

WE ARE ***NORTH WEST***

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.

MAY 5, 2017



The North West Company Inc.



May 5, 2017

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 14, 2017 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 2016 Annual Report, which includes our consolidated financial statements and the auditor’s report to shareholders for the financial year ended January 31, 2017, 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.

At the Meeting, you will also be asked to consider and vote upon a proposed amendment to North West’s Articles and to its By-Law No.1 in connection with North West’s proposed acquisition of North Star Air Ltd. (“**NSA**”).

On April 23, 2017, North West entered into an agreement to acquire NSA, a regional airline based in Thunder Bay, Ontario (the “**Acquisition**”). The Acquisition is expected to enable North West to better serve its customers within certain northern regions of Canada.

Approximately 75% of North West’s northern Canadian retail network is inaccessible by all-weather roads and relies on air transportation for a significant portion of its product delivery needs. Today, North West exclusively uses third party carriers to provide this service and attempts to negotiate the best possible freight rates and service levels.

As a large freight customer, North West has had success with this approach in the past but is currently facing several million dollars in unprecedented price increases that have been imposed or planned by certain carriers. The Acquisition will help protect against

these increases and higher retail prices in affected communities. On the service side, North West also faces challenges in attempting to provide faster and reliable air cargo service to its customers in certain regions. These include the sub-optimal configuration of third party capacity and routings and the limited number, flexibility and financial health of available carriers. Other factors that North West has considered are its new systems' ability to monitor carrier performance and to integrate freight tracking and payment processes.

The Acquisition provides North West with control over more of these freight delivery variables and will be a test as to the longer-term viability of a different air freight model. Specifically, North West believes that dedicated air cargo planes can enable superior delivery services in these regions, including lower product spoilage and faster and more reliable shipments at a reasonable cost. These advantages are expected to help North West become a preferred supplier for a wider range of products, both in-store and online. North West further believes that the financial risk of the Acquisition will be mitigated by the significant percentage of intra-company business (North West's store freight) that will be part of NSA's revenue and profit base.

NSA is a leading regional airline that provides cargo and passenger services to remote communities in northwestern Ontario. NSA was founded in 1997, and is privately held by a group with deep expertise in northern air transportation and with a commitment to provide a lower cost, customer-driven service. NSA has the advantage of using Basler-type cargo planes, which have higher reliability and lower cost of usage. Because of these factors, NSA has achieved significant growth since inception. Over the 12 months ending October 31, 2016, NSA's revenues were \$27.9 million and have grown at a compounded annual rate of 43.8% since 2013.

The Acquisition price of approximately \$31 million (subject to customary closing adjustments), which represents a multiple of 6.6 times NSA's normalized earnings before interest, taxes and amortization of \$4.7 million for the 12 months ending October 31, 2016, is expected to be accretive to North West's earnings in fiscal 2017. Post-acquisition, additional capital investments will be made to facilitate NSA's expansion into new regions. These additional amounts are estimated at \$14 million in 2017 and are expected to generate incremental, accretive earnings to North West in addition to the service benefits detailed earlier.

In connection with the Acquisition and in order to hold the licenses necessary to operate as an air carrier, North West is required to comply with the *Canada Transportation Act*. In accordance with the *Canada Transportation Act*, North West must be able to establish at all times that it is "Canadian" within the meaning of this act. Under today's limitations, a maximum of 25% of the voting rights attached to our shares can be owned or controlled by non-Canadians.

To ensure North West's continuous compliance with the requirement to qualify as Canadian, we believe that it is desirable to introduce a variable voting share structure into our share capital, as proposed in the special resolution to be presented to you at the upcoming special meeting of shareholders. Under this new structure, Variable Voting Shares (the "**Variable Voting Shares**") and Common Voting Shares (the "**Common Voting Shares**") would replace existing North West Common Shares. The Variable Voting Shares would be owned or controlled by non-Canadians and

would carry one vote per share unless, notably, the number of issued and outstanding Variable Voting Shares represented at the relevant time exceeded 25% of all of the issued and outstanding Common Shares, in which case the vote attached to the Variable Voting Shares would decrease proportionately so that the Variable Voting Shares would never collectively carry more than 25% of the vote at any shareholders' meeting. The Common Voting Shares would only be owned and controlled by Canadians and would always carry one vote per share. For both classes of shares, all the other rights, privileges, conditions and restrictions would remain the same as the existing Common Shares. For a description of the procedure for the issue of new share certificates representing the Common Voting Shares and Variable Voting Shares, please see the section entitled "Proposed Amendments to the Articles of North West — Exchange of Certificates" of the Circular attached hereto. Canadians will be able to buy either class of shares, but on purchase, Variable Voting Shares will be automatically converted into Common Voting Shares. Likewise, non-Canadians will be able to buy either class, but Common Voting Shares will be automatically converted to Variable Voting Shares when owned or controlled by a non-Canadian. This variable voting share structure is similar to the share structures of other Canadian airlines subject to the Canadian ownership requirements of the *Canada Transportation Act*.

Closing of the Acquisition, which is expected to occur in June, 2017, is subject to Shareholder approval of the amendment to the Articles of North West in order to create two new classes of shares, the Variable Voting Shares and Common Voting Shares, and other customary closing conditions.

The Toronto Stock Exchange (the "**TSX**") has conditionally approved the listing of the Common Voting Shares and the Variable Voting Shares under a single ticker designated "NWC", as if they were a single class of securities, subject to the completion of certain conditions imposed by the TSX. The Common Voting Shares and Variable Voting Shares will be designated for the purposes of trading on the TSX and reporting in brokerage accounts under the single designation of "Variable and Common Voting Shares" of North West. The trading of Common Voting Shares and Variable Voting Shares under a single ticker is limited primarily to the administration of trading of such shares on the TSX.

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

Notice of Annual General and Special Meeting of Shareholders

You are invited to the 2017 Annual General and Special Meeting of common shareholders (the "**Meeting**") of The North West Company Inc. ("**North West**").

Date: Wednesday, June 14, 2017

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, 2017, including the external auditor's report;
2. to elect the directors of North West, who will serve until the next annual general meeting of shareholders;
3. to appoint PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual general meeting of shareholders, and to authorize the directors to set the auditor's compensation;
4. to consider an advisory resolution on North West's approach to executive compensation disclosed in the Management Information Circular dated May 5, 2017 (the "**Circular**");
5. to consider and, if deemed appropriate, to adopt a special resolution (the text of which is attached to the Circular as Schedule "A"), with or without amendments, for the purpose of amending the Articles of North West in order to create two new classes of shares, the Variable Voting Shares and Common Voting Shares and to cancel the issued and unissued common shares of North West (each, a "**Common Share**" and collectively, the "**Common Shares**"). Each Common Share which is:
 - a) not owned and controlled by a Canadian within the meaning of the *Canada Transportation Act* will be converted into one Variable Voting Share; and
 - b) owned and controlled by a Canadian within the meaning of the *Canada Transportation Act* will be converted into one Common Voting Share;
6. to consider and, if deemed appropriate, to adopt an ordinary resolution (the text of which is attached to the Circular as Schedule "D"), with or without amendments, to ratify an amended and restated By-Law No. 1 for North West to confer on the Board of Directors the power and authority to implement and apply

rules relating to restrictions on the issue, transfer, ownership, control and voting of Common Voting Shares and Variable Voting Shares; and

7. to consider any other business which may be properly brought before the Meeting, and any and all adjournments thereof.

The accompanying Circular provides detailed information relating to the above matters. You have the right to vote at the Meeting as set out in the Circular if you are a North West shareholder as of the close of business on May 12, 2017. 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"

Winnipeg, Manitoba
May 5, 2017

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

Management Information Circular

TABLE OF CONTENTS

Forward Looking Statements	1	Background and Purpose of	
Non-GAAP Financial Measures	2	Amendments	12
Part I — Voting Information	2	Amendment to the Articles	14
What Matters Will I Be Voting Upon?	2	Summary of Variable	
Who Can Vote?	3	Voting/Common Voting Shares	15
Registered Shareholders	3	Variable Voting Shares	15
Non-Registered Beneficial Shareholders	3	Common Voting Shares	18
How Do I Vote If I Am A Registered Shareholder?	4	Shareholder Approval and Coming Into Force	19
Voting By Proxy	4	Right to Dissent	19
Voting In Person	4	Events Subsequent to the Approval	22
Instructions For Registered Shareholders	4	Exchange of Certificates	23
How Do I Vote If I Am a Non-Registered Shareholder?	6	Trading in Variable and Common Voting Shares	23
Is My Vote Confidential?	8	Canadian Securities Legislation Considerations	24
How Many Shares Are Entitled To Vote?	8	Distribution and Resale	24
Are There Any Principal Holders of Shares?	8	Exemptive Relief — Take-Over/Early Warning	24
Solicitation of Proxies	8	Canadian Income Tax Considerations	25
How Is A Vote Passed	8	Holders Resident in Canada	26
Are Shareholders Entitled to Dissent Rights?	9	Non-Resident Holders	29
Will There Be Any Other Business At The Meeting?	9	Proposed Amendment to By-Law No. 1	31
Part II — Business of the Meeting	9	Approval by Shareholders/Coming Into Force	32
Financial Statements and Auditor's Report	9	Other Business	32
Appointing Our Auditor	9	Part III — Director Information	33
Audit Fees	10	Director Nominees	33
Pre-approval Policies and Procedures	10	Director Compensation	45
Electing Our Board of Directors	11	Director Fees	45
Advisory Resolution on Executive Compensation	11	Director Deferred Share Unit Plan	46
Proposed Amendments to Articles of North West	12	Director Total Compensation for Fiscal 2016	48
		Director Share Ownership Requirements	49
		Corporate Governance	49
		Introduction	49
		About the Board	50

Strategy and Risk Management	50	Benefits	74
Structure and Committees	50	Pension Plan	74
In-Camera Sessions	52	Employee Share Ownership Plan	74
Independent Chair/Position		Executive Deferred Share	
Description	52	Ownership Plan	75
CEO Position Description	52	Risk Management	76
Board Nomination, Composition		Executive Compensation	
and Renewal	52	Clawback Policy	76
Majority Voting Policy	52	Hedging and Speculative Trading	77
Board Tenure and Term Limits	53	2016 Performance and	
Expertise and Composition of		Compensation	77
the Board	53	Summary Compensation Table	77
Board Diversity	54	STIP and LTIP Awards	78
Diversity of North West		All Other Compensation	82
Management	54	Present Value of Accumulated	
Director Requirements and		Pension Benefits	82
Expectations	55	Outstanding Equity Based Awards	84
Board Independence	55	Share Ownership Guidelines	85
Code of Ethical Conduct and		Securities Remaining under Equity	
Disclosure	55	Compensation Plans	86
Attendance of Directors at		Termination and Change of Control	
Meetings	56	Benefits	87
Related Party		Employment Agreements/Offers of	
Transactions/Conflicts	56	Employment	89
Public Company/Interlocking		President and Chief Executive	
Directorships	56	Officer	89
Director Development and		Executive Vice President and	
Assessment	57	COO	92
New Director Orientation	57	Indebtedness of Directors and	
Director Continuing Education	57	Executives	93
Board and Director Assessment	58	Director and Officer Liability	
Communication with Shareholders	58	Insurance	94
Corporate Cease Orders or		Interest of Informed Persons in	
Bankruptcies	59	Material Transactions	94
Part IV — Compensation		Part V — Additional Information	94
Discussion and Analysis	60	Part VI — Consent of	
Letter to Our Shareholders	60	Goodmans LLP	95
Introduction	62	Part VII — Director's Approval	95
Compensation Governance	62	Schedule "A" — Special Resolution	96
Executive Compensation Philosophy	63	Schedule "B" — Articles of	
Shareholder Return and Executive		Amendment	98
Compensation	64	Schedule "C" — Section 190 of the	
Design of Compensation		CBCA	108
Program/Role of Consultants	66	Schedule "D" — Resolution	
Elements of 2016 Executive		Concerning the Bylaw	113
Compensation	68	Schedule "E" — Amended	
Annual Base Salary	69	and Restated By-Law No. 1	114
Short Term Incentive Plan	69	Schedule "F" — Mandate of the	
Long Term Incentive Plans	70	Board of Directors	147
Performance Share Units	71	Schedule "G" — Human Resources,	
Share Option Plan	72	Compensation and Pension	
Other Elements of 2016		Committee Mandate	151
Compensation	74		

Management Information Circular

FORWARD-LOOKING STATEMENTS

This management information circular contains forward-looking statements about North West, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expects”, “anticipates”, “plans”, “believes”, “estimates”, “intends”, “targets”, “projects”, forecasts” or negative versions thereof and other similar expressions, or future or conditional future financial performance (including sales, earnings, growth rates, capital expenditures, dividends, debt levels, financial capacity, access to capital, and liquidity), ongoing business strategies or prospects, and possible future action by North West. In particular, North West’s expectations regarding the benefits to be achieved by the Acquisition constitute forward-looking statements.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about North West, economic factors and the retail industry in general. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by North West due to, but not limited to, important factors such as general economic, political and market factors in North America and internationally, interest and foreign exchange rates, changes in accounting policies and methods used to report financial condition, including uncertainties associated with critical accounting assumptions and estimates, the effect of applying future accounting changes, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Corporation’s ability to complete strategic transactions and integrate acquisitions and the Corporation’s success in anticipating and managing the foregoing risks. The reader is cautioned that the foregoing list of important factors is not exhaustive. Other risks are outlined in the section entitled “Description of the Business — Risk Factors” in North West’s annual information form dated April 11, 2017, under the heading “Risk Management” in our Annual Report for the year ended January 31, 2017, and in our most recent consolidated financial statements, management information circular, material change reports and news releases.

The reader is also cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. Other than as specifically required by applicable law, North West is under no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise. Additional information on North West can be found on SEDAR at www.sedar.com or on North West’s website at www.northwest.ca.

NON-GAAP FINANCIAL MEASURES

This management information circular refers to “EBITDA”, which is not a recognized financial measure under International Financial Reporting Standards. North West’s method of calculating EBITDA may differ from other companies and may not be comparable to measures used by other companies. See the “Non-GAAP” measures section of North West’s Annual Report for the year ended January 31, 2017 for further information.

Part I — Voting Information

Unless stated otherwise, information contained in this Management Information Circular (the “**Circular**”) is given as of May 5, 2017.

WHAT MATTERS WILL I BE VOTING UPON?

Shareholders will be asked to vote upon the following matters:

1. to receive North West’s consolidated annual financial statements for the year ended January 31, 2017, including the external auditor’s report;
2. to elect the directors of North West, who will serve until the next annual general meeting of Shareholders;
3. to appoint PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual general meeting of Shareholders, and to authorize the directors to set the auditor’s compensation;
4. to consider an advisory resolution on North West’s approach to executive compensation disclosed in the Circular;
5. to consider and, if deemed appropriate, to adopt a special resolution (the “**Special Resolution**”) (the text of which is attached to the Circular as Schedule “A”), with or without amendments, for the purpose of amending the Articles of North West in order to create two new classes of shares, the Variable Voting Shares and Common Voting Shares and to cancel the issued and unissued common shares of North West (each, a “**Common Share**” or “**Share**” and collectively, the “**Common Shares**” or “**Shares**”). Each Common Share which is:
 - a) not owned and controlled by a Canadian within the meaning of the *Canada Transportation Act* will be converted into one Variable Voting Share; and
 - b) owned and controlled by a Canadian within the meaning of the *Canada Transportation Act* will be converted into one Common Voting Share;

6. to consider and, if deemed appropriate, to adopt an ordinary resolution (the **"Ordinary Resolution"**) (the text of which is attached to the Circular as Schedule "D"), with or without amendments, to ratify an amended and restated By-Law No. 1 for North West to confer on the Board of Directors the power and authority to implement and apply rules relating to restrictions on the issue, transfer, ownership, control and voting of Common Voting Shares and Variable Voting Shares; and
7. 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 Common Share you own as of the record date (the **"Shareholder"** or **"Shareholders"**). The Board of Directors of North West (the **"Board"** or the **"Directors"**) have set May 12, 2017 as the record date (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. 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, CST Trust Company, by no later than 4:30 p.m. (Central Time) on June 12, 2017 (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 FOR the ordinary at the Meeting as follows:

- **“FOR”** the election of the 11 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 advisory resolution on North West’s approach to executive compensation;
- **“FOR”** the Special Resolution;
- **“FOR”** the Ordinary Resolution; 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 May 5, 2017.

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 12, 2017 (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 12, 2017, 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 May 12, 2017.

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 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 May 5, 2017, the Common Shares are the only class of Shares of North West outstanding which entitle holders to vote at meetings of Shareholders. As of May 5, 2017, there were 48,680,578 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 May 5, 2017, based on publicly available filings, to the knowledge of the Board and the officers of North West, there are no principal holders 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 special and ordinary resolutions. Special resolutions are passed by a majority of not less than two-thirds of

the votes cast, meaning that if more than two-thirds of the votes that are cast are in favour, then the resolution passes. 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.

ARE SHAREHOLDERS ENTITLED TO DISSENT RIGHTS?

Registered holders of Common Shares are entitled to dissent rights with regard to the amendment of North West's Articles to create Variable Voting Shares and Common Voting Shares, but only if they follow the procedures specified in the *Canada Business Corporations Act* ("**CBCA**"). If you wish to exercise dissent rights, you should review the requirements summarized in this Circular carefully and consult with your legal advisor. Shareholders will not have dissent rights with regard to the implementation of an amended and restated By-Law No. 1.

WILL THERE BE ANY OTHER BUSINESS CONDUCTED AT THE MEETING?

As of May 5, 2017, 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. RECEIVING OUR ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Our Annual Consolidated Financial Statements for the financial year ended January 31, 2017, including the external auditor's report, will be presented at the Meeting, and are included in our 2016 Annual Report. The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Our 2016 Annual Report has been mailed to registered and beneficial Shareholders who have requested that these materials be sent to them. These documents are also available on North West's website at www.northwest.ca and under North West's profile on SEDAR at www.sedar.com.

2. APPOINTING OUR AUDITOR

The Board proposes the appointment of PricewaterhouseCoopers LLP ("**PWC**") as our auditor until the next annual meeting of Shareholders. PWC have been the auditors of North West since January 1, 2011, and auditors of its predecessor companies since June 10, 1987. Representatives from PWC will be at the Meeting to answer any of your questions.

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.

AUDIT FEES

Fees payable to PWC for the financial years ended January 31, 2017 and 2016 are set out in the table below.

Type of Fees (\$ in thousands)	Fiscal 2016	% of Total Fees	Fiscal 2015	% of Total Fees
Audit Fees	\$399	83.0	\$380	87.0
Audit-Related Fees	16	3.3	14	3.2
Tax Fees	66	13.7	43	9.8
All other Fees	–	–	–	–
Total	\$481	100	\$437	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.

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. ELECTING OUR BOARD OF DIRECTORS

You will vote on electing the following eleven nominees to the Board:

- 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
- Victor Tootoo

All nominated Directors are currently Directors of North West. The Director profiles starting on page 33 of this Circular give you detailed information about each of these nominees.

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 listed 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.

4. ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION APPROACH

The Board, through the Human Resources, Compensation and Pension Committee (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. Please read our 2016 report on executive compensation, starting on page 60 of this 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.

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 Compensation Committee with important feedback.

"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 2017 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.

At the 2016 Annual General Meeting, North West's approach to executive compensation was approved by 95.3% of the Shares voted on the advisory vote.

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 2017 annual general and special meeting voting results.

5. PROPOSED AMENDMENTS TO THE ARTICLES OF NORTH WEST

Shareholders are being asked to consider and if deemed appropriate to adopt a Special Resolution, the text of which is attached hereto as Schedule "A", authorizing us to amend our Articles in accordance with the CBCA.

BACKGROUND AND PURPOSE OF THE PROPOSED AMENDMENTS TO OUR ARTICLES

On April 23, 2017, North West entered into an agreement to acquire North Star Air Ltd. ("**NSA**"), a regional airline based in Thunder Bay, Ontario (the "**Acquisition**"). The Acquisition is expected to enable North West to better serve its customers within certain northern regions of Canada.

Approximately 75% of North West's northern Canadian retail network is inaccessible by all-weather roads and relies on air transportation for a significant portion of its product delivery needs. Today, North West exclusively uses third party carriers to provide this service and attempts to negotiate the best possible freight rates and service levels.

As a large freight customer, North West has had success with this approach in the past but is currently facing several million dollars in unprecedented price increases that have been imposed or planned by certain carriers. The Acquisition will help protect against these increases and higher retail prices in affected communities.

On the service side, North West also faces challenges in attempting to provide faster and reliable air cargo service to its customers in certain regions. These include the sub-optimal configuration of third party capacity and routings and the limited number,

flexibility and financial health of available carriers. Other factors that North West has considered are its new systems' ability to monitor carrier performance and to integrate freight tracking and payment processes.

The Acquisition provides North West with control over more of these freight delivery variables and will be a test as to the longer-term viability of a different air freight model. Specifically, North West believes that dedicated air cargo planes can enable superior delivery services in these regions, including lower product spoilage and faster and more reliable shipments at a reasonable cost. These advantages are expected to help North West become a preferred supplier for a wider range of products, both in-store and online. North West further believes that the financial risk of the Acquisition will be mitigated by the significant percentage of intra-company business (North West's store freight) that will be part of NSA's revenue and profit base.

NSA is a leading regional airline that provides cargo and passenger services to remote communities in northwestern Ontario. NSA was founded in 1997, and is privately held by a group with deep expertise in northern air transportation and with a commitment to provide a lower cost, customer-driven service. NSA has the advantage of using Basler-type cargo planes, which have higher reliability and lower cost of usage. Because of these factors, NSA has achieved significant growth since inception. Over the 12 months ending October 31, 2016, NSA's revenues were \$27.9 million and have grown at a compounded annual rate of 43.8% since 2013.

The Acquisition price of approximately \$31 million (subject to customary closing adjustments), which represents a multiple of 6.6 times NSA's normalized earnings before interest, taxes and amortization of \$4.7 million for the 12 months ending October 31, 2016, is expected to be accretive to North West's earnings in fiscal 2017. Post-acquisition, additional capital investments will be made to facilitate NSA's expansion into new regions. These additional amounts are estimated at \$14 million in 2017 and are expected to generate incremental, accretive earnings to North West in addition to the service benefits detailed earlier.

In connection with the Acquisition and in order to hold the licenses necessary to operate as an air carrier, North West is required to comply with the *Canada Transportation Act*.

Legislative Framework Regarding the Ownership of North West Shares Following Closing of the Acquisition

The applicable provisions of the *Canada Transportation Act* require that North West, as a corporation which will hold a scheduled domestic license, be Canadian; that is, controlled in fact by Canadians and that at least 75% of its voting interests be owned and controlled by Canadians.

The definition of "Canadian" under Section 55(1) of the *Canada Transportation Act* may be summarized as follows:

- a) Canadian citizen or a permanent resident within the meaning of the *Immigration and Refugee Protection Act* (Canada),

- b) a government in Canada or an agent of such a government, or
- c) a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 75%, or such lesser percentage permitted by the *Canada Transportation Act* or as the Governor in Council may by regulation specify, of the voting interests are owned and controlled by Canadians.

On March 12, 2009, Bill C-10, the *Budget Implementation Act* was assented to by the Canadian Parliament. This Act contains amendments to the *Canada Transportation Act*, however, at the date hereof, these amendments have not been proclaimed into force. When in force, these amendments will replace the current definition of Canadian within the *Canada Transportation Act* that prescribes a 25% limit on the voting interests owned and controlled by non-Canadians, and will instead provide the Governor in Council with the authority to implement new regulations under the *Canada Transportation Act* specifying the limit on the voting interests owned and controlled by non-Canadians, subject to a limit of 49% on the voting interests owned and controlled by all non-Canadians, or a limit of 49% on the voting interests owned and controlled by any specified class of non-Canadians prescribed in such regulations. These amendments to the *Canada Transportation Act* will come into force on a date to be fixed by order of the Governor in Council made on the recommendation of the Minister. On October 8, 2009, the Canadian Transportation Agency commenced a consultation process with stakeholders regarding the implementation of these new regulations, which will be implemented in conjunction with the coming into force of the amendments to the *Canada Transportation Act* described above. We are unable to predict the form such regulations will take, the timing for their enactment, or the potential effect on us or our capital structure.

AMENDMENT TO THE ARTICLES

The proposed amendments to our Articles will allow us to qualify as “Canadian” within the meaning of the *Canada Transportation Act*. The Board, on the recommendation of our management and taking into account the significant benefits that are expected to be achieved by North West from the Acquisition, has approved the amendment to our Articles and recommended that Shareholders vote “For” the Special Resolution.

The amendment to the Articles of North West will, among other things:

- a) authorize us to issue an unlimited number of Variable Voting Shares and an unlimited number of Common Voting Shares;
- b) convert each issued and outstanding Common Share which is not owned and controlled by a Canadian within the meaning of the *Canada Transportation Act*, as constituted at close of market on the day prior to the date of amendment on the Certificate of Amendment to be issued by the Director pursuant to the CBCA following the filing of the Articles of Amendment, into one Variable Voting Share and cancel the Common Share;

- c) convert each issued and outstanding Common Share which is owned and controlled by a Canadian within the meaning of the *Canada Transportation Act*, as constituted at close of market on the day prior to the date of amendment stated on the Certificate of Amendment to be issued by the Director pursuant to the CBCA following the filing of the Articles of Amendment, into one Common Voting Share and cancel the Common Share; and
- d) cancel all of our unissued Common Shares, it being understood that the Variable Voting Shares and the Common Voting Shares are substituted, with the required adaptations, for the purpose of exercising all rights of subscription, purchase or conversion relating to the Common Shares which are hereby cancelled.

This variable voting share structure is similar to the share structures of other Canadian airlines subject to the Canadian ownership requirements of the *Canada Transportation Act*. A copy of the Special Resolution authorizing us to amend our Articles in accordance with the terms and conditions set out below is attached to this Circular as Schedule "A".

Closing of the Acquisition, which is expected to occur in June, 2017, is subject to Shareholder approval of the Special Resolution, the Ordinary Resolution and other customary closing conditions. If the Special Resolution is approved by the Shareholders and not repealed by our Directors, the issued and outstanding Common Shares will be converted into Common Voting Shares or Variable Voting Shares, depending on whether the Common Shares are owned and controlled by Canadians or not. As at March 16, 2017, 48,676,458 Common Shares were issued and outstanding, of which North West estimates that approximately 35,412,941 (72.8%) were owned and controlled by Canadians, and 13,263,517 (27.2%) were owned or controlled by Non-Canadians.

SUMMARY OF THE RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS OF THE VARIABLE VOTING SHARES AND COMMON VOTING SHARES

The summary below describes the rights, privileges, restrictions and conditions attached to the Variable Voting Shares and the Common Voting Shares. The complete text describing these rights, privileges, restrictions and conditions is included in the Articles of Amendment, a copy of which is attached hereto as Schedule "B".

Variable Voting Shares

Exercise of Voting Rights

The holders of Variable Voting Shares will be entitled to receive notice of, to attend and vote at all meetings of our Shareholders, except those at which the holders of a specific class are entitled to vote separately as a class under the CBCA.

Variable Voting Shares will carry one vote per share held, except where (i) the number of outstanding Variable Voting Shares exceeds 25% of the total number of all issued

and outstanding Variable Voting Shares and Common Voting Shares (or any greater percentage permitted by the *Canada Transportation Act* or that the Governor in Council may specify pursuant to the *Canada Transportation Act*), or (ii) the total number of votes cast by or on behalf of the holders of Variable Voting Shares at any meeting on any matter on which a vote is to be taken exceeds 25% (or any greater percentage permitted by the *Canada Transportation Act* or that the Governor in Council may specify pursuant to the *Canada Transportation Act*) of the total number of votes cast at such meeting.

If either of the above-noted thresholds is surpassed at any time, the vote attached to each Variable Voting Share will decrease automatically without further act or formality. Under the circumstances described in paragraph (i) above, the Variable Voting Shares as a class cannot carry more than 25% (or any greater percentage permitted by the *Canada Transportation Act* or that the Governor in Council may specify pursuant to the *Canada Transportation Act*) of the total voting rights attached to the aggregate number of issued and outstanding Variable Voting Shares and Common Voting Shares of North West. Under the circumstances described in paragraph (ii) above, the Variable Voting Shares as a class cannot, for a given Shareholders' meeting, carry more than 25% (or any greater percentage permitted by the *Canada Transportation Act* or that the Governor in Council may specify pursuant to the *Canada Transportation Act*) of the total number of votes cast at the meeting.

Dividends

Subject to the rights, privileges, restrictions and conditions attached to any other class of North West shares ranking prior to the Variable Voting Shares, the holders of Variable Voting Shares are entitled to receive any dividends that are declared by North West's Board at the times and for the amounts that our Board may, from time to time, determine. The Variable Voting Shares shall rank equally with the Common Voting Shares as to dividends on a share-for-share basis. All dividends shall be declared in equal or equivalent amounts per share on all Variable Voting Shares and Common Voting Shares then outstanding, without preference or distinction.

Subdivision or Consolidation

No subdivision or consolidation of the Variable Voting Shares shall occur unless simultaneously, the Common Voting Shares are subdivided or consolidated in the same manner so as to maintain and preserve the relative rights of the holders of each of these classes of shares.

Rights in the Case of Liquidation, Winding-Up or Dissolution

Subject to the rights, privileges, restrictions and conditions attached to the other classes of North West shares ranking prior to the Variable Voting Shares, in the case of liquidation, dissolution or winding-up of North West, the holders of Variable Voting Shares and Common Voting Shares shall be entitled to receive North West's remaining property and shall be entitled to share equally, share for share, in all distributions of such assets.

Conversion

Each issued and outstanding Variable Voting Share shall be automatically converted into one Common Voting Share, without any further intervention on the part of North West or the holder, if (i) the Variable Voting Share is or becomes owned and controlled by a Canadian; or if (ii) the provisions contained in the *Canada Transportation Act* relating to foreign ownership restrictions are repealed and not replaced with other similar provisions in applicable legislation.

In the event that an offer is made to purchase Common Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed, to be made to all or substantially all the holders of Common Voting Shares in a given province of Canada to which these requirements apply, each Variable Voting Share shall become convertible at the option of the holder into one Common Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Variable Voting Shares for the purpose of depositing the resulting Common Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to the provisions concerning voting rights for Variable Voting Shares notwithstanding their conversion. Our transfer agent shall deposit the resulting Common Voting Shares on behalf of the holder.

Should the Common Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by Shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Common Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of North West or on the part of the holder, into Variable Voting Shares.

Variable Voting Shares may not be converted into Common Voting Shares, and vice-versa, other than in accordance with the conversion procedure set out in our Articles of Amendment.

Constraints on Share Ownership

Variable Voting Shares may only be owned or controlled by non-Canadians.

Common Voting Shares

Exercise of Voting Rights

The holders of Common Voting Shares will be entitled to receive notice of, and to attend and vote at all meetings of our Shareholders, except those at which holders of a specific class are entitled to vote separately as a class under the CBCA. Each Common Voting Share shall confer the right to one vote at all meetings of our Shareholders.

Dividends

Subject to the rights, privileges, restrictions and conditions attached to any class of North West shares ranking prior to the Common Voting Shares, holders of Common Voting Shares are entitled to receive any dividends declared by our directors at the times and for the amounts that the Board may, from time to time, determine. The Common Voting Shares and Variable Voting Shares shall rank equally as to dividends on a share-for-share basis. All dividends declared shall be declared in equal or equivalent amounts per share on all Common Voting Shares and Variable Voting Shares then outstanding, without preference or distinction.

Subdivision or Consolidation

No subdivision or consolidation of the Common Voting Shares shall occur unless simultaneously, the Variable Voting Shares are subdivided or consolidated in the same manner so as to maintain and preserve the respective rights of the holders of each of these classes of shares.

Rights in the Case of Liquidation, Winding-Up or Dissolution

Subject to the rights, privileges, restrictions and conditions attached to any class of shares ranking prior to the Common Voting Shares, in the case of liquidation, dissolution or winding-up of North West, the holders of Common Voting Shares and Variable Voting Shares shall be entitled to receive North West's remaining property and shall be entitled to share equally, share for share, in all distributions of such assets.

Conversion

Each issued and outstanding Common Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of North West or the holder, if such Common Voting Share is or becomes owned or controlled by a person who is not a Canadian.

In the event that an offer is made to purchase Variable Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, to be made to all or substantially all the holders of Variable Voting Shares, each Common Voting Share shall become convertible at the option of the holder into one Variable Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of

Common Voting Shares for the purpose of depositing the resulting Variable Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to the provisions concerning the voting rights for Common Voting Shares notwithstanding their conversion. Our transfer agent shall deposit the resulting Variable Voting Shares on behalf of the holder.

Should the Variable Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by the Shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Variable Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of North West or on the part of the holder, to Common Voting Shares.

The Common Voting Shares may not be converted into Variable Voting Shares, or vice-versa, other than in accordance with the conversion procedure set out in the Articles of Amendment.

Constraints on Share Ownership

The Common Voting Shares may only be owned and controlled by Canadians.

SHAREHOLDER APPROVAL AND COMING INTO FORCE OF THE SPECIAL RESOLUTION

Our Board adopted a resolution on April 23, 2017 authorizing the submission of the Special Resolution to the Shareholders.

In order to come into force, the Special Resolution must be adopted by at least two thirds of the votes cast at the Meeting by all Shareholders who are present or represented by proxy. If the Special Resolution is approved by the Shareholders, the amended Articles will only come into force once the Articles of Amendment are filed with the Director under the CBCA and when, in accordance with the provisions of the CBCA, a Certificate of Amendment is issued in respect of the amendments contemplated by the Special Resolution. Under the Special Resolution, our directors have the power to revoke the Special Resolution at their discretion before any effect is given thereto by filing the Articles of Amendment with the Registrar under the CBCA. Our directors may exercise this power if one or many Shareholders exercise their right to dissent related to the Special Resolution.

Unless a Shareholder indicates otherwise, the voting rights attached to the Common Shares represented by the proxy given to our management will be voted **IN FAVOUR** of the Special Resolution in order to approve the proposed amendments to our Articles.

Right to Dissent

Under the CBCA, Shareholders are entitled to send us a written dissent to the Special Resolution. In addition to any other right the holders of Common Shares may have, once the proposed amendments to our Articles contemplated by this Special Resolution take effect, any Shareholder who follows the CBCA procedures for

exercising a right to dissent will be entitled to receive payment from North West of the fair value of the Common Shares it holds with respect to which it expressed its dissent. This fair value will be determined upon the close of business on the day preceding the adoption of the Special Resolution.

Summary of the Procedure for Exercising the Right to Dissent

The following is a summary of the procedure established in section 190 of the CBCA that Shareholders must follow if they intend to exercise their right to dissent to the Special Resolution and want to request that we purchase their Common Shares in exchange for the fair value thereof, determined as of the close of business on the day before the Special Resolution is adopted.

Registered Shareholders may dissent from the Special Resolution, thus requiring North West to acquire the Common Shares held by such Shareholder for the fair value thereof, determined as of the close of business on the day before the Special Resolution is adopted. In order to do so, Shareholders are required to follow the procedure set out in section 190 of the CBCA.

Section 190 of the CBCA provides that a Shareholder may only make a claim with respect to all the shares of a class held by him or her on behalf of any one beneficial owner and registered in that Shareholder's name. One consequence of this provision is that Shareholders may only exercise the right to dissent under section 190 in respect of Common Shares which are registered in their name. Shareholders whose Common Shares are registered either: (i) in the name of an Intermediary that the Shareholder deals with; or (ii) in the name of a clearing agency of which the Intermediary or broker is a participant, are Beneficial Shareholders and are not entitled to exercise the right to dissent under section 190 directly (unless the Common Shares are re-registered in the Beneficial Shareholder's name).

A Registered Shareholder who wishes to dissent must provide a written objection to the Special Resolution (the "Dissent Notice") to North West c/o Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7, Attention: William Gorman, at or prior to the start of the Meeting.

The sending of a Dissent Notice does not deprive a Registered Shareholder of his, her or its right to vote on the Special Resolution at the Meeting. A vote, either in person or by proxy, against the Special Resolution does not constitute a Dissent Notice and is not required in order to dissent. However, a vote in favour of the Special Resolution will deprive Shareholders of further rights under section 190 of the CBCA.

Within ten days after the adoption of the Special Resolution, North West is required to notify in writing, each dissenting Shareholder (the "**Dissenting Shareholder**") that the Special Resolution has been adopted. Dissenting Shareholders must, within 20 days after receiving notice of adoption of the Special Resolution or, if no such notice is received, within 20 days after such Dissenting Shareholders learns that the Special Resolution has been adopted, send to North West a written notice (the "**Demand for Payment**") containing the Dissenting Shareholder's name and address, the number of Common Shares in respect of which a dissent is made and a demand for payment of

the fair value of such Common Shares. Within 30 days after sending the Demand for Payment, the Dissenting Shareholder must send the share certificate(s) representing the Common Shares, as applicable, in respect of which a dissent is made to North West's transfer agent. The transfer agent will endorse on the certificates a notice that the holder thereof is a Dissenting Shareholder under section 190 of the CBCA and will forthwith return the certificate(s).

Dissenting Shareholders that fail to send the Dissent Notice, the Demand for Payment or the share certificate(s) within the applicable time periods have no right to make a claim under section 190 of the CBCA.

Under section 190 of the CBCA, after sending a Demand for Payment, Dissenting Shareholders cease to have any rights as a holder of the Common Shares in respect of which they have dissented, other than the right to be paid the fair value of such Common Shares as determined under section 190 of the CBCA, unless: (i) the Demand for Payment is withdrawn before North West makes a written offer to each Dissenting Shareholder to pay the fair value for the number of Common Shares in respect of which that Dissenting Shareholder dissents (an "**Offer to Pay**"); (ii) North West fails to make a timely Offer to Pay to the Dissenting Shareholder and the Dissenting Shareholder withdraws his or her Demand for Payment; or (iii) the Board revokes the Special Resolution. In all three cases described above, the Dissenting Shareholder's rights as a Shareholder are reinstated as of the date of the Demand for Payment, and in the first two cases, the Common Shares in respect of which dissent rights had been exercised will be subject to the Special Resolution.

Not later than seven days after the later of the date on which the Articles of Amendment have been filed and the day North West receives the Demand for Payment, North West will send to each Dissenting Shareholder who has sent a Demand for Payment, an Offer to Pay for the Common Shares in respect of which the Dissenting Shareholder has dissented in an amount considered by the Board to be the fair value thereof, accompanied by a statement showing how the fair value was determined or a notification that North West is unable to lawfully pay for the Common Shares if North West is, or after the payment would be, unable to pay its liabilities as they become due, or the realizable value of North West's assets would thereby be less than the aggregate of its liabilities. Every Offer to Pay made to Dissenting Shareholders for Common Shares will be on the same terms, respectively. The amount specified in an Offer to Pay that has been accepted by a Dissenting Shareholder will be paid by North West within ten days of the acceptance, but an Offer to Pay lapses if North West has not received an acceptance thereof within 30 days after the Offer to Pay has been made.

If an Offer to Pay is not made by North West or if a Dissenting Shareholder fails to accept an Offer to Pay, North West may, within 50 days after the Articles of Amendment have been filed or within such further period as the Court may allow, apply to the Court to fix a fair value for the Common Shares of any Dissenting Shareholder. If North West fails to so apply to the court, a Dissenting Shareholder may apply to the Court for the same purpose within a further period of 20 days or within

such further period as the Court may allow. A Dissenting Shareholder is not required to give security for costs in any application to the Court.

On making an application to the Court, North West will give to each Dissenting Shareholder who has sent a Demand for Payment and has not accepted an Offer to Pay, notice of the date, place and consequences of the application and of the Dissenting Shareholder's right to appear and be heard in person or by counsel. All such Dissenting Shareholders will be joined as parties to any such application to the Court to fix a fair value and will be bound by the decision rendered by the Court in the proceedings commenced by such application. The Court is authorized to determine whether any other person is a Dissenting Shareholder who should be joined as a party to such application.

The Court will fix a fair value for the Common Shares of all Dissenting Shareholders and may, in its discretion, require a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the date on which the Articles of Amendment are filed until the date of payment of the amount ordered by the Court. The fair value fixed by the Court may be more or less than the amount specified in an Offer to Pay. The final order of the Court in the proceedings commenced by an application by North West or a Dissenting Shareholder will be rendered against North West and in favour of each Dissenting Shareholder. The cost of any application to a Court by North West or a Dissenting Shareholder will be in the discretion of the Court. Where, however, North West fails to make an Offer to Pay, the costs of the application by a Dissenting Shareholder are to be borne by North West unless the Court orders otherwise.

All Common Shares held by Shareholders who exercise their right of dissent will, if the holders are ultimately entitled to be paid the fair value thereof, be deemed to have transferred such Common Shares to North West for cancellation immediately prior to the issuance of a Certificate of Amendment with respect to the Special Resolution and such Common Shares shall be deemed to no longer be issued and outstanding as of that time, in exchange for such fair value.

The above is only a summary of the dissent right provisions of the CBCA, which are technical and complex. The full text of section 190 of the CBCA is attached as Schedule "C" to this Circular. Registered Shareholders who wish to exercise their dissent rights should seek legal advice as failure to comply with the strict requirements set out in section 190 of the CBCA may result in the loss or unavailability of the right to dissent.

Events Subsequent to the Approval

Should the Shareholders approve the Special Resolution in the manner described above, we will file the Articles of Amendment necessary to give effect to the proposed amendments promptly following the Meeting, unless our Directors repeal the Special Resolution prior to filing the Articles of Amendment.

We presently expect that the Articles of Amendment will be filed and the changes legally in effect on or about June 15, 2017.

Exchange of Certificates

Upon issuance of Articles of Amendment to effect the share reorganization, Canadian Shareholders (other than Dissenting Shareholders) will be deemed to be holders of Common Voting Shares and Canadian Registered Shareholders will be entered into the register of holders of Common Voting Shares without further act or formality. Upon issuance of Articles of Amendment to effect the share reorganization, non-Canadian Shareholders (other than Dissenting Shareholders) will be deemed to be holders of Variable Voting Shares and non-Canadian Registered Shareholders will be entered into the register of holders of Variable Voting Shares without further act or formality.

A letter of transmittal (the “**Letter of Transmittal**”) for the surrender of certificates representing Common Shares for use in exchanging those certificates for Common Voting Share certificates or Variable Voting Share certificates, as the case may be, is enclosed with this Circular. The Letter of Transmittal contains instructions on how Shareholders are to exchange their Common Share certificates. Registered Shareholders (other than Dissenting Shareholders) should read and follow these instructions carefully. The Letter of Transmittal, when properly completed and returned together with a certificate or certificates representing Common Shares and all other required documents, will enable each registered Shareholder (other than Dissenting Shareholders) to obtain the certificates representing the same number of Common Voting Shares or Variable Voting Shares, as the case may be, under the share reorganization.

Shareholders who have Common Shares registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in depositing those Common Shares.

Any use of the mail to transmit the share certificates and Letter of Transmittal is at the risk of the Shareholder. If such documents are mailed, it is recommended that registered mail, with return receipt requested, properly insured, be used. If North West does not proceed with the share reorganization, all certificates representing Common Shares received by the Depository will be returned to Shareholders.

Dissenting Shareholders who ultimately are not entitled to be paid the fair value of their North West Shares will be entitled to receive Common Voting Shares or Variable Voting Shares, as the case may be, under the share reorganization.

If a certificate representing Common Shares has been lost, apparently destroyed or wrongfully taken, the holder of such Common Shares should immediately contact the registrar and transfer agent of the Common Shares, so that arrangements can be made to issue a replacement share certificate to such holder upon such holder satisfying such reasonable requirements as may be imposed by North West in this regard.

Trading in Variable Voting Shares and Common Voting Shares

The Articles of Amendment are expected to be filed on June 15, 2017 and it is expected the Variable Voting Shares and Common Voting Shares will commence

trading two to three business days following the filing of the Articles of Amendment. The Toronto Stock Exchange (the “**TSX**”) has conditionally approved the listing of the Common Voting Shares and the Variable Voting Shares under a single ticker designated “NWC”, as if they were a single class of securities, subject to the completion of certain conditions imposed by the TSX. The Common Voting Shares and Variable Voting Shares will be designated for the purposes of trading on the TSX and reporting in brokerage accounts under the single designation of “Variable and Common Voting Shares” of North West. The trading of Common Voting Shares and Variable Voting Shares under a single ticker is limited primarily to the administration of trading of such shares on the TSX.

CANADIAN SECURITIES LEGISLATION CONSIDERATIONS

Distribution and Resale of Variable Voting Shares and Common Voting Shares

The exchange of Variable Voting Shares and Common Voting Shares with our holders of Common Shares pursuant to the amendment of our Articles will be exempt from prospectus and registration requirements under Canadian securities legislation. Subject to restrictions on the distribution of shares from “control blocks”, the Variable Voting Shares and Common Voting Shares issued in the context of the amendments to our Articles can be resold in all Canadian provinces and territories without restriction, provided that no unusual effort is made to prepare the market or create the demand for the securities and no commission or unusual consideration is granted with respect to the sale. Additionally, if the selling Shareholder of Variable Voting Shares or Common Voting Shares is an insider or officer of North West, the selling Shareholder must have no reasonable grounds to believe that North West is in default of securities legislation.

Exemptive Relief from Take-Over Bid and Early Warning Rules

North West has filed an application for an exemption to treat our Variable Voting Shares and Common Voting Shares as a single class for the purposes of applicable take-over bid requirements and early warning reporting requirements contained under Canadian securities laws. The application seeks relief from the securities regulatory authorities in each of the provinces of Canada from (i) applicable formal take-over bid requirements, as contained under Canadian securities laws, such that those requirements would only apply to an offer to acquire 20% or more of the outstanding Variable Voting Shares and Common Voting Shares of the Corporation on a combined basis, (ii) applicable early warning reporting requirements, as contained under Canadian securities laws, such that those requirements would only apply to an acquirer who acquires or holds beneficial ownership of, or control or direction over, 10% or more of the outstanding Variable Voting Shares and Common Voting Shares of the Corporation on a combined basis (or five% in the case of acquisitions during a take-over bid), and (iii) applicable alternative monthly reporting requirements, as contained under Canadian securities laws, such that eligible institutional investors may meet the eligibility criteria for alternative monthly reporting by calculating their security holdings using a denominator comprised of all outstanding Common Voting Shares and Variable Voting Shares on a combined basis, and a numerator including all

of the Common Voting Shares or Variable Voting Shares, as the case may be, beneficially owned or controlled by the institutional investor.

The application takes into account our dual class shareholding structure. An investor does not control or choose which class of our shares it acquires and holds. The class of shares ultimately available to an investor is only a function of the investor's status as a Canadian or non-Canadian (as defined under the *Canada Transportation Act*). The number of Common Voting Shares and Variable Voting Shares outstanding, respectively, absent the relief sought, may limit the ability of Canadians or non-Canadians to acquire shares of North West in the ordinary course without the apprehension of inadvertently triggering the take-over bid rules or early warning reporting requirements.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations thereunder, as amended (the "**Tax Act**"), as of the date hereof, concerning the amendment to North West's share capital, the conversion of Common Shares into Common Voting Shares or Variable Voting Shares pursuant to the Special Resolution, and the subsequent holding and disposition of Common Voting Shares or Variable Voting Shares generally applicable to a holder who, at all relevant times, beneficially owns Common Shares, and acquires Common Voting Shares or Variable Voting Shares, as capital property, deals at arm's length (for purposes of the Tax Act) with North West, and is not affiliated (for purposes of the Tax Act) with North West (a "**Holder**").

The Common Shares, Common Voting Shares and Variable Voting Shares generally will constitute capital property to a holder thereof, provided that the holder does not hold the shares in the course of carrying on a business and has not acquired the shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain holders who are resident in Canada (for purposes of the Tax Act) and who might not otherwise be considered to hold the shares as capital property may, in certain circumstances, be entitled to have such shares, and all other "Canadian securities" (as defined in the Tax Act) owned by such holders in the year of the election or any subsequent year, treated as capital property by making an irrevocable election pursuant to subsection 39(4) of the Tax Act. Such holders should consult their own tax advisors for advice with respect to whether an election under subsection 39(4) of the Tax Act is available or advisable having regard to their particular circumstances.

This summary is not applicable to a holder (i) that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), (ii) an interest in which would be a "tax shelter investment" (as defined in the Tax Act), (iii) that is a "specified financial institution" (as defined in the Tax Act), (iv) that makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act or (v) that has entered or will enter into a "derivative forward agreement" (as defined in the Tax Act) with respect to shares of the capital stock of North West. Any such holder should consult its own tax advisor.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof (the “**Proposed Amendments**”) and counsel’s understanding of the administrative policies and assessing practices of the Canada Revenue Agency made publicly available in writing prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed; however, no assurance can be given that the Proposed Amendments will be enacted in such form or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law or in the administrative policies or assessing practices of the Canada Revenue Agency, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder of a Common Share, Common Voting Share or Variable Voting Share, and no representations with respect to the income tax consequences to any such holder are made. Consequently, holders should consult their own tax advisors for advice with respect to the tax consequences to them having regard to their particular circumstances.

Holders Resident in Canada

The following discussion applies to Holders who, for purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, are (or are deemed to be) resident in Canada (a “**Canadian Holder**”).

Conversion of Existing Common Shares

A Canadian Holder whose Common Shares are converted into Common Voting Shares pursuant to the Special Resolution will not realize a capital gain (or capital loss) as a result of the conversion. The Canadian Holder will be considered to have disposed of the Common Shares for proceeds of disposition equal to the aggregate of the adjusted cost base of the Common Shares immediately prior to the conversion, and to have acquired the Common Voting Shares at a cost equal to such amount. The adjusted cost base to a Canadian Holder of a Common Voting Share acquired at any time will be determined by averaging the cost of the Common Voting Share with the adjusted cost base of all other Common Voting Shares (if any) held by the Canadian Holder as capital property immediately before that time.

Taxation of Dividends on Common Voting Shares

A dividend received (or deemed to be received) on a Common Voting Share held by a Canadian Holder will be included in computing the Canadian Holder’s income for purposes of the Tax Act.

In the case of a Canadian Holder who is an individual (other than certain trusts), such dividend will be subject to the gross-up and dividend tax credit rules in the Tax Act

normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by North West as “eligible dividends”. A dividend will be eligible for the enhanced gross-up and dividend tax credit if the recipient receives written notice (which may include a notice published on North West’s website) from North West designating the dividend as an eligible dividend.

A taxable dividend received (or deemed to be received) by a Canadian Holder who is an individual (including certain trusts) may result in the Canadian Holder being liable for alternative minimum tax under the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

In the case of a Canadian Holder that is a corporation, a dividend received (or deemed to be received) on a Common Voting Share held by the Canadian Holder generally will be deductible in computing the Canadian Holder’s taxable income, with the result that no tax will be payable by it in respect of the dividend. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Canadian Holder that is a corporation as proceeds of disposition or a capital gain. A Canadian Holder that is a “private corporation” or “subject corporation” (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on a dividend received (or deemed to be received) on a Common Voting Share to the extent the dividend is deductible in computing the Canadian Holder’s taxable income. Canadian Holders that are corporations should consult their own tax advisors having regard to their particular circumstances.

Disposition of Common Voting Shares — Taxation of Capital Gains and Capital Losses

A disposition (or deemed disposition) of a Common Voting Share by a Canadian Holder (other than to North Star, unless purchased by North Star in the open market in the manner in which shares are normally purchased by any member of the public in the open market) generally will result in the Canadian Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Common Voting Share exceed (or are exceeded by) the adjusted cost base to the Canadian Holder thereof and any reasonable costs of disposition.

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Canadian Holder in a taxation year must be included in the Canadian Holder’s income for the year. One-half of any capital loss (an “**allowable capital loss**”) realized by a Canadian Holder in a taxation year must generally be deducted from taxable capital gains realized by the Canadian Holder in such year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

A capital gain realized by a Canadian Holder who is an individual (including certain trusts) may result in the Canadian Holder being liable for alternative minimum tax

under the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

In the case of a Canadian Holder that is a corporation, the amount of any capital loss realized on the disposition of a Common Voting Share may be reduced by the amount of dividends received (or deemed to be received) by the Canadian Holder on the Common Voting Share (or on a share for which the Common Voting Share has been substituted) to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns a Common Voting Share directly or indirectly through a partnership or trust.

A Canadian Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include taxable capital gains.

Right to Dissent

A Canadian Holder who exercises its right to dissent and receives payment from North West of the fair value of the Common Shares in respect of which a dissent is made will be considered to have disposed of the Common Shares for proceeds of disposition equal to the payment (other than any portion of the payment that is interest awarded by a court). The Canadian Holder will be deemed to have received a taxable dividend equal to the amount by which such proceeds exceed the paid-up capital of such Common Shares immediately prior to that time, and to have realized a capital gain (or capital loss) to the extent that such proceeds, net of any reasonable costs of disposition and net of any deemed dividend, exceed (or are exceeded by) the aggregate of the adjusted cost base of such Common Shares to the Canadian Holder. The tax consequences to the Canadian Holder of realizing a deemed dividend generally will be as described above under the heading “— Taxation of Dividends on Common Voting Shares”. In certain circumstances, subsection 55(2) of the Tax Act may treat a taxable dividend received by a Canadian Holder that is a corporation as proceeds of disposition. See “— Taxation of Dividends on Common Voting Shares”. The tax consequences to the Canadian Holder of realizing a capital gain (or capital loss) generally will be as described above under the heading “— Disposition of Common Voting Shares — Taxation of Capital Gains and Capital Losses”. Interest awarded by a court to the Canadian Holder will be included in the Canadian Holder’s income for purposes of the Tax Act. Canadian Holders who intend to exercise their right to dissent should consult their own tax advisors having regard to their particular circumstances.

Eligibility for Investment

The Common Voting Shares will be qualified investments at the time of the acquisition thereof by a trust governed by a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”), deferred profit sharing plan, registered education savings plan, registered disability savings plan or tax-free savings account (“**TFSA**”), each as defined in the Tax Act (each, an “**Exempt Plan**”), provided that, at

the time of the acquisition thereof by the Exempt Plan, the Common Voting Shares are listed on a “designated stock exchange” (as defined in the Tax Act and which currently includes the Toronto Stock Exchange).

Notwithstanding the foregoing, if the Common Voting Shares are a “prohibited investment” for purposes of a TFSA, RRSP or RRIF, the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Common Voting Shares will not be a prohibited investment for a TFSA, RRSP or RRIF provided that the holder or annuitant thereof, as the case may be, deals at arm’s length with North Star for purposes of the Tax Act, and does not have a “significant interest” (as defined in the Tax Act) in North Star. In addition, the Common Voting Shares will not be a “prohibited investment” if the Common Voting Shares are “excluded property” (as defined in the Tax Act) for the TFSA, RRSP or RRIF. Prospective holders who intend to hold Common Voting Shares in a TFSA, RRSP or RRIF should consult their own tax advisors.

Automatic Conversion of Common Voting Shares into Variable Voting Shares

A Canadian Holder whose Common Voting Shares are automatically converted into Variable Voting Shares pursuant to the Articles of North West will be deemed not to have disposed of the Common Voting Shares for purposes of the Tax Act and therefore will not realize a capital gain (or capital loss) as a result of the conversion. The Canadian Holder will be considered to have acquired the Variable Voting Shares at a cost equal to the aggregate of the adjusted cost base of such Common Voting Shares. The adjusted cost base to a Canadian Holder of a Variable Voting Share acquired at any time will be determined by averaging the cost of the Variable Voting Share with the adjusted cost base of all other Variable Voting Shares (if any) held by the Canadian Holder as capital property immediately before that time.

Non-Resident Holders

The following discussion applies to Holders who, for purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, are not (and are not deemed to be) resident in Canada and do not hold (and are not deemed to hold) their Common Shares in, or in the course of, carrying on a business or part of a business in Canada (a “**Non-Canadian Holder**”). Special rules, which are not discussed in this summary, may apply to a Non-Canadian Holder that is an insurer carrying on business in Canada and elsewhere; such insurers should consult their own tax advisors.

Conversion of Common Shares

A Non-Canadian Holder whose Common Shares are converted into Variable Voting Shares pursuant to the Special Resolution will not realize a capital gain (or capital loss) as a result of the conversion. The Non-Canadian Holder will be considered to have disposed of the Common Shares for proceeds of disposition equal to the aggregate of the adjusted cost base of the Common Shares immediately prior to the conversion, and to have acquired the Variable Voting Shares at a cost equal to such amount. The

adjusted cost base to a Non-Canadian Holder of a Variable Voting Share acquired at any time will be determined by averaging the cost of the Variable Voting Share with the adjusted cost base of all other Variable Voting Shares (if any) held by the Non-Canadian Holder as capital property immediately before that time.

Taxation of Dividends on Variable Voting Shares

A dividend paid or credited (or deemed to be paid or credited) on a Variable Voting Share to a Non-Canadian Holder will be subject to Canadian withholding tax at a rate of 25% (subject to reduction under the provisions of any applicable income tax treaty or convention).

Disposition of Variable Voting Shares — Taxation of Capital Gains and Capital Losses

A Non-Canadian Holder generally will not be subject to tax under the Tax Act in respect of any capital gain realized by the Non-Canadian Holder on a disposition (or deemed disposition) of a Voting Variable Share unless the Voting Variable Share constitutes (or is deemed to constitute) “taxable Canadian property” (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax treaty or convention.

Generally, a Voting Variable Share will not be taxable Canadian property of a Non-Canadian Holder at a particular time, provided that (1) the Voting Variable Share is listed at that time on a “designated stock exchange” (as defined in the Tax Act and which currently includes the Toronto Stock Exchange); and (2) at no time during the 60-month period that ends at the particular time both (a)(i) the Non-Canadian Holder, (ii) persons with whom the Non-Canadian Holder did not deal at arm’s length (for purposes of the Tax Act), (iii) partnerships in which the Non-Canadian Holder or such person(s) holds a membership interest directly or indirectly through one or more partnerships, or (iv) any combination of the foregoing held 25% or more of the shares of any class of the capital stock of North West; and (b) more than 50% of the fair market value of the Voting Variable Share was derived, directly or indirectly, from one or any combination of (i) real or immovable properties situated in Canada, (ii) “Canadian resource properties” (as defined in the Tax Act), (iii) “timber resource properties” (as defined in the Tax Act), and (iv) options in respect of, interests in, or for civil law rights in, any of the foregoing property, whether or not the property exists. A Voting Variable Share may also be deemed to constitute taxable Canadian property of a Non-Canadian Holder in certain circumstances specified under the Tax Act.

If a Variable Voting Share constitutes (or is deemed to constitute) taxable Canadian property of a Non-Canadian Holder, the tax consequences of realizing a capital gain on the disposition of the Variable Voting Share as described above under the heading “Holders Resident in Canada — Disposition of Common Voting Shares — Taxation of Capital Gains and Capital Losses” generally will apply, subject to the Non-Canadian Holder being entitled to relief under the provisions of an applicable income tax treaty or convention. **Non-Canadian Holders whose Variable Voting Shares are taxable**

Canadian property should consult their own tax advisors having regard to their particular circumstances.

Right to Dissent

A Non-Canadian Holder who exercises its right to dissent and receives payment from North West of the fair value of the Common Shares in respect of which a dissent is made will be considered to have disposed of the Common Shares for proceeds of disposition equal to the payment (other than any portion of the payment that is interest awarded by a court). The Non-Canadian Holder will be deemed to have received a taxable dividend equal to the amount by which such proceeds exceed the paid-up capital of the Common Shares immediately prior to that time, and to have realized a capital gain (or capital loss) to the extent that such proceeds, net of any reasonable costs of disposition and net of any deemed dividend, exceed (or are exceeded by) the aggregate of the adjusted cost base of such Common Shares to the Non-Canadian Holder. The tax consequences to the Non-Canadian Holder of realizing a deemed dividend generally will be as described above under the heading “—Taxation of Dividends on Variable Voting Shares”. The tax consequences to the Non-Canadian Holder of realizing a capital gain (or capital loss) generally will be as described above under the heading “—Disposition of Variable Voting Shares — Taxation of Capital Gains and Capital Losses”. Interest awarded by a court to the Non-Canadian Holder generally will not be subject to Canadian withholding tax provided that the interest is not “participating debt interest” for purposes of the Tax Act. Non-Canadian Holders who intend to exercise their right to dissent should consult their own tax advisors having regard to their particular circumstances.

Automatic Conversion of Variable Voting Shares into Common Voting Shares

The tax consequences to a Non-Canadian Holder whose Variable Voting Shares are automatically converted into Common Voting Shares pursuant to the Articles of North West generally will be as described above under the heading “Holders Resident in Canada — Automatic Conversion of Common Voting Shares into Variable Voting Shares”.

6. PROPOSED AMENDMENT TO NORTH WEST BY-LAW NO. 1

Our Board is authorized to adopt and amend administrative By-laws which must then be confirmed by our Shareholders. In order to ensure that the proposed amendments to our Articles are in compliance with the *Canada Transportation Act*, the Canadian Transportation Agency, the regulatory agency responsible for the application of this law, requires that we amend our By-Law No. 1 (our general by-laws) so as to address various matters relating to the new Variable Voting Share structure. In this regard, the Canadian Transportation Agency requires votes by ballot at Shareholders’ meetings in certain circumstances, that a majority of directors constituting a quorum for Board meetings and to pass a matter at Board meetings be Canadian, and that voting shares jointly owned or controlled by a Canadian and one or more non-Canadians be deemed

to be owned or controlled, as the case may be, by a non-Canadian. By-Law No. 1 now also confers upon the Board the powers to implement and apply certain restrictions on the issue, transfer, ownership, voting and control of our shares, which will allow us to implement the mechanisms and procedures linked to the ownership of our shares in order for North West to maintain its Canadian status under the *Canada Transportation Act*.

You will be invited to examine and, if you deem appropriate, confirm by ordinary resolution the amended and restated By-Law No. 1, as set out in Schedule "D" in the Resolution Concerning the By-Law. You will find a version of the By-Law No. 1 at Schedule "E" of this Circular.

Our Board recommends ratifying the amended and restated By-Law No. 1 which will allow us to fulfill the requirements of the Canadian Transportation Agency in order to qualify as Canadian under the *Canada Transportation Act*.

APPROVAL BY THE SHAREHOLDERS AND THE COMING INTO FORCE

Pursuant to the resolution adopted on April 23, 2017, our Board adopted the amended and restated By-Law No. 1 and authorized the submission of the Resolution Concerning the By-Law to our Shareholders. In order for it to come into force, the Resolution concerning the By-Law must be adopted by at least the majority of the votes exercised by Shareholders, either in person or by proxy, at the Meeting.

Unless a Shareholder indicates otherwise, the voting rights attached to the shares represented by a proxy form given to our management will be voted **IN FAVOUR** of the Resolution Concerning the By-law in order to confirm the proposed amendments to our By-Law No. 1.

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.

[The rest of this page is intentionally left blank]

Part III — Director Information

1. DIRECTOR NOMINEES

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 eleven.

The following biographies highlight the experience, attributes and qualifications of each Director nominee. Specifically, the following tables states their name and ages, a summary of their career experience, the period during which they have served as a Director of North West, their independence status, their non-public and public company board memberships, their meeting attendance, their equity ownership in North West, and the voting results for each Director from last year's election.

[The rest of this page is intentionally left blank]

H. Sanford Riley**Independent**

Winnipeg, Manitoba
Canada

Age: 66
Director Since: 2003

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 is a former director of GMP Capital Inc. and Manitoba Telecom Services Inc. In addition to the public company directorships set out below, Mr. Riley 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⁾	5 of 5	5 of 5

Other Current Public Company Directorships

Molson Coors Brewing Company; Canadian Western Bank; Manitoba Hydro (Chairman)

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
2016	11,000	67,129	78,129	2,287,617		
2015	11,000	60,595	71,595	2,185,795	322,500	Yes
Net Change	–	6,534	6,534	101,822		

Voting Results for 2016 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
25,845,874	96.01%	1,074,028	3.99%	26,919,902

[The rest of this page is intentionally left blank]



Mr. Coleman has been the President and Chief Executive Officer of the Coleman Group of Companies since 1991. He is a past Director of the Distribution Council of Canada, The Canadian Federation of Independent Grocers, Emera Newfoundland & Labrador Holdings Incorporated., Fishery Products Ltd., and Newfoundland Power (a subsidiary of Fortis). He is the former President and Chief Executive Officer of Atlantic Consulting Economists Ltd., Humber Valley Paving Ltd. and Humber Valley Aggregates and Asphalt Ltd. He is currently the Honorary Lieutenant Col. of the Royal Newfoundland Regiment Battalion 2.

Corner Brook,
Newfoundland and Labrador
Canada

Age: 63
Director Since: 1999

Board/Committee Membership	Attendance	Attendance (Total)	
Board of Directors	5 of 5	100%	
Governance Committee	5 of 5	100%	15 of 15
Audit	5 of 5	100%	100%

Other Current Public Company Directorships

Rocky Mountain Liquor Inc. (Chairman)

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
2016	24,500	24,616	49,116	1,438,116		
2015	24,500	20,740	45,240	1,381,177	255,000	Yes
Net Change	–	3,876	3,876	56,939		

Voting Results for 2016 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
26,251,064	97.52%	668,838	2.48%	26,919,902

[The rest of this page is intentionally left blank]



Toronto, Ontario
Canada

Age: 66

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, an M&A firm, and since 1992, an Adjunct Professor 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.

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	5 of 5	100%
Compensation Committee	8 of 8	100%
Governance Committee (Chair)	5 of 5	100%

Other Current Public Company Directorships

n/a

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
2016	5,300	29,343	34,643	1,072,907		
2015	5,300	26,545	31,845	972,228	255,000	Yes
Net Change	–	2,798	2,798	100,679		

Voting Results for 2016 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
26,416,080	98.13%	503,822	1.87%	26,919,902

[The rest of this page is intentionally left blank]



Mr. Glendinning has been the President and Chief Executive Officer of Molson Coors International since 2016. 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; President and Chief Executive Officer, Molson Coors UK and President and Chief Executive Officer, Molson Coors Canada. 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.

Ocean Ridge, Florida
United States

Age: 51
Director Since: 2014

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	5 of 5	100%
Audit Committee	5 of 5	100%
Compensation Committee	7 of 8	88%
		17 of 18 94%

Other Current Public Company Directorships

n/a

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
2016	–	8,134	8,134	238,164		
2015	–	4,215	4,215	128,683	255,000	No ⁽⁶⁾
Net Change	–	3,919	3,919	109,481		

Voting Results for 2016 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
26,409,466	98.10%	510,436	1.90%	26,919,902

[The rest of this page is intentionally left blank]

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 United Grocers Inc., the Canada West Foundation and Canada's History Society. Mr. Kennedy has received several retail industry and community leadership recognitions, both locally and nationally.

Winnipeg, Manitoba
Canada

Age: 57
Director Since: 1996

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors ⁽²⁾	5 of 5	100%

Other Current Public Company Directorships

n/a

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSU's) ⁽⁴⁾	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2016	304,113	–	304,113	8,904,429		
2015	304,015	–	304,015	9,281,578	255,000	Yes
Net Change	98	–	98	(377,149)		

Voting Results for 2016 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
26,400,004	98.07%	519,898	1.93%	26,919,902

[The rest of this page is intentionally left blank]



Mr. Kennedy has been the 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: 67
Director Since: 2003

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	5 of 5	100%
Compensation Committee (Chair)	8 of 8	100%
Governance Committee	5 of 5	100%

Other Current Public Company Directorships

n/a

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
2016	3,000	40,319	43,319	1,268,380		
2015	3,000	37,129	40,129	1,225,138	255,000	Yes
Net Change	–	3,190	3,190	43,242		

Voting Results for 2016 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
26,033,164	96.71%	886,738	3.29%	26,919,902

[The rest of this page is intentionally left blank]



Ms. King is the former Senior Vice President and Chief Financial Officer of Best Buy Canada Ltd., serving in this position from 2008 through 2016. Prior to that, 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. In addition to the public company directorship set out below, Ms. King is a director of the Vancouver Airport Authority and a director of the Templeton DOC General Partnership Ltd.

Vancouver, British Columbia
Canada

Age: 50

Director Since: 2014

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	5 of 5	100%
Audit Committee	4 of 5	80%
Compensation Committee	8 of 8	100%
		17 of 18
		94%

Other Current Public Company Directorships

Saputo Inc.; First Capital Realty Inc.

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
2016	4,500	3,247	7,747	226,832		
2015	2,000	1,680	3,680	112,350	255,000	No ⁽⁶⁾
Net Change	2,500	1,567	4,067	114,482		

Voting Results for 2016 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
26,693,926	99.16%	225,976	0.84%	26,919,902

[The rest of this page is intentionally left blank]



Ms. Konkle is the past President and Chief Executive Officer of The Brick Ltd. Prior to joining The Brick in 2010 as President of 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, Bailey Metal Products and Elswood Investment Corporation. She is also on the advisory Board of Longo's Fruit Markets Inc. She is a past director of The Brick Ltd., Trans Global Insurance, the Canadian Chamber of Commerce and Habitat for Humanity.

Fenwick, Ontario
Canada

Age: 63
Director Since: 2014

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	5 of 5	100%
Audit Committee	5 of 5	100%
Compensation Committee	8 of 8	100%

Other Current Public Company Directorships

n/a

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
2016	3,650	8,892	12,542	367,230		
2015	3,650	5,776	9,426	287,776	255,000	Yes
Net Change	–	3,116	3,116	79,454		

Voting Results for 2016 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
26,877,975	99.84%	41,927	0.16%	26,919,902

[The rest of this page is intentionally left blank]



Saskatoon, Saskatchewan
Canada

Age: 52

Director Since: 2011

Mr. Merasty is the President and Chief Executive Officer of Des Nedhe Development, an English River First Nation owned group of companies which operates a comprehensive business portfolio. He previously held the positions of Vice President Corporate Social Responsibility and Communications for Cameco Corporation, Member of Parliament for the Desnethe Missinippi 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. He is a director for the Canada West Foundation, Meadow Lake Tribal Council Industrial Investments and Chairperson for Northern Career Quest. He previously held the position of Chairman and Director for the Saskatchewan Indian Gaming Authority. He is also a 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 numerous local and national awards for his achievements.

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	4 of 5	80%
Compensation Committee	7 of 8	88%
Governance Committee	5 of 5	100%
		16 of 18
		89%

Other Current Public Company Directorships

n/a

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
2016	–	17,031	17,031	498,668		
2015	–	13,562	13,562	414,048	255,000	Yes
Net Change	–	3,469	3,469	84,620		

Voting Results for 2016 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
26,670,311	99.07%	249,591	0.93%	26,919,902

[The rest of this page is intentionally left blank]



Winnipeg, Manitoba
Canada

Age: 66
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 was a member of the Board of Directors of Via Rail Canada from 2007 to 2016 (serving as Chair of the Audit Committee and as Interim Chairman). Mr. Stefanson is the former Chair of the Audit Committee for FWS Holdings Ltd., the former Chair of the Investment Committee of the Winnipeg Civic Employees' Benefits Program, the former Chair of the Audit Committee for the Winnipeg Foundation and the former Chair of the Board for the Health Sciences Centre Foundation. 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	5 of 5	100%
Audit Committee (Chair)	5 of 5	100%
Governance Committee	5 of 5	100%

Other Current Public Company Directorships

People Corporation (Chair of Audit 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
2016	3,336	11,097	14,433	422,598		
2015	2,244	8,230	10,474	319,771	255,000	Yes
Net Change	1,092	2,867	3,959	102,827		

Voting Results for 2016 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
26,569,705	98.70%	350,197	1.30%	26,919,902

[The rest of this page is intentionally left blank]



Iqaluit, Nunavut
Canada

Age: 52
Director Since: 2015

Mr. Tootoo is the Vice President of NVision Insight Group, which specializes in strategy, budgeting and reporting for local development projects with all levels of government and Inuit organizations in Northern Canada. He is also the President of Northern Allied Nunavut Travel, a travel management company which caters to corporations in Northern Canada; the President of Kivallirmiut Aviation, which provides helicopter and charter services in Northern Canada; and President of Nahanni Nunavut Construction, which provides civil project management and general contractor services. Prior to launching his commercial career, Mr. Tootoo held numerous positions with various governments in the North. Mr. Tootoo holds a Certified General Accounting designation, and also attended Assiniboine Community College where he obtained a Diploma in Business Administration, Management and Operations.

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	5 of 5	100%
Audit Committee	5 of 5	100%
Compensation Committee	8 of 8	100%

Other Current Public Company Directorships

n/a

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
2016	–	3,229	3,229	94,545		
2015	–	1,680	1,680	51,290	255,000	No ⁽⁶⁾
Net Change	–	1,549	1,549	43,255		

Voting Results for 2016 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
26,874,155	99.83%	45,747	0.17%	26,919,902

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, 2017, valued at the closing price of the Shares at January 31, 2017 of \$29.28. The table also shows the number of and value of Shares and DSU's as at January 31, 2016, valued at the closing price as at January 31, 2016 of \$30.53.
- (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) 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 \$225,000 to \$255,000 in 2016. Mr. Glendinning and Ms. King were appointed to the Board in December, 2014, and Mr. Tootoo was appointed to the Board in July, 2015.

2. DIRECTOR COMPENSATION

DIRECTOR FEES

The Governance and Nominating Committee (the “**Governance Committee**”) is responsible for reviewing Director compensation and recommending to the Board the amount and structure of Director compensation. The compensation program for Directors is designed to attract and retain highly qualified Directors with a desired range of skills, expertise and experience, as well as being aligned with Shareholder interests. The Governance Committee conducts an in-depth market review every three years to assess the market competitiveness of Director compensation, including share ownership requirements. The Governance Committee retained Hugessen Consulting in 2016 as its consultant to conduct this review.

The comparator group selected to benchmark Director compensation was updated to remove the largest companies, and consisted of 17 companies listed below in the Canadian retail sector with industry similarity. North West’s revenue is positioned at the 42nd percentile relative to this peer group, and its market capitalization is positioned at the 50th percentile.

Loblaw’s Companies Ltd.	Alimentation Couche-Tard Inc.	Empire Company
Metro Inc.	Leons Furniture Ltd.	Canadian Tire Corp.
Sears Canada Inc.	BMTC Group	Jean Coutu Group
Dollarama Inc.	Birks Group Inc.	Reitmans Canada Ltd.
Indigo Books & Music Inc.	Hudsons Bay Company	Richelieu Hardware Ltd.
Le Chateau Inc	Goeasy Ltd.	

The Governance Committee concluded that North West’s Director compensation was below the median of the comparator group. As a result, with the recommendation of Hugessen Consulting and the Governance Committee, the Board increased Director compensation for non-management Directors in 2016.

[The rest of this page is intentionally left blank]

The following table provides a detailed breakdown of the retainer and meeting fee schedule for non-management Directors in fiscal 2015, as well as the retainer and meeting fee schedule that was implemented in fiscal 2016.

Annual Cash Retainer	Fiscal 2016 (\$)	Fiscal 2015 (\$)
Chairperson of the Board ⁽¹⁾	172,500	132,500
Board Members ⁽²⁾	40,000	30,000
Audit Committee Chairperson ⁽²⁾	15,000	15,000
Governance and Nominating Committee Chairperson ⁽²⁾	8,000	8,000
Human Resources, Compensation and Pension Committee Chairperson ⁽²⁾	12,000	12,000
Committee Retainer (Committee members and Committee Chairs) ⁽²⁾	5,000	–
Annual Equity Retainer⁽³⁾		
Chairperson of the Board	67,500	67,500
Board Members	45,000	45,000
Meeting Attendance Fees⁽⁴⁾		
Board meeting (in person or by conference call)	1,500	1,500
Any Committee meeting of the Board (in person or by conference call)	1,500	1,500
Travel Fees (> 3 hours each way)	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 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 (“**DSUs**”).

DSUs Granted Prior to December 2016

For DSUs granted prior to December 2016, Directors were credited with DSUs for the amount of the annual equity retainer, and for the portion of the annual cash retainer and meeting fees each Director elected to allocate on an annual basis to the DSU Plan. Participants were credited with DSUs on a quarterly basis. The number of DSUs underlying an award was calculated on the date of grant by dividing the portion of the Director’s fees that were payable to the participant in DSUs for the current quarter, by the fair market value of the Shares on the date that the award was granted. Fair market value was 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 grant for DSUs could not exceed \$100,000 per calendar year for any Director.

Each DSU entitles the holder to receive one Share at the time of exercise. A participant may elect at the time of exercise of any DSUs granted prior to December 2016, subject to the consent of North West, to receive 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 DSUs.

The DSUs, which vested 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.

DSUs Granted After December 2016

Effective December, 2016, the DSU Plan was amended to change the terms of those DSUs credited to Directors for the portion of the annual cash retainer and meeting fees each Director elects to allocate on an annual basis to the DSU Plan after December 31, 2016, and now also entitles Directors to allocate on an annual basis, any Committee cash retainers to the DSU Plan (individually and collectively, the “**Cash DSUs**”). Participants are credited with Cash DSUs on a quarterly basis. The number of Cash DSUs underlying an award remains the same, and is calculated on the date of grant by dividing the portion of the Director’s fees that were payable to the participant in Cash DSUs for the current quarter, by the fair market value of the Shares on the date that the award was granted.

Under the terms of the amended DSU plan, the holders of any DSUs granted after December 31, 2016 for the Cash DSUs are entitled to receive at the time of exercise, 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. Directors are not entitled to receive Shares for the Cash DSUs at the time

of exercise. There is no limit for the amount of Cash DSUs that can be granted to any Director.

Directors remain entitled to receive one Share at the time of exercise for any DSUs credited for the amount of the annual equity retainer (the “**Share DSUs**”). The grant for the Share DSUs cannot exceed \$100,000 per calendar year for any Director.

The remaining terms of the original DSU Plan remain unchanged for both the Cash DSUs and the Share DSUs.

There were 212,166 DSUs outstanding as at April 30, 2017. No DSUs were exercised during the financial year ended January 31, 2017. See “Part III — DIRECTOR INFORMATION — DIRECTOR NOMINEES starting on page 33 of this Circular for the number of current DSUs held by individual Directors.

DIRECTOR TOTAL COMPENSATION FOR FISCAL 2016

The following table shows the amounts, before withholdings, earned by the non-management Directors during the year ended January 31, 2017 in respect of membership and attendance on the North West Board and its Board committees. The Directors are also reimbursed for reasonable travel 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 ⁽³⁾	118,525	111,475	–	–	–	–	230,000
Frank Coleman	26,000	85,000	–	–	–	–	111,000
Wendy Evans	76,000	47,500	–	–	–	–	123,500
Stewart Glendinning ⁽⁴⁾	7,500	105,000	–	–	–	–	112,500
Robert Kennedy	82,500	45,000	–	–	–	–	127,500
Annalisa King	69,000	45,000	–	–	–	–	114,000
Violet (Vi) Konkle	33,000	82,500	–	–	–	–	115,500
Gary Merasty	28,500	82,500	–	–	–	–	111,000
Eric Stefanson	76,937	49,063	–	–	–	–	126,000
Victor Tootoo	73,500	46,500	–	–	–	–	120,000

Notes

- (1) Represents fees paid to the Director in cash.
- (2) Represents awards under the DSU Plan for the fiscal year ended January 31, 2017.
- (3) Mr. Riley received \$79,132 in Share DSUs and \$32,343.75 in Cash DSUs.
- (4) Mr. Glendinning received \$88,000 in Share DSUs and \$17,000 in Cash DSUs.

DIRECTOR SHARE OWNERSHIP REQUIREMENTS

To ensure Directors are aligned with Shareholder interests, all non-management Directors of North West are required to hold Shares or deferred Share units at levels set by the Board.

North West's share ownership requirements were reviewed in 2016 by Hugessen Consulting to ensure alignment with market and best governance practice. As a result of overall increases made to Director compensation in 2016, minimum share ownership requirements for Directors was increased to \$255,000 (three times the annual cash and equity retainer), and to \$322,500 for the Chairman of the Board (three 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.

3. CORPORATE GOVERNANCE

INTRODUCTION

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. It is focused on processes that truly matter in creating and sustaining investor value and long-term health of our enterprise. The Board has, in light of governance requirements and best practice standards in Canada, implemented a comprehensive 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, and the TSX.

The responsibility of 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 eleven Directors. North West believes that eleven Directors is appropriate for an issuer of the size of North West and believes that the range of expertise and skills on its Board facilitates Board effectiveness.

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. The Board has approved the disclosure of corporate governance practices and structure as set out in this section.

ABOUT THE BOARD

The Board's mandate provides that the Board is responsible for the stewardship and oversight of management of North West and its business. A copy of this mandate is attached as Schedule "F" to this Circular. The Board reviews its mandate on a regular basis. The Board's principal duties include overseeing North West's business strategy and strategic planning process, succession planning, as well as approving policies, procedures and systems for implementing strategy and managing risk.

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.

Strategy and Risk Management

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.

North West's Board is responsible for risk oversight. The Board has approved the adoption and implementation of a formal Enterprise Risk Management framework across North West on an integrated basis. The primary goal of risk management is to ensure that the outcomes of risk-taking are consistent with North West's business activities, strategies and risk appetite. As part of the risk management framework, North West management provides the Board and the Audit Committee with regular updates on key risks.

Structure and Committees

The Board exercises its duties through its 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. 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 as defined in National Instrument 52-110.

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 seven Directors, namely Robert Kennedy (Chairperson), Wendy Evans, Stewart Glendinning, Annalisa King, Vi Konkle, Gary Merasty and Victor Tootoo, all of whom are independent as defined in National Instrument 52-110.

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 executives, management and employees. See “PART IV — COMPENSATION DISCUSSION AND ANALYSIS” starting on page 60 of this Circular for the report presented this year on executive compensation.

Audit Committee

The Audit Committee is composed of six Directors, namely Eric Stefanson (Chairperson), Frank Coleman, Vi Konkle, Stewart Glendinning, Annalisa King, and Victor Tootoo, all of whom are independent and financially literate, as those terms are defined in National Instrument 52-110.

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.

In-Camera Sessions

The Board and its Committees conduct “in-camera” sessions at each quarterly meeting and as required at other meetings, 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.

Independent Board Chair

H. Sanford Riley is the Chair 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 Chair 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 Board has developed and approved a written position description of the Chair of the Board.

CEO Position Description

A written position description for the CEO has been developed and approved by the Board. The CEO reports to the Board and has general supervision and control over the business and affairs of North West. 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.

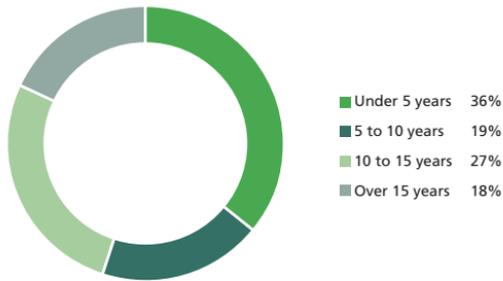
BOARD NOMINATION, COMPOSITION AND RENEWAL

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 Chair of the Board promptly following the Meeting. The Governance Committee will 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*, 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.

Board Tenure and Term Limits



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 relies on regular formal Board, Board Committee, and Director assessments for evaluating Board members and the overall performance of the Board and its Committees. 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.

North West's current average Board tenure is nine years. As at May 5, 2017, four Directors have served on the Board for a period of less than five years, two Directors have served for between five and 10 years, three Directors have served between 10 and 15 years, and two Directors have served for more than 15 years.

Over the past five years, with a number of longer-serving Directors retiring, North West has welcomed five new independent Directors to the Board.

Expertise and Composition of the Board

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.

North West believes 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 indigenous experience. In addition, a candidate's diversity of gender, indigenous 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.

Board Diversity

North West's Corporate Governance Policy (the "**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 Governance 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, indigenous 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 (27%) and eight (73%) male directors, of which two are of indigenous heritage. 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.

DIVERSITY OF 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 indigenous heritage. With respect specifically to gender diversity, the current composition of five women out of twenty (25%) 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.

DIRECTOR REQUIREMENTS AND EXPECTATIONS

The Board has developed written position descriptions for individual Directors, which sets out the expectations for each Director.

Board 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 eleven nominee Directors, ten 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, Eric Stefanson and Victor Tootoo 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.

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 2016 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.

Attendance of Directors at Board and Committee Meetings

Each Director is expected to attend all meetings of the Board, and the Committees upon which they serve and to come to such meetings fully prepared. The following table provides a summary of the Board and Board Committee meetings held during the twelve month period ended January 31, 2017. Each Director nominee's attendance record for such meetings, as applicable, is set forth above starting on page 33 of this Circular in their respective biographies. Overall, the Directors attended 97% of applicable Board and Committee meetings in fiscal 2016.

Type of Meeting Held	Number of Meetings	Attendance
Board of Directors	5	96%
Audit Committee	5	100%
Human Resources, Compensation and Pension Committee	8	95%
Governance and Nominating Committee	5	100%

Related Party Transactions and Conflicts of Interest

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.

Public Company Directorships and Interlocking Directorships

The Board has not implemented a formal 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. The Board also monitors and is guided by industry best practices with respect to limiting the number of public company directorships each Directors can hold.

The names of all other reporting issuers on which each Director of North West serves as a Director is set out in this Circular is set forth above starting on page 33 of this Circular in their respective biographies.

While North West does not have any nominees who both sit together on boards of other public companies as at May 5, 2017, 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 International, 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 DEVELOPMENT AND ASSESSMENT

New Director Orientation

North West has a formal orientation process for new Directors. Directors are required to read and become familiar with North West's various corporate policies, all Board and Committee mandates, corporate by-laws, and various corporate reports. Directors meet with the Corporate Secretary who provides the Director with an overview of North West's corporate structure and governance practices. Directors also meet with all other 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 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 their first year of service.

Director Continuing Education

Directors are kept informed as to matters impacting North West's operations through reports and presentations at Board meetings. In addition, at each quarterly Board meeting, the Board receives information on the operations of North West, including a report from the CEO, a report on corporate development activities, a report on operations and strategic initiatives, a financial overview and other pertinent information. All executives are available for discussions with Directors concerning any questions or comments which may arise between Board meetings.

Each September the Board travels to a different store division or geographic area to visit stores and meet customers, community leaders, management and staff to better understand North West's operations in both urban and remote communities. In 2016 the Board also participated in a round table discussion with representatives from several Indigenous communities in northern Canada in order to better understand day-to-day issues and opportunities. Third parties also provide presentations to the Board at Board meetings and at Board dinners on topics of interest such as digital trends.

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.

Board and Director Assessment

Assessment of the Board, Board Committees and Board and Committee Chairs

The performance and effectiveness of the Board and its Committees, the Chairman of the Board and individual Directors (including in their capacity as Committee members), are regularly assessed under the Governance Committee's oversight through processes that are intended to encourage candid and constructive commentary.

Each year, each Director completes an on-line survey of their assessment of the functioning of the Board. Directors are asked to rate the Board's performance based on criteria which address, among other things, the Board's composition and practices, relationship with management, and the oversight of North West's strategy, risk, financial reporting, and CEO succession and performance. The senior management team is also included in the assessment process and are asked to complete a separate Board assessment survey.

The annual on-line survey also requires each Director to assess each Board Committee. Directors are asked to rate the performance of each Committee against a set of criteria, including each Committee's composition, practices, relationship with the Board and management, and performance of its duties.

The assessment of the performance of the Chairman of the Board and the Chairs of each Committee are also included in the annual on-line survey.

The results of the evaluations are reviewed by the Chairperson of the Governance Committee with the Chairman of the Board, and are also discussed at the meetings of the Governance Committee and the Board. The Governance Committee is also responsible for creating a plan to address any deficiency or implementing any suggestions elicited through the assessment process.

Individual Director Assessments

Peer evaluations of independent Directors are completed through an on-line survey every two years. Directors are asked to evaluate each other's skills, knowledge and participation on the Board. The peer evaluation is intended to ensure that each Director is contributing to the ongoing stewardship of North West. Results of the peer reviews are reviewed by the Chairman of the Board, who then meets with each Director to provide feedback on the results of the survey.

COMMUNICATION WITH SHAREHOLDERS

North West is committed to transparent and effective communication with its Shareholders. In support of this commitment, the Board has developed practices to facilitate Shareholder engagement.

North West has adopted a Corporate Disclosure Policy, which is reviewed on a regular basis. Quarterly and annual financial disclosures are reviewed by an internal Disclosure Committee prior to being recommended for Board approval and CEO/CFO

certification of annual and interim filings. North West' quarterly conference calls with analysts and institutional investors are accessible on a recorded basis to interested retail investors, the media and members of the public for seven days. North West includes all significant disclosure documents on its website at www.northwest.ca.

Inquiries and requests for information from Shareholders and potential investors receive prompt attention from an appropriate officer. North West's President and Chief Executive Officer and Executive Vice President and Chief Financial Officer are responsible for maintaining communications with the investing public.

North West encourages feedback from its Shareholders and engages in regular communications with financial analysts and institutional investors. North West also solicits feedback through its "Say on Pay" advisory resolution on executive compensation.

CORPORATE CEASE ORDERS OR BANKRUPTCIES

No Director is, or has been within the past 10 years, a director or executive officer or promoter of any other company that, while such person was acting in that capacity:

- (i) was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days;
- (ii) was subject to an event that resulted, after the person ceased to be a director or executive officer, in the issuer being the subject of a cease trade order or similar order or an order denying statutory exemption; or
- (iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

No Director has, within the 10 years preceding the date hereof, been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

No Director is, or has become, within the 10 years preceding the date hereof, bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

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.

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. These programs introduce a level of variability in our compensation expense which protects Shareholder in difficult years, and rewards management in years of superior performance. 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.

At North West, we view ourselves as a total return company. Our fundamental objective is to deliver to Shareholders a strong and growing dividend, supported by consistent earnings gains. Our total return orientation is supported through North West's compensation policies. Annual incentives are driven by how well management performs against income targets, adjusted for capital efficiency. Payments are quickly reduced to minimum levels if results fall short. Our long-term compensation plans center around equity awards which recognize the importance of dividends to our Shareholders.

We believe our approach to executive compensation in 2016 is working as intended. This year, we again delivered on our commitment to our Shareholders as EBITDA improved by 10.0% to \$166.5 million and our annual dividend increased to \$1.24 per Share. Return on net assets improved by 60 basis points to 20.1% and return on equity reached 21.8%, up 120 basis points over the previous year. However, notwithstanding North West's strong financial performance in 2016 it did not meet its income targets, which resulted in decreased compensation for its named executive officers.

In the following pages you will find a straightforward and transparent description of our executive pay practices, and the specific, corporate and individual measures of performance that factored into North West's compensation program for 2016, and the payments NEOs received in 2016 from these programs. 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

[The rest of this page is intentionally left blank]

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, 2017. 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 2016 were as follows:

- Edward Kennedy, President and Chief Executive Officer;
- John King, Executive Vice President and Chief Financial Officer;
- Craig Gilpin, Executive Vice President and Chief Operating Officer;
- Christie Frazier-Coleman, Executive Vice President and Chief Merchandising Officer; and
- Dan McConnell, Executive Vice President and Chief Development Officer.

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 seven independent Directors: Robert Kennedy, who serves as Chairperson; Wendy Evans; Gary Merasty, Vi Konkle, Stewart Glendinning, Annalisa King, and Victor Tootoo. 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. Additional information regarding the Compensation Committee members is provided in the individual Director biographies found in the Director Nomination section found starting on page 33 of this Circular. 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 “G” to this Circular.

The Compensation Committee held eight meetings in fiscal 2016. The President and Chief Executive Officer, Executive Vice President and 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 executives may also attend parts of a meeting for presentation purposes. No executive, 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 independent 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 30 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 retailers. 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. The mix of incentive awards is aligned to the planning horizon associated with the executive's role. The following charts illustrate what portion of each NEOs compensation is "at risk" or performance based.

President and CEO



■ Base Salary 27% ■ At risk (STIP and LTIP) 73%

All Other NEOs



■ Base Salary 42% ■ At risk (STIP and LTIP) 58%

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 2016 COMPENSATION — 2016 Short Term Incentive Plan (“**STIP**”) found on page 69 of this Circular for more details on the short term incentive plan.

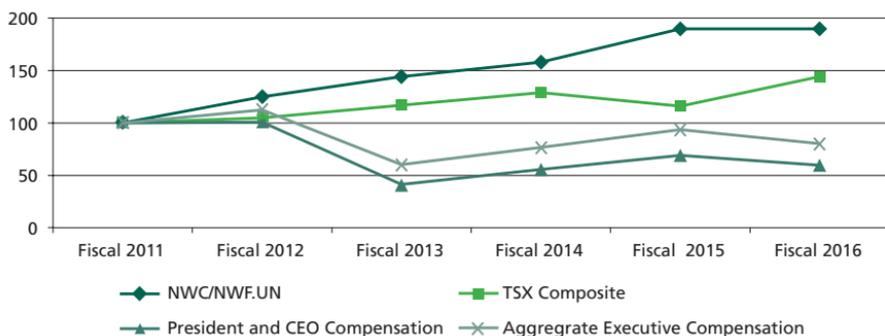
Performance in the context of the long-term incentive (“**LTIP**”) is based on value creation for its Shareholders and is designed to encourage executives to remain with North West over the long term. A significant portion of the long-term incentive is also “at risk”. 1/3 of the payment of performance 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 three 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 2016 COMPENSATION — Performance Share Units (“**PSUs**”) and Share Option Plan found on page 71 of this Circular 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, 2012 (“**Fiscal 2011**”) to January 31, 2017 (“**Fiscal 2016**”). This comparison assumes \$100 was invested on January 31, 2012 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 2011 to 2016, 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 2011	Fiscal 2012 ⁽¹⁾⁽²⁾	Fiscal 2013	Fiscal 2014 ⁽⁴⁾	Fiscal 2015	Fiscal 2016	1 year annual return (2015-2016)	5 year compounded annual return
NWF/NWC	100	125	144	158	190	190	0.3%	13.7%
TSX Composite	100	105	117	129	116	144	23.6%	7.5%
President & CEO Compensation	100	101	41	56	69	60		
Aggregate Executive Compensation ⁽³⁾	100	113	60	77	93	80		

Notes

- (1) 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 2011. See PART IV — COMPENSATION DISCUSSION AND ANALYSIS — Summary Compensation Table — Note 4 on page 77 of this Circular for more details on how the Pension Value is calculated.
- (2) 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.
- (3) Does not include the termination payment made to the Executive Vice President, Northern Canada Retail when his employment ended on January 11, 2013.

- (4) The newly created positions of Executive Vice President, Chief Financial Officer, Executive Vice President, Chief Operating Officer and Executive Vice President, Chief Development Officer were added in April, 2014, and are included in the total compensation numbers for Fiscal Year 2014. The position of Executive Vice President and Chief Corporate Officer was 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 each year. Over the same 5 year period, North West Shares produced a compound annual return of 13.7%, compared to the TSX Composite Index return of 7.5%. In Fiscal 2016 however, total return to North West's Shareholders was 0.3%, while the TSX Composite Index return was 23.6%.

North West believes that its executive compensation program supports a strong relationship between compensation earned by a NEO and the returns received by the Shareholder. It is structured to reduce the fixed cost component of compensation by paying market median salaries, while enhancing potential overall compensation through incentive based plans tied to corporate performance. For stock options and PSUs, there is a direct correlation between our Share price performance and the actual gains realized by North West executives. For PSUs, there is an additional factor of performance relative to that of our peer group which will result in higher or lower payments.

DESIGN OF COMPENSATION PROGRAM AND ROLE OF COMPENSATION CONSULTANTS

The objective of North West's compensation program is to align the performance drivers of the business with those factors that should enhance total returns to Shareholders. This is 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.

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. Meridian Consulting ("**Meridian**") was retained by the Compensation Committee in late 2016 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 requested from Meridian included executive compensation philosophy, market competitiveness of compensation, pay-for-performance analysis, incentive plan review, and performance calibration. During its review, Meridian evaluated 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; and e) total direct compensation (the sum of total cash compensation and the expected value of long-term incentives).

The Canadian Retail Group was selected by the Compensation Committee 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 companies comprising the core comparator peer group used in benchmarking compensation by the Compensation Committee in 2016 are listed below. North West's revenue is positioned at approximately the 57th percentile relative to this peer group, its market cap is positioned at the 66th percentile and North West's assets are positioned at the 49% percentile.

Birks Group Inc.	GoEasy Ltd.	Liquor Stores N.A. Ltd.
BMTC Group Inc.	Hudsons Bay Co	Metro Inc.
Canadian Tire Corp.	Indigo Books and Music Inc.	Reitmans Canada
Cara Operations Ltd.	Jean Coutu Group	Richelieu Hardware Ltd.
Dollarama Inc.	Le Chateau	Sears Canada Inc.
Empire Co Ltd.	Leons Furniture Ltd.	Sleep Country Canada Holdings Inc.

In considering total compensation for each executive, factors such as individual performance, relevant experience, tenure, internal equity and retention potential are also considered.

The Compensation Committee concluded as a result of the review that total remuneration for the NEOs was generally positioned competitively relative to the comparator group. As a result, while the Board did not make any significant changes to compensation levels for the NEOs in North West's 2017 fiscal year, it made adjustments where appropriate. The Compensation Committee will continue its review of North West's compensation design through 2017.

North West has not engaged Meridian to provide any services other than executive compensation advisory services to the Compensation Committee in 2016. The pre-approval of the Compensation Committee is required prior to engaging Meridian to provide any other services to North West. The following presents the aggregate fees billed for executive compensation services by external independent consultants to the Compensation Committee for its fiscal years ended January 31, 2016 and 2017.

Advisor	Fiscal Year (January 31)	Fees (\$ in Thousands)
Meridian	2016	14
Mercer	2016	26
Mercer	2015	56

ELEMENTS OF 2016 EXECUTIVE COMPENSATION

The key elements included in determining the total compensation of executives during 2016 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 chart illustrates, as a percentage for each element, each NEOs target total compensation mix for 2016. 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.

Edward Kennedy, President and CEO



■ Base Salary 27% ■ STIP 20%
 ■ Performance Share Units 21% ■ Options 32%

All Other NEOs



■ Base Salary 42% ■ STIP 25%
 ■ Performance Share Units 16.5% ■ Options 16.5%

The following chart shows the compensation mix described above as a percentage of base salary.

Edward Kennedy, President and CEO



■ STIP Target 75% ■ Performance Share Units 80%
 ■ Options 120%

All Other NEOs



■ STIP Target 60% ■ Performance Share Units 40%
 ■ Options 40%

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 2016 and which became effective in May, 2016.

NEO	2016 Base Salary (\$)	2015 Base Salary (\$)	Base Salary Increase (%)
Edward Kennedy	787,098	767,900	2.5
John King	351,985	343,500	2.5
Craig Gilpin	441,263	430,500	2.5
Christie Frazier-Coleman	324,685	301,500	7.7
Dan McConnell	315,188	307,500	2.5

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%
All other NEOs	60%

The following describes the payout curves for STIP performance related to target STIP earnings for the NEOs.

NEO	90% of Target STIP Performance (Threshold)	Target STIP Performance	110% of Target STIP Performance (Maximum)
All NEOs ⁽¹⁾	0%	100%	200%

Note

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

The maximum STIP weightings for each NEO for 2016 are broken down between the following measures:

NEO	Corporate Performance ⁽¹⁾	Business Unit/ Individual Performance ⁽²⁾
All NEOs	75%	25%

Notes

- (1) Corporate Performance: EBIT adjusted for cost of capital and other normalizing factors. 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.
- (2) Business Unit Performance: Common performance measures, including earnings and individual performance initiatives shared by leadership of the business unit. Individual Component: Objectives unique to function, but aligned with corporate or business unit objectives.

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 "2016 PERFORMANCE AND COMPENSATION — 2016 STIP AWARDS" on page 80 of this Circular for actual STIP awards earned by each NEO for 2016 performance.

LONG TERM INCENTIVE PLANS ("LTIP")

The LTIP is designed to motivate and reward executives 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, EVP and Chief Financial Officer	80%
Craig Gilpin, EVP and Chief Operating Officer	80%
Christie Frazier-Coleman, EVP and Chief Merchandising Officer	80%
Dan McConnell, EVP and Chief Development Officer	80%

Performance Share Units (PSUs)

The payment of PSUs at the end of each 3 year vesting cycle is based on three criteria as follows:

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

For 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 and all other NEOs 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:

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 was used to determine the relative portion of each PSU grant (collectively, the "**TSR Comparator Group**") for the PSUs granted in 2014. At the time of the PSU grant, these entities within the TSR Comparator Group either had a growth and yield, total return, or performance objective similar to North West, or were representative of the retail sectors within which North West competed.

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 retained Mercer Consulting in 2015 to review the TSR Comparator group for PSU grants, as Shoppers Drug Mart and Safeway Inc. were delisted after they were acquired in 2014 and 2015 respectively. Based upon the recommendation of Mercers, a revised TSR Comparator Group was established in 2015, for PSUs granted in 2015 and 2016. Similar to the former TSR Comparator Group, these entities 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.

A&W Revenue Royalties	Dollarama Inc.	Loblaws Companies Ltd.
Alimentation Couche-Tard Inc.	Empire Co Ltd.	Metro Inc.
BMTC Group Inc.	Hudsons Bay Co.	Parkland Fuel Corp.
Canadian Tire Corp.	Jean Coutu Group	Pizza Pizza Royalty Corp.
Cineplex Inc.	Leon's Furniture Ltd.	Wal-Mart Stores Inc.
Costco Wholesale Corp.	Liquor Stores N.A. Ltd.	Boston Pizza Royalties Inc.

The actual PSU relative portion of the award is interpolated as follows for NEOs.

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 "2016 PERFORMANCE AND COMPENSATION — Summary Compensation Table/STIP AND LTIP AWARDS" on starting on page 77 of this Circular for information on actual PSU awards granted to each NEO in 2016 and for amounts paid out under existing PSU grants in 2016.

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.

The delivery of top-quartile total returns through an equal emphasis on growth and dividend yield is a key long-term objective 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 in addition to growth, 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 2017.

Refer to the “2016 PERFORMANCE AND COMPENSATION — Summary Compensation Table/Outstanding Equity Based Awards” starting on page 84 of this Circular for information on actual LTIP awards granted to each NEO in 2016.

OTHER ELEMENTS OF 2016 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 “2016 PERFORMANCE AND COMPENSATION — Summary Compensation Table/Present Value of Accumulated Pension Benefits” on page 82 of this Circular 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 2017 fiscal year of North West, must have been made prior to December 31, 2016. 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 were granted commencing in 2016. See PART IV — COMPENSATION DISCUSSION AND ANALYSIS — SHARE OWNERSHIP GUIDELINES on page 85 of this Circular for more details. As at April 30, 2017, there are 22,248 deferred share units outstanding.

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.

HEDGING AND SPECULATIVE TRADING

North West's share trading restrictions prohibit North West's employees, officers and Directors from purchasing or selling North West Shares for short term speculative purposes, from engaging in short selling of or trading in options in securities of North West. Employees, officers and Directors are also prohibited from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by employees

2016 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, 2017.

Name/Principal Position	Year	Salary (\$)	Share Based Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation			All Other Compensation (\$) ⁽⁵⁾	Total Annual Compensation (\$)
					Annual Incentive Plans (\$) ⁽³⁾	Long Term Incentive Plans (\$)	Pension Value (\$) ⁽⁴⁾		
Edward Kennedy ⁽⁶⁾	2016	782,668	629,678	944,518	366,572	–	247,400	83,351	3,054,187
President and CEO	2015	763,562	614,320	921,480	885,209	–	267,400	82,426	3,534,397
	2014	745,708	599,280	898,920	322,105	–	194,500	81,814	2,842,327
John King	2016	350,004	140,794	140,794	136,342	–	128,000	37,690	933,624
Executive Vice	2015	341,461	137,360	137,360	316,719	–	142,500	46,098	1,121,498
President and CFO	2014	325,446	134,000	134,000	146,222	–	209,800	41,995	991,463
Craig Gilpin	2016	438,779	176,505	176,505	147,692	–	170,400	55,745	1,165,626
Executive Vice	2015	428,077	172,200	172,200	380,740	–	187,400	55,339	1,395,956
President and COO	2014	407,585	168,000	168,000	147,778	–	215,100	51,515	1,157,978
Christie Frazier-Coleman ⁽⁷⁾	2016	307,950	129,874	129,874	112,424	–	21,203	16,225	717,550
Executive Vice	2015	284,912	120,600	120,600	277,468	–	20,366	6,937	850,343
President and CMO	2014	226,617	78,750	33,750	118,627	–	14,723	11,181	483,648
Dan McConnell	2016	313,414	126,075	126,075	136,776	–	78,400	40,226	820,966
Executive Vice	2015	305,769	123,000	123,000	279,771	–	85,000	40,746	957,286
President and CDO	2014	278,308	120,000	120,000	100,570	–	150,300	31,789	800,967

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 2014, 2015 and 2016 to each NEO are summarized below. The PSUs granted in 2014 vested on January 31, 2017 and were paid out in April, 2017.

NEO	2014 PSU Grant	2015 PSU Grant	2016 PSU Grant
Edward Kennedy	23,709	23,546	21,432
John King	5,301	5,265	4,792
Craig Gilpin	6,646	6,600	6,008
Christie Frazier-Coleman	3,115	4,622	4,420
Dan McConnell	4,747	4,714	4,291

- (2) Represents the dollar amount based on the fair value of options on the grant date. Fair value was calculated by Mercer Consulting 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" on page 84 of this Circular 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" on pages 69, 80 and 81 of this Circular 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.
- (7) Ms. Frazier-Coleman's compensation is stated in USD.

STIP and LTIP Awards

The table below shows the STIP and LTIP awards by each NEO that were vested or earned during the fiscal year ended January 31, 2017.

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	1,929,860	–	763,503	366,572
John King	294,213	–	174,335	136,342
Craig Gilpin	320,739	62,579	211,213	147,692
Christie Frazier-Coleman	83,534	–	154,913	112,424
Dan McConnell	65,831	28,012	103,579	136,776

Notes

- (1) The value of the option-based awards which vesting during the fiscal year ended January 31, 2016 is calculated as follows:
- (a) 2010 grant — \$10.17 per option based on the difference between the fair value of the option as at January 31, 2017 of \$29.28 and the exercise price of \$19.11.
- (b) 2011 grant — \$12.25 per option based on the difference between the fair value of the option as at January 31, 2017 of \$29.28 and the declining strike price of \$17.03.
- (c) 2012 grant — \$10.58 per option based on the difference between the fair value of the option as at January 31, 2016 of \$29.28 and the declining strike price of \$18.70.

- (d) 2013 grant — \$8.59 per option based on the difference between the fair value of the option as at January 31, 2017 of \$29.28 and the declining strike price of \$20.69. Fair value was determined as the closing price of the Shares on the TSX on January 30, 2017.
- (2) Represents the pre-tax amount received by each NEO from options exercised during the fiscal year ended January 31, 2017.
- (3) The value of the Share based awards that vested during the year was calculated by the number of PSUs that vested by \$29.45, which is the fair market value of North West Shares at January 31, 2017. 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, 2017. The value also includes the equivalent of dividends earned up to January 31, 2017 on vested PSUs.
Please refer to “2016 PERFORMANCE AND COMPENSATION — PSUs Vested in 2016” on page 84 of this Circular for information on the methodology for calculating the number of the PSU awards that vested during the year.
- (4) Please refer to “2016 PERFORMANCE AND COMPENSATION — 2016 STIP Awards” on page 80 of this Circular for information on the calculation of the STIP awards.

2016 STIP Awards

The following summarizes North West’s performance against the STIP targets set for each of the NEOs for the 2016 fiscal year. The weighing of each initiative varies by each NEO. See “2016 PERFORMANCE AND COMPENSATION — 2016 STIP Awards” on page 69 of this Circular 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 in North West’s 2016 Annual Report for more details on these initiatives, which can be found at www.northwest.ca or at www.sedar.com.

[The rest of this page is intentionally left blank]

2016 STIP Performance Measure	Performance Against Target	Edward Kennedy	John King	Craig Gilpin	Dan McConnell	Christie Frazier-Coleman
Consolidated STIP Earnings: 2016 Consolidated EBIT Target (adjusted for normalizing factors and cost of capital)	Partially Met 94.5%	●	●	●	●	●
Business Unit Measures⁽¹⁾						
Top Markets This measure applies to the quality, quantity, timing and cost of market plans related to North West's largest and highest sales and profit potential locations. As store projects are completed, the measure focuses on actual cost and operating performance versus target.		●		●	●	●
Top Categories This measure assesses the quality, quantity, timing and cost versus target of Top Category plans as well as the financial performance of North West's general merchandise inventory control.		●		●		●
Top People This measure relates to an initiative that ensures key roles in all North West stores are being filled with qualified individuals and that store vacancies are being equally addressed.		●		●		
New Markets This measure relates to the quality, quantity, timing and cost related to investments in new markets and complementary businesses through acquisitions and store openings.		●	●		●	
Project Enterprise This measure relates to the quality, quantity, timing and cost related to a project initiated in 2016 to implement new work force management, point-of-sale and merchandise management systems.		●	●	●		●
Get Sales This measure relates to capturing higher sales targets during seasonal occasions and during monthly government payouts.				●		●
Store Connect 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 service technology platform called "Store Connect".		●	●	●	●	●
Individual Measures⁽¹⁾						
Inventory Control This measure relates to achieving inventory targets and reducing inventory shrink in North West stores.			●	●		●
Other Initiatives These are individual measures for each businesses unit which support North West's strategy and key corporate initiatives.		●	●	●	●	●
PERFORMANCE AGAINST TARGET ON COMBINED BUSINESS UNIT/INDIVIDUAL MEASURES (%)⁽²⁾		101.3	102.3	99.0	105.4	99.9

Notes

- (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.
- (2) This is the performance against target achieved for each NEOs combined business unit/ individual targets. Each NEO had some measures which exceeded target performance, some measures which met target performance, and some measures which did not meet target performance.

The following sets out the individual STIP awards in fiscal 2016 for each NEO. No discretionary adjustment was used in determining individual NEO awards.

NEO	2015 STIP Performance Measure	% Weight of Measure	% of Base Salary Target	% of Base Salary Paid	Earned STIP \$
Edward Kennedy	Consolidated STIP Earnings Combined Business Unit/ Individual Targets	75%	56.2%		199,247
		25%	18.8%	46.6%	167,325
	TOTAL	100%	75.0%		366,572
John King	Consolidated STIP Earnings Combined Business Unit/ Individual Targets	75%	45.0%		71,282
		25%	15.0%	38.7%	65,060
	TOTAL	100%	60.0%		136,342
Craig Gilpin	Consolidated STIP Earnings Combined Business Unit/ Individual Targets	75%	45.0%		89,362
		25%	15.0%	33.5%	58,531
	TOTAL	100%	60.0%		147,692
Christie Frazier-Coleman	Consolidated STIP Earnings Combined Business Unit/ Individual Targets	75%	45.0%		65,753
		25%	15.0%	34.6%	46,671
	TOTAL	100%	60.0%		112,424
Dan McConnell	Consolidated STIP Earnings Combined Business Unit/ Individual Targets	75%	45.0%		63,830
		25%	15.0%	43.4%	72,946
	TOTAL	100%	60.0%		112,424

PSUs Vested in 2016

The following sets out the calculation of the individual PSUs earned or vested during the fiscal year ended January 31, 2017 for each NEO. These PSUs vested on January 31, 2017, and will be paid out in April, 2017. 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 2014-2016 STIP Performance	Vesting %	TSR ⁽²⁾ Performance	Vesting %	
Edward Kennedy	100	99%	141	P36	46	763,503
John King	100	100%	147	P36	46	174,335
Craig Gilpin	100	99%	137	P36	46	211,213
Christie Frazier-Coleman	100	100%	150	P36	46	103,579
Dan McConnell	100	99%	145	P36	46	154,913

Notes

- (1) See "ELEMENTS OF 2016 COMPENSATION — Performance Share Units" on page 71 of this Circular for further details on the methodology used to calculate the number of PSUs that vested.
- (2) TSR relative performance was calculated by Meridian Consulting, and represents the data point that is higher than 36% of all other data in the sample when ranked from low to high.

- (3) The value of the PSU awards was calculated by multiplying the number of PSUs that vested by \$29.45, 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, 2017 on vested PSUs.

All Other Compensation

The following table shows the breakdown of “All Other Compensation” in the Summary Compensation Table for 2014 to 2016. 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	2016	78,267	1,077	173	3,834	83,351
	2015	76,356	1,075	173	4,822	82,426
	2014	74,571	1,075	173	5,995	81,814
John King	2016	35,000	–	–	2,690	37,690
	2015	34,146	–	6,934	5,018	46,098
	2014	32,545	–	6,373	3,077	41,995
Craig Gilpin	2016	43,878	–	8,775	3,092	55,745
	2015	42,807	–	8,560	3,972	55,339
	2014	40,759	–	8,151	2,605	51,515
Christie Frazier-Coleman	2016	–	–	–	16,225	16,225
	2015	–	–	–	26,397	26,397
	2014	–	–	–	11,181	11,181
Dan McConnell	2016	31,341	–	6,267	2,658	40,226
	2015	30,576	–	6,115	4,055	40,746
	2014	23,077	–	5,566	3,146	31,789

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 2016 Compensation” on page 74 of this Circular 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	22.17	509,200	682,600	7,394,400	247,400	290,800	7,932,600
John King	10.58	91,600	217,000	1,392,100	128,000	55,700	1,575,800
Craig Gilpin	6.83	72,800	206,700	1,060,000	89,700	42,400	1,272,800
Dan McConnell	8.33	45,200	217,000	616,700	78,400	12,400	707,500

Name	Accumulated Value At Start of Year (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Accumulated Value at End of Year (\$)
Christie Frazier-Coleman ⁽²⁾	100,300	21,203	8,527	130,030

Notes

- (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 the notes to North West's audited Consolidated Financial Statements for the year-ended January 31, 2017. 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.
- (2) Amounts are in USD.

[The rest of this page is intentionally left blank]

OUTSTANDING EQUITY BASED AWARDS

The following are the total unexercised Share-based awards and option-based awards granted to North West's NEOs as at January 31, 2017.

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	48,094	472,126	763,503	106,700	19.11	April 16, 2020	8,620,843
				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	
				269,313	25.63	April 22, 2022	
John King	10,754	105,566	174,335	243,569	28.81	April 13, 2023	1,085,876
				14,734	20.62	July 21, 2018	
				24,315	21.86	April 12, 2019	
				26,315	23.21	April 11, 2020	
				30,232	24.79	April 14, 2021	
				40,145	25.63	April 22, 2022	
Craig Gilpin	13,481	132,342	211,213	36,308	28.81	April 13, 2023	824,085
				10,110	21.86	April 12, 2019	
				21,882	23.21	April 11, 2020	
				37,903	24.79	April 14, 2021	
				50,328	25.63	April 22, 2022	
				45,517	28.81	April 13, 2023	
Christie Frazier-Coleman	9,664	94,870	103,579	7,255	20.62	July 21, 2018	632,824
				8,180	21.86	April 12, 2019	
				8,751	23.21	April 11, 2020	
				10,737	24.79	April 14, 2021	
				55,489	25.63	April 22, 2022	
				46,331	28.81	April 13, 2023	
Dan McConnell	9,629	94,530	154,913	1,913	20.62	July 21, 2018	506,017
				4,266	21.86	April 12, 2019	
				6,924	23.21	April 11, 2020	
				27,074	24.79	April 14, 2021	
				35,949	25.63	April 22, 2022	
				32,512	28.81	April 13, 2013	

Notes

- (1) Includes the number of unvested PSUs outstanding as at January 31, 2017.
- (2) The market value of the unvested Share-based awards is calculated by multiplying the portion of the outstanding PSUs which are time based ($\frac{1}{3}$ of the PSU grants for 2015 and 2016) granted to the NEO by the fair market value of the Shares as at February 1, 2017 (\$29.45). 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, 2017. The $\frac{2}{3}$ portion of the outstanding PSU grants for 2015 and 2016 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, 2017 on granted PSUs. No assumption is made for future dividends.

- (3) Includes the PSUs granted in 2014 that vested on January 31, 2017 and which were paid out in April, 2017..
- (4) The market value of all unexercised in-the-money original options granted in 2010, are calculated based on the difference between \$29.28, the closing price of a common Share on January 31, 2017, 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, 2014, 2015 and 2016 are calculated based on the difference between the \$29.28, the closing price of a common Share on January 31, 2017, and the declining strike price of \$17.03 for 2011, the declining strike price of \$18.70 for 2012, the declining strike price of \$20.69 for 2013, the declining strike price of \$22.02 for 2014, the declining strike price of \$24.43 for 2015 and the declining strike price of 28.31 for 2016. 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, 2014, 2015 and 2016 grants, on a per Share basis, that exceed a dividend yield of 2% for North West, is also deducted from the strike price.

SHARE OWNERSHIP GUIDELINES

The Board established a Share Ownership Policy, effective December 11, 2014, outlining the minimum levels of share ownership required for all executives. 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.

Based upon the advice received from Mercer on the terms of this Share Ownership Policy, the Board concluded that the policy is consistent with good 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, 2017, based on the closing price of North West on the TSX on January 31, 2017 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	9,638,632	12.2	4.0
John King	2,587,561	7.4	2.0
Craig Gilpin	953,495	2.2	2.0
Christie Frazier-Coleman ⁽²⁾	139,236	0.4	2.0
Dan McConnell	796,070	2.5	2.0

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, 2017 closing price of \$29.28.
- (2) Ms. Frazier-Coleman was promoted to her present position of Executive Vice President and Chief Merchandising Officer in September, 2014.

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	209,034
Number of underlying Shares reserved for issuance upon exercise of all options under the share option plans	2,525,534
Number of options granted during the period February 1, 2016 to January 31, 2017 (Fiscal 2016)	522,621
% of options granted during Fiscal 2016 as a % of total Shares outstanding as at April 30, 2017	1.07%
Total Shares issued and outstanding as at April 30, 2017	48,680,578
% of Shares reserved under the DSU Plan as a % of total Shares issued and outstanding as at April 30, 2017	0.43%
% of Shares reserved under share options plans as a % of total Shares issued and outstanding as at April 30, 2017	5.19%
% of Shares reserved under all equity compensation plans as a % of total Shares issued and outstanding as at April 30, 2017	5.62%

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 offer of employment also includes provisions relating to termination and change of control benefits. Ms. Christie-Frazier Coleman's terms of employment do not include provisions relating to termination and 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, 2017.

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	–	3,476,010	3,476,010	–	–	–
PSUs ⁽³⁾	–	2,179,871	2,179,871	2,179,871	2,179,871	–
Options ⁽⁴⁾	–	8,620,843	8,620,843	8,620,843	8,620,843	–
Total	–	14,276,724	14,276,724	10,800,714	10,800,714	–
John King						
Base/Bonus/Perquisite	–	–	–	–	–	–
PSUs ⁽³⁾	–	336,322	491,040	491,040	336,322	–
Options ⁽⁴⁾	–	427,345	1,085,876	1,085,876	427,345	–
Total	–	763,667	1,576,916	1,576,916	763,667	–
Craig Gilpin						
Base/Bonus/Perquisite	–	970,779	1,421,585	–	–	–
PSUs ⁽³⁾	–	414,287	608,228	608,228	414,287	–
Options ⁽⁴⁾	–	–	824,085	824,085	–	–
Total	–	1,385,066	2,853,898	1,432,313	414,287	–
Christie Frazier-Coleman						
Base/Bonus/Perquisite	–	–	–	–	–	–
PSUs ⁽³⁾	–	247,986	388,184	388,184	247,986	–
Options ⁽⁴⁾	–	171,635	623,824	623,824	171,635	–
Total	–	419,621	1,012,008	1,012,008	419,621	–
Dan McConnell						
Base/Bonus/Perquisite	–	–	–	–	–	–
PSUs ⁽³⁾	–	299,965	438,467	438,467	299,965	–
Options ⁽⁴⁾	–	65,830	506,017	506,017	65,830	–
Total	–	365,795	944,484	944,484	365,795	–

Notes

- (1) The amounts for Mr. Kennedy's retirement reflect his entitlement at age 57 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 (\$29.45) as at February 1, 2017. With respect to death or disability, the amounts are prorated as at January 31, 2017 pursuant to the terms of the PSU Plan. For Mr. Kennedy, the amounts are calculated pursuant to the terms of his employment agreement.
- (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, 2017 closing

Share price of \$29.28, and subtracting from that amount the number of qualified options multiplied by the exercise price or declining strike price of each option. For Mr. Kennedy, the amounts are calculated pursuant to the terms of his employment agreement.

Employment Agreements/Offers of Employment

President and Chief Executive Officer

Mr. Kennedy, who is 57 years of age, has been the President and Chief Executive Officer of North West for the past 21 years, and an executive of North West for the past 28 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:

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 options, and all vested and unvested Special RSUs. Any unvested RSUs, PSUs and Share options are forfeited with no further value.

**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 2/3 of the Termination Payment. Upon reaching the age of 59, Mr. Kennedy will be entitled to receive 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, 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 termination after age 60, all unvested RSUs, PSUs 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, PSUs 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 perquisite allowance, 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.

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, 2015, 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/Offers of Employment" on page 87 of this Circular).

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 \$20 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, 2016 to May 31, 2017 was approximately \$152,615. Directors and officers do not pay premiums, and no indemnity claims were made or paid in 2016.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management of North West is not aware of any material interest, direct or indirect, of any informed person (being a director or executive officer of North West or a person who beneficially owns or controls, directly or indirectly, more than 10% of the voting rights attached to Shares of North West) or any associate or affiliate of any of the foregoing persons, in any transaction since the commencement of our most recently completed financial year or in any proposed transaction which has materially affected or would materially affect us or any of our subsidiaries.

Part V — 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 VI — Consent of Goodmans LLP

To: The Directors of The North West Company Inc.

We refer to the attached Management Information Circular of The North West Company Inc. dated May 5, 2017 (the “**Circular**”) and relating to the annual general and special meeting of Shareholders to be held on June 14, 2017.

We hereby consent to the reference to our opinion in the Circular and the use of our name under the heading “Canadian Federal Income Tax Considerations”.

Toronto, Ontario, Canada
May 5, 2017

GOODMANS LLP

Part VII — Directors’ Approval

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

Winnipeg, Manitoba, Canada
May 5, 2017.

By ORDER OF THE BOARD OF DIRECTORS

“Paulina Hiebert”

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

[The rest of this page is intentionally left blank]

Schedule “A” — Special Resolution

“IT IS RESOLVED, BY SPECIAL RESOLUTION:

THAT the provisions relating to the classes of shares that North West is authorized to issue be, and they are, hereby amended, which changes will take effect as of the date appearing on the certificate of amendment to be issued by the Registrar under the *Canada Business Corporations Act* (the “**CBCA**”) after filing of the Articles of Amendment, by:

- a) creating an unlimited number of a new class of shares entitled “Variable Voting Shares,” which will carry the rights, privileges, conditions and restrictions appearing in Appendix “A” to the Articles of Amendment submitted to the Shareholders for approval;
- b) creating an unlimited number of a new class of shares entitled “Common Voting Shares,” which will carry the rights, privileges, conditions and restrictions appearing in Appendix “A” to the Articles of Amendment submitted to the Shareholders for approval; and
- c) cancelling the unissued Common Shares of North West, it being understood that the Variable Voting Shares and the Common Voting Shares are substituted, with the required adaptations, for the purposes of exercising all rights of subscription, purchase or conversion relating to Common Shares which are hereby cancelled;

THAT the Articles of Amendment submitted to the Shareholders for approval be, and they are, hereby approved;

THAT each issued and outstanding Common Share of the share capital of North West owned or controlled by a person who is not a Canadian within the meaning of the *Canada Transportation Act*, S.C. 1996, c. 10 and the regulations adopted pursuant to such act, as amended from time to time (the “**Canada Transportation Act**”), as established at the close of market on the day prior to the date of amendment on the Certificate of Amendment to be issued by the Director pursuant to the CBCA following the filing of the Articles of Amendment be, and it is, hereby converted into one Variable Voting Share, as created pursuant to the terms and conditions of said Articles of Amendment, and cancelled, and this as of the date of amendment appearing on the certificate of amendment to be issued by the Director under the CBCA following filing of the said Articles of Amendment;

THAT each issued and outstanding Common Share of the share capital of North West that is owned and controlled by a person who is a Canadian within the meaning of the *Canada Transportation Act* as established at the close of market on the day prior to the date of amendment on the Certificate of Amendment to be issued by the Director pursuant to the CBCA following the filing of the Articles of Amendment be, and it is, hereby converted into one Common Voting Share, as created pursuant to the terms and conditions of said Articles of Amendment, and cancelled, and this as of the date of

amendment appearing on the Certificate of Amendment to be issued by the Director under the CBCA following filing of the said Articles of Amendment;

THAT the directors be, and they are, hereby authorized to revoke this resolution, in their entire discretion, at any time prior to filing of the Articles of Amendment without any further approval of the Shareholders;

THAT any director or officer of North West be, and he or she is, hereby authorized to execute and deliver for and on behalf of North West any document, act or other written instrument, including Articles of Amendment substantially similar in content and form to the draft Articles of Amendment approved by the Shareholders in accordance herewith, and take any other action which, in his opinion, may be necessary or useful to give effect to this resolution and the matters contemplated herein.”

[The rest of this page is intentionally left blank]

Schedule “B” — Articles of Amendment

**APPENDIX “A”
TO
ARTICLES OF AMENDMENT
FOR
THE NORTH WEST COMPANY INC.
(the “Corporation”)**

The articles of the Corporation are amended as follows:

1. To re-name the Common shares of the Corporation as Common Voting Shares and to remove the existing rights, privileges, restrictions and conditions attaching to the shares and add the rights, privileges, restrictions and conditions as provided for below.
2. To create a class of an unlimited number of shares designated as Variable Voting Shares.
3. To exchange each issued and outstanding pre-existing Common share which is not owned and controlled by a Canadian within the meaning of the CTA (as defined below), as constituted at close of market on the date of amendment on the certificate of amendment to be issued by Corporations Canada (as defined below) pursuant to the CBCA following the filing of the articles of amendment, into one Variable Voting Share of the share capital of the Corporation and that pre-existing Common share is cancelled.
4. To exchange each issued and outstanding pre-existing Common share owned and controlled by a Canadian within the meaning of the CTA (as defined below), as constituted at close of market on the date of amendment on the certificate of amendment to be issued by Corporations Canada pursuant to the CBCA following the filing of the articles of amendment, into one Common Voting Share of the share capital of the Corporation and that pre-existing Common share is cancelled.
5. To declare that the authorized capital of the Corporation, after giving effect to the foregoing, shall consist of:
 - (a) an unlimited number of Common Voting Shares; and
 - (b) an unlimited number of Variable Voting Shares.
6. To provide for the rights, privileges, restrictions and conditions attaching to the Variable Voting Shares and the Common Voting Shares as provided for below.

1. INTERPRETATION

1.1 Definitions

For purposes of the articles of the Corporation, the following terms have the following meanings:

“**Aggregate Votes**” means the aggregate of the votes attached to all Voting Shares of the Corporation that may ordinarily be cast to elect directors of the Corporation;

“Canadian” shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

“CBCA” means the Canada Business Corporations Act, R.S.C. 1985, c.C-44, as amended;

“CBCA Regulations” means any regulations promulgated from time to time under the CBCA;

“Common Voting Share” means the common voting shares of the share capital of the Corporation;

“corporation” includes a body corporate, partnership and unincorporated organization;

“Corporation” means The North West Company Inc.;

“Corporations Canada” means Innovation, Science and Economic Development Canada — Corporations Canada;

“CTA” means the Canada Transportation Act, S.C. 1996, Ch. 10, as amended;

“person” includes an individual, corporation, association, entity, government or agency thereof, trustee, executor, administrator and other legal representative;

“Transfer Agent” means the transfer agent and the registrar of the Voting Shares of the Corporation;

“Variable Voting Share” means the variable voting shares of the share capital of the Corporation; and

“Voting Share” means the Variable Voting Shares and the Common Voting Shares of the share capital of the Corporation.

1.2 Control

For purposes of these articles,

1.2.1. a body corporate is controlled by a person if:

- (i) securities of the body corporate to which are attached more than fifty percent (50%) of the votes that may be cast to elect directors of the body corporate are held, otherwise than by way of security only, by or for the benefit of that person; and
- (ii) the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate; and

1.2.2. a partnership or unincorporated organization is controlled by a person if an ownership interest therein representing more than fifty percent (50%) of the assets of the partnership or organization is held, otherwise than by way of security only, by or for the benefit of that person.

1.3 Undefined Terms

All terms used herein that are not defined herein shall have the meanings ascribed thereto in the CBCA. Any provision herein shall be read so as to be consistent with the CBCA.

2. VARIABLE VOTING SHARES

Subject to the rights, privileges, restrictions and conditions which attach to any other class of shares, the Variable Voting Shares shall, as a class, have the following rights, privileges, restrictions and conditions:

2.1 Voting

The holders of the Variable Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class are entitled to vote separately as a class as provided in the CBCA.

The Variable Voting Shares shall carry one vote per Variable Voting Share, unless:

2.1.1. the number of issued and outstanding Variable Voting Shares exceeds twenty-five percent (25%) of the total number of all issued and outstanding Voting Shares (or any higher percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA); or

2.1.2. the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting exceeds twenty-five percent (25%) (or any higher percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA) of the total number of votes cast at such meeting.

If either of the above-noted thresholds is surpassed at any time, the vote attached to each Variable Voting Share will decrease proportionately and automatically and without further act or formality to equal the maximum permitted vote per Variable Voting Share. Under the circumstance described in subparagraph 2.1.1 above, the Variable Voting Shares as a class cannot carry more than twenty-five percent (25%) (or any higher percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA) of the Aggregate Votes attached to all issued and outstanding Voting Shares of the Corporation. Under the circumstance described in subparagraph 2.1.2 above, the Variable Voting Shares as a class cannot, for a given shareholder's meeting, carry more than twenty-five percent (25%) (or any higher percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA) of the total number of votes that can be exercised at the meeting.

2.2 Dividends

Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Corporation ranking prior to the Variable Voting Shares, the holders of Variable Voting Shares shall be entitled to receive any dividend declared by the directors of the Corporation at the times and for the amounts that the Board of Directors may, from time to time, determine. The Variable Voting Shares and the

Common Voting Shares shall rank equally as to dividends on a share-for-share basis, and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Variable Voting Shares and Common Voting Shares then outstanding, without preference or distinction.

2.3 Subdivision or Consolidation

No subdivision or consolidation of the Variable Voting Shares shall occur unless, simultaneously, the Variable Voting Shares and the Common Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

2.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation ranking prior to the Variable Voting Shares, in the case of liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purpose of winding-up its affairs, the holders of Variable Voting Shares and Common Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

2.5 Conversion

2.5.1. Automatic. Each issued and outstanding Variable Voting Share shall be automatically converted into one Common Voting Share without any further act on the part of the Corporation or of the holder, if:

- (i) such Variable Voting Share is or becomes beneficially owned and controlled, directly or indirectly, by a Canadian; or
- (ii) the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

2.5.2. Upon an Offer. In the event that an offer is made to purchase Common Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed, to be made to all or substantially all the holders of Common Voting Shares in a province of Canada to which the requirement applies, each Variable Voting Share shall become convertible at the option of the holder into one Common Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the Offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Variable Voting Shares for the purpose of depositing the resulting Common Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to section 2.1 above, notwithstanding their conversion. The Transfer Agent shall deposit the resulting Common Voting Shares on behalf of the holder.

To exercise such conversion right, the holder or his attorney duly authorized in writing shall:

- (i) give written notice to the Transfer Agent of the exercise of such right and of the number of Variable Voting Shares in respect of which the right is being exercised;
- (ii) deliver to the Transfer Agent the share certificate or certificates representing the Variable Voting Shares in respect of which the right is being exercised; and
- (iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing the Common Voting Shares resulting from the conversion of the Variable Voting Shares shall be delivered to the holders on whose behalf such deposit is being made.

If Common Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the Offeror; or the offer is abandoned or withdrawn by the Offeror or the offer otherwise expires without such Common Voting Shares being taken up and paid for, the Common Voting Shares resulting from the conversion will be reconverted into Variable Voting Shares and a share certificate representing the Variable Voting Shares will be sent to the holder by the Transfer Agent. Common Voting Shares resulting from the conversion and taken up and paid for by the Offeror shall be reconverted into Variable Voting Shares at the time the Offeror is required under the applicable securities legislation to take up and pay for such shares if the Offeror is not a Canadian.

In the event that the Offeror takes up and pays for the Common Voting Shares resulting from conversion, the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.

There will be no right to convert the Variable Voting Shares into Common Voting Shares in the following cases:

- (i) the offer to purchase Common Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed to be made to all or substantially all of the holders of Common Voting Shares in a province of Canada to which the requirement applies, that is, the offer is an "exempt take-over bid" within the meaning of the foregoing securities legislation; or
- (ii) an offer to purchase Variable Voting Shares is made concurrently with the offer to purchase Common Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Variable Voting Shares must be unconditional, subject to the exception that the offer for the Variable Voting Shares may

contain a condition to the effect that the Offeror is not required to take up and pay for Variable Voting Shares deposited to the offer if no shares are purchased pursuant to the contemporaneous offer for the Common Voting Shares.

3. COMMON VOTING SHARES

Subject to the rights, privileges, restrictions and conditions which attach to the shares of any other class, the Common Voting Shares, as a class, shall have attached thereto the following rights, privileges, restrictions and conditions.

3.1 Voting

The holders of Common Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class are entitled to vote separately as a class as provided in the CBCA. Each Common Voting Share shall confer the right to one vote at all meetings of shareholders of the Corporation.

3.2 Dividends and Distributions

Subject to the rights, privileges, restrictions and conditions attached to any class of shares of the Corporation ranking prior to the Common Voting Shares, holders of Common Voting Shares shall be entitled to receive the dividends declared by the directors of the Corporation at the times and for the amounts that the Board of Directors may, from time to time, determine. The Common Voting Shares and Variable Voting Shares shall rank equally as to dividends on a share for share basis and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Common Voting Shares and Variable Voting Shares then outstanding, without preference or distinction.

3.3 Subdivision or Consolidation

No subdivision or consolidation of the Common Voting Shares shall occur unless, simultaneously, the Common Voting Shares and the Variable Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the respective rights of the holders of the shares of each of the said classes.

3.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to any class of shares ranking prior to the Common Voting Shares, in the case of liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purposes of winding-up its affairs, the holders of Common Voting Shares and Variable Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

3.5 Conversion

3.5.1. Automatic. Subject to the foreign ownership restrictions of the CTA, an issued and outstanding Common Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of the Corporation or the holder, if such Common Voting Share is or becomes beneficially owned or controlled, directly or indirectly, by a person who is not a Canadian.

3.5.2. Upon an Offer. In the event that an offer is made to purchase Variable Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, to be made to all or substantially all the holders of Variable Voting Shares, each Common Voting Share shall become convertible at the option of the holder into one Variable Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the Offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Common Voting Shares for the purpose of depositing the resulting Variable Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to section 3.1 above, notwithstanding their conversion. The Transfer Agent shall deposit the resulting Variable Voting Shares on behalf of the holder.

To exercise such conversion right, the holder or his attorney duly authorized in writing shall:

- (i) give written notice to the Transfer Agent of the exercise of such right and of the number of Variable Voting Shares in respect of which the right is being exercised;
- (ii) deliver to the Transfer Agent the share certificate or certificates representing the Variable Voting Shares in respect of which the right is being exercised; and
- (iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing the Variable Voting Shares resulting from the conversion of the Common Voting Shares will be delivered to the holders on whose behalf such deposit is being made.

If Variable Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the Offeror or the offer is abandoned or withdrawn by the Offeror or the offer otherwise expires without such Variable Voting Shares being taken up and paid for, the Variable Voting Shares resulting from the conversion will be reconverted into Common Voting Shares and a share certificate representing the Common Voting Shares will be sent to the holder by the Transfer Agent. Variable Voting Shares resulting from the conversion and taken up and paid for by the Offeror shall be reconverted into Common Voting Shares at the time the Offeror is required under the applicable securities legislation to take up and pay for such shares if the Offeror is Canadian.

In the event that the Offeror takes up and pays for the Variable Voting Shares resulting from conversion, the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.

There will be no right to convert the Common Voting Shares into Variable Voting Shares in the following cases:

- (i) the offer to purchase Variable Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed to be made to all or substantially all of the holders of Variable Voting Shares, that is, the offer is an “exempt takeover bid” within the meaning of the foregoing securities legislation; or
- (ii) an offer to purchase Common Voting Shares is made concurrently with the offer to purchase Variable Voting Shares and the offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Common Voting Shares must be unconditional, subject to the exception that the offer for the Common Voting Shares may contain a condition to the effect that the Offeror is not required to take up and pay for Common Voting Shares deposited to the offer if no shares are purchased pursuant to the contemporaneous offer for the Variable Voting Shares.

4. CONSTRAINTS ON OWNERSHIP OF SHARES

4.1 Variable Voting Shares

The Variable Voting Shares may only be beneficially owned or controlled, directly or indirectly, by persons who are not Canadians.

4.2 Common Voting Shares

The Common Voting Shares may only be beneficially owned and controlled, directly or indirectly, by Canadians.

4.3 CBCA Constraints

In the event that any Canadian federal or provincial legislation applicable to the Corporation should become prescribed for the purposes of subsection 46(1) or subsections 174(1)(b) or (c) of the CBCA or any other similar provision in the CBCA or CBCA Regulations, these provisions shall be read as if they included additional constraints that assist the Corporation or any of its affiliates or associates (within the meaning of the CBCA) to qualify under such prescribed law to receive licenses, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership and control and such specified level of Canadian ownership and control shall be the level of Canadian ownership and control designated by such prescribed law of Canada or a province.

4.4 Joint Ownership

Where Voting Shares of the Corporation are beneficially owned or controlled by several persons jointly, the number of Voting Shares beneficially owned or controlled by any one such person shall include the number of Voting Shares beneficially owned or controlled jointly with such other persons. Where the Voting Shares are beneficially owned or controlled jointly by a person who is not Canadian and another person or persons, the Voting Shares shall be deemed to be owned or controlled by such person who is not a Canadian.

4.5 Exceptions

4.5.1. Nothing in these provisions shall be construed to apply in respect of Voting Shares of the Corporation that:

- (i) are held by one or more underwriters solely for the purpose of distributing the shares to the public; or
- (ii) are held by any person that is acting in relation to the shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides centralized facilities for the clearing of trades in securities.

4.5.2. The constraints imposed herein do not apply to the extent that a person who is not a Canadian holds Voting Shares by way of security only and such holding by way of security only is evidenced in such form as may be prescribed by the by-laws or resolutions adopted by the shareholders or directors of the Corporation and filed by such holder with the Corporation.

4.6 By-Laws

4.6.1. Subject to the CBCA and the CBCA Regulations, the directors of the Corporation may make, amend or repeal any by-laws required to administer the constrained share provisions set out in these articles including by-laws:

- (i) to require any person in whose name Voting Shares are registered to furnish a statutory declaration declaring whether:
 - (A) the shareholder holds, is the beneficial owner of and has control over the Voting Shares; and
 - (B) the shareholder is a Canadian,

And declaring any further facts that the directors consider relevant;

- (ii) to require any person seeking to have a transfer of a Voting Share registered in such person's name or to have a Voting Share issued to such person to furnish a declaration similar to the declaration a shareholder may be required to furnish under paragraph (i) above; and
- (iii) to determine the circumstances in which any declarations are required, their form and the times when they are to be furnished.

4.6.2. Where a person is required to furnish a declaration pursuant to a by-law made under this Section 4.6, the directors may refuse to register a transfer of a voting share in such person's name or to issue a voting share to such person until that person has furnished the declaration.

4.7 Powers of Directors

4.7.1. In the administration of these provisions, the directors of the Corporation shall enjoy, in addition to the powers set forth herein, all of the powers necessary or desirable, in their opinion, to carry out the intent and purpose hereof, including but not limited to all powers contemplated by the provisions relating to constrained share corporations in the CBCA and the CBCA Regulations.

4.7.2. In the administration of these provisions, the directors of the Corporation may rely on:

- (i) a statement made in a declaration referred to in Section 4.6; and
- (ii) the knowledge of a director, officer, employee or agent of the Corporation.

4.7.3. Where the directors are required to determine the total number of voting shares of the Corporation held by or on behalf of persons who are not Canadians, the directors may rely upon (i) the share register of the Corporation or (ii) any other register held, or any declaration of residence collected by, the Transfer Agent or any depository, such as CDS & Co., as of any date, provided that such date is not more than four months before the day on which the determination is made.

4.7.4. Wherever in this Article 4 it is necessary to determine the opinion of the directors of the Corporation, such opinion shall be expressed and conclusively evidenced by a resolution of the directors of the Corporation duly adopted, including a resolution in writing executed pursuant to Section 117 of the CBCA.

4.7.5. Neither any shareholder of the Corporation nor any other interested person shall have any claim or action against the Corporation or against any director or officer of the Corporation nor shall the Corporation have any claim or action against any director or officer of the Corporation arising out of any act (including any omission to act) performed pursuant to or in intended pursuance of these provisions or any breach or alleged breach of such provisions.

[The rest of this page is intentionally left blank]

Schedule “C” — Section 190 of the CBCA

Right to dissent

190 (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

(a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),

(b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or

(c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9), in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

[The rest of this page is intentionally left blank]

Schedule “D” — Resolution Concerning the By-Law

THAT the repeal of existing By-Law No. 1 and the replacement with an amended and restated By-Law No. 1 set out in Schedule “E” of this Circular (By-Law No. 1) be and is hereby ratified and confirmed:

THAT the amended and restated By-Law No. 1 of North West, be effective from April 23, 2017, the date of approval by the directors of North West; and

THAT any director or officer of North West be and is hereby authorized to execute and deliver any instrument or document and to take any measure and do anything in the name of or on behalf of North West that in his entire discretion is necessary or useful in order to give effect to this resolution.”

[The rest of this page is intentionally left blank]

Schedule “E” — By-law No. 1

AMENDED AND RESTATED BY-LAW NO. 1

Canada Business Corporations Act

A by-law relating generally to the
regulation of the business and affairs of

THE NORTH WEST COMPANY INC.
(the “Corporation”)

TABLE OF CONTENTS

SECTION 1 DEFINITIONS AND INTERPRETATION	1
1.1 Definitions	1
1.2 Certain rules of interpretation	1
SECTION II DIRECTORS	2
2.1 Quorum	2
2.2 Qualification	2
2.3 Election and Term	2
2.4 Removal of Directors	2
2.5 Vacation of Office	2
2.6 Vacancies	2
2.7 Remuneration and Expenses	3
SECTION III MEETINGS OF DIRECTORS	3
3.1 Canadian Majority	3
3.2 Meetings by Telephone, Electronic or Other Communication Facility	3
3.3 Place of Meetings	3
3.4 Calling of Meetings	3
3.5 Notice of Meeting	4
3.6 Waiver of Notice	4
3.7 First Meeting of New Board	4
3.8 Adjourned Meeting	4
3.9 Regular Meetings	4
3.10 Chairman	4
3.11 Votes to Govern	4
3.12 One Director Meeting	5
3.13 Amendments to Act	5
SECTION IV COMMITTEES	5
4.1 Committee of Directors	5
4.2 Audit Committee	5
4.3 Transaction of Business	5
4.4 Procedure	5
SECTION V OFFICERS	6
5.1 Appointment	6
5.2 Chairman of the Board	6
5.3 Chief Executive Officer	6
5.4 President	6
5.5 Vice-President	6
5.6 Secretary	7

5.7	Treasurer	7
5.8	Powers and Duties of Officers	7
5.9	Variation of Powers and Duties	7
5.10	Term of Office	7
5.11	Agents and Attorneys	7
5.12	Fidelity Bonds	8
SECTION VI PROTECTION OF DIRECTORS AND OFFICERS		8
6.1	Limitation of Liability	8
6.2	Indemnity	9
6.3	Insurance	9
SECTION VII MEETING OF SHAREHOLDERS		10
7.1	Annual Meetings	10
7.2	Special Meetings	10
7.3	Place of Meetings	10
7.4	Meetings by Telephone	10
7.5	Notice of Meetings	10
7.6	List of Shareholders Entitled to Notice	11
7.7	Record Date for Notice	11
7.8	Meetings without Notice	11
7.9	Chairman, Secretary and Treasurer	12
7.10	Persons Entitled to be Present	12
7.11	Quorum	12
7.12	Right to Vote	12
7.13	Proxies	12
7.14	Time for Deposit of Proxies	13
7.15	Joint Shareholders	13
7.16	Votes to Govern	13
7.17	Show of Hands	13
7.18	Ballots	13
7.19	Electronic Voting by Shareholders	14
7.20	Voting While Participating Electronically	14
7.21	Resolution in Writing	14
SECTION VIII SECURITIES		14
8.1	Registration of Transfer	14
8.2	Transfer Agent and Registrars	14
8.3	Security Certificates	14
8.4	Replacement of Security Certificates	15
8.5	Joint Shareholders	15
8.6	Deceased Security Holders	15
8.7	Deceased Jointly-Held Security Holders	15

8.8 Non-Canadian Ownership	16
SECTION VIII.A ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS	17
8.A.1 Nomination of Directors	17
8.A.2 Timely Notice	17
8.A.3 Proper Written Form	18
8.A.4 Further Information	19
8.A.5 Determination of Eligibility	19
8.A.6 Discussion Permitted	19
8.A.7 Meaning of Public Announcement	20
8.A.8 Notice	20
8.A.9 Waiver	20
SECTION IX DIVIDENDS AND RIGHTS	20
9.1 Dividends	20
9.2 Dividend Payment	20
9.3 Non-Receipt of Cheques	21
9.4 Record Date of Dividends and Rights	21
9.5 Unclaimed Dividends	21
SECTION X GENERAL	21
10.1 Execution of Instruments	21
10.2 Electronic Signatures	22
10.3 Voting Rights in Other Corporations	22
SECTION XI NOTICES	22
11.1 Method of Sending Notice	22
11.2 Notice to Joint Shareholders	24
11.3 Computation of Time	24
11.4 Undelivered Notices	24
11.5 Omissions and Errors	24
11.6 Persons Entitled by Operation of Law	24
11.7 Deceased Shareholders	24
11.8 Waiver of Notice	24
11.9 Execution of Notices	25
11.10 Proof of Service	25
SECTION XII REPEAL	25
12.1 Repeal	25

SECTION I DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this by-law and in all other by-laws of the Corporation, unless the context otherwise requires:

"Act" means the *Canada Business Corporations Act* as amended or re-enacted from time to time and includes the regulations made pursuant thereto.

"board" means the board of directors of the Corporation.

"by-laws" means all by-laws of the Corporation.

"Canadian" has the meaning ascribed thereto in the *Canada Transportation Act*.

"CTA Limitation" has the meaning provided to such term in Section 8.8.

"director" means a director of the Corporation.

"electronic document" means any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means and that can be read or perceived by a person or by any means.

"information system" means a system used to generate, send, receive, store or otherwise process an electronic document.

"non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada).

"Non-Canadian" means a person who is not a Canadian.

"number of directors" means the number of directors of the Corporation provided for in the articles or, where a minimum and maximum number of directors is provided for in the articles, the number of directors of the Corporation most recently elected by the shareholders of the Corporation.

1.2 Certain Rules of Interpretation

- a) All terms used in the by-laws which are defined in the Act shall have the meanings given to such terms in the Act.
- b) In all by-laws, the singular shall include the plural and the plural shall include the singular and words in one gender include all genders.
- c) Headings used in the by-laws are for convenience of reference only and shall not affect the construction or interpretation of the by-laws.
- d) If any of the provisions contained in this by-law are inconsistent with those contained in the articles or a unanimous shareholder agreement, the provisions contained in the articles or unanimous shareholder agreement, as the case may be, shall prevail.

SECTION II DIRECTORS

2.1 Quorum

Subject to Section 3.1, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of directors. If, however, the Corporation has fewer than three directors, all directors must be present at any meeting of the board to constitute a quorum.

2.2 Qualification

No person shall be qualified for election as a director if that person: (a) is less than 18 years of age, (b) is of unsound mind and has been so found by a court in Canada or elsewhere, (c) is not an individual, or (d) has the status of a bankrupt. A director need not be a shareholder. A majority of the directors of the Corporation shall be resident Canadians.

2.3 Election and Term

The election of directors shall take place at the first meeting of shareholders and at each annual meeting of shareholders. A director not elected for an expressly stated term shall cease to hold office at the close of the first annual meeting following that director's election or appointment. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

2.4 Removal of Directors

Subject to the Act, the shareholders may by ordinary resolution passed at an annual or special meeting remove any director from office and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the directors.

2.5 Vacation of Office

A director ceases to hold office when that director dies, is removed from office by the shareholders or ceases to be qualified for election as a director. A director also ceases to hold office when that director's written resignation is received by the Corporation or, if a time is specified in such resignation, at the time so specified, whichever is later.

2.6 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or minimum or maximum number of directors or from a failure of the shareholders to elect the number or minimum number of directors provided for in the articles of the Corporation.

2.7 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine and shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing in this by-law precludes any director from serving the Corporation in any other capacity and receiving remuneration for doing so.

SECTION III MEETINGS OF DIRECTORS

3.1 Canadian Majority

The board shall not transact business at a meeting, other than filling a vacancy in the board, unless a majority of the directors present are resident Canadians. The board may, however, transact business at a meeting of directors where the required number of resident Canadian directors is not present if:

- a) a resident Canadian director who is unable to be present approves in writing or by telephone, electronic or other communication facilities, the business transacted at the meeting; and
- b) the required number of resident Canadian directors would have been present had that director been present at the meeting.

3.2 Meetings by Telephone, Electronic or Other Communication Facility

If all the directors present at or participating in the meeting consent, any or all of the directors may participate in a meeting of the board or of a committee of the board by means of such telephone, electronic or other communications facilities as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and any director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board held while a director holds office.

3.3 Place of Meetings

Meetings of the board may be held at any place within or outside Canada. In any financial year of the Corporation, a majority of the meetings of the board need not be held within Canada.

3.4 Calling of Meetings

Meetings of the board may be convened at any time by the chairman, chief executive officer, president or any director upon notice given to all directors in accordance with section 3.5.

3.5 Notice of Meeting

Notice of the time and place of each meeting of the board shall be given in the manner provided in section 11.1 to each director (a) not less than 48 hours before the time when the meeting is to be held if the notice is mailed, or (b) not less than 24 hours before the time the meeting is to be held if the notice is given personally or is delivered or is sent by any means of an electronic document or communication.

3.6 Waiver of Notice

A director may in any manner or at any time waive notice of or otherwise consent to a meeting of the board including by sending an electronic document or communication to that effect. Attendance of a director at a meeting of the board shall constitute a waiver of notice of that meeting except where a director attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called.

3.7 First Meeting of New Board

If a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

3.8 Adjourned Meeting

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

3.9 Regular Meetings

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose of that meeting or the business to be transacted at it to be specified.

3.10 Chairman

The chairman of any meeting of the board shall be a director and the chairman of the board, and if the chairman of the board is not present and willing to serve, the directors present shall choose a director of the Corporation to be chairman of such meeting of the board.

3.11 Votes to Govern

At all meetings of the board, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

3.12 One Director Meeting

Where the board consists of only one director, that director may constitute a meeting.

3.13 Amendments to the Act

It is hereby affirmed that the intention of Sections 3.1 and 4.1, as they relate to Canadian representation, is to comply with the minimum requirements of the Act, the *Canada Transportation Act* and the Canadian Transportation Agency and in the event that such minimum requirements shall be amended, deleted or replaced such that no, or lesser, requirements with respect to Canadian representation are then in force, such sections shall be deemed to be correspondingly amended, deleted or replaced without any further act of the directors or shareholders of the Corporation.

SECTION IV COMMITTEES

4.1 Committee of Directors

The board may appoint from their number one or more committees of the board, however designated, of which at least one-half of the members must be resident Canadians, and delegate to such committee any of the powers of the board except those which, under the Act, a committee of the board has no authority to exercise.

4.2 Audit Committee

If the Corporation is a distributing corporation the board shall, and otherwise the board may, constitute an audit committee composed of not fewer than three directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates, and who shall hold office until the next annual meeting of shareholders. The audit committee shall have the powers and duties provided in the Act.

4.3 Transaction of Business

The powers of a committee of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or outside Canada.

4.4 Procedure

Unless otherwise determined by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure. To the extent that the board or the committee does not establish rules to regulate the procedure of the committee, the provisions of this by-law applicable to meetings of the board shall apply *mutatis mutandis*.

SECTION V OFFICERS

5.1 Appointment

The board may designate the officers of the Corporation and from time to time appoint a chairman of the board, chief executive officer, president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. One person may hold more than one office and, except for the chairman of the board and the chief executive officer, an officer need not be a director. A majority of the officers of the Corporation shall be resident Canadians.

5.2 Chairman of the Board

If appointed, the board may assign to the chairman of the board any of the powers and duties that are by any provisions of this by-law assigned to the chief executive officer or to the president and subject to the Act, such other powers and duties as the board may specify. The chairman of the board shall, when present, preside at all meetings of the board and shareholders. Subject to section 3.10 and section 7.9, during the absence or disability of the chairman of the board, the duties of the chairman of the board shall be performed, and the powers exercised, by a director of the Corporation chosen by the directors then present.

5.3 Chief Executive Officer

If appointed, the chief executive officer shall have general supervision of the business and affairs of the Corporation, subject to the authority of the board. The chief executive officer shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the president, or if no president has been appointed, the chief executive officer shall also have the powers and duties of that office.

5.4 President

If appointed, the president shall have general supervision of the business and affairs of the Corporation, subject to the direction and authority of the board, the chairman of the board and the chief executive officer and shall have such other powers and duties as the board may specify. During the absence or disability of the chief executive officer, or if no chief executive officer has been appointed, the president shall also have the powers and duties of that office. In the absence of the appointment of a chief executive officer or the designation of the chairman of the board as such, the president shall be the chief executive officer of the Corporation. Otherwise, the president shall be the chief operating officer of the Corporation.

5.5 Vice-President

If appointed, the vice-president, or if more than one, the vice-presidents, in order of seniority as designated by the board, shall be vested with all the powers and perform all the duties of the president if the president is absent or is unable to act. No vice-president, however, shall preside at any meeting of the directors unless appointed to do so by the board. A vice-president shall have such powers and duties as the board or the chief executive officer may specify.

5.6 Secretary

If appointed, the secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings. The secretary shall also give or cause to be given, as and when instructed, all notices to shareholders, directors, officers and auditors and he or she shall be the custodian of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose, and the secretary shall have such other powers and duties as the board or the chief executive officer may specify.

5.7 Treasurer

If appointed, the treasurer shall keep or cause to be kept proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of funds of the Corporation. The treasurer shall render to the board whenever required an account of all transactions as treasurer and of the financial position of the Corporation. The treasurer shall have such other powers and duties as the board or the chief executive officer may specify.

5.8 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

5.9 Variation of Powers and Duties

Subject to the provisions of the Act, the board may from time to time vary, add to or limit the powers and duties of any officer.

5.10 Term of Office

The board, in its discretion, may remove any officer of the Corporation without prejudice to such officer's rights under any employment contract. Otherwise, each officer appointed by the board shall hold office until a successor is appointed, except

that the term of office of the chairman of the board shall expire when that individual ceases to be a director.

5.11 Agents and Attorneys

The board shall have power from time to time to appoint agents or attorneys for the Corporation in or out of Ontario with such powers of management or otherwise (including the power to sub- delegate) as may be thought fit.

5.12 Fidelity Bonds

The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their duties, in such form and with such surety as the board may from time to time prescribe.

SECTION VI PROTECTION OF DIRECTORS AND OFFICERS

6.1 Limitation of Liability

No director or officer of the Corporation shall be liable for the acts or omissions of any other director, officer, employee or agent of the Corporation, or for any costs, charges or expenses of the Corporation resulting from any deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from bankruptcy or insolvency, or in respect of any tortious acts of or relating to the Corporation or any other director, officer, employee or agent of the Corporation, or for any loss occasioned by an error of judgment or oversight on the part of any other director, officer, employee or agent of the Corporation, or for any other costs, charges or expenses of the Corporation occurring in connection with the execution of the duties of the director or officer, unless such costs, charges or expenses are incurred as a result of such person's own wilful neglect, default or negligence. Nothing in this by-law, however, shall relieve any director or officer from the duty to act in accordance with the Act or from liability for any breach of the Act.

6.2 Indemnity

- a) Indemnification. The Corporation may indemnify and save harmless every director or officer, every former trustee, director or officer and every individual who acts or acted at the Corporation's or its predecessor's request as a trustee, director or officer or an individual in a similar capacity of another entity, including the predecessor entities, North West Company Fund and The NWC Trust, from and against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by that individual in respect of any civil, criminal, administrative, investigative or other proceeding to which that individual is involved because of their association with the Corporation or other entity.

- b) Advance of Costs. The Corporation may advance money to a director, officer former trustee, or other individual for the costs, charges and expenses of a proceeding referred to in section 6.2a) but such individual shall be required to repay the money if the individual does not fulfil the conditions set out in section 6.2c).
- c) Limitation. The Corporation shall not indemnify an individual under section 6.2a) unless that individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a trustee, director or officer or as an individual in a similar capacity at the Corporation's or at the Corporation's predecessor's request.
- d) Further Limitation. In addition to the conditions set out in section 6.2c), if the matter is a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Corporation shall not indemnify the individual under section 6.2a) unless that individual had reasonable grounds for believing that the conduct was lawful.
- e) Derivative Action. The Corporation may, with the approval of a court, indemnify and save harmless any individual referred to in section 6.2a), or advance moneys under section 6.2b) in respect of any action by or on behalf of the Corporation or other entity to obtain a judgment in its favour to which the individual is made a party because of the individual's association with the Corporation or other entity against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if that individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a director, trustee or officer or in a similar capacity at the Corporation's or at the Corporation's predecessor's request.
- f) Right to Indemnity. Despite section 6.2a), an individual referred to in section 6.2a) is entitled to indemnity from the Corporation in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defence of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject because of the individual's association with the Corporation or other entity as described in section 6.2a) if the individual seeking an indemnity,
 - (i) was not judged by a court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and
 - (ii) fulfils the condition set out in section 6.2c) and section 6.2d).

6.3 Insurance

The Corporation may purchase and maintain such insurance for the benefit of an individual referred to in section 6.2a) against any liability incurred by the individual in

his or her capacity as a director or officer of the Corporation, or in his or her capacity as a director, trustee or officer, or a similar capacity of another entity, if the individual acts or acted in that capacity at the Corporation's or the Corporation's predecessor's request.

SECTION VII MEETINGS OF SHAREHOLDERS

7.1 Annual Meetings

The annual meeting of shareholders shall be held at such time in each year and, subject to section 7.3, at such place as the board, or if delegated by the board, the chairman of the board, the chief executive officer or the president may from time to time determine. Such meetings shall be held for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and fixing or authorizing the board to fix their remuneration, and for the transaction of such other business as may properly be brought before the meeting.

7.2 Special Meetings

The board, the chairman of the board, the chief executive officer or the president or the holders of not less than five percent (5%) of the issued shares of the Corporation that carry the right to vote at a meeting sought, shall have power to call a special meeting of shareholders at any time.

7.3 Place of Meetings

Meetings of shareholders shall be held at the place where the registered office of the Corporation is situated or, if the board so determines, at some other place within Canada or, if all the shareholders entitled to vote at the meeting so agree, at some place outside Canada.

7.4 Meetings by Telephone

Any person entitled to attend a meeting of shareholders may participate in the meeting, to the extent and in the manner permitted by law, by means of a telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting. The directors or the shareholders of the Corporation who call a meeting of shareholders pursuant to the Act may determine that the meeting shall be held, to the extent and in the manner permitted by law, entirely by means of a telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

7.5 Notice of Meetings

Notice of the time and place of each meeting of shareholders (and of each meeting of shareholders adjourned for an aggregate of 30 days or more) shall be given in the manner provided in section 11.1 not less than 21 days and not more than 60 days before the date of the meeting, to each director, to the auditor and to each shareholder who at the close of business on the record date for notice, if any, is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and re-appointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit a shareholder to form a reasoned judgment thereon and shall state the text of any special resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of or otherwise consent to a meeting of shareholders. Attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where that person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

7.6 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares entitled to vote at the meeting held by each shareholder. If a record date for the meeting is fixed pursuant to section 7.7, the shareholders listed shall be those registered at the close of business on the record date and such list shall be prepared not later than ten days after such record date. If no record date is fixed, the list shall be prepared at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held and shall list all shareholders registered at such time. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the securities register is kept and at the place where the meeting is held.

7.7 Record Date for Notice

The board may fix in advance a record date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 21 days, for the determination of the shareholders entitled to notice of the meeting. Notice of any such record date shall be given not less than seven days before such record date by newspaper advertisement in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be the close of business on the day immediately preceding the day on which the notice is given.

7.8 Meetings Without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- a) if all the shareholders entitled to vote at that meeting are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and
- b) if the auditor and the directors are present or waive notice of or otherwise consent to such meeting being held.

At such meeting, any business may be transacted which the Corporation at a meeting of shareholders may transact.

7.9 Chairman, Secretary and Scrutineers

The chairman of any meeting of shareholders shall be the chairman of the board and if the chairman of the board is not present at the meeting, the directors present shall choose a director of the Corporation to be chairman of such meeting. If each of the chairman of the board, the directors or such chosen director is/are not present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman of such meeting of shareholders. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

7.10 Persons Entitled to be Present

The only persons entitled to be present at a meeting of the shareholders shall be those entitled to vote at that meeting, the directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

7.11 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be at least two shareholders, one of whom shall be, or be representing, a Canadian, whether present in person or represented by proxy, holding at least 25% of the total number of issued and outstanding shares entitled to vote at such meeting. Notwithstanding the foregoing, if the Corporation has only one shareholder, or only one shareholder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting and a quorum for such meeting, provided that such shareholder is a Canadian.

7.12 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 7.6, every person who is named in such list shall be entitled to vote the shares shown thereon opposite the name of that person except to the extent that such person has transferred any shares after the date on which the list is prepared or, where a record date has been fixed, after the record date and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that the person owns such shares, demands at any time prior to the meeting that the name of that person be included to vote the transferred shares at the meeting. In the absence of such a list, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

7.13 Proxies

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or the attorney of that shareholder and shall conform with the requirements of the Act.

7.14 Time for Deposit of Proxies

The board may by resolution and specified in a notice calling a meeting of shareholders fix a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

7.15 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them. Where shares are owned or controlled jointly by one or more persons who are Non-Canadian, the shares shall be deemed to be owned or controlled, as the case may be, by Non-Canadians.

7.16 Vote to Govern

At any meeting of shareholders every question shall, unless otherwise required by law, be determined by the majority of the votes cast on the question. In the case of an

equality of votes either upon a show of hands or upon a ballot, the chairman of the meeting shall not be entitled to a second or casting vote.

7.17 Show of Hands

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands has been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting as to the result of the vote upon the question and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of such question, and the result of the vote so taken shall be the decision of the shareholders upon such question.

7.18 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may demand a ballot. A ballot so demanded shall be taken in such manner as the chairman shall direct. A demand for a ballot may be withdrawn at any time prior to the taking of the ballot. The result of the ballot so taken shall be the decision of the shareholders upon the question.

7.19 Electronic Voting by Shareholders

Any vote at a meeting of the shareholders may be held, to the extent and in the manner permitted by law, entirely by means of a telephone, electronic or other communication facility, if the Corporation makes available such a communication facility.

7.20 Voting while participating electronically

Any person participating in a meeting of shareholders by electronic means as provided in section 7.4 and entitled to vote at that meeting may vote, to the extent and in the manner permitted by law, by means of the telephone, electronic or other communication facility that the Corporation has made available for that purpose.

7.21 Resolution in Writing

A resolution in writing signed by all of the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders.

SECTION VIII SECURITIES

8.1 Registration of Transfer

Subject to the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by the attorney of that holder or successor duly appointed, together with such reasonable assurance or evidence of signature, identification and authority to transfer as the board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles.

8.2 Transfer Agents and Registrars

The board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers, but one person may be appointed both registrar and transfer agent. The board may at any time terminate any such appointment.

8.3 Security Certificates

Every holder of securities of the Corporation shall be entitled, at the option of that holder, to a security certificate, or to a non-transferable written acknowledgement of the right to obtain a security certificate, stating the number and designation, class or series of securities held by that holder as shown on the securities register. Security certificates and acknowledgements of a securities holder's right to a security certificate, respectively, shall be in such form as the board shall from time to time approve. Any security certificate shall be signed in accordance with section 10.1. A security certificate shall be signed by at least one director or officer of the Corporation and by or on behalf of the transfer agent and/or registrar of the Corporation. Such signatures may be manually made or printed or otherwise mechanically reproduced. A security certificate executed as aforesaid shall be valid notwithstanding that one of the directors or officers whose printed or mechanically reproduced signature appears thereon no longer holds office at the date of issue of the certificate.

8.4 Replacement of Security Certificates

The board, any officer or any agent designated by the board has the discretion to direct the issue of a new security certificate in lieu of and upon cancellation of a security certificate that has been mutilated. In the case of a security certificate claimed to have been lost, destroyed or wrongfully taken, the board, any officer or any agent designated by the board shall issue a substitute security certificate if so requested before the Corporation has notice that the security has been acquired by a bona fide purchaser. The issuance of the substitute security certificate shall be on such reasonable terms as to indemnity, reimbursement of expenses and evidence of loss and

of title as the board or the officer or the agent designated by the board responsible for such issuance may from time to time prescribe, whether generally or in any particular case.

8.5 Joint Shareholders

If two or more persons are registered as joint holders of any security, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such security.

8.6 Deceased Security Holders

Subject to the provisions of section 8.7, in the event of the death of a holder of any security, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation, which reasonable requirements shall in the discretion of the board not necessarily include the production of letters probate or letters of administration.

8.7 Deceased Jointly-Held Security Holders

Where a share is registered in the name of two or more persons as joint holders with rights of survivorship, upon satisfactory proof of the death of one joint holder and without the requirement of letters probate or letters of administration, the Corporation shall treat the surviving joint holder(s) as the sole owner(s) of the share effective as of the date of death of such joint holder and the Corporation shall make the appropriate entry in the securities register to reflect such ownership.

8.8 Non-Canadian Ownership

The rights of Non-Canadians with respect to the shares are limited by the *Canada Transportation Act* and directions by the federal cabinet to the Canadian Transportation Agency (the "**CTA Limitation**"). At no time may Non-Canadians (i) control the Corporation in fact or (ii) hold or beneficially own or control, directly or indirectly, such number of shares entitling them to more than 25% (or any higher percentage permitted by the *Canada Transportation Act* or that the Governor in Council may by regulation specify) of the votes attached to all outstanding shares. Prior to any subscription for shares being accepted and every registration or transfer of shares effected or recorded on the register of shareholders, the directors may require the proposed shareholder to submit to the Corporation a declaration, substantially in the form set out in Schedule "A" hereto, indicating whether the proposed shareholder is a Canadian. The directors may take such actions as are required to ensure that such restrictions are not contravened, including, without limitation, one or more of the following actions: (i) perform searches of shareholder mailing address lists and take

such other steps specified by the directors, at the cost of the Corporation, to determine or estimate to the extent practicable, the Canadian or Non-Canadian status of the shareholders; (ii) require declarations from shareholders as to whether such shares are held by or for the benefit of Non-Canadians or declarations from shareholders or others as to the Canadian or Non-Canadian status of beneficial owners of the shares and for that purpose enter into an appropriate ownership monitoring agreement with the Canadian Depository for Securities Limited; (iii) place such other limits on share ownership by Non-Canadians as the directors may deem necessary in their sole discretion. Each share that is owned and controlled by a Canadian will entitle the holder thereof to one vote. Each share that is not owned and controlled by a Canadian will entitle the holder thereof to one vote, except in the following circumstances:

- a) If more than 25% (or any higher percentage permitted by the *Canada Transportation Act* or that the Governor in Council may by regulation specify) of the aggregate number of outstanding shares (determined on a fully diluted basis) are not owned and controlled by Canadians, the vote attaching to each share that is not owned and controlled by a Canadian will decrease automatically by such amount as is necessary to ensure that the aggregate number of votes attaching to all outstanding shares that are not owned and controlled by Canadians does not exceed 25% (or any higher percentage permitted by the *Canada Transportation Act* or that the Governor in Council may by regulation specify) of the aggregate number of outstanding votes attaching to all outstanding shares; and
- b) If the aggregate number of votes cast at any meeting in respect of shares that are not owned and controlled by Canadians would exceed 25% (or any higher percentage permitted by the *Canada Transportation Act* or that the Governor in Council may by regulation specify) of the aggregate number of votes cast at such meeting, the vote attaching to each share that is not owned and controlled by a Canadian will decrease automatically by such amount as is necessary to ensure that the aggregate number of votes cast at such meeting in respect of all outstanding shares that are not owned and controlled by Canadians does not exceed 25% (or any higher percentage permitted by the *Canada Transportation Act* or that the Governor in Council may by regulation specify) of the aggregate number of votes cast at such meeting by all shareholders.

Unless and until the directors shall have been required to do so under the terms hereof, the directors shall not be bound to do or take any proceeding or action with respect to this Section 8.8 by virtue of the powers conferred on them hereby. The directors shall have the sole right and authority to make any determination required or contemplated under this Section 8.8 including considering shareholders who do not complete a nationality declaration to be Non-Canadians. The directors shall make all determinations necessary for the administration of the provisions of this Section 8.8 and, without limiting the generality of the foregoing, if the directors consider that there are reasonable grounds for believing that a contravention of the CTA Limitation has occurred or will occur, the directors shall make a determination with respect to the

matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by the directors. In any situation where it is unclear whether shares are held for the benefit of Non-Canadians, the directors may exercise their discretion in determining whether such shares are or are not so held, and any such exercise by them of their discretion shall be binding for the purposes of this Section 8.8. Notwithstanding the foregoing, the directors may delegate, in whole or in part, their power to make a determination in this respect to any officer of the Corporation or such other person or persons to whom the directors may generally delegate their powers and authority. The directors shall not be liable for any violation whatsoever of the CTA Limitation.

SECTION VIII.A ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

Nomination of Directors

Only persons who are nominated in accordance with the provisions of this Section VIII.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 VIII.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 VIII.A.

Timely Notice

In addition to any other requirements in this Section VIII.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.

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 VIII.A 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.

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.

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.

Discussion Permitted

Nothing in this Section VIII.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.

Meaning of Public Announcement

For purposes of this Section VIII.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.

Notice

Notwithstanding any other provision of the by-laws of the Corporation, notice given to the Secretary pursuant to this 0 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.

Waiver

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

SECTION IX DIVIDENDS AND RIGHTS

9.1 Dividends

Subject to the Act, the board may from time to time by resolution declare and the Corporation may pay dividends to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property, subject to the restrictions on the declaration and payment thereof under the Act, or by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation.

9.2 Dividend Payment

A dividend payable in cash shall be paid by cheque or electronic means, at the option of the Corporation. If a dividend payable in cash is to be paid by cheque, such cheque(s) shall be drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at the recorded address of that holder, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.3 Non-Receipt of Cheques

If any person entitled to receive a dividend cheque notifies the Corporation that the cheque has not been received, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.4 Record Date for Dividends and Rights

The board may fix in advance a date as a record date for the determination of the persons entitled to receive payment of dividends and to subscribe for securities of the Corporation. Such record date shall not precede by more than 60 days the particular action to be taken. Notice of any such record date shall be given not less than seven days before such record date, by newspaper advertisement in the manner provided in the Act, unless notice of the record date is waived by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date. If the shares of the Corporation are listed for trading on one or more stock exchanges in Canada, notice of such record date shall also be sent to such stock exchanges. Where no record date is fixed in advance, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

9.5 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which it has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION X GENERAL

10.1 Execution of Instruments

Contracts, documents and other instruments in writing may be signed on behalf of the Corporation by such person or persons as the board may from time to time designate by resolution. In the absence of an express designation as to the persons authorized to sign either contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing, any one of the directors or officers of the Corporation may sign contracts, documents or instruments in writing on behalf of the Corporation. The corporate seal, if any, of the Corporation may be affixed to any contract, obligation or instrument in writing requiring the corporate seal of the Corporation by any person authorized to sign the same on behalf of the Corporation.

The phrase "contracts, documents and other instruments in writing" as used in this provision shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations,

conveyances, transfers and assignments of securities, all paper writings, all cheques, drafts or orders for the payment of money and all notes, acceptances and bills of exchange.

10.2 Electronic Signatures

Any requirement under the Act or this by-law for a signature, or for a document to be executed, is satisfied by a signature or execution in electronic form if such is permitted by law and all requirements prescribed by law are met.

10.3 Voting Rights in other Corporations

All securities carrying voting rights of any other corporation held from time to time by the Corporation may be voted at any and all meetings of shareholders, bond holders, debenture holders or holders of other securities (as the case may be) of such other corporation and in such manner as the board may from time to time determine. Any person or persons authorized to sign on behalf of the Corporation may also from time to time execute and deliver proxies for and on behalf of the Corporation and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote for and on behalf of the Corporation in such names as they may determine.

SECTION XI NOTICES

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, or (d) provided as an electronic document to the information system of that person. 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. 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.

- 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.

11.2 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice sent to one of such persons shall be sufficient notice to all of them.

11.3 Computation of Time

In computing the date when notice must be sent under any provision requiring a specified number of days notice of any meeting or other event, both the date of sending the notice and the date of the meeting or other event shall be excluded.

11.4 Undelivered Notices

If any notice sent to a shareholder pursuant to section 11.1 is returned on three consecutive occasions because the shareholder cannot be found, the Corporation shall not be required to give any further notices to such shareholder until that shareholder informs the Corporation in writing of a new address.

11.5 Omissions and Errors

The accidental omission to send any notice to any shareholder, director, officer or to the auditor or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

11.6 Persons Entitled by Operation of Law

Every person who, by operation of law, transfer or by any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly sent to the shareholder from whom that person derives title to such share prior to the name and address of that person being entered on the securities register (whether such notice was given before or after the happening of the event upon which that person became so entitled).

11.7 Deceased Shareholders

Any notice duly sent to any shareholder shall be deemed to have been duly served in respect of the shares held by the shareholder (whether held solely or with other persons), notwithstanding that such shareholder is then deceased and whether or not the Corporation has notice of such death, until some other person is entered in place of that person in the securities register of the Corporation as the holder or as one of the holders thereof and such service shall for all purposes be deemed a sufficient service of notice to the heirs, executors or administrators of that person and all persons, if any, interested with that person in such shares.

11.8 Waiver of Notice

Any shareholder (or the duly appointed proxyholder of that shareholder), director, officer or auditor may at any time waive any notice, or waive or abridge the time for any notice, required to be given to that shareholder under any provisions of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board which may be given in any manner.

11.9 Execution of Notices

The signature of any director or officer of the Corporation to any notice may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

11.10 Proof of Service

A certificate of any officer or director of the Corporation in office at the time of making of the certificate or of an agent of the Corporation as to facts in relation to the sending of any notice to any shareholder, director, officer or auditor or publication of any notice shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation, as the case may be.

SECTION XII REPEAL

12.1 Repeal

Upon the date of this by-law coming into force, all other bylaws of the Corporation shall be repealed, provided that such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such bylaw prior to its repeal.

All officers and/or persons acting under any by-law so repealed shall continue to act as appointed under the provisions of this by-law and all resolutions of the shareholders or board or committee thereof with continuing effect passed under any repealed by-law shall continue to be valid except to the extent inconsistent with this by-law and until amended or repealed.

DATED the _____ day of _____, 2017.

THE NORTH WEST COMPANY INC.

Per: _____
Paulina Hiebert
Vice President Legal and
Corporate Secretary

SCHEDULE A
THE NORTH WEST COMPANY INC.
Declaration for Registration of Shares

INSTRUCTIONS

A separate declaration is to be completed by the proposed shareholder or his agent for each transfer of shares.

If the declarant is not also the proposed shareholder of the shares, the declarant must make reasonable inquiries of the proposed shareholder, as the case may be, to confirm that the statements made in the declaration as they pertain to the shareholder are true.

If the declarant, is a corporation, partnership, association, trust or other organization, this declaration must be signed by a responsible officer or partner thereof or other duly authorized representative.

All statements set out in this Declaration must be completed.

PLEASE REFER TO THE DEFINITIONS ATTACHED TO THIS DECLARATION TO DETERMINE STATUS AS CANADIAN OR NON-CANADIAN.

IF YOU DO NOT COMPLETE THIS DECLARATION FOR REGISTRATION OF SHARES OR IF IT IS DETERMINED BY THE DIRECTORS OR THE TRANSFER AGENT OF THE CORPORATION THAT YOU INCORRECTLY INDICATED (THROUGH INADVERTENCE OR OTHERWISE) THAT THE SHARES REPRESENTED HEREIN ARE OWNED AND CONTROLLED BY A CANADIAN, THE SHARES REPRESENTED BY THIS DECLARATION FOR REGISTRATION OF SHARES WILL BE DEEMED TO BE OWNED AND CONTROLLED BY A PERSON THAT IS NON-CANADIAN.

TO: THE NORTH WEST COMPANY INC. (the “Corporation”)

In response to a request made by the Corporation to facilitate compliance with the restrictions on issue, transfer and ownership of, and exercise of voting rights attaching to, the shares of the Corporation pursuant to the *Canada Transportation Act* and directions by the federal cabinet to the Canadian Transportation Agency, and the Certificate of Incorporation of the Corporation and in connection with the registration of _____ shares,

I [Insert Name] _____

of [Insert Full Address] _____

HEREBY DECLARE THAT, within the meaning of the definitions contained in the *Canada Transportation Act* and the Certificate of Incorporation of the Corporation, as summarized on the reverse side hereof, as at the date hereof:

The proposed registered holder of the shares is:

_____ a Canadian _____ a Non-Canadian

The proposed beneficial owner of the shares is:

_____ a Canadian _____ a Non-Canadian

The proposed person controlling such shares is:

_____ a Canadian _____ a Non-Canadian

If I am not the proposed registered holder of the shares, I have asked for and received the proposed registered holder's authority and advice to execute this Declaration on his or her behalf.

DECLARED THIS _____ DAY OF _____, 20____.

Signature of Declarant

If the declarant is a corporation, partnership, association, trust or other organization, provide the name and title of signatory

Address of Declarant (please print)

Summary of Definitions

The following definitions are qualified in their entirety by the definitions contained in the Certificate of Incorporation of the Corporation and the *Canada Transportation Act*.

“Canadian” means:

- (a) a Canadian citizen or a Permanent Resident;
- (b) a government in Canada or an agent of such a government; or
- (c) a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least seventy-five per cent, or such lesser percentage permitted by the *Canada Transportation Act* or as the Governor in Council may by regulation specify, of the voting interests are owned and controlled by Canadians.

“Canada Transportation Act” means the *Canada Transportation Act* (Canada), R.S.C. 1996, c. 10 and the regulations thereunder, in each case as may be amended from time to time.

“Non-Canadian” means a person who is not a Canadian.

“Permanent Resident” means a person who has acquired permanent resident status and has not subsequently lost that status under section 46 of the *Immigration and Refugee Protection Act*.

“person” means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and government and agencies and political subdivisions thereof.

[The rest of this page is intentionally left blank]

Schedule “F” — 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.

[The rest of this page is intentionally left blank]

Schedule “G” — 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 10, 2014.



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."

The North West Company Inc.
Gibraltar House, 77 Main Street
Winnipeg, Manitoba Canada R3C 2R1
T 204 934 1756 F 204 934 1317
Toll-free 1 800 563 0002
board@northwest.ca
www.northwest.ca