Bob Kennedy"

Robert J. Kennedy
Chairman, Human Resources, Compensation
and Pension Committee

"Sandy Riley"

H. Sanford Riley
Chairman of the Board

INTRODUCTION

The following Compensation Discussion and Analysis (“**CD&A**”) is intended to provide North West’s Shareholders with a description of the processes and decisions involved in the design, oversight and payout of our compensation programs for the named executive officers (“**NEOs**”) for the fiscal year ended January 31, 2015. Although the CD&A focuses on the compensation policies and practices for NEOs, these programs generally apply to North West’s entire executive team.

The NEOs during fiscal 2014 were as follows:

- Edward Kennedy, President and Chief Executive Officer;
- John King, Executive Vice President and Chief Financial Officer (promoted from Chief Financial Officer in May, 2014);
- Craig Gilpin, Executive Vice President and Chief Operating Officer (promoted from Executive Vice President, Chief Operating Officer in May, 2014);
- Dan McConnell, Executive Vice President and Chief Development Officer (promoted from Vice President Real Estate and Store Development in May, 2014); and
- Paulina Hiebert, Vice President, Legal and Corporate Secretary.

COMPENSATION GOVERNANCE

The Compensation Committee assists the Board in establishing North West’s compensation philosophy and structure, and in discharging its oversight accountabilities relating to the compensation and retention of key senior management employees, and in particular, the President and Chief Executive Officer. The Compensation Committee is comprised of six independent Directors: Robert Kennedy, who serves as Chairperson; Wendy Evans; Gary Merasty, Vi Konkle, Stewart Glendinning and Annalisa King. No member of the Compensation Committee has ever been an officer or employee of North West or any of its affiliates.

All members have direct experience in compensation matters as either current or former chief executive officers, executive officers, elected government officials, as a retail consultant, or through board of director positions in other publicly traded companies — see “PART III — ABOUT THE NOMINATED DIRECTORS”. The Chairperson of the Board also participates in all Compensation Committee meetings as an ex-officio member. Collectively, this experience provides the Compensation Committee with the knowledge, skills, experience and background in executive compensation and human resource matters to make decisions on the suitability of North West’s compensation policies and practices.

The responsibilities, powers and operation of the Compensation Committee are set out in its mandate, which is attached as Schedule “E” to this Circular.

The Compensation Committee held seven regularly scheduled meetings in fiscal 2014. The President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, Vice President, Human Resources, and Vice President Legal and Corporate Secretary attend meetings of the Compensation Committee, but do not have the right to vote on any matter. Other senior officers may also attend parts of a meeting for presentation purposes. No officer, including the President and Chief Executive Officer, is present when his or her compensation is discussed.

The Compensation Committee has instituted good governance practices that enhance the Compensation Committee’s ability to effectively carry out its accountabilities. These practices include:

- utilizing a work plan which sets out the timetable of all regularly occurring matters for which the Compensation Committee has accountability;
- hiring an external advisor to advise the Compensation Committee on compensation levels and structure, and requiring their attendance when their reports are discussed and when requested to attend by the Chairperson of the Compensation Committee; and
- holding in-camera sessions without management present during every Compensation Committee meeting.

In addition, the Compensation Committee receives feedback from Shareholders on compensation matters through an annual advisory resolution on North West’s approach to executive compensation.

EXECUTIVE COMPENSATION PHILOSOPHY

Since its formation 28 years ago, North West has embraced an organization wide and market competitive pay-for-performance compensation philosophy linked to the delivery of superior total returns to its Shareholders through a focus on both earnings growth and annual cash dividend yield. North West's total compensation objective for executives is to pay in the upper quartile of the market when sustainable upper quartile performance is achieved. A significant portion of each executive's compensation is also "at risk" in order to motivate executives and align their interests with the creation of long-term Shareholder value.

North West's executive compensation program is designed to accomplish the following goals:

- attract and retain top talent;
- motivate superior performance;
- align rewards to the time horizon of the position;
- focus on key performance measures that drive dividend yield and annual growth for Shareholders; and
- be consistent with better practices of good governance.

Total compensation is linked to a combination of the achievement of operational and strategic targets, and total returns compared to other public Canadian and U.S. retailers. The mix of incentive awards is aligned to the planning horizon associated with the executive's role. For the NEOs, 25% to 53% of total compensation is tied to longer term performance through performance share unit grants (time-based and performance-based components) and through stock options.

The executive compensation philosophy is to provide a reasonable level of annual base compensation commensurate with the responsibilities of the executive, with all other compensation elements other than benefits, based on pay-for-performance.

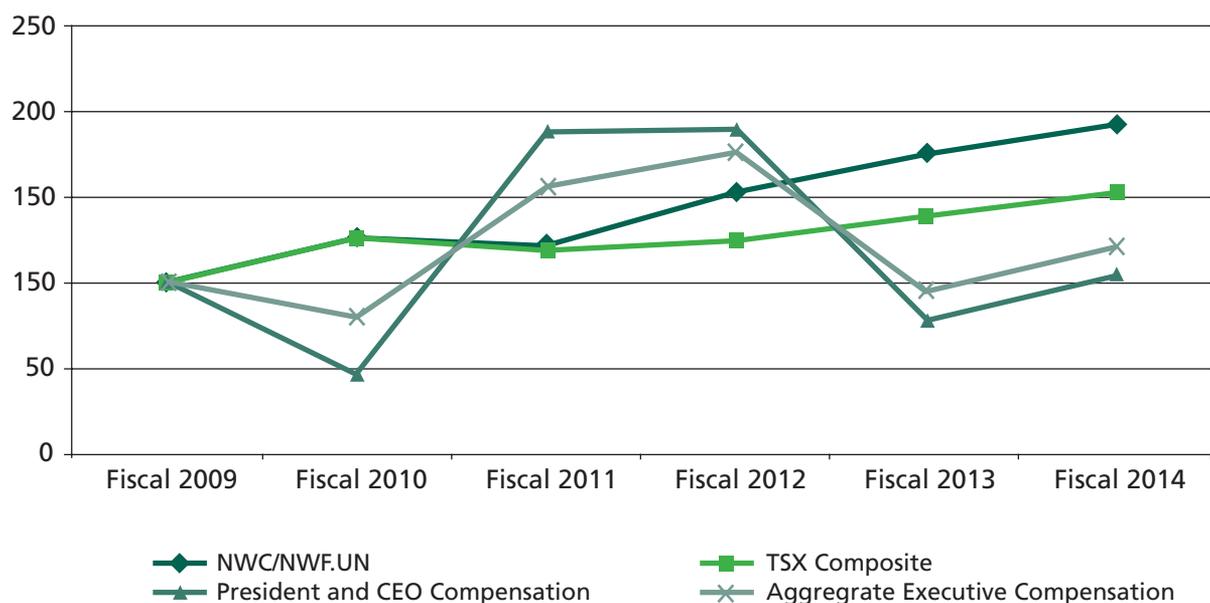
Compensation planning in the context of the short term or annual incentive ("STIP") is integrated with the annual business planning and budgeting process, and 100% of this award is "at risk" if corporate performance is not met for the year. Annual corporate performance, business unit performance and individual performance targets for executives are set based on the overall strategic plan and business priorities for the year. For executives above the Vice President level, if the executive does not meet at least 90% of his or her performance target for the year, the executive does not receive any payment under the STIP. In addition, if the corporate performance achieved is less than 80% of target for the year, the Board retains the discretion to not pay any award, even if business unit and individual performance targets were achieved by the executive for that year. See ELEMENTS OF 2014 COMPENSATION — 2014 Short Term Incentive Plan ("STIP") for more details on the short term incentive plan.

Performance in the context of the long-term incentive is based on value creation for its Shareholders and is designed to encourage executives to remain with North West over the long term. A significant portion of the long-term incentive is also "at risk". 1/3 of the payment of performance share units at the end of each 3-year vesting cycle is based on the 3-year actual average STIP performance and 1/3 of the payment is based on the relative total shareholder return to a defined peer group for the 3 year period. The remaining 1/3 of the payment is time-based. North West's share option plan is specifically designed to reinforce North West's performance goal of delivering superior total shareholder returns, consisting of higher than average sustainable dividends and earnings growth. See ELEMENTS OF 2014 COMPENSATION — Performance Share Units ("PSUs") and Share Option Plan for more details.

SHAREHOLDER RETURN AND EXECUTIVE COMPENSATION

Below is a comparison of the cumulative total return between North West and the TSX Composite Index for the fiscal years ended January 31, 2010 ("Fiscal 2009") to January 31, 2015 ("Fiscal 2014"). This comparison assumes \$100 was invested on January 31, 2010 and all distributions/dividends were reinvested. The table and graph below also shows the trend in total compensation earned by the President and CEO for the fiscal years 2009 to 2014, and the compensation earned by all of North West's NEOs for the same period, and compares this compensation to North West's return to shareholders over this same period, as well as returns under the TSX Composite Index.

Total compensation for the purposes of this comparison include all compensation set out in the Summary Compensation Table for the President and CEO, and for all NEOs that year, other than the termination allowance of \$615,387 paid to the Executive Vice President, Northern Canada Retail in fiscal 2012 ("Total Compensation"). To provide a consistent basis of comparison, the figures for fiscal 2012 include the compensation for only the top five named executive officers. The methodology used by North West has been adopted solely for the purposes of the comparison described below. It is not a recognized or prescribed methodology for this purpose, and may not be comparable to methodologies used by other issuers for this purpose.



	Fiscal 2009	Fiscal 2010 ⁽¹⁾	Fiscal 2011 ⁽²⁾	Fiscal 2012 ⁽³⁾⁽⁵⁾	Fiscal 2013	Fiscal 2014 ⁽⁷⁾	1 year annual return (2013-2014)	5 year compounded annual return
NWF/NWC	100	127	122	153	176	192	9.6%	14.0%
TSX Composite	100	125	118	124	138	153	10.3%	8.8%
President & CEO Compensation	100	46	188	190	78	105		
Aggregate Executive Compensation ⁽⁴⁾⁽⁶⁾	100	80	157	177	95	121		

Notes

- (1) For fiscal 2010, the Total Compensation was impacted by the fact that no STIP was earned by the President and CEO, and only a nominal amount was earned in aggregate for the remaining NEOs.
- (2) For fiscal 2011, the Total Compensation for the President and CEO and all NEOs was impacted by the one-time special grant of 120,000 RSUs to the President and CEO on February 1, 2011, which had a market value at the time of grant of approximately \$2.5 million. This one-time grant was provided in recognition of Mr. Kennedy's 16 year tenure as President and CEO of North West at that time, during which time North West had consistently delivered total returns to Shareholders which significantly exceeded the performance of the TSX Composite Index and various retail groups. In recognition of this, and in order to incent Mr. Kennedy, who was 52 years of age at that time, to continue with the leadership of North West until he reached normal retirement age, North West entered into an employment agreement with Mr. Kennedy, effective February 1, 2011. (See "PART IV — COMPENSATION DISCUSSION AND ANALYSIS — Termination and Change of Control Benefits — Employment Agreements/Offers of Employment").
- (3) For fiscal 2012, the Total Compensation for all NEOs was impacted by the significant increase in Pension Value. The year-end Pension Value is determined by projecting the previous calendar year pensionable earnings to retirement age for each NEO. Pensionable earnings in fiscal 2012 for NEOs were over 50% higher compared to fiscal 2011 due to the nominal STIP paid in fiscal 2010. SEE PART IV — COMPENSATION DISCUSSION AND ANALYSIS — Summary Compensation Table — Note 4 for more details on how the Pension Value is calculated.
- (4) The newly created Executive Vice President and Chief Corporate Officer position was added in March, 2010, and is included in the total compensation numbers for the Fiscal years 2010, 2011, 2012, and 2013.
- (5) Does not include Rex Wilhelm for fiscal 2012, as only 5 NEOs are included for the comparison of the trend in North West's compensation to executive officers to the total return to North West Shareholders.
- (6) Does not include the termination payment made to the Executive Vice President, Northern Canada Retail when his employment ended on January 11, 2013.
- (7) The newly created positions of Executive Vice President and Chief Financial Officer, Executive Vice President and Chief Operating Officer and Executive Vice President and Chief Development Officer were added in April, 2014, and are included in the total compensation numbers for Fiscal Year 2014. The positions of Executive Vice President and Chief Corporate Officer and Chief Financial Officer were eliminated.

As shown in the graph and table above, over the past 5 year period, North West Shares have generally outperformed the TSX Composite Index. Over the same period, North West Shares produced a compound annual return of 14.0% compared to the TSX Composite Index return of 8.8%. In Fiscal 2014, total return to North West's Shareholders was 9.6%, slightly underperforming the TSX Composite Index return of 10.3%.

Compared to Fiscal 2009, the Total Compensation awarded in Fiscal 2014 to (i) the President and CEO increased by 5.0%; and (ii) the NEOs (including the President and CEO) increased 21.0% compared to: (iii) compounded Shareholder annual return of 14.0% over the same five years; (iv) growth in market capitalization of 30.0% (\$1.0 billion in 2009 to \$1.3 billion in 2014); and (v) growth in EBITDA of 9.5% (\$125.8 million in 2009 to \$137.8 million in 2014).

DESIGN OF COMPENSATION PROGRAM AND ROLE OF COMPENSATION CONSULTANTS

North West conducts an in-depth market review every three years to ensure base pay, incentives and total compensation is competitive and aligned with its performance goals. Mercer (Canada) Limited ("**Mercer**") was retained by the Compensation Committee in late 2013 to assist the Committee in its in-depth review and to provide recommendations with respect to the competitiveness and design of North West's executive compensation.

The analysis and advice by Mercer included executive compensation philosophy, market competitiveness of compensation, executive benefit arrangements, pay-for-performance analysis, incentive plan review, performance calibration, and pension review. During its review, Mercer compared North West's executive compensation levels relative to market for each of the following elements: a) base salary; b) annual incentives; c) total cash compensation (the sum of base salary and annual incentives); d) expected value of long term incentives at time of grant; e) total direct compensation (the sum of total cash compensation and the expected value of long-term incentives); f) benefits; g) employee ownership plan; and h) pension value.

The Canadian Retail Organizations group was selected as the core comparator group to benchmark compensation for North West executives, based on industry similarity in addition to being our primary competitors for talent. The North American Retail Companies Group and the US Food Retail and Distribution Companies Group were used as a reference group to provide additional context in setting executive compensation against the core comparator group.

The lists below includes the companies comprising the core comparator peer groups used in benchmarking compensation by the Compensation Committee in late 2013 and early 2014.

Canadian Retail Organizations

This group provides perspective for compensation in the Canadian market, and was the core group used by the Committee to benchmark executive compensation. Although it includes some organizations that are significantly larger than North West, the group captured retailers (specifically food retailers) that otherwise would have fallen outside the size scope but are important as key competitors for talent. This group is skewed with very large and very small companies relative to North West, but provides valuable information about pay practices and design. North West's revenue is positioned at approximately the median relative to this peer group.

Loblaws Companies Ltd.	Alimentation Couche-Tard Inc.	Empire Company
Metro Inc.	Shoppers Drug Mart	Canadian Tire Corp.
Sears Canada Inc.	RONA Inc.	Jean Coutu Group
Dollarama Inc.	Glentel Inc.	Reitmans Canada Ltd.
Indigo Books & Music Inc.	Leons Furniture Ltd.	Richelieu Hardware Ltd.
Le Chateau Inc	BMTC Group	easyhome Ltd.
Danier Leather Inc.	Birks Group Inc.	Coast Wholesale Appliances
Hudsons Bay Company		

Total compensation for each executive is also influenced by such factors as individual performance, relevant experience, tenure, internal equity and retention potential.

The Compensation Committee concluded that the compensation program initially implemented by North West in fiscal 2011 was achieving its objective of aligning the performance drivers of the business with those factors that should enhance total returns to Shareholders. This was intended to be accomplished by the direct relationship between the various drivers of North West's performance and performance based pay, the significant weightings of share-based incentives in the executive compensation mix, and the methodology used to determine PSU awards.

The Compensation Committee concluded as a result of the review, that total remuneration and the compensation design for North West's executives were positioned competitively relative to the comparator groups. As a result, the Board did not make any significant changes to compensation practices in North West's 2013 and 2014 fiscal years.

North West has not engaged Mercer to provide any services other than executive compensation advisory services to the Compensation Committee in 2013 or 2014. The pre-approval of the Compensation Committee is required prior to engaging Mercer to provide any other services to North West. The following presents the aggregate fees billed for executive compensation services by external consultants to the Compensation Committee for its fiscal years ended January 31, 2014 and 2015:

Advisor	Fiscal Year (ended January 31)	Fees (\$ in Thousands)
Mercer	2015	102
Mercer	2014	117

ELEMENTS OF 2014 EXECUTIVE COMPENSATION

The key elements included in determining the total compensation of executives during 2014 were (i) annual base salary; (ii) short term incentive awards; and (iii) long term incentive awards (performance share units and options). Other elements of executive compensation include group benefits, pension benefits and perquisites.

The following table illustrates, as a percentage for each element, each NEOs target total compensation mix for 2014. This mix reflects the proportionate amount of influence and focus each level has on decision making and business results within the respective planning horizon, while reinforcing the pay-for-performance link and alignment with Shareholder interests.

NEO/Position	Base Salary	STIP	Performance Share Units	Options	Total
Edward Kennedy, President and CEO	27%	20%	21.0%	32.0%	100%
John King, Executive Vice President and Chief Financial Officer	42%	25%	16.5%	16.5%	100%
Craig Gilpin, Executive Vice President and Chief Operating Officer	42%	25%	16.5%	16.5%	100%
Dan McConnell, Executive Vice President and Chief Development Officer	42%	25%	16.5%	16.5%	100%
Paulina Hiebert, Vice President Legal and Corporate Secretary	50%	25%	17.5%	7.5%	100%

The following table shows the compensation mix described above as a percentage of base salary:

NEO/Position	STIP target (as a % of base salary)	Performance Share Units (as a % of base salary)	Options (as a % of base salary)
Edward Kennedy, President and CEO	75%	80%	120%
John King, Executive Vice President and Chief Financial Officer	60%	40%	40%
Craig Gilpin, Executive Vice President and Chief Development Officer	60%	40%	40%
Dan McConnell, Executive Vice President and Chief Development Officer	60%	40%	40%
Paulina Hiebert, Vice President Legal and Corporate Secretary	50%	35%	15%

Annual Base Salary

Base salary is used to provide a level of income certainty and for attraction and retention. Annual increases to base salary are generally within the range applied to all employees of North West. Additional increases beyond this percentage may be made to reflect additional responsibilities, or to bring an executive's base salary within the median range of the comparator market compensation data.

Consistent with North West's approach to salary increases described above, the following base salaries were approved by the Board in 2014, which became effective in May, 2014.

NEO	2013 Base Salary (\$)	2014 Base Salary (\$)	Base Salary Increase (%)
Edward Kennedy	734,400	749,100	2.0
John King ⁽¹⁾	293,600	335,000	14.1
Craig Gilpin ⁽²⁾	366,200	420,000	14.7
Dan McConnell ⁽³⁾	206,000	300,000	45.6
Paulina Hiebert	257,500	263,000	2.1

Notes

- (1) Mr. King was promoted from Chief Financial Officer to Executive Vice President and Chief Financial Officer in May, 2014.
- (2) Mr. Gilpin was promoted from Executive Vice President and Chief Corporate Officer to Executive Vice President and Chief Operating Officer in May, 2014.
- (3) Mr. McConnell was promoted from Vice President, Real Estate and Store Development to Executive Vice President and Chief Development Officer in May, 2014.

Short Term Incentive Plan ("STIP")

The STIP consists of an annual cash payment, and is made to recognize achievement against operational and strategic performance initiatives and targets set by the Board on an annual basis. The value of the STIP is based on a percentage of the executive's base salary. The following describes the STIP target awards each NEO is eligible to receive as a percentage of base salary:

NEO	STIP Design (STIP target as a % of base salary)
Edward Kennedy	75%
John King	60%
Craig Gilpin	60%
Dan McConnell	60%
Paulina Hiebert	50%

The following describes the payout curves for STIP performance related to target STIP earnings for the NEOs of North West:

NEO	90% of Target STIP Performance (Threshold)	Target STIP Performance	110% of Target STIP Performance (Maximum)
Edward Kennedy ⁽¹⁾	0%	100%	200%
John King ⁽¹⁾	0%	100%	200%
Craig Gilpin ⁽¹⁾	0%	100%	200%
Dan McConnell ⁽¹⁾	0%	100%	200%
Paulina Hiebert ⁽²⁾	35%	100%	150%

Notes

- (1) Linear curve between threshold and target performance and target and maximum performance, starting at 0% when STIP performance achieves 90% of target.
- (2) Linear curve between threshold and target performance and target and maximum performance, starting at 35% when STIP performance achieves 90% of target.

The maximum STIP weightings for each executive for 2014 are broken down between the following measures:

NEO	Corporate Performance ⁽¹⁾⁽⁴⁾	Business Unit/Individual Performance ⁽²⁾⁽³⁾
Edward Kennedy	80%	20%
John King	70%	30%
Craig Gilpin	70%	30%
Dan McConnell	80%	20%
Paulina Hiebert	80%	20%

Notes

- (1) Corporate Performance: EBIT adjusted for cost of capital and other normalizing factors.
- (2) Business Unit Performance: Common performance measures, including earnings and individual performance initiatives shared by leadership of the business unit.
- (3) Individual Component: Objectives unique to function, but aligned with corporate or business unit objectives.
- (4) If the maximum STIP weightings for Business Unit Performance or Individual Performance are not applied to any NEO in any given year, the unallocated balance must be applied to Corporate Performance.

The earned STIP award may be reduced by 5% or 10% if leadership behaviours and North West's core principles are not demonstrated by the executive.

Refer to the "2014 PERFORMANCE AND COMPENSATION — 2014 STIP AWARDS" for actual STIP awards earned by each NEO for 2014 performance.

Long Term Incentive Plans ("LTIP")

The LTIP is designed to motivate and reward officers to deliver total returns (share price growth and strong dividends), and to recognize both consistent achievement against operational and strategic targets and North West's total returns compared to other public Canadian and U.S. retailers.

The following describes the LTIP awards each NEO is entitled to receive, expressed as a percentage of base salary:

NEO/Position	LTIP (as a % of base salary)
Edward Kennedy	200%
John King, Executive Vice President and Chief Financial Officer	80%
Craig Gilpin, Executive Vice President and Chief Operating Officer	80%
Dan McConnell, Executive Vice President and Chief Development Officer	80%
Paulina Hiebert, Vice President Legal and Corporate Secretary	50%

Performance Share Units (PSUs)

The payment of PSUs at the end of each 3 year vesting cycle is based on three criteria for the President and CEO, and all Executive Vice Presidents and Vice Presidents as follows:

1. Retention: 1/3 of each PSU grant is time based. All awards fully vest at the end of the third year of the performance cycle;
2. Operating: 1/3 of each PSU grant is based on a 3 year actual average STIP performance relative to target STIP for each employee; and
3. Relative: 1/3 of each PSU grant is based on relative total shareholder return ("TSR") to a defined peer group for the 3 year period.

For all positions below the Vice President level, 1/3 of each PSU grant is time based, and 2/3 of each PSU grant is based on a 3 year actual average STIP performance relative to target STIP. For the portion of all PSUs linked to operating performance:

- The average overall STIP performance factor by individual is determined for each 3 year period;
- There is no award if 3 year actual average STIP performance is less than 85% of target;
- All PSUs will fully vest if 3 year actual average STIP performance is 95% of target; and
- The maximum award pays 200% for the President and Chief Executive Officer, Executive Vice Presidents, and all Vice Presidents if 3 year actual average STIP performance achieves top quartile performance.

The actual PSU operating portion of the award is interpolated as follows for each NEO and other executives:

0% of Target PSU at Threshold ⁽¹⁾	100% of Target PSU at Target Performance ⁽¹⁾	200% of Target PSU at Maximum Performance ⁽¹⁾
85% of 3 year STIP Performance	95% of 3 year STIP Performance	105% of 3 year STIP Performance

Note

(1) PSU payout is interpolated between threshold and target performance, and between target and maximum performance.

The following TSR comparator group is used to determine the relative portion of each PSU grant (collectively, the “**TSR Comparator Group**”). These entities within the TSR Comparator Group either have a growth and yield, total return, or performance objective similar to North West, or are representative of the retail sectors within which North West competes.

Empire Co Ltd.	Liquor Stores N.A. Ltd.	A&W Revenue Royalties
Pizza Pizza Revenue Royalty	Shoppers Drug Mart	Reitmans (Canada)
Dollarama Inc.	Safeway Inc.	Leons Furniture Ltd.
Loblaws Companies Ltd.	Metro Inc.	Wal-mart Stores Inc.
Canadian Tire Corporation		

The Compensation Committee retains the discretion to add entities to the TSR Comparator Group to replace any entities that are delisted as a publicly traded issuer, or are for other reasons no longer an appropriate entity to be included in the TSR Comparator Group. The Board is currently reviewing the TSR Comparator Group to be used for future PSU grants.

The actual PSU relative portion of the award is interpolated as follows for all NEOs and other senior executives:

0% of Target PSU at Threshold	100% of Target PSU at Target Performance	200% of Target PSU at Maximum Performance
25th percentile of TSR Group based on 3-year annualized TSR ⁽¹⁾	50th percentile of TSR Group based on 3-year annualized TSR ⁽¹⁾	75th percentile of TSR Group based on 3-year annualized TSR ⁽¹⁾

Note

(1) Payout starts after North West’s historical 3-year performance reaches the 25th percentile of the TSR Group, and increases on a linear basis to a maximum of 200% when North West’s historical 3-year performance reaches the 75th percentile of the TSR Group.

The vesting period for PSUs is three years, and dividend equivalents are paid for the three year period at the time the PSU’s vest.

Refer to the “2014 PERFORMANCE AND COMPENSATION — Summary Compensation Table/STIP AND LTIP AWARDS” for information on actual PSU awards granted to each NEO in 2014 and for amounts paid out under existing PSU grants in 2014.

Share Option Plan

North West currently has two share option plan designs in place. The Original Option Plan was implemented in 2009, and options were granted in 2009 and 2010 under this plan. Options granted under the Original Option Plan to North West executives are time vested awards that vest one-third per year at the end of years three, four and five, with expiry of options at the end of year ten. The purpose of this plan was to promote long-term shareholder value creation by fostering greater alignment of interests between the executives and Shareholders of North West.

In June, 2011 the Shareholders approved an Amended and Restated Option Plan to include a partially declining strike price option for Canadian executives with a seven year term. This feature was added to recognize that a significant portion of North West's long-term total return to Shareholders will continue to depend on its dividend performance and that this element should accordingly be part of the long-term incentive award to North West executives. Apart from this feature, the purpose of this Amended and Restated Option Plan is similar to that of the Original Option Plan, namely:

- fostering greater alignment of interests between participating executives of North West and Shareholders, by providing a long-term incentive vehicle that allows them to accumulate a meaningful financial interest in North West, commensurate with the responsibility, time horizon of the role, commitment and risk associated with their role; and
- assisting North West in attracting, retaining, and motivating qualified individuals with the experience and ability to deliver strong results and support their business strategy.

Under this plan, a plan participant who is not subject to income taxes in the United States is entitled to elect at the time of exercise of the option, either: a) an option with an exercise price set on the grant date (the "**Standard Option**"); or b) an option to acquire the same number of Shares that may be acquired pursuant, and on the identical terms and conditions, to the corresponding Standard Option, except the exercise price for this option will be calculated by deducting from the exercise price applicable to the corresponding Standard Option, the portion of the dividends paid that exceed the hurdle rate set by the Board on an annual basis at the time of the grant (the "**Partially Declining Exercise Price Option**"). Under the current *Income Tax Act* (Canada), the plan participant will pay tax on one-half of the "in the money amount" at the time of exercise if he or she elects the Standard Option, and will pay tax on the full "in the money amount" at the time of exercise if he or she elects the Partially Declining Exercise Price Option. Employees that are subject to income taxes in the United States are only entitled to receive Standard Options.

The exercise price for all options granted under the Partially Declining Exercise Price Option is calculated by deducting from the exercise price applicable to the Standard Option, the portion of all quarterly dividends paid, on a per Share basis, that exceed a dividend yield of 2% for North West. The Board has determined that it will use the same calculation for those options granted in 2015.

Refer to the "2014 PERFORMANCE AND COMPENSATION — Summary Compensation Table/Outstanding Equity Based Awards" for information on actual LTIP awards granted to each NEO in 2014.

Other Elements of 2014 Compensation

Benefits

Executives are eligible to receive benefits which include medical and dental insurance, life insurance, accidental death insurance, short term disability insurance and employee paid long term disability insurance. In addition, Canadian executives are eligible for an annual executive wellness assessment designed for health awareness and preventive care. In lieu of executive perquisites such as company cars, memberships, financial counselling and tax preparation, senior executives of North West, with the exclusion of those employed with the International division, receive a benefit payable in cash equal to 10% of base salary.

Pension Plan

All current executives in Canada participate in a non-contributory Defined Benefit Pension Plan, where the normal retirement age is set at age 65. The annual benefit payable upon retirement is based on a range of 1.4% to 1.7% per year of service as an executive, of the final average earnings (base salary and STIP) prior to retirement (based on highest 3 consecutive years of annual earnings in the 10 year period preceding retirement). Upon death, reduced payments continue to the spouse, if applicable. Executives may elect to contribute to the plan to provide for ancillary benefits. For retirement prior to 65 years of age, the total benefit payable is reduced by 3% per year. The Board has the discretion not to reduce the benefit payable per year of service as set out above for early retirement at age 60, if the member has 10 years of service as an executive of North West at the time of retirement.

Executives may elect to accumulate their benefits through an alternative defined contribution arrangement. The benefits under this option are based on the balance accumulated in their defined contribution account. Currently, there are no active participants in this program.

Executives in the North West's International division have the option to participate in the North West's International 401(k) Plan, a defined contribution plan qualified under sections 401(a) and 401(k) of the Internal Revenue Code. Eligible employees may elect to

contribute a portion of their salary to the plan, and the North West provides 50% matching contributions on the employee's contributions up to 6% of base salary.

See the "2014 PERFORMANCE AND COMPENSATION — Summary Compensation Table/Present Value of Accumulated Pension Benefits" for additional information regarding the value of these pension benefits.

Employee Share Ownership Plan

Executives are entitled to participate in North West's Employee Share Ownership Plan ("**EOP Plan**"). Under the EOP Plan, North West contributes \$1 for every \$3 contributed by the employee for the purchase of North West Shares, subject to a maximum contribution by North West equal to 2% of the employee's base salary. North West pays all normal administrative costs, including broker's commissions on Share purchases.

Executive Deferred Share Unit Plan

In December, 2014 the Board approved an Executive Deferred Share Unit Plan (the "**Executive DSU Plan**"), under which all executives are eligible to convert their annual STIP award into deferred Share units. The Executive DSU Plan is designed to directly align executive's interests with the interests of Shareholders by encouraging financial commitment to North West through deferred Share units.

Elections to participate in the Executive DSU Plan must be made by an executive prior to December 31 of the calendar year immediately prior to the performance year to which the annual STIP award relates. For example, an election by an executive officer to defer a portion of their approved STIP award for the 2016 fiscal year of North West, must be made prior to December 31, 2015. Such elections, once made, are irrevocable. An account (a "**DSU Account**"), is maintained by North West for each executive participating in the Executive DSU Plan, and will be credited with the executive's award of deferred Share units from time to time as well as the date and price at which deferred Share units were granted. Except with the prior approval of the Board, the maximum number of deferred Share units which are permitted to be credited to an executive's DSU Account (prior to any adjustments for dividends), shall not exceed:

- a) For an executive, whose minimum Share ownership requirements are one times his or her base salary, fifty percent (50%) of the executive's base salary in value based on the fair market value of the Shares underlying the deferred share units at the original award date; and
- b) For an executive, whose minimum Share ownership requirements are two or more times his or her base salary, one hundred percent (100%) of the executive's base salary in value based on the fair market value of the Shares underlying the deferred share units at the original award date.

Participants are credited with deferred Share units at the time the annual STIP award is paid. The number of deferred Share units underlying an award is calculated on the date of grant by dividing the portion of the STIP award that is payable to the participant in deferred share units by the fair market value of the Shares on the date that the award is granted. Fair market value is determined by calculating the weighted average trading price of the Shares on the TSX for the five trading days on which the Shares traded immediately preceding such date.

Deferred Share units credited to an executive vest immediately and are payable in cash only following the cessation of employment with North West. Deferred Share units attract additional deferred Share units equivalent to dividends declared by the Board to be payable on Shares. The deferred share unit holdings of North West executive officers are included in their respective equity ownership levels for purposes of Share ownership requirements discussed in this Circular.

Deferred share units will be granted commencing in 2016. See PART IV — COMPENSATION DISCUSSION AND ANALYSIS — SHARE OWNERSHIP GUIDELINES for more details.

RISK MANAGEMENT

Through the combination of short and long term incentives, North West's executive compensation program provides for a significant portion of each executive's compensation to be "at risk". Consequently, it is important that these incentives do not result in North West's executives taking actions that may conflict with North West's short and long term interests. North West believes that its compensation policies and practices achieve an appropriate balance in relation to overall business strategy and do not encourage an executive to expose North West to inappropriate or excessive risks.

As required by its mandate, the Compensation Committee regularly reviews and ensures its executive compensation plan through its design, structure and application, has a clear link between pay and performance and does not encourage excessive risk taking. Key areas of risk management include the following measures:

- the compensation program is designed to compensate all executives based on the same or substantially equivalent performance goals and is consistent with North West's compensation philosophy;
- the balance between short term performance incentives is coupled with equity based awards that vest over time;
- the short term and long term incentive plans with performance goals contain minimum and maximum thresholds. Actual results are measured against pre-approved metrics that are defined at the beginning of the fiscal year, and are substantially linked to North West's financial performance;
- North West's Share ownership guidelines encourage executives to own, directly or indirectly, Shares valued at a pre-defined percentage of their base salary; and
- the feature of the declining strike price options reward executives for both equity growth and maintaining sustainable dividends.

EXECUTIVE COMPENSATION CLAWBACK POLICY

The Board adopted an executive compensation clawback policy concerning awards made after March 14, 2013 under North West's STIP and LTIP plans. The clawback provision is triggered at the discretion of the Board upon any misstatement in, or restatement of, North West's financial statements, or upon any act of fraud, gross negligence or intentional misconduct by an executive or former executive where the incentive compensation received would have been lower had the financial results been correctly reported.

INSIDER TRADING POLICY AND SPECULATIVE TRADING

While North West encourages all employees to become Shareholders, it also recognizes the need to assist its employees in meeting their obligations under securities laws. For that reason, North West maintains a comprehensive Insider Trading Policy. Employees are not permitted to purchase or sell North West Shares for short term speculative purposes, and are prohibited from engaging in short selling of or trading in options in securities of North West.

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2014 PERFORMANCE AND COMPENSATION

Summary Compensation Table

The following table summarizes the base salary, incentive-based awards, and other compensation awarded to the NEOs for the fiscal year ended January 31, 2015.

Name/Principal Position	Year	Salary (\$)	Share Based Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation		Pension Value (\$) ⁽⁴⁾	All Other Compensation (\$) ⁽⁵⁾	Total Annual Compensation (\$)
					Annual Incentive Plans (\$) ⁽³⁾	Long Term Incentive Plans (\$)			
Edward Kennedy ⁽⁶⁾ President and CEO	2014	745,708	599,280	898,920	322,105	–	194,500	81,814	2,842,327
	2013	729,461	587,520	881,280	384,459	–	–556,200	77,925	2,104,446
	2012	734,823	570,400	855,600	840,422	–	2,072,600	77,919	5,151,764
John King Executive Vice President and CFO	2014	325,446	134,000	134,000	146,222	–	209,800	41,995	991,463
	2013	291,615	117,440	117,440	147,346	–	47,000	36,948	757,790
	2012	289,231	114,000	114,000	269,567	–	413,100	37,482	1,237,380
Craig Gilpin Executive Vice President and COO	2014	407,585	168,000	168,000	147,778	–	215,100	51,515	1,157,978
	2013	363,731	146,480	146,480	170,964	–	89,700	44,008	961,362
	2012	366,373	142,200	142,200	316,839	–	267,200	40,527	1,275,339
Dan McConnell Executive Vice President and CDO	2014	278,308	120,000	120,000	100,570	–	150,300	31,789	800,967
	2013	204,615	72,100	30,900	86,556	–	–26,000	5,239	373,410
	2012	202,308	70,000	30,000	138,960	–	120,100	6,200	567,568
Paulina Hiebert Vice President Legal/Corporate Secretary	2014	261,731	92,050	39,450	92,168	–	87,300	27,809	600,508
	2013	255,769	90,125	38,625	100,865	–	77,600	32,153	595,136
	2012	255,577	87,500	37,500	168,877	–	137,400	31,674	718,528

Notes

- (1) Represents the dollar amount based on the fair value on the grant date of the award for the fiscal year under North West's PSU plan multiplied by the number of Shares granted. The fair market value at the grant date was calculated by using the volume weighted average closing market price for the five days prior to February 1 of the grant year. The total PSUs granted in 2012, 2013 and 2014 to each NEO are summarized below. The PSUs granted in 2012 vested on January 31, 2015 and will be paid out in April, 2015.

NEO	2012 PSU Grant	2013 PSU Grant	2014 PSU Grant
Edward Kennedy	29,147	25,478	23,709
John King	5,826	5,093	5,301
Craig Gilpin	7,267	6,352	6,646
Dan McConnell	3,576	3,126	4,747
Paulina Hiebert	4,472	3,908	3,642

- (2) Represents the dollar amount based on the fair value of options on the grant date. Fair value was calculated by Mercer using the Black-Scholes methodology to produce a Monte-Carlo simulation model. North West has chosen to use the Black-Scholes model as the methodology for calculating the fair value of the options granted as this methodology is commonly used by issuers. The Black-Scholes factor was multiplied by the number of options granted and the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the grant date to calculate fair value. See "Outstanding Equity Based Awards" for details.
- (3) Represents the dollar value of all amounts earned for services performed during the fiscal year that are related to awards under non-equity incentive plans and all earnings on any such outstanding awards. See "Annual STIP Awards" for details.
- (4) See table called "Present Value of Accumulated Pension Benefits" for details.
- (5) See table called "All Other Compensation" for details.
- (6) Mr. Kennedy does not receive compensation in his capacity as a Director.

STIP and LTIP Awards

The table below shows the STIP and LTIP awards by each NEO that were vested, earned, or exercised during the fiscal year ended January 31, 2015.

Name	Option-Based Awards/ Value Vested During the Year (\$) ⁽¹⁾	Option-Based Awards/ Value Exercised During the Year (\$) ⁽²⁾	Share-Based Awards/ Value Vested During the Year (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation/ Value Earned During the Year (\$) ⁽⁴⁾
Edward Kennedy	2,600,841	1,047,946	806,630	322,105
John King	206,958	104,684	167,007	146,222
Craig Gilpin	188,165	159,230	201,724	147,778
Dan McConnell	139,661	55,679	102,753	100,570
Paulina Hiebert	64,102	42,939	124,773	92,168

Notes

- (1) The value of the option-based awards which vesting during the fiscal year ended January 31, 2015 is calculated as follows:
- (a) 2009 grant — \$11.31 per option based on the difference between the fair value of the option as at January 31, 2015 of \$26.56 and the exercise price of \$15.25.
 - (b) 2010 grant — \$7.45 per option based on the difference between the fair value of the option as at January 31, 2015 of \$26.56 and the exercise price of \$19.11.
 - (c) 2011 grant — \$8.17 per option based on the difference between the fair value of the option as at January 31, 2015 of \$26.56 and the revised strike price of \$18.39.
- Fair value was determined as the closing price of the Shares on the TSX on January 30, 2015.
- (2) Represents the pre-tax amount received by each NEO from options exercised during the fiscal year ended January 31, 2015.
- (3) The value of the Share based awards that vested during the year was calculated by the number of PSUs that vested by \$26.09, which is the fair market value of North West Shares at January 31, 2015. Fair market value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the vesting date of February 1, 2015. The value also includes the equivalent of dividends earned up to January 31, 2015 on vested PSUs. Please refer to "See "2014 PERFORMANCE AND COMPENSATION — PSUs Vested in 2014" for information on the methodology for calculating the number of the PSU awards that vested during the year.
- (4) Please refer to "2014 PERFORMANCE AND COMPENSATION — 2014 STIP Awards" for information on the calculation of the STIP awards.

2014 STIP Awards

The following summarizes North West's performance against the STIP targets set for each of the the NEOs for the 2014 fiscal year. Of the fourteen business unit/individual STIP measures used in 2014, seven of the measures exceeded target performance, six measures did not meet target performance, and one measure met target performance. The weighing of each initiative varies by each NEO. See "2014 PERFORMANCE AND COMPENSATION — 2014 STIP Awards" for information on the calculation of the STIP awards.

North West will not provide further details about these measures as it believes the disclosure of this information could seriously prejudice its interests as it constitutes strategic confidential information. These STIP targets and objectives are aligned with North West's main priorities, and constitute targets and ongoing projects which are highly strategic, and which disclosure could jeopardize their completion. Please refer to the "Strategies" section on page 6 of North West's 2014 Annual Report for more details on these initiatives, which can be found at www.northwest.ca or at www.sedar.com.

2014 STIP Performance Measure	Performance Against Target	Edward Kennedy	John King	Craig Gilpin	Dan McConnell	Paulina Hiebert
Consolidated STIP Earnings: 2014 Consolidated EBIT Target (adjusted for normalizing factors and cost of capital) <ul style="list-style-type: none"> • Target STIP Earnings: \$123,132 • Actual STIP Earnings: \$115,838 	Partially Met Target at 94.1%	•	•	•	•	•
FOR THE PERIOD FEBRUARY 1, 2014 – JULY 31, 2014⁽¹⁾						
Business Unit Measures						
Store Capability This measure is a composite of specific recruiting, training and retention targets for key store role positions.		•	•	•		•
Management System This measure is an assessment of North West's management practice goals, which in the first half of the year focused on setting clearer lateral accountabilities (between departments) and ensuring the communication and understanding of core management practices to achieve desired results.		•	•	•	•	•
Major Market Performance This is a financial measure of select, high improvement potential stores against target.		•	•	•	•	•
Supply Chain This is a measure of the financial payback from North West's transportation management system ("TMS") investment compared to performance targets.		•	•	•		•
Product Profitability This is a measure of the financial performance versus plan of high improvement potential merchandise categories that typically attract higher activity costs or which require more complex execution.		•	•	•		•
Community Relations This is a measure of the completion rate of targeted community presentations and other community activities aimed at sustaining mutually valued, long-term store relationships with all communities North West serves.		•	•	•	•	•
Individual Measures						
Refinancing of North West's Senior Notes This was a measure of the cost and terms related to the refinancing of North West's Senior Notes.			•			
PERFORMANCE AGAINST TARGET ON COMBINED BUSINESS UNIT/ INDIVIDUAL ("IP") TARGETS (FEBRUARY 1, 2014 – JULY 31, 2014)		102%	102%	100%	104%	101%

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FOR THE PERIOD AUGUST 1, 2014 – JANUARY 31, 2015⁽¹⁾

Business Unit Measure	Edward Kennedy	John King	Craig Gilpin	Dan McConnell	Paulina Hiebert
Store Capability This measure continued from the first half of the year.	●	●	●		●
Top 40 Markets This measure applies to the quality, quantity, timing and cost of Top 40 market plans related to its highest potential markets. As store projects are completed, the measure will focus on actual cost and operating performance versus target.	●	●	●	●	●
Major Market Performance This measure continued from the first half of the year.	●	●	●	●	●
Supply Chain This measure continued on from the first half of the year.	●	●	●		●
Top Categories This measure assesses the quality, quantity, time and cost versus target of Top Category plans as well as the financial performance of North West's general merchandise reduction initiative versus target.	●	●	●		●
Customer Driven and Store Centric This measure assesses the quality of internal support service provided to stores using targeted service levels as well as the completion and effective use of a new service technology platform called "Store Connect".	●	●	●	●	●
Community Relations This measure continued on from the first half of the year.	●	●	●	●	●
PERFORMANCE AGAINST TARGET ON COMBINED BUSINESS UNIT/ INDIVIDUAL ("IP") TARGETS (AUGUST 31, 2014 – JANUARY 31, 2015)	100%	100%	100%	102%	99%

Note

(1) A "bullet" indicates the inclusion of the NEO in the specific Business Unit Measure or Individual Measure and is not an indication of performance versus target for the specific measure.

The following sets out the individual STIP awards in fiscal 2014 for each NEO. No discretionary adjustment was used in determining individual NEO awards.

NEO	2014 STIP Performance Measure	% Weight of Measure	% of Base Salary Target	% of Base Salary Paid	Earned STIP \$
Edward Kennedy	Consolidated STIP Earnings	80%	60%		194,250
	Combined IP Targets	20%	15%	43.0%	127,855
	TOTAL	100%	75%		322,105
John King	Consolidated STIP Earnings	70%	42%		60,808
	Combined IP Targets	30%	18%	45.0%	85,414
	TOTAL	100%	60%		146,222
Craig Gilpin	Consolidated STIP Earnings	70%	42%		73,937
	Combined IP Targets	30%	18%	36.3%	73,841
	TOTAL	100%	60%		147,778
Dan McConnell	Consolidated STIP Earnings	80%	48%		59,820
	Combined IP Targets	20%	12%	36.2%	40,749
	TOTAL	100%	60%		100,569
Paulina Hiebert	Consolidated STIP Earnings	80%	40%		66,373
	Combined IP Targets	20%	10%	35.0%	25,795
	TOTAL	100%	50%		92,168

PSUs Vested in 2014

The following sets out the calculation of the individual PSUs earned or vested during the fiscal year ended January 31, 2015 for each NEO. These PSUs vested on January 31, 2015, and will be paid out in April, 2015. No discretionary adjustment was used by the Board in determining individual PSU payments.

NEO	Retention ⁽¹⁾	Operating ⁽¹⁾		Relative ⁽¹⁾		Amount of PSU Paid (\$) ⁽³⁾
	Vesting %	Average of 2012-2014 STIP Performance	Vesting %	TSR ⁽²⁾ Performance	Vesting %	
Edward Kennedy	100	99%	144.8	P33	32.0	806,630
John King	100	100%	154.7	P33	32.0	167,007
Craig Gilpin	100	99%	145.6	P33	32.0	201,724
Dan McConnell	100	100%	155.3	P33	32.0	102,753
Paulina Hiebert	100	99%	147.0	P33	32.0	124,773

Notes

- (1) See "ELEMENTS OF 2014 COMPENSATION — Performance Share Units" for further details on the methodology used to calculate the number of PSUs that vested.
- (2) TSR relative performance is calculated by Mercer, and represents the data point that is higher than 33% of all other data in the sample when ranked from low to high. North West's TSR performance was impacted by various significant transactions (acquisitions, divestitures, spin-offs, other financial engineering transactions) that occurred within the TSR Comparator Group in 2013 — Shoppers Drug Mart (acquired by Loblaw's), Safeway (Canada Safeway acquired by Empire Company), and Canadian Tire (created CT Real Estate Trust). Shoppers Drug Mart was delisted in March, 2014 after it was acquired by Loblaw's Companies Ltd. The TSR performance factor for Shoppers was prorated in the 2012-2015 TSR performance cycle to the time it was listed on the TSX.
- (3) The value of the PSU awards was calculated by multiplying the number of PSUs that vested by \$26.09, which is the fair market value of North West Shares. Fair market value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the vesting date. The value also includes the equivalent of dividends earned up to January 31, 2015 on vested PSUs.

All Other Compensation

The following table shows the breakdown of "All Other Compensation" in the Summary Compensation Table for 2012 to 2014. These amounts reflect the aggregate incremental costs to North West.

NEO	Year	Flexible Benefits (\$)	Interest Subsidy on Loan (\$)	Employee Ownership (\$)	Other (\$)	Total All Other Compensation (\$)
Edward Kennedy	2014	74,571	1,075	173	5,995	81,814
	2013	72,947	1,345	173	3,460	77,925
	2012	73,482	1,169	180	3,088	77,919
John King	2014	32,545	—	6,373	3,077	41,995
	2013	29,162	—	5,719	2,067	36,948
	2012	28,923	—	5,939	2,620	37,482
Craig Gilpin	2014	40,759	—	8,151	2,605	51,515
	2013	36,373	—	5,337	2,298	44,008
	2012	36,637	—	890	2,990	40,527
Dan McConnell	2014	23,077	—	5,566	3,146	31,789
	2013	—	—	4,092	1,147	5,239
	2012	—	—	4,045	2,155	6,200
Paulina Hiebert	2014	26,173	—	—	1,636	27,809
	2013	25,576	—	5,150	1,426	32,153
	2012	25,568	—	5,000	1,106	31,674

PRESENT VALUE OF ACCUMULATED PENSION BENEFITS

The following is a summary of the North West's present value of accumulated pension benefits for each of its NEOs. Please refer to "Other Elements of 2014 Compensation" for information regarding the terms and conditions of payments and benefits under the plan, including the formula for determining benefits.

Name	# of Years of credited service	Annual benefits payable at year end (\$)	Annual benefits payable at age 65 (\$)	Accrued obligation at start of year (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Accrued Obligation at year end (\$) ⁽¹⁾
Edward Kennedy	20.17	462,800	682,600	5,822,600	194,500	1,458,400	7,475,500
John King	8.58	73,700	215,100	830,400	209,800	329,600	1,369,800
Craig Gilpin	4.83	51,500	206,700	527,100	215,100	213,400	955,600
Dan McConnell	6.33	25,300	170,600	233,900	150,300	189,600	573,800
Paulina Hiebert	5.17	34,300	108,300	383,200	87,300	120,200	590,700

Note

- (1) Pensionable earnings are determined on a calendar-year basis, and include base salary and STIP. The estimated future benefits payable under the defined benefit pension plan are calculated by North West's independent actuaries based on the same valuation method and significant assumptions used in determining the present value of the defined benefit obligations as disclosed in Note 12 to North West's audited Consolidated Financial Statements for the year-ended January 31, 2015. The underlying assumption used by the actuary is a 4% annual increase in pensionable earnings. Pensionable earnings in excess of 4% are allocated into the compensatory amount which comprises the Pension Value as shown in this table (the reverse also applies in the event pensionable earnings grow less than 4%, which results in a negative amount for the year). The year-end Pension Value is determined by projecting the previous calendar year pensionable earnings to retirement age for each NEO. The actuary determines the highest 3 calendar years of pensionable earnings to determine the accrued pension and obligation. In most situations this is the last or final three years.

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OUTSTANDING EQUITY BASED AWARDS

The following are the total unexercised Share-based awards and option-based awards granted to North West's NEOs as of January 31, 2015.

Name	Share-based Awards			Option-based Awards			
	# of Shares that have not vested (rounded to nearest Share) ⁽¹⁾	Market or payout value of Share-based awards that have not vested (\$) ⁽²⁾	Market or payout value of vested Share-based awards not paid out or distributed ⁽³⁾	# of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽⁴⁾
Edward Kennedy	49,187	459,356	806,630	106,700	19.11	April 16, 2020	4,772,706
				176,515	20.62	July 21, 2018	
				182,484	21.86	April 12, 2019	
				197,468	23.21	April 11, 2020	
				202,805	24.79	April 14, 2021	
John King	10,394	96,946	167,007	6,300	19.11	April 16, 2020	515,307
				5,000	19.74	June 28, 2020	
				22,101	20.62	July 21, 2018	
				24,315	21.86	April 12, 2019	
				26,315	23.21	April 11, 2020	
Craig Gilpin	12,998	121,231	201,724	30,232	24.79	April 14, 2021	644,906
				7,266	19.11	April 16, 2020	
				19,557	20.62	July 21, 2018	
				30,329	21.86	April 12, 2019	
				32,822	23.21	April 11, 2020	
Dan McConnell	7,873	73,128	102,753	37,903	24.79	April 14, 2021	181,202
				2,100	19.11	April 16, 2020	
				3,825	20.62	July 21, 2018	
				6,399	21.86	April 12, 2019	
				6,924	23.21	April 11, 2020	
Paulina Hiebert	7,550	70,508	124,753	27,074	24.79	April 14, 2021	194,230
				2,934	19.11	April 16, 2020	
				4,994	20.62	July 21, 2018	
				7,999	21.86	April 12, 2019	
				8,655	23.21	April 11, 2020	
8,901	24.79	April 14, 2021					

Notes

- (1) Includes the number of unvested PSUs outstanding as at January 31, 2015.
- (2) The market value of the unvested Share-based awards is calculated by multiplying the portion of the outstanding PSUs which are time based (1/3 of the PSU grants for 2013 and 2014) granted to the NEO by the fair market value of the Shares as at February 1, 2015 (\$26.09). Fair market value is calculated based on the volume-weighted average closing price of the Shares on the TSX for the five trading days immediately preceding February 1, 2015. The 2/3 portion of the outstanding PSU grants for 2013 and 2014 which are subject to performance conditions are valued at the minimum possible payout of zero on this table. The final amounts in the table include dividends earned up to January 31, 2015 on granted PSUs. No assumption is made for future dividends.
- (3) Includes the PSUs granted in 2012 that vested on January 31, 2015 and which will be paid out in April, 2015..
- (4) The market value of all unexercised in-the-money original options granted in 2009 and 2010, are calculated based on the difference between \$26.56, the closing price of a common Share on January 31, 2015, and the option exercise price. The market value of unexercised in-the-money declining strike price options for Canadian NEOs granted in 2011, 2012, 2013 and 2014 are calculated based on the difference between the \$26.56, the closing price of a common Share on January 31, 2015, and the revised strike price of \$18.39 for 2011, the revised strike price of \$20.07 for 2012, the revised strike price of \$22.05 for 2013, and the revised strike price of \$24.29 for 2014. A rolling 365 day volume weighted average yield calculation was used for the calculation of the revised strike price. The portion of all quarterly dividends paid since the 2011, 2012, 2013 and 2014 grants, on a per Share basis, that exceed a dividend yield of 2% for North West, is also deducted from the strike price.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Mr. Edward Kennedy has a formal employment agreement in place which provides for termination and change of control benefits. Mr. Craig Gilpin's and Ms. Paulina Hiebert's offer of employment also include provisions relating to termination and change of control benefits. In addition, the provisions contained in the plan documents for the PSU plan and in the Original Option Plan and Amended and Restated Option Plan for termination and change of control apply to all NEOs.

The following table summarizes the payments that would be received by each NEO pursuant to contractual provisions where the executive ceases to be employed by North West. The amounts calculated are based on compensation as at January 31, 2015.

The actual amount that each NEO could receive in the future as a result of termination of employment or change of control could differ materially from the amounts set forth as a result of a variety of factors, such as changes in Share price or base salary, timing of the termination or change of control, and the vesting and granting of additional Share awards. The following table also does not include any potential common law entitlements arising in the event of termination or change of control, or any amounts that may be agreed upon at the time of termination, or amounts paid at the discretion of the Board.

	For Cause (\$)	Without Cause (\$)	Change of control (\$)	Retirement (\$) ⁽²⁾	Death or Disability (\$)	Resignation (\$)
Edward Kennedy⁽¹⁾						
Base/Bonus/Perquisite	–	3,314,982	3,314,982	–	–	–
PSUs ⁽³⁾	–	2,089,830	2,089,830	2,089,830	2,089,830	–
Options ⁽⁴⁾	–	4,772,706	4,772,706	4,772,706	4,772,706	–
Total	–	10,177,518	10,177,518	6,862,536	6,862,536	–
John King						
Base/Bonus/Perquisite	–	–	–	–	–	–
PSUs ⁽³⁾	–	167,007	438,172	438,172	438,172	–
Options ⁽⁴⁾	–	–	515,307	515,307	–	–
Total	–	167,007	953,479	953,479	438,172	–
Craig Gilpin						
Base/Bonus/Perquisite	–	924,000	1,263,721	–	–	–
PSUs ⁽³⁾	–	201,724	540,833	540,833	540,833	–
Options ⁽⁴⁾	–	–	644,906	644,906	–	–
Total	–	1,125,724	2,449,460	1,185,739	540,833	–
Dan McConnell						
Base/Bonus/Perquisite	–	–	–	–	–	–
PSUs ⁽³⁾	–	102,753	308,172	308,172	308,172	–
Options ⁽⁴⁾	–	–	181,202	181,202	–	–
Total	–	102,273	489,374	483,374	308,172	–
Paulina Hiebert						
Base/Bonus/Perquisite	–	463,538	575,107	–	–	–
PSUs ⁽³⁾	–	124,773	321,739	321,739	321,739	–
Options ⁽⁴⁾	–	–	194,230	194,230	–	–
Total	–	588,311	1,091,076	515,969	321,739	–

Notes

(1) The amounts for Mr. Kennedy's retirement reflect his entitlement at age 55 years of age.

- (2) The amounts for all NEOs (other than Mr. Kennedy) for retirement assume the NEO retires on or after the age of 55, and that they have been approved as a "Qualified Retirement" by the Board pursuant to the terms of these incentive plans.
- (3) This amount reflects the amounts payable under the plan document for North West's PSU Plan. The value of the PSUs is calculated by multiplying the number of qualified Share units by the fair market value as determined under the PSU plans (\$26.09) as at February 1, 2015. With respect to death or disability, the assumption used is that all NEOs will either die or incur their disability at the end of the fiscal year, so these amounts are not prorated.
- (4) These amounts reflect the amounts payable under the Original Option Plan and Amended and Restated Option Plan. With respect to the amounts payable upon Retirement, the amounts payable assume that all NEOs were approved for "Qualified Retirement under the Original Option Plan and Amended and Restated Option Plan. The value of the options is calculated by multiplying the number of qualified options by the January 31, 2015 closing Share price of \$26.56, and subtracting from that amount the number of qualified options multiplied by the exercise price or revised strike price of each option.

Employment Agreements/Offers of Employment

President and Chief Executive Officer

Mr. Kennedy, who is 55 years of age, has been the President and Chief Executive Officer of North West for the past 19 years, and an executive of North West for the past 26 years. In recognition of Mr. Kennedy's tenure with North West, combined with his significant contributions to North West's performance, and in order to encourage the continued leadership of North West until he reaches his normal retirement age, North West entered into an employment agreement with Mr. Kennedy effective February 1, 2011. The key terms of the agreement relating to termination and change of control are as follows:

Special Grant of Restricted Share Units ("Special RSUs")	Effective February 1, 2011, Mr. Kennedy was granted 120,000 restricted share units as a special grant, which vested one third on January 31, 2012; one third on January 31, 2013; and one third on January 31, 2014.
UPLP Loan⁽¹⁾	North West provided a loan to Mr. Kennedy in the sum of \$107,450 without interest, to reimburse Mr. Kennedy for the net cost incurred by Mr. Kennedy for terminating his participation in North West's former UPLP program, which terminated effective December, 31, 2011. This loan is repayable upon the termination of Mr. Kennedy's employment with North West.
	⁽¹⁾ North West's policy is not to grant loans to executives, however this UPLP loan is intended to reimburse Mr. Kennedy for the actual loss he incurred as a result of the requirement to sell the Shares he owned pursuant to the termination of the UPLP program in order to repay the loan that had been extended to Mr. Kennedy for the purpose of purchasing Shares through the open market under this program.
Termination For Cause	North West may immediately terminate Mr. Kennedy's employment contract for cause. In the event of termination for cause, North West is obligated to pay base salary and expenses owing at the termination date. Mr. Kennedy is entitled to any vested RSUs, PSUs and Share options, and all vested and unvested Special RSUs. Any unvested RSUs, PSUs and Share options are forfeited with no further value.
Termination Without Cause prior to July 29, 2014; Resignation for "Good Reason" as defined in the Employment Agreement; or "Change of Control"	Mr. Kennedy is entitled to the equivalent of 2.5 times the annual average of his base salary, perquisite allowance and STIP paid to Mr. Kennedy in the three years in which Mr. Kennedy was paid the greatest base salary, perquisite allowance and STIP. In addition, all RSUs and PSUs (including all Special RSUs) granted to Mr. Kennedy shall be deemed to be earned and shall vest at the time of termination. Mr. Kennedy is also entitled to any unvested options, and North West shall pay Mr. Kennedy an amount equal to the Share value of all unvested options as of the date the "termination" occurs. For any vested options, the expiry of these options accelerate to the earlier of 90 days after termination or until all vested options expire in accordance with the option plan. (collectively, the " Termination Payment ").

**Change of Control
Definition**

Change of control occurs if: a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions occurs where existing Shareholders then hold less than 50% of the voting Shares; b) the sale, lease, exchange or other disposition of assets, rights, or properties of North West which have an aggregate book value of greater than 60% of the book value of North West on a consolidated basis; c) a resolution to windup, dissolve or liquidate North West; d) any person or entity, acting jointly or in concert, acquires control or direction over the voting Shares, which, when added to the voting Shares over which the acquirer exercises control or direction over, would entitle the acquirer to cast a vote of 50% or more of the votes attached to all of the voting securities; e) as a result of or in connection with the contested election of Directors of North West, the nominees named in the most recent management information circular shall not constitute a majority of Directors of North West immediately prior to such an event; f) any person or entity acting jointly or in concert with each other, acquired beneficial ownership acquires ownership by way of takeover bid provisions of more than 50% of the voting Shares; or g) the Board adopts a resolution to the effect that a change of control as defined in this paragraph has occurred or is imminent.

Mr. Kennedy must exercise his right to termination of employment within 12 months after the change of control event occurred, provided that his employment agreement has not otherwise been terminated.

**Termination Without
Cause after July 29,
2014**

Mr. Kennedy is entitled to the Termination Payment as defined above until he reaches the age of 58. Upon reaching the age of 58, Mr. Kennedy will be entitled to $\frac{2}{3}$ of the Termination Payment. Upon reaching the age of 59, Mr. Kennedy will be entitled to receive $\frac{1}{3}$ of the Termination Payment. Upon and after reaching the age of 60, Mr. Kennedy is no longer entitled to receive the Termination Payment, but shall be entitled to 1 times his Base Salary. Upon reaching the age of 60, he shall also be entitled to all vested and unvested RSUs, PSUs and options, and all unvested RSUs, PSU"s and options shall vest in accordance with their respective plans. In the event Mr. Kennedy engages in a competitive activity as defined in his contract for a period of 2 years following his termination after age 60, all unvested RSUs, PSU"s and options existing at that time shall be forfeited with no further value.

**Resignation after
July 29, 2014**

Mr. Kennedy is required to provide 6 months' notice, and upon the expiry of such notice, Mr. Kennedy will enter into a 12 month consulting agreement with North West, and shall be entitled to his base salary for this twelve month period. He shall also be entitled to all vested and unvested RSUs, PSUs and options, and all unvested RSUs, PSUs and options shall vest in accordance with their respective plans. In the event Mr. Kennedy engages in a competitive activity as defined in his contract for a period of 2 years following his resignation, all unvested RSUs, PSU"s and options existing at that time shall be forfeited with no further value.

Death or Disability

All RSUs, Special RSUs and PSUs granted to Mr. Kennedy shall be deemed to be earned and shall vest at the time of death or disability. Mr. Kennedy is also entitled to any unvested options, and North West shall pay Mr. Kennedy an amount equal to the Share value of all unvested options as of the date the death or disability occurs. For any vested options, the expiry of these options accelerate ending on the earlier of: a) the expiry time of such vested option set forth in the option agreement; and b) the date that is one (1) year from the date of the grant of probate of the will or letters of administration of the estate of the deceased.

**Retirement After
July 29, 2014**

Mr. Kennedy shall be entitled to all vested and unvested RSUs, PSUs and options, and all unvested RSUs, PSUs and options shall vest in accordance with their respective plans. In the event Mr. Kennedy engages in a competitive activity as defined in his contract for a period of 2 years following his retirement, all unvested RSUs, PSUs and options existing at that time shall be forfeited with no further value.

**Non-Competition/
Non-Solicit**

For a period of 2 years following the termination of his employment with North West however caused, Mr. Kennedy shall not as an individual or in any other capacity, either directly or indirectly, own, operate, carry on or be engaged in or be concerned with or interested in or connected with or advise, lend money to, guarantee the debts or obligations of, or permit his name or any part thereof to be used in or employed by any party engaged in any business or activity in any province or state in which North West carries on business whose business or activities compete directly with a material retail business or activity of North West. In addition, for the same 2 year period, Mr. Kennedy shall not influence any supplier of North West to withdraw, cancel, or curtail business with North West; nor attempt to induce any employee, officer, or consultant of North West to terminate his employment or relationship with North West, or attempt to offer such person employment with or engagement by any other party other than North West.

Executive Vice President and Chief Operating Officer

Mr. Craig Gilpin's offer of employment contains provisions relating to termination and change of control as follows:

Termination For Cause North West may immediately terminate Mr. Gilpin's employment contract for cause. In the event of termination for cause, North West is obligated to pay base salary and expenses owing at the termination date. All vested and unvested options, and any vested and unvested RSUs and PSUs are forfeited with no further value.

Termination Without Cause For service less than 5 years with North West, Mr. Gilpin is entitled to a payment equal to 1.5 times base salary plus his perquisite allowance. This increases to 2 times his base salary and perquisite allowance for service of 5 years or greater. In addition for any length of service, if Mr. Gilpin has worked six months or more during the year of his termination, he is also entitled to his STIP payment on a prorata basis, determined by averaging STIP payout percentage for the preceding three years. In addition, Mr. Gilpin is entitled to any vested and unvested, RSUs, PSUs and options as set out in the respective incentive plan documents.

Change of Control Mr. Gilpin is entitled to a payment equal to 2 times base salary and the average STIP payment paid to Mr. Gilpin for the 3 years prior to the change of control. In addition, Mr. Gilpin is entitled to any unvested and vested PSUs and options as set out in the respective incentive plan documents.

In order to receive severance payments for base salary and STIP as set out above, change of control is defined if one or both of the following events occur: a) the majority of all assets of North West are sold; and/or b) a third party acquires more than 50% of North West's voting Shares. In addition to the above criteria, Mr. Gilpin must be terminated following the change of control other than for cause, death, retirement, permanent disability, or if Mr. Gilpin resigns for "Good Reason", which includes unilateral reductions in cash compensation or benefits, forced geographical locations, reductions in levels of responsibility or title/function, or changes to North West's corporate structure that negatively effects Mr. Gilpin's position in the corporate hierarchy. Mr. Gilpin must exercise his right to terminate his employment within 12 months following the actual change of control event.

Vice President Legal and Corporate Secretary

Ms. Paulina Hiebert's offer of employment contains provisions relating to termination and change of control as follows:

Termination For Cause North West may immediately terminate Ms. Hiebert's employment contract for cause. In the event of termination for cause, North West is obligated to pay base salary and expenses owing at the termination date. All vested and unvested options, and any vested and unvested RSUs and PSUs are forfeited with no further value.

Termination Without Cause Ms. Hiebert is entitled to a payment equal to 1.5 times base salary plus a perquisite allowance of 17.5%. In addition for any length of service, if Ms. Hiebert has worked six months or more during the year of her termination, she is also entitled to her STIP payment on a prorata basis, determined by averaging STIP payout percentage for the preceding three years. In addition, Ms. Hiebert is entitled to any vested and unvested PSUs and options as set out in the respective incentive plan documents.

Change of Control

Ms. Hiebert is entitled to a payment equal to 1.5 times base salary and the average STIP payment paid to Ms. Hiebert for the 3 years prior to the change of control. In addition, Ms. Hiebert is entitled to any unvested and vested PSUs and options as set out in the respective incentive plan documents.

In order to receive severance payments for base salary and STIP as set out above, change of control is defined if one or both of the following events occur: a) the majority of all assets of North West are sold; and/or b) a third party acquires more than 50% of North West's voting Shares. In addition to the above criteria, Ms. Hiebert must be terminated following the change of control other than for cause, death, retirement, permanent disability, or if Ms. Hiebert resigns for "Good Reason", which includes unilateral reductions in cash compensation or benefits, forced geographical locations, reductions in levels of responsibility or title/function, or changes to North West's corporate structure that negatively effects Ms. Hiebert's position in the corporate hierarchy. Ms. Hiebert must exercise her right to terminate her employment within 12 months following the actual change of control event.

SHARE OWNERSHIP GUIDELINES

The Board established a new Share Ownership Policy, effective December 11, 2014, outlining the minimum levels of Share ownership required for all its executive management. The policy is designed to align the interests of those executives with the interests of Shareholders, to demonstrate financial commitment to North West through personal Share ownership, and to promote North West's long term commitment to sound corporate governance.

Mercer has reviewed this Share Ownership Policy, and as a result after consultation with Mercer, the Board has concluded that the policy is consistent with market practice and sound corporate governance.

The following are included as "Shares" for the purposes of determining the Share ownership level for each executive:

- All Shares owned by the executive, an executive's spouse and any dependent children living in the same household (either purchased through the open market or those obtained from North West treasury through the exercise of stock options);
- The time based portion of any PSUs granted to an executive; and
- Any vested deferred Share units granted to an executive.

Once an executive achieves the guidelines, if the Share price declines and the market value of the Shares held drops below the minimum, as long as the executive holds the minimum number of Shares (at peak price) going forward, the executive is considered to be in compliance with the guidelines.

Executives are required to maintain ownership levels that meet or exceed the guidelines within five years of being appointed or promoted to their current position. Should an executive be promoted to a higher employment status (i.e. Vice President to Executive Vice President or Executive Vice President to President and Chief Executive Officer), the executive will have a further five years from the date of his/her promotion to attain the Share ownership multiple required for their new position.

North West believes that given the short and long term incentive programs in place for executives, that there are sufficient mechanisms available to assist an executive to reach required ownership levels. Executives who are subject to this policy are required to abide by the following until their minimum Share ownership requirement is met:

- Convert 100% of after-tax time and performance-based performance Share units into Shares;
- Purchase Shares equivalent to the after-tax value of any stock options exercised by the Executive; and
- Fully participate in North West's Employee Share Ownership Plan.

The table below shows the market value of Shares held by each of the NEOs as of January 31, 2015, based on the closing price of North West on the TSX on January 31, 2015 and the actual ownership as a multiple of their respective base salary.

NEO	Market Value of Shares (\$) ⁽¹⁾	Net Ownership as a multiple of base salary	Minimum Ownership as a multiple of salary
Edward Kennedy	8,836,406	11.80	4.0
John King	1,891,099	5.65	2.0
Craig Gilpin ⁽²⁾	391,972	0.93	2.0
Dan McConnell ⁽³⁾	576,750	1.92	2.0
Paulina Hiebert ⁽⁴⁾	258,057	0.98	1.0

Notes

- (1) Includes any Shares purchased through the open market, and 100% of outstanding time based portion of PSUs; all multiplied by the January 31, 2015 closing price of \$26.56.
- (2) Mr. Gilpin commenced his employment with North West in March, 2010 as Executive Vice President and Chief Corporate Officer. He currently holds the position of Executive Vice President and Chief Operating Officer.
- (3) Mr. McConnell was promoted to the position of Executive Vice President and Chief Development Officer in May, 2014. He previously held the position of Vice President, Real Estate and Store Development.
- (4) Ms. Hiebert commenced her employment with North West in November, 2009.

SUMMARY OF SECURITIES REMAINING FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS

The total number of underlying Shares issuable to any participant pursuant to the North West's Share option plans and the DSU Plan and all other equity compensation plans of North West will not exceed 10% of the issued and outstanding Shares at the date of any grants. The maximum number of shares available for issuance under the Share option plans is a fixed number set at 4,354,020. Grants under the DSU Plan cannot exceed 1% of the issued and outstanding Shares as at the date of the grant. The following chart outlines the number of Shares to be issued upon exercise of the deferred Share units under the DSU Plan and options under the Share option plans.

Number of underlying Shares reserved for issuance upon exercise of all Director deferred Share units under the North West DSU Plan	166,755
Number of underlying Shares reserved for issuance upon exercise of all options under the Share option plans	1,599,871
Total Shares issued and outstanding as at April 9, 2015	48,498,846
% of Shares reserved under the DSU Plan as a % of total Shares issued and outstanding as at April 9, 2015	0.34%
% of Shares reserved under the Share options plans as a % of total Shares issued and outstanding as at April 9, 2015	3.3%
% of Shares reserved under all equity compensation plans as a % of total Shares issued and outstanding as at April 9, 2015	3.6%

INDEBTEDNESS OF DIRECTORS AND EXECUTIVES

None of the Directors or executives of North West or its affiliated entities, nor any associate or affiliate of any of them, is or was indebted, directly or indirectly, to North West or any of its affiliated entities at any time since February 1, 2014, the beginning of the most recently completed financial year, other than as set out below.

As a term of Mr. Edward Kennedy's employment agreement entered into effective February 1, 2011, North West agreed to loan Mr. Edward Kennedy the sum of \$107,450 without interest, in order to reimburse Mr. Kennedy for the net cost incurred by Mr. Kennedy for terminating his participation in North West's former Unit Purchase Loan Program that was terminated effective December 31, 2010. This loan is repayable upon the termination of Mr. Kennedy's employment with North West (see "PART IV — COMPENSATION DISCUSSION AND ANALYSIS — Termination and Change of Control Benefits — Employment Agreements/Others of Employment").

DIRECTOR AND OFFICER LIABILITY INSURANCE

North West maintains a Director and Officer liability insurance policy. The policy covers costs to defend and settle claims against North West's Directors and officers to an annual limit of \$40 million, with additional \$15 million coverage in Side A DIC coverage. The policy includes a \$100,000 deductible for an indemnifiable occurrence with no deductible for a non-indemnifiable occurrence. The cost of coverage for the period June 1, 2013 to June 1, 2014 was approximately \$150,275. Directors and officers do not pay premiums, and no indemnity claims were made or paid in 2014.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Circular, no informed person (within the meaning of applicable securities laws) of North West and no proposed nominee for election as a Director, or any of their respective associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the beginning of the most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the North West or any of its affiliated entities.

Part V — Governance Disclosure

The Board is committed to fulfilling its mandate to supervise the management of the business and affairs of North West with the highest standards of ethical conduct and in the best interests of the Shareholders of North West. The Board has, in light of governance requirements and best practice standards in Canada, implemented a sophisticated set of governance systems and materials. In addition to the governance practices set out in National Policy 58-201 — *Corporate Governance Guidelines and National Instrument — Disclosure of Corporate Governance Practices*, North West is subject to rules of the Canadian Securities Administrators regarding both audit committees and the certification of certain annual and interim filings. In this regard, the Board has prepared and approved the disclosure of North West's governance practices set forth in Schedule "C" to this Circular.

Part VI — Additional Information

Current financial information for North West is provided in North West's comparative financial statements and management's discussion and analysis for the most recently completed financial year. This information and additional information relating to North West can be found under North West's profile on the SEDAR website at www.sedar.com and on North West's website at www.northwest.ca.

Copies of North West's Annual Information Form, Annual Report (including Management's Discussion and Analysis), financial statements, and this Circular may be obtained upon request to the Corporate Secretary of North West. North West may require the payment of a reasonable charge if the request is made by a person who is not a Shareholder of North West.

Part VII — Directors' Approval

The contents and the sending of this Circular have been approved by the Board.

DATED at Winnipeg, Manitoba, on April 9, 2015.

"Paulina Hiebert"

Paulina Hiebert
Vice-President, Legal and Corporate Secretary
The North West Company Inc.

Schedule A — By-Law No. 1A (A By-Law Amending By-Law No. 1 of the North West Company Inc. (the “Corporation”))

1. By-Law No. 1 of the by-laws of the Corporation dated December 9, 2010 is hereby amended by adding the following as Section VIII.A thereof:

SECTION VIII.A ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

8.A.1 Nomination of Directors

Only persons who are nominated in accordance with the provisions of this Section 8.A shall be eligible for election as directors of the Corporation. Nominations of persons for election as directors of the Corporation at any annual meeting of shareholders, or at any special meeting of shareholders called for the purpose of electing directors as set forth in the Corporation’s notice of such special meeting, may only be made:

- (a) by or at the direction of the board of directors of the Corporation, including pursuant to a notice of meeting,
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal submitted to the Corporation in accordance with the Act or a requisition of meeting submitted to the directors in accordance with the Act, or
- (c) by any person (a “**nominating shareholder**”) who: (i) at the close of business on the date of the giving of the notice provided for below in this Section 8.A and on the record date for determining shareholders entitled to vote at such meeting, is a registered holder or beneficial owner of shares that are entitled to be voted at such meeting and; (ii) complies with the notice and other procedures set forth in this Section 8.A.

8.A.2 Timely Notice

In addition to any other requirements in this Section 8.A and under applicable laws, for a nomination to be made by a nominating shareholder, the nominating shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a nominating shareholder’s notice must be received by the Secretary at the principal executive offices of the Corporation:

- (a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that if (i) an annual meeting of shareholders is called for a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice must be received not later than the close of business on the 10th day following the date on which the public announcement of the date of the annual meeting is first made by the Corporation, and (ii) the Corporation uses “notice-and-access” (as defined in National Instrument 54-101 — *Communications with Beneficial Owners of Securities of a Reporting Issuer*) to send proxy-related materials to shareholders in connection with an annual meeting, notice must be received not less than 40 days prior to the date of the annual meeting; and
- (b) in the case of a special meeting of shareholders (which is not also an annual meeting of shareholders), not later than the close of business on the 15th day following the day on which the public announcement of the date of the special meeting of shareholders is first made by the Corporation.

The adjournment or postponement of a meeting of shareholders or the announcement thereof shall commence a new time period for the giving of a nominating shareholder’s notice as described above.

8.A.3 Full Slate not Nominated

Notwithstanding anything in Section 8.A.2 to the contrary, if the management information circular for an annual meeting of shareholders nominates fewer than the number of directors to be elected at the meeting, a nominating shareholder’s notice required by this Section 8.A shall also be considered timely, but only regarding nominees for the additional directorships that are to be filled by election at such annual meeting, if it shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the 15th day following the date on which such management information circular was first mailed to the shareholders by the Corporation.

8.A.4 Proper Written Form

To be in proper written form, a nominating shareholder's notice to the Secretary must set forth:

- (a) as to each person whom the nominating shareholder proposes to nominate for election as a director (i) the name, age, business address and residential address of the nominee, (ii) the principal occupation or employment of the nominee, (iii) whether the nominee is a resident Canadian within the meaning of the Act, (iv) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominee as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (v) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the nominee or any of its affiliates and the nominating shareholder, any person acting jointly or in concert with the nominating shareholder or any of their respective affiliates, and (vi) any other information relating to the nominee that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws; and
- (b) as to the nominating shareholder giving the notice: (i) the name and record address of the nominating shareholder, (ii) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominating shareholder as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (iii) any derivatives or other economic or voting interests in the Corporation and any hedges implemented with respect to the nominating shareholders' interests in the Corporation, (iv) any proxy, contract, arrangement, understanding or relationship pursuant to which the nominating shareholder has a right to vote any shares of the Corporation, (v) whether the nominating shareholder intends to deliver a proxy circular and form of proxy to any shareholders of the Corporation in connection with the election of directors, and (vi) any other information relating to the nominating shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws.

Such notice must be accompanied by the written consent of each nominee to being named as a nominee and to serve as a director, if elected.

Reference to "nominating shareholder" in this Section 8.A.4 shall be deemed to refer to each shareholder that nominates a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making such nomination proposal.

All information provided in a nominating shareholder's notice will be made publicly available to shareholders of the Corporation.

8.A.5 Further Information

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the independence, or lack thereof, of such proposed nominee pursuant to applicable securities laws and provided that such disclosure request does not go beyond that required of management nominees for election as directors of the Corporation.

8.A.6 Determination of Eligibility

The chairman of the meeting of shareholders at which an election for directors is held shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

8.A.7 Discussion Permitted

Nothing in this Section 8.A shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter it is entitled to discuss pursuant to the Act.

8.A.8 Meaning of Public Announcement

For purposes of this Section 8.A, "public announcement" shall mean disclosure in a press release reported by a national news service in Canada or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

8.A.9 Notice

Notwithstanding any other provision of the by-laws of the Corporation, notice given to the Secretary pursuant to this Section 8.A may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Winnipeg time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

8.A.10 Waiver

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Section 8.A.

2. By-Law No. 1 of the by-laws of the Corporation is hereby amended by repealing and replacing Section 11.1 with the following:

11.1 Method of Sending Notice

Any notice (which term includes any communication or document) to be sent pursuant to the Act, the articles, the by-laws or otherwise to a shareholder, director, officer or to the auditor shall be sufficiently sent if: (a) delivered personally to the person to whom it is to be sent, (b) delivered to the recorded address or mailed to the recorded address of that person by prepaid mail, (c) sent to that person at the recorded address by any means of prepaid transmitted or recorded communication, (d) provided as an electronic document to the information system of that person, or (e) notwithstanding anything to the contrary in paragraphs (a) to (d) below in this Section 11.1 but subject to applicable securities law, the Act and any exemption granted to the Corporation, management of the Corporation or otherwise under the Act, made available for public electronic access in accordance with the procedures referred to as "notice-and-access" under National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 — *Continuous Disclosure Obligations*, as applicable, or in accordance with any similar electronic delivery or access method permitted by applicable securities law from time to time. A notice so delivered shall be deemed to have been sent when it is delivered personally or to the recorded address. A notice so mailed shall be deemed to have been sent when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing. A notice so sent by any means of transmitted or recorded communication or provided as an electronic document shall be deemed to have been sent when dispatched by the Corporation if it uses its own facilities or information system and otherwise when delivered to the appropriate communication company or agency or its representative for dispatch. Subject to applicable securities law, a notice made available for public electronic access in accordance with the "notice-and-access" or similar delivery procedures referred to in paragraph (e) above in this Section 11.1 is deemed to be sent to and received by a person on the date it was made available for public electronic access. Notices sent by any means of transmitted or recorded communication or provided as an electronic document shall be deemed to have been received on the business day on which such notices were sent, or on the next business day following, if sent on a day other than a business day. The Secretary may change or cause to be changed the recorded address, including any address to which electronic communications of any kind may be sent, of any shareholder, director, officer or auditor in accordance with any information believed by the secretary to be reliable. The recorded address of a director shall be the latest address of that director as shown in the records of the Corporation or in the most recent notice filed under the Act, whichever is the more current.

Except as permitted in paragraph (e) above in this Section 11.1:

- (a) A requirement under the Act or this by-law to provide a person with a notice, document or other information is not satisfied by the provision of an electronic document unless:
 - (i) the addressee has consented, in the manner prescribed under the Act, and has designated an information system for the receipt of the electronic document;
 - (ii) the electronic document is provided to the designated information system, unless otherwise prescribed in the Act;
 - (iii) the Act has been complied with;
 - (iv) the information in the electronic document is accessible by the sender so as to be usable for subsequent reference; and

- (v) the information in the electronic document is accessible by the addressee and capable of being retained by the addressee, so as to be usable for subsequent reference.
- (b) An addressee may revoke consent to receive electronic documents in the manner prescribed in the Act.
- (c) A requirement under the Act for one or more copies of a document to be provided to a single addressee at the same time is satisfied by the provision of a single version of the electronic document. A requirement under the Act to provide a document by registered mail is not satisfied by the sending of an electronic document unless prescribed under the Act.
- (d) A requirement under the Act for a signature or for a document to be executed, except with respect to a statutory declaration or an affidavit, is satisfied if, in relation to an electronic document, the requirements prescribed under the Act are met and if the signature results from the application by a person of a technology or a process that permits the following to be proven:
 - (i) the signature resulting from the use by a person of the technology or process is unique to the person;
 - (ii) the technology or process is used by a person to incorporate, attach or associate the person's signature to the electronic document; and
 - (iii) the technology or process can be used to identify the person using the technology or process.
- 3. By-Law No. 1, as amended from time to time, of the by-laws of the Corporation and this By-Law No. 1A shall be read together and shall have effect, so far as practicable, as though all the provisions thereof were contained in one by-law of the Corporation. All terms contained in this by-law which are defined in By-Law No. 1, as amended from time to time, of the by-laws of the Corporation shall, for all purposes hereof, have the meanings given to such terms in the said By-Law No. 1 unless expressly stated otherwise or the context otherwise requires.
- 4. This by-law shall come into force upon being passed by the board.

ENACTED this 12 day of March, 2015.

THE NORTH WEST COMPANY INC.

Per: "*Paulina Hiebert*"

Name: Paulina Hiebert

Title: Vice President, Legal and Corporate Secretary

Schedule B — Amended and Restated Director Deferred Share Unit Plan

The board of directors of The North West Company Inc. (the “**Corporation**”) has adopted this Director Deferred Share Unit Plan (the “**Plan**”) for the Corporation governing the issuance of Deferred Share Units to non-employee Directors.

1. Purpose

The principal purpose of the Plan is to enhance the ability of the Corporation to attract and retain non-employee Directors whose training, experience and ability will promote the interests of the Corporation and the Affiliates and to directly align the interests of such non-employee Directors with the interests of Shareholders by providing compensation in the form of Shares. The Plan is designed to permit such non-employee Directors to defer the receipt of all or a portion of the cash compensation otherwise payable to them for services to the Corporation.

2. Definitions

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

- (a) “**Adjustment Ratio**” means, with respect to any Award, the ratio used to adjust the number of Shares to be issued on the applicable Share Issue Date(s) pertaining to such Award determined in accordance with the terms of the Plan; and, in respect of each Award, the Adjustment Ratio shall initially be equal to one, and shall be cumulatively adjusted thereafter by increasing the Adjustment Ratio on each Dividend Payment Date by an amount, rounded to the nearest five decimal places, equal to a fraction having as its numerator the Dividend, expressed as an amount per Share, paid on that Dividend Payment Date, and having as its denominator the Fair Market Value of the Shares on the Trading Day immediately preceding that Dividend Payment Date;
- (b) “**Affiliate**” means a corporation, partnership, trust or other entity that is affiliated with the Corporation (within the meaning of National Instrument 45-106 — *Prospectus and Registration Exemptions*);
- (c) “**Annual Cash Retainer**” means the annual retainer payable by the Corporation to a Participant in a Plan Year for service as a Director;
- (d) “**Annual DSU Retainer**” means the annual retainer payable by the Corporation to a Participant in a Plan Year for service as a Director, which amount is payable entirely in awards of Deferred Share Units determined in accordance with Sections 4(a) and 4(g);
- (e) “**Associate**” has the meaning ascribed thereto in *The Securities Act* (Manitoba);
- (f) “**Award**” means an award of Deferred Share Units under the Plan, which Deferred Share Units shall be subject to adjustment for Dividends pursuant to the provisions of Section 6(c);
- (g) “**Award Issue Date**” means the date in each Quarter, which is three business days following the publication by the Corporation of its financial results for the previous Quarter (or the previous financial year in the case of the first Quarter), or such other date determined by the Board from time to time that does not fall within a Blackout Period;
- (h) “**Blackout Period**” means the period commencing on the first day of the fiscal period following the end of a Quarter and ending on the second day following the issuance of a news release disclosing quarterly or annual financial results;
- (i) “**Board**” means the board of directors of the Corporation as it may be constituted from time to time;
- (j) “**Cessation Date**” has the meaning ascribed thereto in Section 6(a);
- (k) “**Chair Retainer**” means the annual retainer payable by the Corporation to a Participant in a Plan Year for acting as the Chair of the Board or one or more committees of the Board;
- (l) “**Code**” means the *U.S. Internal Revenue Code of 1986*, as amended from time to time, and the rules and regulations promulgated thereunder;

- (m) **"Committee"** has the meaning set forth in Section 3 hereof provided that if the Governance and Nominating Committee or another committee is not appointed or authorized to administer the Plan by the Board, all references in the Plan to the Committee will be deemed to be references to the Board;
- (n) **"Deferred Share Units"** means a right to receive a cash payment and/or Shares under an Award made pursuant to the Plan, such cash payment to be made in accordance with Section 6(d) and such Shares to be issued on the Share Issue Date(s) determined in accordance with Section 6(a) hereof, in each case, subject to adjustment for Dividends pursuant to the provisions of Section 6(c);
- (o) **"Director"** means each member of the Board other than a member of the Board who is also an employee of the Corporation or an Affiliate, who is or becomes a member of the Board on or after January 1, 2011;
- (p) **"Dividend"** means a dividend paid by the Corporation in respect of the Shares, whether of cash, Shares or other securities or other property, expressed as an amount per Share;
- (q) **"Dividend Payment Date"** means any date that a Dividend is paid to Shareholders;
- (r) **"DSU Account"** has the meaning ascribed thereto in Section 4(h);
- (s) **"Elected Amount"** means all or any portion of the following Eligible Fees in respect of which a Director has elected pursuant to Section 4(b):
 - (i) Annual Cash Retainer;
 - (ii) Chair Retainer (if applicable); and
 - (iii) Meeting Fees;
- (t) **"Election Notice"** has the meaning ascribed thereto in Section 4(b);
- (u) **"Eligible Fees"** means the Annual Cash Retainer, Chair Retainer and Meeting Fees and, for greater certainty does not include retainer, meeting or chair fees for service on a special or other *ad hoc* committee unless otherwise determined by the Board;
- (v) **"Exchangeable Securities"** means shares or other securities in the capital of the Corporation or any other Affiliate that are exchangeable into Shares;
- (w) **"Exercise Notice"** has the meaning ascribed thereto in Section 6(a);
- (x) **"Fair Market Value"** with respect to a Share, as at any date means the weighted average of the prices at which the Shares traded on the TSX (or, if the 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 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 trading days on which the Shares traded on the said exchange immediately preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Board in its sole and absolute discretion;
- (y) **"Insider Participant"** means a Participant who is an "insider" of the Corporation within the meaning of *The Securities Act* (Manitoba), and also includes Associates and Affiliates of such Insider Participant;
- (z) **"Meeting Fees"** means the fees payable by the Corporation, as the case may be, to a Participant in a Plan Year for attendance at meetings of the Directors, the Board or their respective committees;
- (aa) **"Non-U.S. Taxpayer Share Issue Date"** means, with respect to any Award issued to a Participant that is a Canadian resident and is not a U.S. taxpayer, the date upon which the Shares underlying the Award are issued to the Participant on exercise or deemed exercise of such Award as determined pursuant to Section 6(a)(i);
- (bb) **"Participant"** means each Director;
- (cc) **"Plan Year"** means the calendar year;

- (dd) **"Quarter"** means a fiscal quarter of the Corporation;
- (ee) **"Section 409A of the Code"** means Section 409A of the Code, the Treasury Regulations promulgated thereunder as in effect from time to time, and related guidance as may be amended from time to time;
- (ff) **"Separation from Service"** has the meaning ascribed thereto in Treasury Regulation § 1.409A-1(h);
- (gg) **"Separation from Service Date"** has the meaning set forth in Section 6(a)(ii) hereof;
- (hh) **"Settlement Amount"** has the meaning set forth in Section 6(d) hereof;
- (ii) **"Share Issue Date"** means, in the case of a Participant that is a Canadian resident and is not a U.S. taxpayer, a Non-U.S. Taxpayer Share Issue Date and, in the case of a Participant that is a U.S. taxpayer, a U.S. Taxpayer Share Issue Date, as applicable;
- (jj) **"Shareholder"** means a holder of Shares;
- (kk) **"Shares"** means common shares in the capital of the Corporation;
- (ll) **"Trading Day"** means any date on which the TSX is open for the trading of Shares;
- (mm) **"TSX"** means the Toronto Stock Exchange; and
- (nn) **"U.S. Taxpayer Share Issue Date"** means, with respect to any Award that is issued to a Participant that is a U.S. taxpayer, the date upon which the Shares underlying the Award are issued to the Participant on deemed exercise of such Award as determined pursuant to Section 6(a)(ii).

3. Administration

The Plan shall be administered by the Governance and Nominating Committee of the Board or such other committee as the Board considers appropriate (the **"Committee"**).

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

- (a) to determine eligibility for participation and Awards under the Plan subject to Section 10;
- (b) to determine whether any election or notice requirement or other administrative procedure under the Plan has been adequately observed;
- (c) to remedy possible ambiguities, inconsistencies or omissions by general rule or particular decision;
- (d) to determine the Fair Market Value of the Shares on any date;
- (e) to determine the Adjustment Ratio on any date;
- (f) to determine the Settlement Amount on any date;
- (g) to prescribe, amend and rescind rules and regulations relating to the Plan subject to Section 10;
- (h) to interpret the Plan; and
- (i) to make any and all other determinations deemed necessary or advisable for the administration of the Plan.

The determinations of the Committee shall be subject to review and approval by the Board whose determination shall be final, conclusive and binding on all parties. The Committee may delegate to one or more of its members or to one or more agents such administrative 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. Award Grants and Elections

- (a) **Automatic Awards** — In each Plan Year, each Participant shall be automatically granted Awards equal in value to the Participant's Annual DSU Retainer for the Plan Year. Such Awards shall be credited to the Participants in accordance with Section 4(f) and the number of Deferred Share Units attributable to each such Award shall be determined in accordance with Section 4(g). The value of the Annual DSU Retainer shall be determined by the Board from time to time.
- (b) **Elective Awards** — Each Participant may elect with respect to each Plan Year to receive all or any portion of the Participant's Eligible Fees in Deferred Share Units. Such election must be made by the Participant by filing a notice of election (the "**Election Notice**") in the form of **Schedule A** hereto with the Corporate Secretary of the Corporation not later than December 15 of the calendar year preceding the Plan Year. An individual who becomes a Director after the first day of a Plan Year may file the Election Notice for that Plan Year within 30 days of becoming a Director with respect to Eligible Fees attributed to services provided after the date of the Election Notice.
- (c) **Effect of Election Notice** — Each Election Notice filed in accordance with the Plan shall be deemed to apply to all Plan Years subsequent to the filing of the Election Notice unless the Participant files a subsequent Election Notice to (i) change the Participant's election in accordance with Section 4(d), or (ii) terminate the receipt of Elected Amounts in Deferred Share Units in accordance with Section 4(e).
- (d) **Change to Elected Participation** — Each Participant is entitled to change his or her election in respect of all or any portion of the Elected Amount by filing a subsequent Election Notice with the Corporate Secretary. Such Participant's Election Notice must be received not later than December 15 of any calendar year and the requested change shall be effective for the first Plan Year following such election with respect to the Elected Amount payable for such Plan Year.
- (e) **Election to Terminate** —
- (i) Each Participant is entitled to terminate the Participant's participation in the Plan in respect of Elected Amounts by filing a subsequent Election Notice electing to terminate the receipt of additional Deferred Share Units with the Corporate Secretary. Such Participant's election must be received not later than December 15 of any calendar year and shall be effective for the first Plan Year following such election with respect to the Elected Amount payable for such Plan Year. Any Awards granted under the Plan prior to each election shall remain in the Plan and shall be exercisable in accordance with the terms of the Plan.
- (ii) A Participant who has filed a subsequent Election Notice to terminate the Participant's participation in the Plan in respect of Elected Amounts may elect to reinstate his or her receipt of Deferred Share Units in respect of all or any portion of the Eligible Fees by filing a further Election Notice with the Corporate Secretary, and in any and each such case the provisions of Sections 4(b) and 4(c) shall apply.
- (f) **Timing of Grants** — Participants shall be credited with Awards on each Award Issue Date. Such credited amounts shall be recorded by the Corporation in the Participant's DSU Account (as defined in Section 4(h)) as soon as reasonably practicable thereafter and in any event not later than the last Trading Day of the month in which the underlying retainers or fees are payable.
- (g) **Calculation of Number of Deferred Share Units** — The number of Deferred Share Units underlying an Award will be calculated on the Award Issue Date by dividing the portion of the Annual DSU Retainer and the Elected Amount that is payable to the Participant for the current Quarter, by the Fair Market Value on the Award Issue Date.
- (h) **DSU Account** — An account, to be known as a "**DSU Account**", shall be maintained by the Corporation for each Participant and will be credited with the Participant's Awards of Deferred Share Units from time to time in accordance with Section 4(f), as well as the date and price at which Deferred Share Units were granted. Participants shall receive, on a quarterly basis, an individualized statement containing this information.
- (i) **Discretionary Grants in Special Circumstances** — The Board may determine from time to time, upon the advice of the Committee, that special circumstances exist that would reasonably justify the grant to a Participant of Deferred Share Units as compensation in addition to any regular retainer or fee to which the Participant is otherwise entitled. Upon making such a determination, the Board may grant Deferred Share Units to such Participant and, upon the effective date of the grant, the provisions of this Plan shall apply to such Participant and such Deferred Share Units *mutatis mutandis*, as if the Participant had elected hereunder and had received Deferred Share Units in respect of an Elected Amount.

- (j) **Limitation on Individual Participant Grants** — The value of Deferred Share Units issued under Sections 4(a), 4(b) and 4(i) and any other awards granted under any other equity compensation arrangements of the Corporation in any one calendar year to any one Participant shall not exceed \$100,000.

5. Reservation of Shares

Subject to Section 6(f), the maximum number of Shares that may be issued pursuant to this Plan upon the exercise of Awards shall not exceed 484,970 Shares. If any Award granted under this Plan shall expire, terminate or be cancelled for any reason without the Shares issuable thereunder having been issued, any such Shares shall be available for the purposes of the granting of further Awards under this Plan.

Except with the approval of the Shareholders given by affirmative vote of a majority of the votes, excluding the votes attaching to Shares beneficially owned by Insider Participants to whom Shares may be issued pursuant to any equity compensation arrangement, no Deferred Share Units shall be granted to any Participant if such grant could result, at any time, in:

- (a) the number of Shares issuable to Insider Participants pursuant to Deferred Share Units and any other equity compensation arrangements exceeding 10% of the then issued and outstanding Shares;
- (b) the issuance to Insider Participants, within a one-year period, of a number of Shares underlying the Deferred Share Units and other equity compensation arrangements exceeding 10% of the then issued and outstanding Shares; and
- (c) the issuance to any one Insider Participant, within a one-year period, of a number of Shares underlying the Deferred Share Units and other equity compensation arrangements exceeding 5% of the then issued and outstanding Shares.

6. Terms and Conditions of Awards

(a) **Exercise** –

- (i) For Participants that are Canadian residents and are not U.S. taxpayers, the Awards credited to the Participant's DSU Account shall be exercisable by the Participant (or, where the Participant has died, his or her estate) at any time and from time to time after the date the Participant ceases to be a Director for any reason whatsoever and is no longer otherwise employed by the Corporation or any Affiliate, including in the event of the death of the Participant (the "**Cessation Date**"), for newly-issued treasury Shares (or cash, subject to the consent of the Corporation, in accordance with Section 6(d)) at the Participant's option (or after the Participant's death at the option of his or her legal representative) by filing a written notice of exercise ("**Exercise Notice**") in the form of **Schedule B** hereto with the Corporate Secretary of the Corporation, specifying the Non-U.S. Taxpayer Share Issue Date and the percentage of Deferred Share Units held by the Participant to be exercised on such Non-U.S. Taxpayer Share Issue Date. Each such Non-U.S. Taxpayer Share Issue Date shall occur after the Cessation Date and during the period commencing at least five business days following the date on which the Exercise Notice is filed with the Corporate Secretary and ending not later than December 31 of the first calendar year commencing after the date of the Exercise Notice. If no Exercise Notice has been filed by December 31 of the first calendar year after the Cessation Date in respect of any outstanding Deferred Share Units that have not yet been exercised by the Participant, December 31 of the first calendar year after the Cessation Date will be deemed to be the Non-U.S. Taxpayer Share Issue Date for all of the Participant's Deferred Share Units.
 - (ii) For Participants that are U.S. taxpayers, the Awards credited to the Participant's DSU Account shall be exercised automatically for newly-issued treasury Shares (or cash, subject to the consent of the Corporation, in accordance with Section 6(d)) on a U.S. Taxpayer Share Issue Date that is on or after, but no later than 90 days following, the date of the Participant's Separation from Service (the "**Separation from Service Date**"). If a Participant who is a U.S. taxpayer is or was an employee of the Corporation and is determined to be a "specified employee" within the meaning of Section 409A of the Code, based on an identification date of December 31, and if such Participant is eligible to receive payment of the Participant's Deferred Share Units solely because that Participant has a Separation from Service, no exercise of such Deferred Share Units will be made prior to the date that is six months after the Separation from Service Date (or, if earlier, the date of death of the Participant).
- (b) **Proration** — Where a Participant is entitled to receive Deferred Share Units in respect of an Annual DSU Retainer, Annual Cash Retainer or Chair Retainer, the number of Deferred Share Units to which he or she is entitled in respect of these

amounts for the Plan Year in which the Cessation Date or Separation from Service Date, as applicable, occurs shall be prorated and shall be equal to:

Number of Deferred Share Units credited or to be credited to such Participant's DSU Account in respect of the current Plan Year (assuming the Cessation Date or Separation from Service Date, as applicable, did not occur in such Plan Year), multiplied by the fraction in which (i) the number of days from and including the preceding January 1 to but excluding the Participant's Cessation Date or Separation from Service Date, as applicable, is the numerator, and (ii) 365 is the denominator.

- (c) **Adjustment for Dividends** — The number of Shares to be issued on each Share Issue Date shall be adjusted by multiplying such number by the Adjustment Ratio applicable in respect of such Award. A Participant's entitlement to such additional Shares in respect of Dividends shall be calculated (and re-calculated if necessary) based on the prorated number of Deferred Share Units to which such Participant is entitled under Section 6(b) in respect of the then current Plan Year (plus any previously accrued Deferred Share Units).
- (d) **Surrender of Awards** — If the Shares are listed and posted for trading on the TSX, a Participant may elect at the time of exercise of any Award in accordance with Section 6(a), subject to the consent of the Corporation, that the Corporation pay an amount in cash equal to the aggregate current market value of the Shares (as adjusted in accordance with the relevant provisions set forth in Section 6(c) and based on the closing price of the Shares on the TSX on the trading day immediately preceding the Share Issue Date) (the "**Settlement Amount**") in consideration for the surrender by the Participant to the Corporation of the right to receive Shares under such Award. Following such election and the acceptance thereof by the Corporation, the Corporation shall cause a cheque to be issued payable to the Participant (or as the Participant may direct) in the Settlement Amount (subject to Section 7 hereof) and sent by pre-paid mail or delivered to the Participant. To the extent the Settlement Amount is not paid in cash in accordance with the foregoing, the Settlement Amount shall be satisfied in newly-issued treasury Shares (subject to Section 7 hereof). The Corporation shall be entitled to withhold from the Settlement Amount all amounts as may be required by law and in the manner contemplated by Section 7 hereof.
- (e) **Rights as a Shareholder** — Until the Shares granted pursuant to any Award have been issued in accordance with the terms of the Plan, the Participant to whom such Award has been made shall not possess any incidents of ownership of such Shares including, for greater certainty and without limitation, the right to receive Dividends on such Shares and the right to exercise voting rights in respect of such Shares. Such Participant shall only be considered a Shareholder in respect of such Shares when such issuance has been entered upon the records of the duly authorized transfer agent of the Corporation.
- (f) **Effect of Certain Changes** — In the event:
 - (i) of any change in the Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;
 - (ii) that any rights are granted to Shareholders to purchase Shares at prices substantially below Fair Market Value; or
 - (iii) that, as a result of any recapitalization, merger, consolidation or other transaction, the Shares are converted into or exchangeable for any other securities,

then, in any such case, the Board may make such adjustments to the Plan, to any Awards and to any award agreements outstanding under the Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Participants hereunder. For greater certainty, no additional Deferred Share Units will be granted to a Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

Any adjustments to the Plan or any Deferred Share Units outstanding under the Plan pursuant to this Section 6(f) will be subject to the applicable rules of the TSX.

7. Withholding Taxes

When a Participant or other person becomes entitled to receive Deferred Share Units under, or any Settlement Amount in respect of any Award, the Corporation shall have the right to require the Participant or such other person to remit to the Corporation an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Committee or by

applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods:

- (a) the tendering by the Participant of cash payment to the Corporation in an amount less than or equal to the total withholding tax obligation, such withheld Shares to be sold on the Participant's behalf; or
- (b) the withholding by the Corporation from the Shares otherwise due to the Participant such number of Shares having a Fair Market Value, determined as of the date the withholding tax obligation arises, less than or equal to the amount of the total withholding tax obligation; or
- (c) the withholding by the Corporation from any cash payment otherwise due to the Participant such amount of cash as is less than or equal to the amount of the total withholding tax obligation,

provided, however, that the sum of any cash so paid or withheld and the Fair Market Value of any Shares so withheld is sufficient to satisfy the total withholding tax obligation.

8. Non-Transferability

Subject to Section 6(a), the right to receive Deferred Share Units pursuant to an Award granted to a Participant may only be exercised by such Participant personally. Except as otherwise provided in this Plan, no assignment, sale, transfer, pledge or charge of an Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Award shall terminate and be of no further force or effect.

9. Merger and Sale, etc.

If the Corporation enters into any transaction or series of transactions whereby the Corporation or all or substantially all of the Corporation'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, prior to or contemporaneously with the consummation of such transaction the Corporation and the Successor will execute such instruments and do such things as the Corporation considers necessary to establish that upon the consummation of such transaction the Successor will have assumed all the covenants and obligations of the Corporation under this Plan and in the respect of the Awards 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 or other property of the Successor in lieu of Deferred Share Units). Any such Successor shall succeed to, and be substituted for, and may exercise every right and power of the Corporation under this Plan and in the respect of such Awards with the same effect as though the Successor had been named as the Corporation herein and therein and thereafter, the Corporation shall be relieved of all obligations and covenants under this Plan and such Awards and the obligation of the Corporation to the Participants in respect of the Awards shall terminate and be at an end and the Participants shall cease to have any further rights in respect thereof including, without limitation, any right to acquire Deferred Share Units of the Corporation upon vesting of the Awards.

10. Amendment of Plan

The Board may amend the Plan or any Deferred Share Unit at any time without the consent of Participants provided that such amendment shall:

- (a) not adversely alter or impair any Deferred Share Unit previously granted except as permitted by the provisions of Section 6(f) hereof;
- (b) be subject to any regulatory approvals including, where required, the approval of the TSX; and
- (c) be subject to shareholder approval, where required, under the Plan, by law or the requirements of the TSX, provided 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:
 - (i) amendments of a "housekeeping nature";
 - (ii) a change to the vesting provisions of any Deferred Share Unit; and

- (iii) a change to the expiration provisions of any Deferred Share Unit that does not entail an extension beyond the original expiration date.

Notwithstanding any provision in the Plan to the contrary, any amendment to the Plan that would:

- (a) result in any increase in the maximum number of Shares that may be issued pursuant to the Plan upon the exercise of Awards;
- (b) change the expiration provisions of any Deferred Share Unit that results in an extension beyond the original expiration date;
- (c) change the individuals eligible to participate under the Plan;
- (d) result in any increase of the limit specified in Section 4(j) regarding the value of Deferred Share Units issued under Sections 4(a) and 4(i) and any other awards granted under any other equity compensation arrangements of the Corporation in any one calendar year to any one Participant;
- (e) permit Deferred Share Units issued pursuant to the Plan to be transferable or assignable other than for normal estate settlement purposes; and
- (f) amend the amendment provisions set forth in the Plan, including the amendment provisions set forth in this Section 10,

shall be subject to the approval of the shareholders of the Corporation.

11. Termination of Plan

The Board may suspend or discontinue the Plan at any time; provided, however, that no such suspension or discontinuance of the Plan may contravene the requirements of the TSX or any securities commission or regulatory body to which the Plan or the Corporation is now or may hereafter be subject to.

12. Miscellaneous

- (a) **Effect of Headings** — The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.
- (b) **Compliance with Legal Requirements** –
 - (i) The Corporation shall not be obliged to make any Awards or issue any Deferred Share Units if such issuance would violate any law or regulation or any rule of any government authority or stock exchange. The Corporation, in its sole discretion, may postpone the issuance or delivery of Deferred Share Units under any Award 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 Deferred Share Units in compliance with applicable laws, rules and regulations. The Corporation shall not be required to qualify for resale pursuant to a prospectus or similar document any Deferred Share Units awarded under the Plan, provided that, if required, the Corporation shall notify the TSX and any other appropriate regulatory bodies in Canada of the existence of the Plan and the granting of Awards hereunder in accordance with any such requirements.
 - (ii) The Corporation intends that the Plan and all Deferred Share Units be construed to avoid the imposition of additional taxes, interest, and penalties pursuant to Section 409A of the Code. Notwithstanding the Corporation's intention, in the event any Deferred Share Unit is subject to such additional taxes, interest or penalties pursuant to Section 409A of the Code, the Board or the Committee, as applicable, may, in their sole discretion and without a Participant's prior consent, amend the Plan, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and actions with retroactive effect) as are necessary or appropriate to (A) exempt the Plan and/or any Deferred Share Unit from the application of Section 409A of the Code, (B) preserve the intended tax treatment of any such Deferred Share Unit, or (C) comply with the requirements of Section 409A of the Code, including without limitation any such regulations, guidance, compliance programs, and other interpretative authority that may be issued after the date of the grant. In no event shall the Corporation or any Affiliate be liable for any additional tax, interest or penalties that may be imposed on a Participant under Section 409A of the Code or any damages for failing to comply with Section 409A of the Code. To the extent a Participant who is a U.S. taxpayer is a "specified employee" within the meaning of Section 409A of the Code upon the Participant's Separation from Service, any amount payable upon such Separation from Service pursuant to the exercise of Deferred Share Units under Section 6 will be delayed to the earliest Business Day following the end of the sixth month period from the date of such

Participant's Separation from Service. Notwithstanding any provision in the Plan to the contrary, the timing of the exercise of Deferred Share Units under Section 6 with respect to U.S. taxpayers may be modified by the Board or the Committee as provided in Treasury Regulation § 1.409A-3(j)(4)(ix) with respect to the termination of a deferred compensation arrangement.

- (c) **No Right to Continued Service** — Nothing in the Plan or in any Award granted pursuant hereto shall confer upon any Participant the right to continue in the service of the Corporation or any Affiliates as a Director or otherwise, to be entitled to any remuneration or benefits not set forth in the Plan or to interfere with or limit in any way the right of the Corporation or any Affiliate to terminate a Participant's service arrangements with the Corporation or any Affiliate.
- (d) **Expenses** — All expenses in connection with the Plan shall be borne by the Corporation.
- (e) **Gender** — Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- (f) **Governing Law** — The Plan shall be governed by and construed in accordance with the laws in force in the Province of Manitoba and the federal laws of Canada applicable therein.

13. Effective Date

Subject to receipt of all necessary approvals, this Plan shall be effective from March 12, 2015.

SCHEDULE "A"

The North West Company Inc. Director Deferred Share Unit Plan (the "Plan")

Please complete one of Section 1 (Election Notice), Section 2 (Election to Change Participation) or Section 3 (Election to Terminate Receipt of Additional Deferred Share Units), and return a signed and dated copy of this Schedule A to the Corporate Secretary of The North West Company Inc. (the "**Corporation**"). Capitalized terms are defined in the Plan.

1. ELECTION NOTICE

I hereby elect to participate in the Plan on the following basis, until changed in accordance with a subsequently filed **Schedule A**:

- (a) ___ % of the Annual Cash Retainer;
- (b) ___ % of the Chair Retainer (if applicable); and
- (c) ___ % of the Meeting Fees.

2. ELECTION TO CHANGE PARTICIPATION

I hereby elect, notwithstanding my previous election in the form of this Schedule A, to change my election with respect to my participation in the Plan commencing with the Plan Year following the date hereof:

- (a) ___ % of the Annual Cash Retainer;
- (b) ___ % of the Chair Retainer (if applicable); and
- (c) ___ % of the Meeting Fees.

3. ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DEFERRED SHARE UNITS

I hereby elect, by marking the box below this paragraph with an "X", that notwithstanding my previous election in the form of this Schedule A, my Annual Cash Retainer, my Chair Retainer (if applicable) and my Meeting Fees, as may be accrued in all Plan Years subsequent to the current Plan Year, shall cease to be paid in Deferred Share Units in accordance with the terms of the Plan.

YES, I WISH TO TERMINATE RECEIPT OF ADDITIONAL DEFERRED SHARE UNITS.

I confirm that:

- (a) I have received and reviewed a copy of the terms of the Plan and agreed to be bound by such terms.
- (b) I recognize that when Deferred Share Units credited pursuant to an election made under Section 1 or 2 of this Schedule A are issued in accordance with the terms of the Plan, income tax and other withholdings as required will arise at that time that will be my obligations (and not the Corporation's, except as required by law). Upon issue of the Deferred Share Units, the Corporation will make all appropriate withholdings as required by law at that time and remit them on my behalf on a timely basis.
- (c) The value of Deferred Share Units is not guaranteed.
- (d) I acknowledge and agree that, as described in greater detail in the Plan, I am not permitted to assign, pledge, charge or otherwise encumber the Deferred Share Units granted to me under the Plan.
- (e) An election filed pursuant to Section 2 or 3 of this Schedule A is required to be filed with the Corporate Secretary of the Corporation not later than December 15 in any calendar year in order to be effective with respect to the immediately following financial year of the Corporation.

For more complete information, reference should be made to the Plan in its entirety.

(Signature of Director)

Date:

(Name of Director)

SCHEDULE "B"

**The North West Company Inc.
Director Deferred Share Unit Plan
(the "Plan")**

EXERCISE NOTICE

I hereby advise The North West Company Inc. (the "**Corporation**") that I wish to exercise all the rights to receive Deferred Share Units credited to my account under the Plan on the following Share Issue Date, which shall be at least five business days following the date on which this notice is filed with the Corporation but no later than December 31 of the first calendar year commencing after the date of this Exercise Notice:

**Amount of Deferred Share Units
(expressed as a percentage)**

Share Issue Date

(Signature of Participant)

Date:

(Name of Participant)

If this Exercise Notice is signed by a beneficiary or legal representative, documents providing the authority of such signature should be provided.

This Exercise Notice is not for use by Participants that are U.S. taxpayers.

Schedule C — Statement of North West Governance Practices

North West is committed to high standards of corporate governance, and is focused on processes that truly matter in creating and sustaining investor value and the long-term health of our enterprise.

North West regularly reviews its governance policies to ensure adherence to the requirements of authorities that regulate North West, including the Canadian Securities Administrators and the TSX.

North West's corporate governance framework is supported by clearly defined roles for its Board and committees. The Governance Committee provides direction, reviews best governance practices, monitors compliance, and makes recommendations to the Board to enhance corporate governance and Board effectiveness. North West's corporate governance practices and structure of North West are set out below.

COMPOSITION OF THE BOARD OF DIRECTORS

The responsibility of the Board of Directors of North West (the "**Board**") is to oversee the conduct of North West's business. The Board discharges its responsibilities either directly or through its committees. The Directors are kept informed of North West's operations at meetings of the Board and its committees, and through reports and discussions with management.

The Board currently consists of ten Directors. North West is currently recruiting an additional Director with an aboriginal background. North West believes that seven to twelve Directors is appropriate for an issuer of the size of North West and believes that the range of expertise and skills on its Board facilitate Board effectiveness.

NOMINATION OF DIRECTORS/BOARD DIVERSITY

The Governance Committee annually reviews both the size and composition of the Board. In considering new nominees for the Board, the Governance Committee assesses the skill, expertise and experience of incumbent Directors in order to determine the skills, expertise and experience it should seek in new Board members to add value to the Board. The Governance Committee then makes recommendations on candidates to the Board.

Board of Directors

North West's Corporate Governance Policy is based on the belief that a Board comprised of men and women representing different points of view add greater value than a Board comprised of Directors with similar backgrounds. The policy expressly encourages diversity in the composition of the Board in the broadest sense and with respect to a wide range of attributes such as diversity of gender, aboriginal heritage, nationality, geography, experience, and other attributes. The Board accordingly aims to be comprised of Directors who have a range of perspectives, insights and views in relation to the opportunities and issues facing North West, with an emphasis on finding the best qualified candidate given the needs and circumstances. While neither a written policy nor targets relating to the identification of women and nomination of women Directors have been adopted to date, the Board has emphasized its commitment to the recruitment of women in recent years by making the identification of candidates who are women a key search criterion in the Director selection and nomination process it has undertaken. Currently, as to gender, the Board is comprised of three female Directors (30%) and seven (70%) male Directors. The Board has determined that, at this time, a target would not be the most effective way of ensuring it is comprised of diverse attributes and backgrounds. The Board believes that its current makeup reflects the principles of diversity it strives to achieve. North West will continue to focus on encouraging diversity in the composition of the Board as a key search criterion when selecting Directors.

North West Management

North West believes that a diversity of backgrounds, opinions, and perspectives and a culture of inclusion helps create a healthy and dynamic workplace, which improves overall business performance. North West also recognizes that supporting a diverse workplace is a business imperative that helps North West attract and retain the brightest and most talented individuals for its leadership team.

Specific targets or quotas for gender or other diversity representation have not been adopted for executive officer positions due to the need to consider a balance of criteria in each individual appointment. This includes the importance that appointments are made, and are perceived to be made, on the merits of the individual and the needs of North West at the relevant time. In addition, targets or quotas based on specific criteria could limit North West's ability to ensure the overall composition of its leadership team meets the needs of North West and its shareholders. One exception is that North West is considering the creation of more targeted career paths for executive candidates of aboriginal heritage. With respect specifically to gender diversity, the current composition

of seven women out of eighteen (39%) total executive officers (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*) is felt to be indicative of healthy gender diversity in practice, without the need for targets or quotas.

BOARD TENURE, TERM LIMITS, AND RETIREMENT POLICY

Pursuant to North West's Corporate Governance Policy, Directors are not permitted to stand for re-election after reaching the age of 70 years. At this time, the Board does not believe arbitrary term limits are appropriate, nor does it believe that Directors should expect to be re-nominated annually until they reach the normal retirement age established by the Board. The Board strives to be constituted to achieve a balance between experience, on the one hand, and the need for renewal and fresh perspectives, on the other. The Board relies on regular formal Board, Board committee, and Director assessments for evaluating Board members and the overall performance of the Board and its committees.

INDEPENDENCE

The Board has reviewed the status of each of its Directors to determine whether such Director is "independent" as defined under National Instrument 58-101. Such review is based on the applicable factual circumstances, including financial, contractual and other relationships.

Of the ten nominee Directors, nine are independent within the meaning of NI 58-101. Each of H. Sanford Riley, Frank Coleman, Stewart Glendinning, Wendy Evans, Robert Kennedy, Annalisa King, Vi Konkle, Gary Merasty, and Eric Stefanson is an independent Director. Edward Kennedy, the President and Chief Executive Officer of North West, is not independent.

The independent Directors meet separately from management at all regular meetings and as necessary at special meetings.

ASSESSMENTS

In response to the Board's commitment to effective corporate governance, a regular evaluation process takes place. As part of this evaluation, Board members assess their effectiveness as a Board, as individual Directors, and the Board and committee Chairpersons. The Governance Committee is responsible for creating a plan to address any deficiency or evaluating and, if appropriate, implementing any suggestion elicited through the Board assessment process.

OTHER DIRECTORSHIPS

The names of all other reporting issuers on which each Director of North West serves as a Director is set out in this Circular under the heading "PART III — ABOUT THE NOMINATED DIRECTORS".

BOARD MEETINGS

The Board holds four regular meetings each year, as well as additional meetings as required. At each regularly scheduled meeting, the Board receives presentations from executives of North West. At the end of every regularly scheduled Board meeting, in order to facilitate an open and candid discussion among independent Directors, a session is held without any management present, including the CEO.

STRATEGIC DIRECTION

The Board oversees the development of North West's strategic direction and the implementation by management of the strategic goals. North West strategy is an important priority of the Board, and at least one part of a Board meeting is dedicated to the review of North West's strategy on an annual basis. The Board also receives quarterly strategic updates from management and considers changes to North West's strategic direction.

CHAIRPERSON

H. Sanford Riley is the Chairperson of the Board. Mr. Riley is an independent Director as defined in National Instrument 58-101. As Chairperson of the Board, his responsibilities include ensuring the Board functions effectively and independently of management, and that it meets its obligations and responsibilities as set out in its mandate. The Board has adopted a written position description of the Chairperson of the Board.

ATTENDANCE RECORD

For information concerning the attendance record of each Director for all Board and committee meetings, please refer to the disclosure under the heading "PART III — ABOUT THE NOMINATED DIRECTORS — Attendance at Director's Meetings".

Directors are expected to attend the annual meeting of Shareholders, as well as all Board meetings and meetings of committees on which they serve.

BOARD MANDATE

The Board's mandate sets out the Board's purpose, organization, duties and responsibilities. A copy of the mandate is attached as Schedule "D" to this Circular. The Board reviews its mandate on a regular basis. Each Board committee also has its own mandate, as further discussed below.

POSITION DESCRIPTIONS

The Board has developed written position descriptions for the Chairperson of the Board, individual Directors, and the President and Chief Executive Officer ("CEO").

The Board Chairperson provides independent, effective leadership to the Board in the governance of North West. The Board Chairperson sets the "tone" for the Board and its members to foster ethical and responsible decision making, appropriate oversight of management, and effective governance practices.

The CEO provides effective leadership and vision for North West to grow value responsibly, in a profitable and sustainable manner. The CEO sets the "tone" for management to foster ethical and responsible decision making, appropriate management, and effective governance practices.

NEW DIRECTOR ORIENTATION

North West has a formal orientation process for new Directors. Directors are provided with an orientation package, which includes copies of all Board and committee mandates and policies, corporate by-laws, and various corporate reports. Directors also meet with all members of senior management, at which time management provides the new Director with an overview of North West's business, operations and initiatives. Directors are also requested to tour or work at one or more of the major store banners during the first eighteen months of their appointment. Private meetings with other Directors are encouraged to establish rapport and understand Board dynamics. An incumbent Director is also assigned a mentor during their first year to assist them with any issues they encounter during the first year of service.

ORIENTATION AND CONTINUING EDUCATION

Directors are kept informed as to matters impacting North West's operations through reports and presentations at Board meetings. Special presentations on specific business operations are also provided to the Board. Tours are arranged of several of the key operations of North West's operating subsidiaries. In addition, all Directors regularly receive information on the operations of North West, including a report from the CEO, a report on corporate development activities, operations reports, a financial overview and other pertinent information. All executives are available for discussions with Directors concerning any questions or comments which may arise between meetings.

Directors also have the opportunity to participate in external director education events through North West's membership in the Institute of Corporate Directors. North West will also fund fifty percent (50%) of the tuition if a Director wishes to enroll in the ICD Directors Education Program.

Individual Directors may, with the consent of the Chair of the Governance Committee, engage outside advisors at the expense of North West.

CODE OF ETHICAL CONDUCT AND DISCLOSURE

The Board believes that a culture of strong corporate governance and ethical business conduct must be endorsed by the Board and all employees. The Code (as defined below) addresses many areas of business conduct.

North West has a written code of conduct for its Directors and employees (the “**Code of Conduct**”). A copy of the Code of Conduct can be found on www.sedar.com. Management is responsible to advise the Board on any compliance issues relating to the Code of Conduct. To the knowledge of the Board, there have been no departures from the Code of Conduct during fiscal 2014 that would have required the filing of a material change report.

Each Director and employee of North West must possess and exhibit the highest degree of integrity, professionalism and values, and must never be in a conflict of interest with North West. A Director who has a conflict of interest regarding any particular matter under consideration should advise the Board, refrain from debate on the matter and abstain from any vote regarding it.

In addition, North West’s Whistle Blowing Policy provides a procedure for employees to raise concerns or questions regarding questionable audit or accounting matters.

North West has also adopted a corporate disclosure policy which is reviewed by the Board on a regular basis. Quarterly and annual disclosure and financial packages are reviewed by the Disclosure Committee of Management prior to being recommended for Board approval and CEO/CFO certification of annual filings.

RELATED PARTY TRANSACTIONS

In the event a Director or officer has a material interest in any transaction or agreement entered into by North West, such interest must be declared and recorded. If the transaction or agreement is being considered by the Board, the Director is also required to exclude him or herself from any discussions or vote relating to such transaction or agreement.

BOARD COMMITTEES

The Board has three Committees who oversee the activities of North West. The Chairperson of the Board is an ex-officio non-voting member of all committees of the Board. Board committees meet regularly without management. The President and CEO attends Board committee meetings as an invited guest.

Governance and Nominating Committee (“Governance Committee”)

The Governance Committee is composed of five Directors, namely Wendy Evans (Chairperson), Robert Kennedy, Gary Merasty, Frank Coleman and Eric Stefanson, all of whom are independent.

The Governance Committee is responsible for developing and monitoring North West’s approach to corporate governance in accordance with good corporate practice and applicable laws and policies. In particular, the Governance Committee is responsible for overseeing the role, composition, and effectiveness of the Board and its committees. In this regard, the Governance Committee is responsible for such matters as establishing and reviewing the mandate of the Board and its committees; identifying and evaluating candidates for nomination to the Board; overseeing the orientation and education programs for the Directors; assessing the effectiveness of the Board, its committees and individual Directors; and establishing and reviewing general corporate policies and practices, such as related party transaction policies and insider trading guidelines.

Human Resources, Compensation and Pension Committee (the “Compensation Committee”)

The Compensation Committee is composed of six Directors, namely Robert Kennedy (Chairperson), Wendy Evans, Stewart Glendinning, Annalisa King, Vi Konkle and Gary Merasty, all of whom are independent.

The Compensation Committee is responsible for ensuring that appropriate and effective human resource recruitment, development, compensation, retention, succession planning, and performance evaluation programs are developed and implemented in conformity with the North West’s strategic objectives, and with a view to attract and retain the best qualified management and employees. See “PART IV — COMPENSATION DISCUSSION AND ANALYSIS” for the report presented this year on executive compensation.

Audit Committee

The Audit Committee is composed of five Directors, namely Eric Stefanson (Chairperson), Frank Coleman, Vi Konkle, Stewart Glendinning, and Annalisa King, all of whom are independent.

The Audit Committee is responsible for overseeing the integrity of North West’s financial statements. In this regard, the primary duties of the Audit Committee involve reviewing North West’s disclosure controls and procedures, overseeing the internal controls over financial reporting, and reviewing all significant accounting policies and any proposed changes thereto.

The Audit Committee reviews and recommends to the Board the approval of North West's quarterly financial statements and the annual audited financial statements, and is responsible for recommending to the Board the appointment of the external auditors and their compensation. It is also responsible for approving the external audit plan, evaluating the external auditors' performance, assessing the independence of the external auditors, and pre-approving all non-audit related fees.

The Audit Committee oversees the internal audit function, and approves the internal audit plan and reviews internal audit reports. It is responsible for overseeing North West's processes for identifying and assessing major financial risk exposures and the steps taken to monitor and control such risks.

COMPENSATION

The remuneration paid to the Directors is reviewed each year by the Governance Committee. The level of compensation is designed to provide a competitive level of remuneration for Directors relative to comparable issuers in the marketplace. The Directors also participate in the Director Deferred Share Unit Plan which is designed to directly align the interests of the Directors with the interests of the Shareholders by providing compensation to Directors in the form of Shares.

The compensation of officers is reviewed each year by the Compensation Committee, which is comprised of six Directors, all of whom are independent. The Compensation Committee is responsible for ensuring that appropriate and effective human resource recruitment, development, compensation, retention, succession planning, and performance evaluation programs are developed and implemented in conformity with North West's strategic objectives, and with a view to attract and retain the best qualified management and employees.

Please refer to this Circular under the heading "PART IV — COMPENSATION DISCUSSION AND ANALYSIS" for further information on the process for determining executive compensation.

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Schedule D — Mandate of the Board of Directors

The Board of Directors (the “Board”) of The North West Company Inc. (“North West”) is responsible for the stewardship of North West, providing independent and effective leadership in supervising the business and affairs of North West. The Board will discharge this responsibility by developing and determining policies by which the business and affairs of North West are to be managed, and by overseeing the management of North West.

A. COMPOSITION, BOARD ORGANIZATION, AND MEETINGS

- The Board will be comprised of between seven and twelve Directors, with the number of Directors from time to time being fixed by the Board. The Board will be constituted with a majority of individuals who are “independent” within the meaning of the corporate governance policies of *National Policy 58-201 Corporate Governance Guidelines*.
- All Directors will have the skills and abilities appropriate to their appointment as a Director.
- The Directors will be elected at each annual meeting of shareholders subject to North West’s bylaws, and may be elected at a special meeting of shareholders, in each case to hold office for a term expiring at the close of the next annual meeting of shareholders following such an election.
- The Board is responsible for establishing formal delegations of authority, which define the limits of management’s power and authority, and delegating to management certain powers to manage the affairs of North West. The Board has delegated to the Chief Executive Officer (“CEO”) certain powers and authorities to manage the business and affairs of North West, subject to the limitations of North West’s governing legislation. Any power or authority not so delegated remains within the Board.
- The Board has established the following committees to assist in discharging its duties: the Audit Committee, the Governance and Nominating Committee, and the Human Resources, Compensation and Pension Committee. Each committee has its own Board approved mandate. The Board may establish additional Committees or merge or dispose of any committee, as circumstances require. The Board is responsible for overseeing the duties delegated to each committee.
- In fulfilling its responsibilities, the Board shall have unrestricted access to management, and authority to select, retain, terminate and approve the fees of any independent advisor to assist it in performing its responsibilities. It is the policy of the Board to conduct portions of regularly scheduled meetings in the absence of management.
- Minutes of the Board and its committees shall be recorded and maintained by the Corporate Secretary, and subsequently presented to the Board or its committees for approval.

B. DUTIES AND RESPONSIBILITIES

The Board’s duties include:

1. Strategic Planning

- Providing oversight and guidance on the strategic issues facing North West.
- Requiring the CEO, in collaboration with the Board, to develop and present to the Board for approval, North West’s long term strategic plan.
- Approving North West’s financial objectives and annual operating plan, including capital allocations, expenditures, and transactions exceeding threshold amounts set by the Board.
- Monitoring implementation and effectiveness of the approved strategic and operating plans.
- Approving major business decisions not specifically delegated to management.

2. Identification and Management of Risks

- Ensuring that processes are in place to identify and manage the principal risks inherent in North West’s business and operations.
- Reviewing the systems that are implemented by management to manage and monitor those risks.
- Reviewing the processes that ensure compliance with applicable legal and regulatory requirements.

3. Financial Performance and Internal Controls

- Overseeing the financial reporting and disclosure obligations of the Board.
- Recommending the appointment and remuneration of North West's external auditors to North West's shareholders.
- Overseeing the integrity of North West's management information systems and the effectiveness of North West's internal controls.
- Reviewing and approving North West's annual and quarterly financial statements, management's discussion and analysis, annual information form, management proxy circular, and other public disclosure documents that require board approval.
- Overseeing compliance with applicable audit and accounting requirements.
- Approving the issuance of securities and the declaration of dividends.

4. Communications and Public Disclosure

- Approving North West's communication policies.
- Overseeing establishment of processes for accurate, timely, and appropriate full public disclosure.
- Approving a written disclosure policy, and monitoring compliance of such policy and applicable corporate, securities and exchange requirements.

5. Human Resources Management, Succession Planning and Executive Compensation

- Supervising the succession planning processes of North West, and approving the selection, appointment, development, evaluation and compensation of the CEO and other senior officers.
- Overseeing North West's executive compensation program and overall compensation philosophy for all other employees.
- Monitoring North West's approach to human resource management.
- Ensuring there are policies and practices in place to enable North West to attract, develop, and retain the human resources required by North West to meet its business objectives.

6. Governance

- Developing a set of corporate governance principles and guidelines.
- Establishing appropriate structures and procedures to allow the Board to function independently of management.
- Establishing Board committees and defining their mandates to assist the Board in carrying out its roles and responsibilities.
- Approving the compensation of the Directors and the Chairperson of the Board.
- Setting expectations and responsibilities of Directors, including attendance at, preparation for, and participation in meetings.
- Undertaking regular evaluations of the Board, its committees, its members, and reviewing its composition with a view to the effectiveness and independence of the Board and its members.
- Ensuring that each new Director engages in a comprehensive orientation process and that all directors are provided with continuing education opportunities.
- Identifying competencies and skills necessary for the Board as a whole and for each individual Director.
- Identifying individuals qualified to become new Directors.
- Reviewing the Board mandate on a regular basis, or as a result of legislative or regulatory changes, to ensure it appropriately reflects the Board's stewardship responsibilities.

7. Integrity, Ethics and Social Responsibility

- Establishing North West's values, including approving North West's Code of Conduct.
- Monitoring compliance with the Code of Conduct.
- Approving other policies and practices for dealing with matters related to integrity, ethics and social responsibility.
- To the extent possible, satisfying itself of the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout North West.

Approved by the Board of Directors effective March 12, 2015.

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Schedule E — Human Resources, Compensation and Pension Committee Mandate

The Human Resources, Compensation, and Pension Committee (“Committee”) of the Board of Directors (the “Board”) of The North West Company Inc. (“North West”) has the oversight responsibility and specific duties described below.

1. Purpose:

The primary purpose of the Committee is to assist the Board in fulfilling its oversight or direct responsibilities with respect to:

- (a) development, compensation, and retention of Senior Management and Executives of North West and its subsidiaries (as defined herein);
- (b) recruitment, appointment, development, performance evaluation, compensation and retention of the Chief Executive Officer (“CEO”) of North West;
- (c) key compensation and human resources strategies and policies;
- (d) succession planning systems and processes relating to the CEO, Executives and Senior Management;
- (e) regulatory duties related to compensation, benefit plans and pension plans; and
- (f) Share ownership guidelines for the CEO and Executives.

2. Committee Composition:

- (a) The Committee will be comprised of at least three Directors. All Committee members will be independent Directors (within the meaning of National Policy 58-210 Corporate Governance Guidelines). Any Committee member who, for any reason, is no longer independent immediately ceases to be a Committee member.
- (b) The membership of the Committee will represent a diverse background of experience and skills, including members with retail, human resources (including executive compensation), financial and management experience.
- (c) Committee members will be appointed and removed by the Board. The Committee Chairperson will be appointed by the Board.

3. Reports

The Committee shall report to the Board on a regular basis, including before the public disclosure by North West of its Management Information Circular, or as required by continuous disclosure legislation on executive compensation.

4. Responsibilities

Subject to the powers and duties of the Board, and with the requirement that the Committee provides timely summary reports to the Board on its activities, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

(a) Appointment and Compensation of Key Personnel

The Committee:

- (i) shall review and recommend to the Board, the appointment and terms of employment of the CEO.
- (ii) shall review and approve the appointment and terms of employment of any members of senior management who report directly to the CEO (“Executives”),
- (iii) shall review and approve annually a salary grid level for senior management who are not Executives, and who hold the title of either “Vice President”, “Director” or “General Manager” for North West and its subsidiaries (“Senior Management”).

- (iv) may obtain compensation data as necessary concerning entities that would be comparable to North West, and other data deemed appropriate by the Committee, and to the extent possible, understand the basis upon which comparable entities compensate their Executives and Senior Management.
- (v) shall review and recommend to the Board the compensation and design of incentive plans for the CEO, Executives, and Senior Management. In its review the Committee will assess the linkage of its compensation philosophy and incentive plans to North West's financial and non-financial performance, support for North West's business strategy, and alignment with North West's employee compensation philosophy;
- (vi) shall review and recommend to the Board, periodic changes to compensation guidelines and benefit plans;
- (vii) shall review and recommend to the Board:
 - payouts and grants pursuant to North West's Share based incentive plans for the CEO, Executives and Senior Management;
 - the CEO's annual short term incentive plan payment and measures;
 - any discretionary bonuses for the CEO; and
 - the adjudication of any matters impacting North West's incentive plans relating to the CEO.
- (viii) shall review and approve, for Executives and Senior Management:
 - payouts and grants pursuant to North West's Share based incentive plans;
 - any discretionary bonuses for Executives and Senior Management proposed by the CEO;
 - for Executives, the payments and measures under North West's annual short term incentive plan; and
 - the adjudication of matters impacting North West's incentive plans relating to Executives and Senior Management.
- (ix) shall annually review and recommend for approval to the Board, the Compensation Discussion and Analysis for inclusion in the Management Proxy Circular.

(b) **Human Resource Leadership**

The Committee shall:

- (i) review North West's key human resources strategies and policies for general adequacy, competitiveness, internal equity and cost effectiveness and, in the Committee's discretion, make recommendations to the Board for consideration;
- (ii) approve in each instance, the participation by the CEO on the board of Directors of any other commercial entity (not including a not-for-profit board), not directly related to the interests of the North West (an "Outside Board"), and the Committee shall review participation by any Executive of North West, as approved by the CEO, to any Outside Board (except for any appointment to a not-for-profit Outside Board);
- (iii) periodically review any policy on Share ownership for Executives and Senior Management, and at the Committee's discretion, make recommendations to the Board for consideration. The Committee shall review as required the actual ownership position relative to ownership guidelines; and
- (iv) review the results of periodic employee opinion surveys.

(c) **Chief Executive Officer (CEO)**

The Committee shall:

- (i) annually review, and in the Committee's discretion, make recommendations to the Board for consideration regarding the CEO's corporate goals and objectives, performance measurement indicators; compensation, and incentive plans; and
- (ii) annually evaluate the performance of the CEO, and based on the evaluation, in the Committee's discretion, make recommendations to the Board for consideration.

(d) **Succession and Development**

The Committee shall:

- (i) obtain reasonable assurance that North West has appropriate strategies, systems and processes for the evaluation of Executive and Senior Management, talent development and succession within North West, and shall review at least annually with the CEO the performance of and potential for advancement of each Executive and Senior Management. The Committee may also at its discretion request information on the management resources of any part of the North West or its subsidiaries;
- (ii) report to the Board at least annually its appraisal of the North West's Executive and Senior Management succession circumstances and practices, including the effectiveness of identifying, training and preparing high-potential candidates for advancement;
- (iii) determine periodically, as a separate and supplementary contingency plan to the succession process, the identity of immediate replacements in the event of an emergency for the CEO and the Chief Financial Officer, and make recommendations to the Board for consideration; and
- (iv) review and approve any proposed appointments of Executive, and the organizational structure of Executive and Senior Management reporting directly to the CEO, and as recommended by the CEO, and if such changes are material in nature as determined by the Committee, recommend approval to the Board.

(e) **Executive Pension Plan**

Plan Design

The Committee shall:

- (i) review and recommend to the Board for approval all decisions to initiate, merge or terminate the Executive Pension Plan, or otherwise fundamentally change the nature of the pension arrangement for the Executive Pension Plan, taking into account among other things, North West's attraction and retention goals for its Executive and Senior Management;
- (ii) approve any trust agreement with North West as the sponsor of the Executive Pension Plan; and
- (iii) review and recommend to the Board for approval, all amendments to the Executive Pension Plan..

Valuation and Funding

The Committee Shall:

- (i) review and recommend to the Board for its approval on a regular basis, a funding policy which sets out guidelines with respect to the valuation and funding of the liabilities of the Executive Pension Plan;
- (ii) review and approve, at least annually, the major actuarial assumptions for the valuation and funding of the liabilities of the Executive Pension Plan, as recommended by the Chief Financial Officer of North West;
- (iii) review and approve, at least annually, the actuarial report of the Executive Pension Plan; and

- (iv) review and recommend for approval to the Board, at least annually, the contributions to the pension funds of the Executive Pension Plan, as recommended by the Chief Financial Officer of North West.

Risk Management

The Committee shall:

- (i) establish and periodically review, the goals, objectives and long-term asset mix policy for the Executive Pension Plan, in terms of the proportion of the assets to be invested in various asset classes on average over the long term;
- (ii) establish and periodically review, the goals, objectives and investment program for the Executive Pension Plan, in terms of the number and types of investment options to be offered to the members of the plan;
- (iii) periodically review the performance of the investments for The Executive Pension Plan and meet annually with the investment advisor for the Executive Pension Plan; and
- (iv) meet as required with any advisors of the Executive Pension Plan.

Communication and Education

The Committee shall review and approve the communications plan and any material individual communications to members of the Executive Pension Plan relating to the education of such members of the pension plan.

Operations and Implementation

The Committee shall:

- (i) approve and periodically review and approve a pension expense policy which sets out guidelines for the payment of expenses incurred in the management and administration of the Executive Pension Plan from the assets of the pension funds;
- (ii) periodically review the pension administration policies approved management, in order to ensure that it sets out appropriate guidelines and procedures for the effective administration of the Executive Pension Plan, and ensuring compliance with any applicable legislation;
- (iii) appoint the actuary of the Executive Pension Plan;
- (iv) appoint an investment manager for the Executive Pension Plan; and
- (v) appoint a service provider for the Executive Pension Plan.

(f) **Staff Pension Plan**

The Pension Benefits Act of Manitoba (“Act”) and The North West Company Staff Pension Plan (the “Plan”) provide that the Pension Committee established pursuant to the Act (the “Pension Committee”) may delegate all or part of its powers and responsibilities to the Board or the Committee. Pursuant to the Delegation Agreement entered into between the Pension Committee and North West effective September 28, 2011, the Committee shall:

- (i) recommend to the Board for approval, the adoption, amendment, merger or consolidation, and windup of the Plan and related documentation, including changes requiring amendments related to Plan design, benefit structure, and membership eligibility;
- (ii) recommend to the Board for approval, the Plan’s governance structure and the Plan’s governance objectives;
- (iii) receive the report of the Plan’s auditor;
- (iv) receive and approve the Plan’s audited financial statements, and accounting policies;
- (v) approve, and at the Committee’s discretion, delegate to the CEO, the appointment and removal of North West’s representatives on the Pension Committee;

- (vi) recommend to the Board for approval, the Plan's funding policies;
- (vii) authorize Executives of North West to accept such delegation from the Pension Committee as they deem appropriate;
- (viii) provide a report to the Board on the Plan, at least on an annual basis, on relevant pension and compliance issues;
- (ix) generally oversee the administration of the Plan and the related fund;
- (x) approve the statement of investment policies and procedures for the Plan and to monitor compliance with such documents;
- (xi) appoint, retain, or terminate certain persons who provide goods or services in respect of the Plan, including but not limited to investment managers, trustee, custodian, auditor, actuary, advisors and DC record keeper with respect to the administration of the Plan;
- (xii) approve the asset mix structure and target and strategic ranges of asset class allocations for the defined benefit portion of the Plan;
- (xiii) make such regulations for itself as to the conduct of its activities as the Committee deems appropriate; and
- (xiv) provide a report to the Pension Committee of its activities, not less annually, in such form and content as the Pension Committee deems appropriate to fulfill its general duty of oversight of the Plan, and to meet its obligations as administrator of the Plan.

5. Structure

- (a) The Board shall appoint one of the Committee members to act as Chairperson of the Committee.
- (b) The Committee will appoint the Corporate Secretary of North West as secretary of the Committee, who will keep minutes of all meetings. In absence of the Corporate Secretary, the Committee will appoint an acting secretary who will keep minutes of the meeting.
- (c) The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than quarterly each year. Meetings will be at the call of the Chairperson. Notwithstanding the foregoing, any member of the Committee may call a meeting of the Committee. The Committee may hold a meeting by telephone conference call.
- (d) No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum.
- (e) Any member of the Committee may be removed or replaced at any time by the Board or shall cease to be a member of the Committee as soon as such member ceases to be a Director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders.
- (f) The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, unless otherwise provided for in North West's bylaws, or otherwise determined by resolution of the Board.
- (g) Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

6. Chairperson of the Committee

The Chairperson of the Committee (the "Chairperson") is responsible for the effective functioning of the Committee.

7. Independent Advice

The Committee shall:

- (a) have sole authority to retain, oversee, compensate and terminate independent advisors who assist the Committee in its activities. The Committee shall pre-approve all services to be provided by the independent compensation consultant. The Committee may, at its discretion, delegate to the Chairperson the authority to grant pre-approvals provided that those pre-approvals are presented in writing to the Committee at the next regularly scheduled meeting;
- (b) evaluate any independent compensation consultant's qualifications and performance, and take all reasonable steps to be confident that the independent compensation consultant does not provide services that would bring into question its independence; and
- (c) receive adequate funding from North West for any independent advisors and ordinary administrative expenses that are needed or appropriate for the Committee to carry out its duties.

8. Evaluation

The Committee shall:

- (a) regularly review and assess the adequacy of its Mandate, and recommend any proposed changes to the Governance and Nominating Committee, for recommendation to the Board for approval; and
- (b) participate in a regular performance evaluation of the Committee, the results of which will be reviewed by the Governance and Nominating Committee, and the Board.

Approved by the Board of Directors: Effective December 14, 2012.



Nor'Westers are associated with the vision, perseverance, and enterprising spirit of the voyageurs who pushed past limits to further our Company's growth during the fur trade. We trace our roots to 1668, and the establishment of one of North America's early trading posts at Waskaganish on James Bay. Today, we continue to embrace this pioneering culture as true "frontier merchants."



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