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**NOTICE OF MEETING
and
MANAGEMENT INFORMATION CIRCULAR
for an
ANNUAL AND SPECIAL MEETING
of
UNITHOLDERS OF
NORTH WEST COMPANY FUND
with respect to a
PLAN OF ARRANGEMENT
involving
NORTH WEST COMPANY FUND,
THE NWC TRUST, NWC GP INC.,
THE NORTH WEST COMPANY LP,
THE NORTH WEST COMPANY INC.,
2891973 MANITOBA LTD., 4698844 MANITOBA LTD.,
BUFFALO PHARMACY LTD.
and the Unitholders of
NORTH WEST COMPANY FUND**

April 29, 2010

**THIS BOOKLET CONTAINS
IMPORTANT INFORMATION**



April 29, 2010

Dear Unitholders:

You are invited to attend an annual and special meeting (the “**Meeting**”) of the holders (“**Unitholders**”) of trust units (“**Units**”) of North West Company Fund (the “**Fund**”) to be held in the Muriel Richardson Auditorium, Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba on Thursday, June 10, 2010 at 11:30 a.m. (Central Time).

At the Meeting, Unitholders will be voting on a number of important matters as set out in the accompanying Management Information Circular. We encourage you to exercise your vote by voting online, or by completing and sending in your proxy, or in person at the Meeting.

The Meeting also presents an opportunity for you to meet and ask questions of the Board of Trustees 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 be asked to consider and vote upon a proposed reorganization of the Fund pursuant to a plan of arrangement (the “**Arrangement**”) involving the Fund, The NWC Trust, NWC GP Inc. (“**NWC GP**”), The North West Company LP, The North West Company Inc. (“**NWC**”), 2891973 Manitoba Ltd. (“**289**”), 4698844 Manitoba Ltd. (“**469**”), Buffalo Pharmacy Ltd. (“**Buffalo**”) and the Unitholders, and to consider the other matters outlined in the accompanying notice of the Meeting. The purpose of the Arrangement is to convert (the “**Conversion**”) the Fund from an income trust to a corporation. It is anticipated that the successor corporation will have a dividend policy equivalent, on an annual basis, to the after-tax equivalent of the existing distribution policy of the Fund.

The Fund, The NWC Trust, NWC GP, The North West Company LP, NWC, 289, 469 and Buffalo entered into an arrangement agreement (the “**Arrangement Agreement**”) made as of April 22, 2010 which was unanimously approved by the Board of Trustees of the Fund. Pursuant to the terms of the Arrangement, NWC, 289, 469 and Buffalo will amalgamate and the amalgamated company will operate under the name “The North West Company Inc.” (“**New NWC**”) Unitholders will receive, through a series of steps, one common share of New NWC (“**New NWC Share**”) in exchange for each Unit held on the effective date of the Arrangement, resulting in the Unitholders becoming shareholders of New NWC. Upon completion of the Arrangement, New NWC will indirectly own and operate the existing businesses of the Fund and its subsidiaries, and it is anticipated that the existing trustees of the Fund will become the Board of Directors of New NWC. In addition, the administration agreement pursuant to which NWC GP, the administrator of the Fund, provides administrative services to the Fund will be terminated in connection with the Arrangement and it is anticipated that the senior management of NWC GP will become the senior management of New NWC.

Certain of the key reasons for the Conversion include:

- the Arrangement provides for an effective and efficient method of converting the Fund from a mutual fund trust to a corporation consistent with existing legislation;
- the Arrangement will provide for a simplified tax structure that is more comparable to public companies operating in Canada and internationally;

- the Arrangement will provide greater access to capital markets as the business continues to expand; and
- the Arrangement increases the potential to attract new investors thereby improving the liquidity of the Fund's securities.

The Board of Trustees currently anticipates a quarterly dividend policy upon completion of the Arrangement of \$0.24 per common share (\$0.96 annual). Canadian taxable investors benefiting from the dividend tax credit should receive after-tax cash approximately equal to the after-tax value of the distributions paid by the Fund. The Board of Directors of New NWC will assess the final dividend payout level in light of New NWC's financial performance, and its current and anticipated business needs at that time.

The proposed resolution (the "**Arrangement Resolution**") to approve the Arrangement attached as Appendix "A" to the accompanying Management Information Circular must be approved by more than 66% of the votes cast by the Unitholders who attend in person or are represented by proxy at the Meeting. The Arrangement is also subject to the approval of the Court of Queen's Bench of Manitoba and certain other conditions (including the receipt of various third party approvals).

The Board of Trustees of the Fund, based on its own investigations, with the assistance of management of NWC GP, the administrator of the Fund, has unanimously concluded that the Arrangement is fair and reasonable to the Fund, and is in the best interests of the Fund and its stakeholders, and unanimously recommends that Unitholders vote "FOR" the Arrangement Resolution. The trustees of the Fund and directors and senior officers of its subsidiaries, who beneficially owned, directly or indirectly, or exercised control or direction over, approximately 4.2% of the outstanding Units as at April 15, 2010, have indicated that they intend to vote in favour of the Arrangement Resolution.

The accompanying Management Information Circular provides a detailed description of the Arrangement, including information regarding New NWC and the full text of the Arrangement Agreement. **Please give this material your careful consideration. If you require assistance, consult your financial, legal, tax and other professional advisors.** Your vote is very important. Whether or not you plan to attend the Meeting, Unitholders are urged to vote promptly to ensure that their Units are represented at the Meeting or any adjournment(s) or postponement(s) thereof.

Please refer to "PART I — Voting Information" in the accompanying Management Information Circular for instructions on how to vote your Units.

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

Sincerely,

"H. Sanford Riley"

H. Sanford Riley
Chairman of the Board of Trustees,
North West Company Fund

"Edward S. Kennedy"

Edward S. Kennedy
President & CEO,
NWC GP Inc., the administrator of
North West Company Fund



NORTH WEST COMPANY FUND

NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

An annual and special meeting (the “**Meeting**”) of unitholders of North West Company Fund (the “**Fund**”) will be held in the Muriel Richardson Auditorium, Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba on Thursday, June 10, 2010 at 11:30 a.m. (Central Time).

The following business will be conducted at the Meeting:

1. presentation of the financial statements of the Fund for the year ended January 31, 2010 and the auditors’ report thereon;
2. election of the trustees of the Fund;
3. re-appointment of PricewaterhouseCoopers LLP as auditors of the Fund and authorizing the audit committee of the board of trustees of the Fund to fix the remuneration of the auditors;
4. consideration, pursuant to an interim order of the Court of Queen’s Bench of Manitoba dated April 28, 2010 (the “**Interim Order**”), and, if thought advisable, to pass, with or without alteration or modification, a special resolution (the “**Arrangement Resolution**”), the full text of which is set forth in Appendix “A” to the accompanying management information circular (the “**Information Circular**”), approving a plan of arrangement under section 192 of the *Canada Business Corporations Act* (the “**CBCA**”) involving the Fund, The NWC Trust, NWC GP Inc., The North West Company LP, The North West Company Inc., 2891973 Manitoba Ltd., 4698844 Manitoba Ltd., Buffalo Pharmacy Ltd. and the unitholders of the Fund (the “**Arrangement**”), providing for the conversion of the Fund from an income trust to a corporation (“**New NWC**”);
5. if the Arrangement Resolution is passed, consideration and, if thought advisable, to pass, with or without alteration or modification, a special resolution, the full text of which is set forth in Appendix “E” to the Information Circular, approving, subject to completion of the Arrangement, a common share option plan for New NWC as more particularly described in the Information Circular and a copy of which is set forth in Appendix “F” to the Information Circular;
6. if the Arrangement Resolution is passed, consideration and, if thought advisable, to pass, with or without alteration or modification, a special resolution, the full text of which is set forth in Appendix “G” to the Information Circular, approving, subject to completion of the Arrangement, a deferred share unit plan for New NWC as more particularly described in the Information Circular and a copy of which is set forth in Appendix “H” to the Information Circular;
7. if the Arrangement Resolution is passed, consideration and, if thought advisable, to pass, with or without alteration or modification, a special resolution, the full text of which is set forth in Appendix “I” to the Information Circular, approving, subject to completion of the Arrangement, a shareholder rights plan for New NWC as more particularly described in the Information Circular and a copy of which is set forth in Appendix “J” to the Information Circular; and
8. transaction of any other business that is properly brought before the Meeting.

The Information Circular provides additional information relating to the matters to be considered at the Meeting. You are urged to read the Information Circular carefully in evaluating the matters for consideration at the Meeting. The 2009 Annual Report, which includes the Management's Discussion and Analysis of financial condition and results of operations, the consolidated financial statements of the Fund, and the auditor's report to the Unitholders for the financial year ended January 31, 2010, accompany this Notice, and are also posted on SEDAR at www.sedar.com and at www.northwest.ca.

As a Unitholder, you have a right to attend and vote at the Meeting. For those Unitholders who cannot attend the Meeting in person, the Fund has made arrangements to provide a live Webcast of the Meeting. Details on how Unitholders may view the Webcast will be found at www.northwest.ca and will also be provided in a media release prior to the Meeting. Unitholders viewing the Webcast will not be permitted to vote through the Webcast facilities.

Pursuant to the Interim Order and the Arrangement, registered holders of Units ("Unitholders") have the right to dissent with respect to the Arrangement Resolution, as though the Units were shares of a corporation governed by the CBCA, and, if the Arrangement Resolution becomes effective, to be paid the fair value of their Units in accordance with the provisions of section 190 of the CBCA, as modified by the Arrangement and the Interim Order. A Unitholder's right to dissent is more particularly described in the Information Circular, and the text of section 190 of the CBCA and the Interim Order are set forth in Appendix "M" and Appendix "B", respectively, to the Information Circular. Only registered Unitholders are entitled to exercise rights of dissent. A dissenting Unitholder must send to the Fund at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R2C 2R1, Attention: Paulina Hiebert, Vice President, Legal and Corporate Secretary of NWC GP Inc., the administrator of the Fund, a written objection to the Arrangement Resolution, which written objection must be received by 4:00 p.m. (Central Time) on the last business day immediately preceding the date of the Meeting or any postponement or adjournment thereof.

Failure to strictly comply with the requirements set forth in section 190 of the CBCA, as modified by the Interim Order and the Arrangement, may result in the loss or unavailability of any right to dissent. Persons who are beneficial owners of Units registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered Unitholders are entitled to dissent. Accordingly, a beneficial owner of Units desiring to exercise the right to dissent must make arrangements for the Units beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by the Fund or, alternatively, make arrangements for the registered holder of such Units to dissent on behalf of the holder.

**BY ORDER OF THE BOARD OF TRUSTEES
OF NORTH WEST COMPANY FUND**

"Paulina Hiebert"

Winnipeg, Manitoba
April 29, 2010

Paulina Hiebert
Vice President, Legal and Corporate Secretary
NWC GP Inc., the administrator of
North West Company Fund

MANAGEMENT INFORMATION CIRCULAR

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NORTH WEST COMPANY FUND
MANAGEMENT INFORMATION CIRCULAR

PART I – VOTING INFORMATION

What Will I Be Voting For?

Unitholders will be voting on:

- election of the trustees of the Fund;
- re-appointment of PricewaterhouseCoopers LLP as auditors of the Fund and authorizing the audit committee of the board of trustees of the Fund to fix the remuneration of the auditors;
- consideration, pursuant to an interim order of the Court of Queen’s Bench of Manitoba dated April 28, 2010, and, if thought advisable, to pass, with or without alteration or modification, a special resolution (the “**Arrangement Resolution**”), the full text of which is set forth in Appendix “A” to the accompanying management information circular (the “**Information Circular**”), approving a plan of arrangement under section 192 of the *Canada Business Corporations Act* involving the Fund, The NWC Trust, NWC GP Inc., The North West Company LP, The North West Company Inc., 2891973 Manitoba Ltd., 4698844 Manitoba Ltd., Buffalo Pharmacy Ltd. and the unitholders of the Fund (the “**Arrangement**”), providing for the conversion of the Fund from an income trust to a corporation (“**New NWC**”);
- if the Arrangement Resolution is passed, consideration and, if thought advisable, to pass, with or without alteration or modification, a special resolution, the full text of which is set forth in Appendix “E” to the Information Circular, approving, subject to completion of the Arrangement, a common share option plan for New NWC as more particularly described in the Information Circular and a copy of which is set forth in Appendix “F” to the Information Circular;
- if the Arrangement Resolution is passed, consideration and, if thought advisable, to pass, with or without alteration or modification, a special resolution, the full text of which is set forth in Appendix “G” to the Information Circular, approving, subject to completion of the Arrangement, a deferred unit plan for New NWC as more particularly described in the Information Circular and a copy of which is set forth in Appendix “H” to the Information Circular;
- if the Arrangement Resolution is passed, consideration and, if thought advisable, to pass, with or without alteration or modification, a special resolution, the full text of which is set forth in Appendix “I” to the Information Circular, approving, subject to completion of the Arrangement, a shareholder rights plan for New NWC as more particularly described in the Information Circular and a copy of which is set forth in Appendix “J” to the Information Circular; and
- transaction of any other business that is properly brought before the Meeting.

Who Can Vote?

You are entitled to one vote for each Unit you own as of the record date. The Trustees of the Fund have set April 20, 2010 as the record date.

Registered Unitholders

Each Unitholder is entitled to one vote for each Unit registered in his, her or its name as of the record date. If a Unitholder sells some or all of the Units that he, she or it owns after the record date, the person who purchased the Units will become a Unitholder, but is not eligible to vote at the Meeting.

Non-Registered Beneficial Unitholders

You may be a non-registered beneficial Unitholder (as opposed to a registered Unitholder) if your Units 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 Unitholder, your Intermediary will be the entity legally entitled to vote your Units. In order to vote your Units, you must carefully follow the instructions that your Intermediary delivered to you with this Information Circular. Instead of completing the Form of Proxy that is printed on blue paper and may be enclosed with this Information 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 Units at the Meeting on your behalf. As a non-registered beneficial Unitholder, 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 Unitholder?” below.

How Do I Vote If I Am A Registered Unitholder?

You are a registered Unitholder if your name appears on your unit certificate a (“**Registered Unitholder**”). The enclosed proxy form indicates whether you are a Registered Unitholder. You can vote your Units by proxy or in person at the Meeting if you are a Registered Unitholder:

By Proxy

There are five ways that you can vote by proxy:

By Telephone:

Call 1-866-271-1207 from your touch-tone phone and follow the instructions (only available to Registered Unitholders resident in Canada or the United States). You will need the control number located on the enclosed proxy form. You do not need to return your proxy form.

On the Internet:

Go to www.eproxyvoting/nwc and follow the instructions on the screen. You will need the control number located on the enclosed proxy form. You do not need to return your proxy form.

At any time, CIBC Mellon, the transfer agent for the Units, may cease to provide telephone and Internet voting, in which case Unitholders can elect to vote by mail, by delivery by hand, by fax or by attending the Meeting in person, as described below.

By Mail:

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

By Hand:

By completing, dating and signing the enclosed proxy form and delivering the same by hand to CIBC Mellon Trust Company, 320 Bay Street, Banking Hall Level, Toronto, Ontario.

By Fax:

By completing, dating and signing the enclosed proxy form and forwarding same by fax to 1-866-781-3111 (toll-free within Canada and the United States) or 1-416-368-2502 (from any country other than Canada and the United States).

Voting In Person

If you attend the Meeting on June 10, 2010, and are a Registered Unitholder, you may cast one vote for each of your registered Units on any and all resolutions put before the Meeting. This includes the election of Trustees, the re-appointment of auditors, the Arrangement Resolution, the New NWC Option Plan Resolution, the New NWC DSU Plan Resolution, the New NWC Rights Plan Resolution and any other business that may arise at 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 Units against, any resolution at the Meeting, depending on the specific resolution.**

Voting By Proxy For Registered Unitholders

The following instructions are for Registered Unitholders only. If you are a non-registered beneficial Unitholder, please follow your Intermediary's instructions on how to vote your Units and see the discussion under the heading "— How Do I Vote If I Am a Non-Registered Beneficial Unitholder?" 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 Information 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 Unitholder. 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 CIBC Mellon, 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 Units, CIBC Mellon, by no later than 11:30 a.m. (Central Time) on June 9, 2010 (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 Units 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 Units 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 Units will be voted at the Meeting as follows:

- **"FOR" the election of the 10 nominees to the Board of Trustees;**
- **"FOR" the re-appointment of PricewaterhouseCoopers LLP as auditors of the Fund and to authorize the audit committee of the Board of Trustees to fix the auditor's remuneration;**
- **"FOR" the Arrangement Resolution;**
- **"FOR" the New NWC Option Plan Resolution;**
- **"FOR" the New NWC DSU Plan Resolution; and**
- **"FOR" the New NWC Rights Plan Resolution.**

For more information on these matters, please see "PART VI — Special Business of the Meeting" and "PART VII — Other Business of the Meeting" in this Information Circular. 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 Units 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 Trustees as of April 29, 2010.

Can I Change My Vote?

If you want to change your vote or revoke your proxy after you have signed and delivered it to CIBC Mellon, 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 11:30 a.m. (Central Time) on June 9, 2010 (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 CIBC Mellon on or before the deadline at 11:30 a.m. (Central Time) on June 9, 2010, you may still vote your own Units in person at the Meeting provided you are a Registered Unitholder whose name appeared on the unitholders’ register of the Fund as at April 20, 2010.

How Do I Vote If I Am A Non-Registered Beneficial Unitholder?

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

Holders who do not hold their Units in their own name (“**Beneficial Unitholders**” or “**Beneficial Unitholder**” individually) should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Unitholders whose names appear on the records maintained by or on behalf of the Fund as the registered holders of Units on the record date. If such Units are listed in an account statement provided to a Unitholder by a broker or other intermediary, then in almost all cases those Units will not be registered in that holder’s name on the records of the Fund. Such Units 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 units 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. Units held by brokers or their agents or nominees or another intermediary can only be voted upon the instructions of the Beneficial Unitholder. Without specific instructions, the intermediaries are prohibited from voting the Units for their clients. The Fund does not know for whose benefit Units registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Unitholders in advance of Unitholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Unitholder by its broker is identical to the form of proxy provided to registered unitholders; however, its purpose is limited to instructing the registered unitholder how to vote on behalf of the Beneficial Unitholder. 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 Unitholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively the Beneficial Unitholder can call a toll-free telephone number or access the internet to provide instructions regarding the voting of the Units held by the beneficial holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Units to be represented at a meeting. A Beneficial Unitholder receiving a voting instruction form cannot use that voting instruction form to vote Units 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 units voted.

If you are a Beneficial Unitholder, you may only attend the Meeting as a proxyholder for the registered holder and vote your Units, as applicable, in that capacity. If you wish to attend the Meeting and vote your own Units, 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 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 Unitholder votes, except where (a) the Unitholder 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 the Fund's transfer agent, CIBC Mellon. 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 the Fund if it has a comment or is intended for the Fund's management, or in connection with the applicable legal requirements.

How Many Units are Entitled to Vote?

As of April 20, 2010, the Units are the only class of units of the Fund outstanding which entitle holders to vote at meetings of unitholders. As of April 20, 2010, there were 48,378,000 Units issued and outstanding. Each Unit is entitled to one vote per Unit on all matters to be voted on at unitholder 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 10% of the outstanding Units will constitute a quorum at the Meeting. The Fund's list of Unitholders as of the record date will be used to deliver to Unitholders both the Notice of Meeting and this Information Circular, as well as to determine who is eligible to vote.

Are There any Principal Holders of Units?

As at April 20, 2010, the following table sets forth the only person who, to the knowledge of the Trustees and the executive officers of NWC GP, the administrator of the Fund, beneficially owns, or controls or directs, directly or indirectly, voting securities of the Fund carrying 10% or more of the voting rights attached to any class of voting securities of the Fund.

Name	Number of Units ⁽²⁾	Percentage of Outstanding Units ⁽³⁾
CIBC Global Asset Management Inc. ⁽¹⁾	6,019,365	12.44%

Notes:

- (1) Units are held by CIBC Global Asset Management Inc.'s client accounts.
- (2) The information is based on publicly available filings as at April 29, 2010.
- (3) Based on an aggregate of 48,378,000 Units being outstanding.

Solicitation of Proxies

The Fund 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 Units are to be voted on particular resolutions, the Chairman (or his alternate) will vote your Units as described above under the heading “— How Do I Vote If I Am A Registered Unitholder? — Voting By Proxy For Registered Unitholders — Depositing Your Proxy”.** This solicitation of your proxy (your vote) is made by or on behalf of the Board of Trustees.

The Fund will pay the cost related to the foregoing solicitation of your proxy. This solicitation will be made primarily by mail. Employees of the Fund and its Subsidiaries, or representatives of CIBC Mellon, 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 both ordinary and special resolutions. Ordinary resolutions are passed by a simple majority, meaning that if more than half of the votes that are cast are in favour, then the resolution passes. To be passed, special resolutions require more than 66% of the votes cast.

Will There Be Any Other Business Conducted at the Meeting?

As of April 29, 2010, management and the Trustees do not know of any matters to be brought before the Meeting other than those set forth in the Notice of Meeting accompanying this Information Circular.

PART II – GENERAL INFORMATION

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of the trustees of the Fund to all of the Unitholders, for use at the Meeting, together with a notice of annual and special meeting of unitholders and a form of proxy (printed on blue paper). No Person has been authorized to give any information or to make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon in making a decision as to how to vote on the Arrangement Resolution, the New NWC Option Plan Resolution, the New NWC DSU Plan Resolution, the New NWC Rights Plan Resolution or any other matters to be considered at the Meeting, or be considered to have been authorized by the Fund. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, facsimile, e-mail or oral communication by employees of the Fund and its Subsidiaries, at no additional compensation. All costs associated with the solicitation of proxies by the Fund and its Subsidiaries will be borne by the Fund.

This Information Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any Person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or a proxy solicitation. Neither the delivery of this Information Circular nor any distribution of the securities referred to in this Information Circular will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date as of which such information is given in this Information Circular.

Unitholders should not construe the contents of this Information Circular as tax, financial or legal advice and should consult with their own tax, financial, legal or other professional advisors as to the relevant tax, financial, legal or other matters in connection herewith.

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Arrangement Agreement, a copy of which is attached as Appendix “D” to this Information Circular. **Unitholders are urged to read carefully the full text of this Information Circular, the Arrangement Agreement and the Plan of Arrangement.**

All capitalized terms used in this Information Circular but not otherwise defined herein will have the meanings set forth under “PART IV — Glossary of Terms”. **Unless stated otherwise, information contained in this Information Circular is given as of April 29, 2010.**

FORWARD-LOOKING STATEMENTS

This Information Circular, including the documents incorporated by reference herein, contain forward-looking information and other forward-looking statements within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Fund Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements used in this Information Circular may contain words such as “may”, “will”, “potential”, “intends”, “should”, “expects”, “remain”, “anticipates”, “continue”, “plans”, “outlook”, “predicts”, “believes”, “estimates”, “could”, “might”, “intends”, “targets”, “projects”, “targets”, “forecasts” or the negative of these terms or other similar expressions. Forward-looking information in this Information Circular includes, without limitation, statements regarding future or conditional future financial performance (including sales, earnings or growth rates); ongoing business strategies or prospects; possible future action by the Fund; intentions; results; performance; goals; achievements; future events; plans and objectives; business strategy; access to capital; liquidity and trading volumes; dividends; distributions; taxes; capital expenditures; projected costs; the benefits of the Arrangement; the timing of the Final Order; the occurrence of the Effective Date; the satisfaction of conditions for listing of the New NWC Shares on the TSX; the treatment of the Fund and Unitholders under tax laws; the business strategy of New NWC; the business to be carried on by New NWC and its Subsidiaries following the Arrangement; the potential for a payment of a dividend by New NWC; and the liquidity of the New NWC Shares. These forward-looking statements are based on Management’s current expectations regarding future events and operating performance, are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund, economic factors and the retail industry in general, are based on information currently available to Management and speak only as of the date of this Information Circular. All forward-looking statements in this Information Circular are qualified by these cautionary statements.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of important factors could cause actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward-looking statements, including, without limitation, those set out below and those detailed elsewhere in this Information Circular (and in documents incorporated by reference herein): 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; failure of the parties to the Arrangement Agreement to satisfy the conditions set out therein; inability of New NWC to meet the listing requirements of the TSX; inability of the parties to obtain required consents, permits or approvals, including Court approval of the Arrangement and the approval by Unitholders of the Arrangement Resolution; failure to realize anticipated benefits of

the Arrangement; and the other risks and factors discussed under “Risk Factors” in the AIF and under “Risk Management” in the Annual MD&A which are incorporated by reference herein, and other filings with securities regulatory authorities available on the SEDAR website at www.sedar.com; and the risk factors set forth under “PART VI — Special Business of the Meeting — Risk Factors” and “Appendix “K” — Information Concerning New NWC — Risk Factors” in this Information Circular. Readers are cautioned that the foregoing list of factors is not exhaustive.

Forward-looking information is based on various material factors or assumptions, which are based on information currently available to the Fund Group. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to:

- the perceived benefits of the Arrangement are based upon the financial and operating attributes of the Fund as at the date hereof, anticipated operating and financial results from the date hereof to the Effective Date, the views of Management and the Board respecting the key reasons for the Arrangement and current and anticipated market conditions. See “PART VI — Special Business of the Meeting — The Arrangement — Background to and Reasons for the Arrangement”;
- the attributes of New NWC following completion of the Arrangement are based upon the existing attributes of the Fund (including financial and operating attributes) and the opinions of Management and the Trustees concerning perceived key reasons for the Arrangement. See “PART VI — Special Business of the Meeting — Information Concerning New NWC”, Appendix “K” — “Information Concerning New NWC” and “PART VI — Special Business of the Meeting — The Arrangement — Background to and Reasons for the Arrangement”;
- the structure and effect of the Arrangement are based upon the terms of the Arrangement Agreement and the transactions contemplated thereby, assumptions that all conditions in the Arrangement Agreement will be met and assumptions that the representations and warranties in the Arrangement Agreement will be true and correct at all applicable times. See “PART VI — Special Business of the Meeting — The Arrangement — Arrangement Agreement”;
- the consideration to be received by Unitholders as a result of the Arrangement is based upon the terms of the Arrangement Agreement and the Plan of Arrangement; and
- certain steps in, and timing of, the Arrangement are based upon the terms of the Arrangement Agreement and advice received from counsel of the Fund relating to timing expectations.

Other forward-looking statements regarding the Fund and New NWC are located in the documents incorporated by reference herein and are based on certain material factors or assumptions of the Fund concerning anticipated financial performance; business prospects; strategies; regulatory developments; exchange rates; tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; and the ability to obtain financing on acceptable terms. Although Management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Readers are cautioned that the foregoing material factors or assumptions do not represent an exhaustive list.

Although the forward-looking statements contained in this Information Circular are based upon what Management believes are reasonable assumptions, the Fund cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the

date of this Information Circular, and should not be relied upon as representing the Fund's views as of any date subsequent to the date of this Information Circular. Other than as specifically required by applicable Canadian law, the Fund assumes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

INFORMATION FOR UNITED STATES SECURITYHOLDERS

None of the securities to be issued under the Arrangement have been or will be registered under the 1933 Act and such securities are being issued to Unitholders in reliance on the exemption from registration set forth in section 3(a)(10) of the 1933 Act on the basis of the approval of the Court. See "PART VI — Special Business of the Meeting — The Arrangement — Securities Law Matters — United States" for additional information.

The solicitation of proxies for the Meeting is not subject to the proxy requirements of section 14(a) of the 1934 Act by virtue of an exemption applicable to proxy solicitation by foreign private issuers as defined in Rule 3b-4 of the 1934 Act. Accordingly, the solicitations and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian securities laws, and this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Unitholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the 1933 Act and proxy statements under the 1934 Act. Specifically, information concerning the operations of the Fund contained or incorporated by reference herein has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards. Financial statements of the Fund included in, or incorporated by reference in, this Information Circular have been presented in Canadian dollars, were prepared in accordance with Canadian GAAP and are subject to Canadian auditing and auditor independence standards, which differ from United States GAAP and auditing and auditor independence standards in certain material respects, and thus may not be comparable to financial statements of United States companies.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that a significant number of the members of the Fund Group are incorporated or organized outside the United States, that some or all of their officers, directors, trustees and general partners and the experts named herein are residents of a foreign country, and that all or a substantial portion of the assets of the members of the Fund Group and said persons are located outside the United States. As a result, it may be difficult or impossible for U.S. securityholders to effect service of process within the United States upon any members of the Fund Group, their officers, directors, trustees and general partners or the experts named herein, or to realize, against them, upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, U.S. securityholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

Holders of Units, Fund Rights and Fund Options should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States are not described herein. U.S. securityholders should consult their own tax advisors with respect to their own particular circumstances.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been authorized by the Fund.

The 1933 Act imposes restrictions on the resale of securities received pursuant to the Arrangement by Persons who are “affiliates” of New NWC after the Arrangement or were “affiliates” of the Fund or New NWC within 90 days before the Effective Time. See “PART VI — Special Business of the Meeting — The Arrangement — Securities Law Matters — United States” for additional information.

THE NEW NWC SHARES ISSUED AND ANY SECURITIES ISSUED PURSUANT TO THE NEW NWC OPTION PLAN OR THE NEW NWC RIGHTS PLAN IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY OF THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B (RSA 421-B) OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

This document does not constitute an offer to sell or a solicitation of an offer to buy any securities in any state in the United States in which such offer or solicitation is unlawful.

NON-GAAP MEASURES

Trading-profit (“**EBITDA**”) is not a recognized measure and does not have a standardized meaning under the Canadian generally accepted accounting principles (“**GAAP**”). Management believes that in addition to net earnings, trading profit is a useful supplemental measure as it provides investors with an indication of the operational performance of the Fund before allocating the cost of interest, income taxes and capital investments. Investors should be cautioned, however, that trading profit should not be construed as an alternative to net earnings determined in accordance with Canadian GAAP as an indicator of the Fund’s performance. The Fund’s method of calculating trading profit may differ from other issuers and, accordingly, trading profit may not be comparable to measures used by other issuers.

Cash flow from operations is not a recognized measure and does not have a standardized meaning under Canadian GAAP. Management believes that in addition to cash flow from operating activities, cash flow from operations is a useful supplemental measure as it provides investors with an indication of the Fund’s ability to generate cash flows to fund its cash requirements, including distributions and capital

investments. Investors should be cautioned, however, that cash flow from operations should not be construed as an alternative to cash flow from operating activities or net earnings as a measure of profitability. The Fund’s method of calculating cash flow from operations may differ from other issuers and may not be comparable to measures used by other issuers.

Earnings Before Interest and Income Taxes (“**EBIT**”) is not a recognized measure and does not have a standardized meaning under Canadian GAAP. Management believes that EBIT is a useful measure as it provides investors with an indication of the performance of the consolidated operations and/or business segments, prior to interest expense and income taxes. Investors should be cautioned, however, that EBIT should not be construed as an alternative to net earnings determined in accordance with Canadian GAAP as an indicator of the Fund’s performance. The Fund’s method of calculating EBIT may differ and may not be comparable to measures used by other companies.

REFERENCES TO CURRENCY

Unless otherwise stated, all references in this Information Circular to monetary amounts are expressed in Canadian dollars. All references to “Canadian dollars”, “Cdn\$” or “\$” are to Canadian dollars and all references to “U.S.\$” or “U.S. dollars” are to United States dollars.

CURRENCY EXCHANGE RATES

Although the Fund Group has substantial business activities in Canada, it is exposed to currency risk, primarily the U.S. dollar, through its net investment in self-sustaining international operations for which earnings are in U.S. dollars and its U.S. dollar-denominated borrowings. Accordingly, the Fund’s financial statements incorporated by reference in this Information Circular reflect certain amounts that have been translated from U.S. dollars to Canadian dollars. The following table sets forth, for each period indicated, the high and low exchange rates for one U.S. dollar, expressed in Canadian dollars, the average of such exchange rates on each business day during such period, and the exchange rate on the last business day of such period, in each case based on the noon rate in Canadian dollars on such day as quoted by the Bank of Canada (the “**Bank of Canada Noon Rate**”). On April 29, 2010, the Bank of Canada Noon Rate was U.S.\$1.00 equals Cdn\$1.0054.

	Year Ended January 31,		
	2010	2009	2008
Period End.....	1.0650	1.2364	1.0022
High	1.3000	1.2969	1.1853
Low	1.0251	0.9719	0.9170
Average.....	1.1272	1.0849	1.0603

PART III – DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated by reference in this Information Circular may be obtained from the SEDAR website at *www.sedar.com*, from the Fund's website at *www.northwest.ca*, or on request without charge from the Corporate Secretary of NWC GP, the administrator of the Fund at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R3C 2R1. The following documents are specifically incorporated by reference into, and form an integral part of, this Information Circular:

- (a) the Fund's annual information form dated April 7, 2010 (the "**Annual Information Form**" or "**AIF**");
- (b) the Fund's audited consolidated financial statements, together with the accompanying report of the auditors, for the year ended January 31, 2010;
- (c) management's discussion and analysis of results of operations and financial condition of the Fund for the year ended January 31, 2010;
- (d) a material change report of the Fund dated April 15, 2010 regarding the proposal to convert the Fund from an income trust to a corporate structure; and
- (e) the management information circular of the Fund dated April 24, 2009 in respect of its annual and special meeting of Unitholders held on June 11, 2009.

Any document of the type referred to in the preceding paragraph and any material change report (excluding confidential material change reports) or press release filed by the Fund with a securities commission or similar authority in Canada after the date of this Information Circular and prior to the Meeting that specifically states that it is intended to be incorporated by reference into this Information Circular will be deemed to be incorporated by reference into this Information Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this Information Circular or contained in this Information Circular is deemed to be modified or superseded, for purposes of this Information Circular, to the extent that a statement contained in this Information Circular or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Information Circular modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.

PART IV – GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular, including under “PART V — Summary”. These defined terms are not always used in the documents incorporated by reference herein and may not conform exactly to the defined terms used in the appendices to this Information Circular or any agreements referred to herein.

“**289**” means 2891973 Manitoba Ltd., a corporation incorporated under the laws of the Province of Manitoba;

“**469**” means 4698844 Manitoba Ltd., a corporation incorporated under the laws of the Province of Manitoba;

“**1933 Act**” means the United States Securities Act of 1933, as amended;

“**1934 Act**” means the United States Securities Act of 1934, as amended;

“**Acquiring Person**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Acquiring Person”;

“**Administration Agreement**” means the administration agreement entered into on April 27, 2006 among NWC, the Fund and NWC Trust and the assignment and novation agreement dated June 5, 2007 among NWC, NWC GP, NWC Trust and the Fund pursuant to which NWC GP has been retained to provide certain management, administrative and support services to NWC Trust and the Fund, as such agreement may be amended, supplemented or restated from time to time;

“**Affiliate**” has the meaning ascribed thereto in National Instrument 45-106 — *Prospectus and Registration Exemptions*, as it exists on the date hereof;

“**allowable capital loss**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Certain Canadian Federal Income Tax Considerations — Holders of Securities Resident in Canada — Taxable Capital Gains and Losses on New NWC Shares”;

“**Amalgamation**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — The Arrangement — Arrangement Steps — Amalgamation of NWC, 289, 469 and Buffalo”;

“**Annual Financial Statements**” means the audited consolidated financial statements of the Fund as at and for the years ended January 31, 2010 and 2009, together with the notes thereto and the auditors’ report thereon;

“**Annual Information Form**” or “**AIF**” means the annual information form of the Fund dated April 7, 2010;

“**Annual MD&A**” means management’s discussion and analysis of the Fund for the year ended January 31, 2010;

“**Arrangement**” means the proposed reorganization of the Fund pursuant to a plan of arrangement under section 192 of the CBCA for the purpose of the Conversion;

“**Arrangement Agreement**” means the arrangement agreement dated as of April 22, 2010 among the Fund, NWC Trust, NWC GP, NWC LP, NWC, 289, 469 and Buffalo pursuant to which the Fund, NWC

Trust, NWC GP, NWC LP, NWC, 289, 469 and Buffalo have proposed to implement the Arrangement, a copy of which agreement is attached as Appendix “D” to this Information Circular, as the same may be amended, supplemented or restated from time to time;

“**Arrangement Applicants**” means, collectively, the Fund, NWC Trust, NWC GP, NWC LP, NWC, 289, 469 and Buffalo;

“**Arrangement Resolution**” means a special resolution in consideration of the Interim Order approving the Arrangement, the full text of which is set forth in Appendix “A” to this Information Circular;

“**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director after the Final Order has been granted;

“**Associate**” has the meaning ascribed thereto in *The Securities Act* (Manitoba);

“**Bank of Canada Noon Rate**” has the meaning set forth under the heading “PART II — General Information — Currency Exchange Rates”;

“**Beneficial Unitholder**” or “**Beneficial Unitholders**” has the meaning set forth under the heading “PART I — Voting Information — How Do I Vote If I Am A Non-Registered Beneficial Unitholder?”;

“**Board**”, “**Board of Trustees**” or “**Trustees**” means, at any time, the individuals who are, in accordance with the Fund Declaration of Trust, the trustees of the Fund at such time;

“**Broadridge**” has the meaning set forth under the heading under the heading “PART I — Voting Information — How Do I Vote if I Am A Non-Registered Beneficial Unitholder?”;

“**Buffalo**” means Buffalo Pharmacy Ltd., a corporation incorporated under the laws of the Province of Saskatchewan;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Winnipeg, in the Province of Manitoba, for the transaction of banking business;

“**CBCA**” means the *Canada Business Corporations Act*, including the regulations promulgated thereunder, each as amended;

“**CCAA**” means the *Companies’ Creditors Arrangement Act* (Canada);

“**CD&A**” has the meaning set forth under the heading “PART VII — Other Business of the Meeting — Executive Compensation — Compensation Discussion and Analysis”;

“**Certificate of Arrangement**” means the certificate of arrangement which may be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement and giving effect to the Arrangement;

“**CIBC Mellon**” means CIBC Mellon Trust Company;

“**Client**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Institutional Shareholder Exemptions from Beneficial Ownership”;

“**Committee**” has the meaning under heading “PART VII — Other Business of the Meeting — Executive Compensation — Compensation Discussion and Analysis — Overview of the Compensation Process”;

“**Consultant**” has the meaning under heading “PART VII — Other Business of the Meeting — Executive Compensation — Compensation Discussion and Analysis — Overview of the Compensation Process”;

“**Conversion**” means the conversion of the Fund from an income trust into a corporation;

“**Convertible Securities**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Trading of Rights”;

“**Convertible Security Acquisition**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Acquiring Person”;

“**Court**” means the Court of Queen’s Bench of Manitoba;

“**CRA**” means the Canada Revenue Agency;

“**Demand for Payment**” means a written notice to the Fund by a Dissenting Unitholder demanding payment of the fair value of his, her or its Units in compliance with the Dissent Procedures;

“**Dissent Procedures**” means the dissent procedures described under “PART VI — Special Business of the Meeting — The Arrangement — Right to Dissent”;

“**Dissent Rights**” means the right of a registered Unitholder to dissent to the Arrangement Resolution and to be paid the fair value of the Units in respect of which the holder dissents, all in accordance with section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement;

“**Dissenting Unitholders**” means registered Unitholders who validly exercise Dissent Rights provided to them under the Plan of Arrangement and the Interim Order and whose Dissent Rights remain valid immediately before the Effective Time;

“**Director**” means the director appointed under section 260 of the CBCA;

“**EBIT**” has the meaning set forth under heading “PART II — General Information — Non-GAAP Measures”;

“**EBITDA**” has the meaning set forth under the heading “PART II — General Information — Non-GAAP Measures”;

“**Effective Date**” means January 1, 2011;

“**Effective Time**” means 12:01 a.m. (Central Time) on the Effective Date or such other time on the Effective Date as may be specified in writing by the Fund or NWC GP, in its capacity as administrator of the Fund, or New NWC;

“**Eligible Fees**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC DSU Plan Resolution — Summary — Award Grants and Elections”;

“**EPU**” has the meaning set forth under heading “PART VII — Other Business of the Meeting — Executive Compensation — Summary”;

“**Estate Account**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Institutional Shareholder Exemptions from Beneficial Ownership”;

“**Exchange Rule**” has the meaning set forth under the heading “PART VI – Special Business of the Meeting — Certain Canadian Federal Income Tax Considerations — Holders of Securities Resident in Canada — Unitholders”;

“**Exempt Acquisition**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Acquiring Person”;

“**Final Order**” means the final order of the Court approving the Arrangement pursuant to subsection 192(4) of the CBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

“**Form of Proxy**” means the form of proxy (printed on blue paper) distributed by the Fund in connection with the Meeting;

“**Fund**” means North West Company Fund, a trust established under the laws of the Province of Manitoba pursuant to the Fund Declaration of Trust;

“**Fund Declaration of Trust**” means the second amended and restated declaration of trust dated as of June 11, 2009 governing the Fund, as the same may be amended, supplemented or restated from time to time;

“**Fund Deferred Unit Plan**” means the Fund’s deferred unit plan effective January 1, 2006, as the same may be amended, supplemented or restated from time to time;

“**Fund Deferred Units**” means deferred units, which may be awarded to participants under the Fund Deferred Unit Plan;

“**Fund Note**” means the promissory note issued by the Fund to NWC LP on December 31, 2001 in the principal amount of \$30,000,000;

“**Fund Group**” means, collectively, the Fund and its consolidated operations and their respective Subsidiaries and Affiliates;

“**Fund Option**” means an option to acquire Units granted pursuant to the Fund Option Plan;

“**Fund Option Plan**” means the Fund’s unit option plan effective June 11, 2009, as the same may be amended, supplemented or restated from time to time;

“**Fund Option Plan Participants**” has the meaning set forth under the heading “Part VII — Other Business of the Meeting — Executive Compensation — Compensation Mix — Medium-Long Term Incentive Plans — Fund Option Plan”;

“**Fund Optionholder**” means a holder of Fund Options from time to time;

“**Fund Rights**” means rights to acquire Units under the Fund Rights Plan;

“**Fund Rights Plan**” means the unitholder rights plan of the Fund adopted by the Trustees on March 27, 1997, as amended as of March 13, 2002, June 9, 2005 and June 11, 2008, as the same may be amended, supplemented or restated from time to time;

“**GAAP**” has the meaning set forth under the heading “PART II — General Information — Non-GAAP Measures”;

“**Information Circular**” means this management information circular distributed by the Fund in connection with the Meeting;

“**Insider**” has the meaning ascribed thereto in *The Securities Act* (Manitoba);

“**Interim Order**” means the interim order of the Court dated April 28, 2010 under subsection 192(4) of the CBCA containing declarations and directions with respect to the Arrangement and the Meeting and issued pursuant to the application of the Arrangement Applicants, a copy of which order is attached as Appendix “B” to this Information Circular, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Intermediary**” has the meaning set forth under the heading “PART I — Voting Information — Who Can Vote? — Non-Registered Beneficial Unitholders”;

“**Investment Manager**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Institutional Shareholder Exemptions from Beneficial Ownership”;

“**Joint Actor**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Beneficial Ownership”;

“**LTI**” has the meaning under heading “PART VII — Other Business of the Meeting — Executive Compensation — Compensation Discussion and Analysis — Benchmark Comparator Groups Used to Set Competitive Pay”;

“**Management**” means management of the Fund Group;

“**Market**” has the meaning under heading “PART VII — Other Business of the Meeting — Executive Compensation — Compensation Discussion and Analysis — Executive Compensation Philosophy”;

“**Meeting**” means the annual and special meeting of Unitholders to be held on June 10, 2010, and any adjournment(s) or postponement(s) thereof, to consider and to vote on the Arrangement Resolution, the New NWC Option Plan Resolution, the New NWC DSU Plan Resolution, the New NWC Rights Plan Resolution and the other matters set out in the Notice of Meeting;

“**MI 61-101**” means Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*;

“**Minister**” means the Minister of Finance (Canada);

“**M/LTIP**” has the meaning set forth under heading “PART VII — Other Business of the Meeting — Executive Compensation — Summary”;

“**Named Executive Officers**” or “**NEOs**” means the Chief Executive Officer, the Chief Financial Officer and the three other most highly compensated executive officers of NWC GP, the administrator of the Fund, as ascribed by Form 51-102F6 — *Statement of Executive Compensation*;

“**New NWC**” means, following the Amalgamation, “The North West Company Inc.”, the corporation resulting from the Amalgamation pursuant to the Certificate of Arrangement, which will own indirectly all of the Fund Group’s existing businesses upon completion of the Conversion;

“**New NWC Board**” means the board of directors of New NWC following completion of the Arrangement;

“**New NWC DSU Participants**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC DSU Plan Resolution — Summary — Purpose”;

“**New NWC DSU Plan**” means the deferred share unit plan proposed for adoption by New NWC upon completion of the Arrangement to be considered for approval at the Meeting, the full text of which is set forth in Appendix “H” to this Information Circular;

“**New NWC DSU Plan Administrator**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC DSU Plan Resolution — Summary — Administration”;

“**New NWC DSU Plan Resolution**” means the special resolution of the Unitholders in respect of the New NWC DSU Plan, the full text of which is set forth in Appendix “G” to this Information Circular;

“**New NWC DSUs**” means deferred share units, which may be granted to New NWC DSU Participants under the New NWC DSU Plan;

“**New NWC Option**” means an option to acquire New NWC Shares granted pursuant to the New NWC Option Plan;

“**New NWC Option Plan**” means the common share option plan proposed for adoption by New NWC upon completion of the Arrangement to be considered for approval at the Meeting, the full text of which is set forth in Appendix “F” to this Information Circular;

“**New NWC Option Plan Administrators**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Option Plan Resolution — Summary — Purpose”;

“**New NWC Option Plan Participants**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Option Plan Resolution — Summary — Eligible Participants”;

“**New NWC Option Plan Resolution**” means the special resolution of the Unitholders in respect of the New NWC Option Plan, the full text of which is set forth in Appendix “E” to this Information Circular;

“**New NWC Rights**” means rights to acquire New NWC Shares under the New NWC Rights Plan;

“**New NWC Rights Plan**” means the shareholder rights plan proposed for adoption by New NWC upon completion of the Arrangement to be considered for approval at the Meeting, a summary of the key terms of which is set out under the heading “PART VI — Special Business of the Meeting — Approval of the

New NWC Rights Plan Resolution”, and the full text of which is set forth in Appendix “J” to this Information Circular;

“**New NWC Rights Plan Agreement**” means the shareholder rights plan agreement proposed for adoption by New NWC upon completion of the Arrangement to be considered for approval at the Meeting, the full text of which is set forth in Appendix “J” to this Information Circular;

“**New NWC Rights Plan Resolution**” means the special resolution of the Unitholders in respect of the New NWC Rights Plan, the full text of which is set forth in Appendix “I” to this Information Circular;

“**New NWC Shareholders**” means holders of New NWC Shares;

“**New NWC Shares**” means the common shares in the capital of New NWC;

“**NI 51-102**” means National Instrument 51-102 — *Continuous Disclosure Obligations*;

“**Non-Resident**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Certain Canadian Federal Income Tax Considerations — Non-Residents of Canada”;

“**Normal Growth Guidelines**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — The Arrangement — Background to and Reasons for the Arrangement”;

“**Notice of Dissent**” means a written objection to the Arrangement Resolution by a Unitholder;

“**Notice of Meeting**” means the notice of the Meeting that accompanies this Information Circular;

“**NWC**” means The North West Company Inc., a corporation amalgamated under the laws of Canada;

“**NWC Common Shares**” means the common shares in the capital of NWC;

“**NWC DSUs**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — The Arrangement — Arrangement Steps — Exchange of Units, Fund Rights, Fund Options and Fund Deferred Units”;

“**NWC GP**” means NWC GP Inc., a corporation incorporated under the laws of Canada;

“**NWC Holdco**” means North West Company Holdings Inc., a corporation incorporated under the laws of Canada;

“**NWC International**” means The North West Company (International) Inc., a corporation incorporated under the laws of the State of Delaware;

“**NWC LP**” means The North West Company LP, a limited partnership formed under the laws of the Province of Manitoba;

“**NWC LP Debt**” means the 6.75% unsecured note payable issued by NWC LP to NWC effective October 14, 2009 in the principal amount of \$67,515,520, which has a maturity date of June 15, 2014;

“**NWC LP Note**” means the promissory note to be issued by NWC LP to the Fund on the Effective Date as part of the Plan of Arrangement in the principal amount of \$30,000,000;

“**NWC LP Partnership Agreement**” means the third amended and restated limited partnership agreement of NWC LP, dated June 16, 2009, as the same may be amended, supplemented or restated from time to time;

“**NWC LP Post-Consolidation Units**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — The Arrangement — Arrangement Steps — NWC LP Unit Consolidation”;

“**NWC LP Pre-Consolidation Units**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — The Arrangement — Arrangement Steps — NWC LP Unit Consolidation”;

“**NWC Options**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — The Arrangement — Arrangement Steps — Exchange of Units, Fund Rights, Fund Options and Fund Deferred Units”;

“**NWC Rights**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — The Arrangement — Arrangement Steps — Exchange of Units, Fund Rights, Fund Options and Fund Deferred Units”;

“**NWC Trust**” means The NWC Trust, a trust established under the laws of the Province of Manitoba pursuant to the NWC Trust Declaration of Trust;

“**NWC Trust Declaration of Trust**” means the declaration of trust dated February 15, 2006 governing NWC Trust, as the same may be amended, supplemented or restated from time to time;

“**NWC U.S. Holdco**” means NWC (U.S.) Holdings Inc., a corporation incorporated under the laws of the State of Delaware;

“**Offer to Pay**” means a written offer to a Dissenting Unitholder by the Fund (or its successor, as applicable) to pay to such Person the fair value of such Person’s Units;

“**Other Account**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Institutional Shareholder Exemptions from Beneficial Ownership”;

“**Other Senior Indebtedness**” means, collectively, all of the indebtedness described under the heading “PART VI — Special Business of the Meeting — Information Concerning the Fund — External Debt of the Fund Group — Other Senior Indebtedness”;

“**Permitted Bid Acquisition**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Acquiring Person”;

“**Person**” means and includes individuals, corporations, 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 governments, agencies and political subdivisions thereof;

“**Plan**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Institutional Shareholder Exemptions from Beneficial Ownership”;

“Plan of Arrangement” means the plan of arrangement attached as Exhibit “A” to the Arrangement Agreement, which agreement is attached as Appendix “D” to this Information Circular, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof;

“Plan Trustee” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Institutional Shareholder Exemptions from Beneficial Ownership”;

“Pro Rata Acquisition” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Acquiring Person”;

“PSUs” has the meaning under heading “PART VII — Other Business of the Meeting — Executive Compensation — Compensation Mix — Medium-Long Term Incentive Plans — Performance Share Units”;

“Redemption Price” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Redemption, Waiver and Termination”;

“Registered Unitholder” has the meaning set forth under the heading “PART I — Voting Information — How Do I Vote If I Am A Registered Unitholder?”;

“Rights Agent” means CIBC Mellon Trust Company;

“Rights Certificates” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Trading of Rights”;

“RSUs” has the meaning under heading “PART VII — Other Business of the Meeting — Executive Compensation — Compensation Mix — Medium-Long Term Incentive Plans — Restricted Share Units”;

“Senior Notes” means the 6.55% senior secured notes issued by NWC on June 15, 2009 to two large U.S.-based insurance funds, which notes mature on June 15, 2014;

“SIFT” means a specified investment flow-through trust or partnership, as defined in the Tax Act;

“SIFT Tax Rules” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — The Arrangement — Background to and Reasons for the Arrangement”;

“Special Units” means the special units of the Fund authorized under the Fund Declaration of Trust entitled to the benefits and subject to the limitations set forth therein;

“Specified Amount” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Exemption for Permitted Lock-up Agreement”;

“Statutory Body” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Institutional Shareholder Exemptions from Beneficial Ownership”;

“Subsidiary” has the meaning ascribed thereto in section 1.1 of National Instrument 45-106 — *Prospectus and Registration Exemptions*, as it exists on the date hereof;

“**Tax Act**” means the *Income Tax Act* (Canada), including the regulations promulgated thereunder, in each case as amended;

“**taxable capital gain**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Certain Canadian Federal Income Tax Considerations — Holders of Securities Resident in Canada — Taxable Capital Gains and Losses on New NWC Shares”;

“**TCM**” has the meaning under heading “PART VII — Other Business of the Meeting — Executive Compensation — Compensation Discussion and Analysis — Benchmark Comparator Groups Used to Set Competitive Pay”;

“**Transfer Agent**” means CIBC Mellon Trust Company;

“**Trust Company**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution — Summary — Institutional Shareholder Exemptions from Beneficial Ownership”;

“**TSX**” means the Toronto Stock Exchange;

“**Unit**” means a trust unit authorized and issued under the Fund Declaration of Trust from time to time being outstanding and entitled to the benefits and subject to the limitations set forth therein;

“**Unitholders**” means the holders of Units from time to time;

“**UPLP**” means the Fund’s unit purchase loan plan dated April 19, 2002, as the same may be amended, supplemented or restated, from time to time;

“**U.S. Securities**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — The Arrangement — Securities Law Matters — United States”; and

“**U.S. Securityholders**” has the meaning set forth under the heading “PART VI — Special Business of the Meeting — The Arrangement — Securities Law Matters — United States”.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

PART V – SUMMARY

The following is a summary of certain information contained elsewhere in this Information Circular. It is not, and is not intended to be, complete in itself. This is a summary only and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Information Circular and incorporated by reference herein. Unitholders are urged to review carefully this Information Circular, including the Schedules and Appendices, and the documents incorporated by reference herein in their entirety. Certain capitalized terms used in this Information Circular have the meanings set forth in “PART IV — Glossary of Terms”.

THE MEETING

The Meeting will be held in the Muriel Richardson Auditorium, Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba, on Thursday, June 10, 2010, commencing at 11:30 a.m. (Central Time) for the purposes set forth in the accompanying Notice of Meeting. The business of the Meeting will be to: (i) consider and vote on the Arrangement Resolution, the New NWC Option Plan Resolution, the New NWC DSU Plan Resolution and the New NWC Rights Plan Resolution; and (ii) conduct such business as is customary at an annual meeting as further described in “PART VII — Other Business of the Meeting”.

As of the date of this Information Circular, the Trustees are not aware of any changes to these items, and do not expect any other items to be brought forward at the Meeting. **If there are changes or new items, your proxyholder can vote your Units on these items as he or she sees fit.** See “PART I — Voting Information”.

THE ARRANGEMENT

General

The purpose of the Arrangement is to convert the Fund from an income trust to a corporation. It is anticipated that the successor corporation will have a dividend policy equivalent, on an annual basis, to the after-tax equivalent of the existing distribution policy of the Fund.

If approved, the Arrangement will result in the conversion of the Fund from an income trust to a corporation named “The North West Company Inc.”, which will continue the business of the Fund Group as a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean. Pursuant to the Arrangement, the Unitholders will become the common shareholders of New NWC.

It is anticipated that the New NWC Board will initially be comprised of the current Trustees of the Fund, namely, H. Sanford Riley, Edward S. Kennedy, David G. Broadhurst, Frank J. Coleman, Wendy F. Evans, Robert J. Kennedy, Gary J. Lukassen, Keith G. Martell, James G. Osborne and Ian Sutherland. In addition, the Administration Agreement pursuant to which NWC GP, the administrator of the Fund, provides administrative services to the Fund will be terminated in connection with the Arrangement and it is anticipated that the senior management of NWC GP will become the senior management of New NWC. See “PART VI — Special Business of the Meeting — The Arrangement — Effect of the Arrangement”.

Pursuant to the Arrangement, the Units held by Unitholders (other than those held by Dissenting Unitholders) will, through a series of steps, be transferred to New NWC in consideration for New NWC Shares on the basis of one New NWC Share for each Unit so transferred.

Under the Arrangement, all outstanding rights to acquire Units, including rights under outstanding Fund Options and Fund Deferred Units, will become rights to acquire New NWC Shares, subject to the terms of the applicable agreement. See “PART VI — Special Business of the Meeting — The Arrangement — Effect of the Arrangement — Effect on Holders of Fund Options and Fund Deferred Units”.

In connection with the Arrangement, it is intended that each of 469, 289 and Buffalo will be continued into the CBCA prior to the Effective Date.

As part of the Arrangement, the Fund and NWC Trust will be dissolved to further simplify the corporate structure of New NWC.

Background to and Reasons for the Arrangement

On October 31, 2006, the Minister announced the federal government’s plan to change the tax treatment of income trusts (the “**SIFT Tax Rules**”). The SIFT Tax Rules will result in a tax being applied at the trust level on distributions of certain income from publicly-traded mutual fund trusts, such as the Fund, at rates of tax comparable to the combined federal and provincial corporate tax rates and to treat such distributions as dividends to unitholders. The Minister announced that existing trusts would have a four year transition period and generally would not be subject to the new rules until 2011, provided such trusts experienced only “normal growth” and no “undue expansion” before then. The SIFT Tax Rules had an immediate impact on the Canadian capital markets and resulted in a significant decline in trading prices for publicly-traded income trusts. On December 15, 2006, the Minister issued guidelines (the “**Normal Growth Guidelines**”) which established objective tests with respect to what would be considered “normal growth” for the purposes of determining how much existing trusts are permitted to grow without jeopardizing their transitional relief. The Normal Growth Guidelines were amended on December 4, 2008. The SIFT Tax Rules were enacted into legislation on June 22, 2007.

Following the October 31, 2006 announcement, Management considered the potential impact and significance of the proposed tax changes to the Fund, and throughout 2007 and 2008, conducted a series of detailed analyses concerning the strategic direction of the Fund. In connection with this process, Management considered a broad range of strategic alternatives, including without limitation, new corporate structures, the merits of continuing under an income trust structure and acquisition opportunities.

The Board of Trustees formally discussed a potential conversion of the Fund from an income trust structure to a corporate structure at a number of regularly scheduled board meetings held in 2009, at which times Management reviewed with the Board the proposed conversion and dividend policy proposed for New NWC. On April 7, 2010, the Board approved a proposal to convert the Fund from an income trust to a corporation.

At the meeting of the Board of Trustees on April 7, 2010, the board reviewed with Management the financial aspects and other considerations relating to the Arrangement, including the terms of the Arrangement, the potential impact of the Arrangement on the Fund and all of its key stakeholders, including the Fund’s employees and Unitholders and other matters considered relevant. Additionally, the Board of Trustees reviewed a draft of this Information Circular and considered the details concerning the proposed conversion. After due consideration of all available information and advice, and after considering their duties and responsibilities to the Fund and its stakeholders, the Board of Trustees unanimously concluded that the Arrangement is fair and reasonable to the Fund and is in the best interests of the Fund and its stakeholders. On this basis, the Board of Trustees unanimously resolved to enter into the Arrangement Agreement and unanimously recommends that Unitholders vote their Units in favour of the Arrangement Resolution.

See “PART VI — Special Business of the Meeting — The Arrangement — Background to and Reasons for the Arrangement”.

Post-Arrangement Structure

Immediately following the Effective Time of the Arrangement, the former holders of Units will be the sole holders of New NWC Shares. Upon the completion of the Arrangement, it is expected that approximately 48,378,000 New NWC Shares will be issued and outstanding, assuming that no Dissent Rights are exercised and no Units are issued pursuant to any outstanding Fund Options or Fund Deferred Units prior to the Effective Time.

See “PART VI — Special Business of the Meeting — The Arrangement — Effect of the Arrangement”, “— The Arrangement — Post Arrangement Structure”, “— Information Concerning New NWC” and Appendix “K” — “Information Concerning New NWC”.

Effect on Unitholders

Under the Arrangement, the Units held by Unitholders (other than those held by Dissenting Unitholders) will, through a series of steps, be transferred to New NWC in consideration for New NWC Shares on the basis of one New NWC Share for each Unit so transferred.

See “PART VI — Special Business of the Meeting — The Arrangement — Effect of the Arrangement — Effect on Unitholders”, “— The Arrangement — Arrangement Steps” and “— The Arrangement — Procedure for Exchange of Units”, and “— Certain Canadian Federal Income Tax Considerations”.

Effect on Holders of Fund Options and Fund Deferred Units

Under the Arrangement, all outstanding rights to acquire Units, including outstanding Fund Options and Fund Deferred Units, will become rights to acquire New NWC Shares, subject to the terms of the applicable agreement.

See “PART VI — Special Business of the Meeting — The Arrangement — Effect of the Arrangement — Effect on Holders of Fund Options and Fund Deferred Units”.

Effect on Distributions

The Fund anticipates that the Board of Trustees will declare and make payable a regular quarterly distribution to Unitholders of record on December 31, 2010 to be paid by January 17, 2011 and, if the taxable income of the Fund exceeds the cumulative distributions paid in fiscal 2010, a special year-end distribution to Unitholders of record on December 31, 2010 to be paid in 2011 following the calculation of the Fund’s fiscal 2010 taxable income. Assuming the Arrangement is approved at the Meeting and implemented on January 1, 2011, the Fund’s obligation to pay such quarterly and special year-end distributions in 2011 will be assumed by New NWC.

Provided the Arrangement is approved at the Meeting, the distributions expected to be declared and made payable by the Fund to Unitholders of record on December 31, 2010 will be the last distribution paid to Unitholders on their Units. If the Arrangement is not approved at the Meeting, the Board of Trustees will assess matters at that time to determine the appropriate course of action to be taken by the Fund regarding any future distributions on the Units.

The New NWC Board is expected to adopt a quarterly dividend policy upon completion of the Arrangement. The Board of Trustees currently anticipates a quarterly dividend of \$0.24 per New NWC Share (\$0.96 annual), an amount approximately equivalent, on an annual basis, to the after-tax equivalent

of the existing distribution policy of the Fund. The New NWC Board will assess the final dividend payout level in light of, among other things, New NWC's financial performance, and its current and anticipated business needs at that time.

New NWC's dividend policy will be subject to the discretion of the New NWC Board and may vary depending on, among other things, New NWC's earnings, financial requirements, the satisfaction of solvency tests imposed by the CBCA for the declaration of dividends and other relevant factors. See "PART VI — Special Business of the Meeting — Risk Factors".

See "PART VI — Special Business of the Meeting — The Arrangement — Effect of the Arrangement — Effect on Distributions".

Recommendation of the Board of Trustees

The Board of Trustees has unanimously concluded that the Arrangement is fair and reasonable to the Fund, and is in the best interests of the Fund and its stakeholders, and unanimously recommends that Unitholders vote their Units in favour of the Arrangement Resolution.

In making its determinations and recommendations, the Board of Trustees relied upon legal, financial, tax and other advice and information received during the course of their deliberations. The following is a summary of the factors, among others, that the Board of Trustees considered in making its determinations and recommendations:

- the Arrangement provides for an effective and efficient method of converting the Fund from a mutual fund trust to a corporation consistent with existing legislation;
- the Arrangement will provide for a simplified tax structure that is more comparable to public companies operating in Canada and internationally;
- the Arrangement will provide greater access to capital markets as the business continues to expand; and
- the Arrangement increases the potential to attract new investors thereby improving the liquidity of the Fund's securities.

The Board of Trustees currently anticipates a quarterly dividend policy upon completion of the Arrangement of \$0.24 per common share (\$0.96 annual). Canadian taxable investors benefiting from the dividend tax credit should receive after-tax cash approximately equal to the after-tax value of the distributions paid by the Fund. The New NWC Board will assess the final dividend payout level in light of New NWC's financial performance, and its current and anticipated business needs at that time.

See "PART VI — Special Business of the Meeting — The Arrangement — Background to and Reasons for the Arrangement" and "— The Arrangement — Recommendation of the Board of Trustees".

Procedure for Exchange of Units

Upon the Arrangement becoming effective, certificates representing Units need not be tendered for certificates representing New NWC Shares. Pursuant to the Arrangement, the existing certificates for Units will represent, from and after the Effective Time, New NWC Shares and the right to receive certificates representing an equivalent number of New NWC Shares on exchange of such Unit certificates for share certificates of New NWC. Such an exchange of Unit certificates can be made on request by a former holder of Units and will be made upon a transfer of New NWC Shares. In the event that a former Unitholder wishes to receive a physical certificate in their name representing the New NWC Shares held

by them upon completion of the Arrangement, the certificates representing such holder's Units should be mailed, with a letter requesting the certificates representing such holder's New NWC Shares, to CIBC Mellon Trust Company, 199 Bay Street, Commerce Court West, Securities Level, Toronto, Ontario M5L 1G9, Attention: Securities Transfer or CIBC Mellon Trust Company, 600, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1, Attention: Securities Transfer. The Transfer Agent may also be contacted by telephone at 1-800-387-0825 (toll-free within Canada and the United States) or 1-416-643-5500 (from any country other than Canada and the United States).

See "PART VI — Special Business of the Meeting — The Arrangement — Procedure for Exchange of Units".

Approvals of the Arrangement

Approval of Unitholders

Pursuant to the Interim Order, the Arrangement Resolution must be approved by more than 66% of the votes cast by Unitholders, either present in person or represented by proxy, at the Meeting. See "PART VI — Special Business of the Meeting — The Arrangement — Approvals — Unitholder Approval".

If you return a form of proxy but do not specify how you want your Units voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting "FOR" the approval of the Arrangement Resolution.

Court Approval

Implementation of the Arrangement requires the satisfaction of several conditions and the approval of the Court. See "PART VI — Special Business of the Meeting — The Arrangement — Procedure for the Arrangement Becoming Effective". The application for the Final Order approving the Arrangement is scheduled for June 18, 2010 at 10:00 a.m. (Central Time) at the Law Courts Complex, 408 York Avenue, in Winnipeg, Manitoba. The notice of application in respect of the Final Order is attached as Appendix "C" to this Information Circular. At the hearing, the Court will consider, among other things, the fairness and reasonableness of the Arrangement to all affected securityholders, both from a substantive and a procedural point of view. The Court may approve the Arrangement and the Plan of Arrangement, either as proposed or as amended, in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. The Final Order, if granted, will constitute the basis for an exemption, under section 3(a)(10) of the 1933 Act from the registration requirements under United States securities laws which would otherwise apply to the securities of New NWC to be issued to Unitholders pursuant to the Arrangement. If the Final Order is obtained, in form and substance satisfactory to the Fund, acting reasonably, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, the Fund expects the Effective Date to be on or about January 1, 2011.

See "PART VI — Special Business of the Meeting — Approvals — Court Approval".

Right to Dissent

Pursuant to the Interim Order and the Plan of Arrangement, Unitholders have the right to dissent with respect to the Arrangement, as though the Units were shares of a corporation governed by the CBCA, by providing a written objection to the Arrangement Resolution to the Fund at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R2C 2R1, Attention: Paulina Hiebert, Vice President, Legal and Corporate Secretary of NWC GP Inc., the administrator of the Fund, by 4:00 p.m. (Central Time) on the Business Day immediately preceding the date of the Meeting, provided such holder also complies with section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement. **It is important that**

Unitholders strictly comply with this requirement and understand that it is different from the statutory dissent provisions of the CBCA which would permit a written objection to be provided at or prior to the Meeting. Provided the Arrangement becomes effective, each Dissenting Unitholder will be entitled to be paid the fair value of the Units in respect of which the holder dissents in accordance with section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement. See Appendix “M” and Appendix “B” for a copy of the Interim Order and the provisions of section 190 of the CBCA, respectively.

It is recommended that any Unitholder wishing to avail himself, herself or itself of his, her or its Dissent Rights seek legal advice, as the statutory provisions covering the right to dissent are technical and complex. **Failure to strictly comply with the requirements set forth in section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss or unavailability of any Dissent Rights. Persons who are beneficial owners of Units registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that only registered holders are entitled to dissent.** Accordingly, a beneficial owner of Units desiring to exercise Dissent Rights must make arrangements for such Units beneficially owned to be registered in such holder’s name prior to the time the written objection to the Arrangement Resolution is required to be received by the Fund or, alternatively, make arrangements for the registered holder of such Units to dissent on such holder’s behalf. Pursuant to the Interim Order, a Unitholder may not exercise Dissent Rights in respect of only a portion of such holder’s Units. See “PART VI — Special Business of the Meeting — The Arrangement — Right to Dissent”.

It is a condition to the Arrangement that Unitholders holding not more than 2% of all outstanding Units will have exercised Dissent Rights in relation to the Arrangement that have not been withdrawn as at the Effective Date. See “PART VI — Special Business of the Meeting — The Arrangement — Conditions Precedent to the Arrangement”.

Stock Exchange Listing Approval

The TSX has conditionally approved the substitutional listing of the New NWC Shares on the TSX under the trading symbol “NWF”, which approval is subject to New NWC fulfilling the requirements of the TSX.

See “PART VI — Special Business of the Meeting — The Arrangement — Stock Exchange Listing Approval”.

Certain Canadian Federal Income Tax Considerations

Under the SIFT Tax Rules, the exchange of Units by a Unitholder (other than a Dissenting Unitholder) for New NWC Shares will occur on an automatic tax-deferred basis and will not result in a capital gain or capital loss to the Unitholder.

This Information Circular contains a summary of the principal Canadian federal income tax considerations relevant to residents and Non-Residents of Canada and which relate to the Arrangement and the above comments are qualified in their entirety by reference to such summary. All Unitholders should consult their own tax advisors for advice with respect to their own particular circumstances.

See “PART VI — Special Business of the Meeting — Certain Canadian Federal Income Tax Considerations”.

Other Tax Considerations

This Information Circular does not address any tax considerations of the Arrangement other than Canadian federal income tax considerations. Unitholders who are resident, or are otherwise subject to tax, in jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of owning New NWC Shares after the Arrangement. Unitholders should also consult their own tax advisors regarding provincial, state or territorial tax considerations of the Arrangement or of holding New NWC Shares.

Information Concerning New NWC

New NWC will be formed under the CBCA pursuant to the Arrangement upon completion of the Amalgamation. The head and registered office of New NWC will be located at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R3C 2R1.

As a result of the Arrangement, New NWC will become a reporting issuer in all of the provinces of Canada on the Effective Date and, accordingly, will become subject to the informational reporting requirements under the securities laws of each jurisdiction in which it so becomes a reporting issuer.

See “PART VI — Special Business of the Meeting — Information Concerning New NWC” and “Appendix “K” — Information Concerning New NWC”.

Risk Factors Relating to New NWC

For a description of certain risk factors in respect of the business of the Fund Group and the industry in which it operates which will continue to apply to New NWC after the Effective Date, see “PART VI — Special Business of the Meeting — Risk Factors”.

APPROVAL OF THE NEW NWC OPTION PLAN RESOLUTION

At the Meeting and in conjunction with the implementation of the Arrangement, Unitholders will also be asked to consider and, if thought advisable, to pass, with or without alteration or modification, a special resolution approving the adoption by New NWC of the New NWC Option Plan.

See “PART VI — Special Business of the Meeting — Approval of the New NWC Option Plan Resolution”.

If you return a form of proxy but do not specify how you want your Units voted, the persons named as proxyholders will cast the votes represented by the proxy at the Meeting “FOR” the approval of the New NWC Option Plan Resolution.

APPROVAL OF THE NEW NWC DSU PLAN RESOLUTION

At the Meeting and in conjunction with the implementation of the Arrangement, Unitholders will also be asked to consider and, if thought advisable, to pass, with or without alteration or modification, a special resolution approving the adoption by New NWC of the New NWC DSU Plan.

See “PART VI — Special Business of the Meeting — Approval of the New NWC DSU Plan Resolution”.

If you return a form of proxy but do not specify how you want your Units voted, the persons named as proxyholders will cast the votes represented by the proxy at the Meeting “FOR” the approval of the New NWC DSU Plan Resolution.

APPROVAL OF THE NEW NWC RIGHTS PLAN RESOLUTION

At the Meeting and in conjunction with the implementation of the Arrangement, Unitholders will also be asked to consider and, if thought advisable, pass, with or without alteration or modification, a special resolution approving the adoption by New NWC of the New NWC Rights Plan.

See “PART VI — Special Business of the Meeting — Approval of the New NWC Rights Plan Resolution”.

If you return a form of proxy but do not specify how you want your Units voted, the persons named as proxyholders will cast the votes represented by the proxy at the Meeting “FOR” the approval of the New NWC Rights Plan Resolution.

OTHER BUSINESS OF THE MEETING

In addition to the resolutions approving the Arrangement, the New NWC Option Plan, the New NWC DSU Plan and the New NWC Rights Plan, Unitholders will be asked to consider and vote on other business typically conducted at an annual meeting.

See “PART VII — Other Business of the Meeting”.

Unitholders are strongly encouraged to obtain independent legal, tax and investment advice in their jurisdiction of residence with respect to this Information Circular, the consequences of the Arrangement and the holding of Units and New NWC Shares.

PART VI – SPECIAL BUSINESS OF THE MEETING

THE ARRANGEMENT

The purpose of the Arrangement is to convert the Fund from an income trust to a corporation. It is anticipated that the successor corporation will have a dividend policy equivalent, on an annual basis, to the after-tax equivalent of the existing distribution policy of the Fund.

The Meeting will be constituted as a special meeting of the Unitholders. As part of the special business set out in the Notice of Meeting, Unitholders will be asked to consider and vote on the special resolution in consideration of approving the Arrangement Resolution.

Approval of the Arrangement Resolution

At the Meeting, Unitholders will be asked to consider and, if thought advisable, approve the Arrangement Resolution. To be effective, the Arrangement Resolution must be approved by more than 66% of the votes cast by the Unitholders, either present in person or represented by proxy, at the Meeting. The full text of the Arrangement Resolution is set out in Appendix “A” of this Information Circular. See “— The Arrangement — Approvals — Unitholder Approval” below.

Background to and Reasons for the Arrangement

Through its operating Subsidiaries, the Fund Group is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean. The Fund (through its operating Subsidiaries) operates 226 stores across Canada, the United States (mainly in the State of Alaska), in certain United States territories, and in certain countries in the Caribbean and in the South Pacific under the principal banners of Northern, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less as at the date hereof. For further information regarding the Fund, its Subsidiaries and their respective business activities, see the AIF, which is incorporated by reference in this Information Circular.

On October 31, 2006, the Minister announced the federal government’s plan to change the tax treatment of income trusts (the “**SIFT Tax Rules**”). The SIFT Tax Rules will result in a tax being applied at the trust level on distributions of certain income from publicly-traded mutual fund trusts, such as the Fund, at rates of tax comparable to the combined federal and provincial corporate tax rates and to treat such distributions as dividends to unitholders. The Minister announced that existing trusts would have a four year transition period and generally would not be subject to the new rules until 2011, provided such trusts experienced only “normal growth” and no “undue expansion” before then. The SIFT Tax Rules had an immediate impact on the Canadian capital markets and resulted in a significant decline in trading prices for publicly-traded income trusts. On December 15, 2006, the Minister issued guidelines (the “**Normal Growth Guidelines**”) which established objective tests with respect to what would be considered “normal growth” for the purposes of determining how much existing trusts are permitted to grow without jeopardizing their transitional relief. The Normal Growth Guidelines were amended on December 4, 2008. The SIFT Tax Rules were enacted into legislation on June 22, 2007.

Following the October 31, 2006 announcement, Management considered the potential impact and significance of the proposed tax changes to the Fund, and throughout 2007 and 2008, conducted a series of detailed analyses concerning the strategic direction of the Fund. In connection with this process, Management considered a broad range of strategic alternatives, including without limitation, new corporate structures, the merits of continuing under an income trust structure and acquisition opportunities.

The Board of Trustees formally discussed a potential conversion of the Fund from an income trust structure to a corporate structure at a number of regularly scheduled board meetings held in 2009, at which times Management reviewed with the Board the proposed conversion and dividend policy proposed for New NWC. On April 7, 2010, the Board approved a proposal to convert the Fund from an income trust to a corporation.

At the meeting of the Board of Trustees on April 7, 2010, the board reviewed with Management the financial aspects and other considerations relating to the Arrangement, including the terms of the Arrangement, the potential impact of the Arrangement on the Fund and all of its key stakeholders, including the Fund Group's employees and Unitholders and other matters considered relevant. Additionally, the Board of Trustees reviewed a draft of this Information Circular and considered the details concerning the proposed conversion. After due consideration of all available information and advice, and after considering their duties and responsibilities to the Fund and its stakeholders, the Board of Trustees concluded that the Arrangement is fair and reasonable to the Fund and is in the best interests of the Fund and its stakeholders. On this basis, the Board of Trustees unanimously resolved to enter into the Arrangement Agreement and unanimously recommends that Unitholders vote their Units in favour of the Arrangement Resolution.

Recommendation of the Board of Trustees

The Board of Trustees has unanimously concluded that the Arrangement is fair and reasonable to the Fund, and is in the best interests of the Fund and its stakeholders, and unanimously recommends that Unitholders vote their Units in favour of the Arrangement Resolution.

In making determinations and recommendations, the Board of Trustees relied upon legal, financial, tax and other strategic advice and information received during the course of their deliberations. The following is a summary of the factors, among others, that the Board of Trustees considered in making its determinations and recommendations:

- the Arrangement provides for an effective and efficient method of converting the Fund from a mutual fund trust to a corporation consistent with existing legislation;
- the Arrangement will provide for a simplified tax structure that is more comparable to public companies operating in Canada and internationally;
- the Arrangement will provide greater access to capital markets as the business continues to expand; and
- the Arrangement increases the potential to attract new investors thereby improving the liquidity of the Fund's securities.

The Board of Trustees currently anticipates a quarterly dividend policy upon completion of the Arrangement of \$0.24 per common share (\$0.96 annual). Canadian taxable investors benefiting from the dividend tax credit should receive after-tax cash approximately equal to the after-tax value of the distributions paid by the Fund. The New NWC Board will assess the final dividend payout level in light of New NWC's financial performance, and its current and anticipated business needs at that time.

The foregoing discussion of the information and factors considered and given weight by the Board of Trustees is not intended to be exhaustive. In reaching the determination to approve and recommend the Arrangement Resolution, the Board of Trustees did not assign any relative or specific weight to the factors that were considered, and individual Trustees may have given different weight to each factor. There are risks associated with the Arrangement, including that some of the potential benefits set forth in

this Information Circular may not be realized or that there may be significant costs associated with realizing such benefits. See “PART VI — Special Business of the Meeting — Risk Factors”.

Effect of the Arrangement

General

The purpose of the Arrangement is to convert the Fund from an income trust to a corporation. It is anticipated that the successor corporation will have a dividend policy equivalent, on an annual basis, to the after-tax equivalent of the existing distribution policy of the Fund.

If approved, the Arrangement will result in the reorganization of the Fund from an income trust into a corporation named “The North West Company Inc.” which will continue the business of the Fund Group as a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean. Pursuant to the Arrangement, the Unitholders will become the common shareholders of New NWC.

It is anticipated that the New NWC Board will initially be comprised of the current Trustees of the Fund, namely, H. Sanford Riley, Edward S. Kennedy, David G. Broadhurst, Frank J. Coleman, Wendy F. Evans, Robert J. Kennedy, Gary J. Lukassen, Keith G. Martell, James G. Osborne and Ian Sutherland. In addition, the Administration Agreement pursuant to which NWC GP, the administrator of the Fund, provides administrative services to the Fund will be terminated in connection with the Arrangement and it is anticipated that the senior management of NWC GP will become the senior management of New NWC. See “Appendix “K” — Information Concerning New NWC — Directors and Executives”.

In connection with the Arrangement, it is intended that each of 469, 289 and Buffalo will be continued into the CBCA prior to the Effective Date.

As part of the Arrangement, the Fund and NWC Trust will be dissolved to further simplify the corporate structure of New NWC.

Effect on Unitholders

Under the Arrangement, the Units held by Unitholders (other than those held by Dissenting Unitholders) will, through a series of steps, be transferred to New NWC in consideration for New NWC Shares on the basis of one New NWC Share for each Unit so transferred.

See “PART VI — Special Business of the Meeting — The Arrangement — Arrangement Steps”, “— The Arrangement — Procedure for Exchange of Units” and “— Certain Canadian Federal Income Tax Considerations”.

Effect on Holders of Fund Options and Fund Deferred Units

Under the Arrangement, all outstanding rights to acquire Units, including outstanding Fund Options and Fund Deferred Units, will become rights to acquire New NWC Shares, subject to the terms of the applicable agreement.

As at April 15, 2010, 274,600 Fund Options were outstanding, which represents 274,600 Units available for issuance under the Fund Option Plan. If the New NWC Option Plan Resolution is approved, each Fund Option outstanding under the Fund Option Plan will be exchanged for one New NWC Option and all of the entitlements under these Fund Options will be governed by the New NWC Option Plan, but will

continue to be held subject to the terms and conditions of their grant, with no change to the applicable exercise price, and vesting and expiry schedules.

As at April 15, 2010, 103,431 Fund Deferred Units were outstanding, which represents 103,431 Units available for issuance under the Fund Deferred Unit Plan. If the New NWC DSU Plan Resolution is approved, each Fund Deferred Unit outstanding under the Fund Deferred Unit Plan will be exchanged for one New NWC DSU and all of the entitlements under these Fund Deferred Units will be governed by the New NWC Deferred Unit Plan, but will continue to be held subject to the terms and conditions of their grant, with no change to the applicable vesting and expiry schedules.

Effect on Distributions

The Fund anticipates that the Board of Trustees will declare and make payable a regular quarterly distribution to Unitholders of record on December 31, 2010 to be paid by January 17, 2011 and, assuming the taxable income of the Fund exceeds the cumulative distributions paid in fiscal 2010, a special year-end distribution to Unitholders of record on December 31, 2010 to be paid in 2011 following the calculation of the Fund's fiscal 2010 taxable income. Assuming the Arrangement is approved at the Meeting and implemented on January 1, 2011, the Fund's obligation to pay such quarterly and special year-end distributions in 2011 will be assumed by New NWC.

Provided the Arrangement is approved at the Meeting, the distributions expected to be declared and made payable by the Fund to Unitholders of record on December 31, 2010 will be the last distribution paid to Unitholders on their Units. If the Arrangement is not approved at the Meeting, the Board of Trustees will assess matters at that time to determine the appropriate course of action to be taken by the Fund regarding any future distributions on the Units.

If the Arrangement is approved at the Meeting and the effective date for the Arrangement occurs on or about January 1, 2011, as currently scheduled, the New NWC Board is expected to adopt a quarterly dividend policy. The Board of Trustees currently anticipates a quarterly dividend of \$0.24 per New NWC Share (\$0.96 annual). Canadian taxable investors benefiting from the dividend tax credit should receive after-tax cash approximately equal to the after-tax value of the distributions paid by the Fund. The New NWC Board will assess the final dividend payout level in light of New NWC's financial performance, and its current and anticipated business needs at that time. See "Appendix "K" — Information Concerning New NWC — Dividend Policy following the Arrangement".

New NWC's dividend policy will be subject to the discretion of the New NWC Board and may vary depending on, among other things, New NWC's earnings, financial requirements, the satisfaction of solvency tests imposed by the CBCA for the declaration of dividends and other relevant factors. See "PART VI — Special Business of the Meeting — Risk Factors".

Arrangement Steps

Pursuant to the Arrangement, commencing at the Effective Time, each of the events set out below will occur and will be deemed to occur in the following order, each occurring immediately after the completion of the previous step, without any further act or formality, except as otherwise provided in the Plan of Arrangement:

Amendment of the Fund Declaration of Trust, the NWC Trust Declaration of Trust and the NWC LP Partnership Agreement

- (a) the Fund Declaration of Trust, the NWC Trust Declaration of Trust and the NWC LP Partnership Agreement will be amended to the extent necessary to facilitate the Arrangement as provided in the Arrangement Agreement;

Dissenting Unitholders

- (b) the Units held by the Dissenting Unitholders will be deemed to have been transferred to the Fund (free and clear of any claims) and cancelled and such Dissenting Unitholders will cease to have any rights as Unitholders other than the right to be paid the fair value of their Units in accordance with the Plan of Arrangement and the Interim Order. See “PART VI — Special Business of the Meeting — The Arrangement — Right to Dissent”;

Return of Capital by NWC LP to the Fund and Issuance of the NWC LP Note

- (c) (i) NWC LP will make a return of capital to the Fund in the amount of \$30,000,000; (ii) NWC LP will issue the NWC LP Note to the Fund; and (iii) the NWC LP Note will be set off against the Fund Note, such that each of the NWC LP Note and the Fund Note is settled and cancelled;

Distribution by NWC LP to NWC of all of the Shares of 289, 469 and Buffalo

- (d) NWC LP will transfer all of the shares of each of 289, 469 and Buffalo held by NWC LP to NWC in partial repayment of the NWC LP Debt;

Removal of Private Company Restrictions from the Articles of NWC

- (e) immediately prior to the exchange of Units for NWC Common Shares contemplated below, the articles of NWC will be, and will be deemed to be, amended to (i) delete and remove the private company restrictions relating to the non-distributing status of NWC, together with any other provisions that relate thereto, including, without limitation, share transfer provisions; and (ii) make any and all such other changes as are necessary or required to reflect that New NWC, the entity that will be the successor of NWC pursuant to the Amalgamation, will be a distributing corporation upon completion of the Arrangement;

Exchange of Units, Fund Rights, Fund Options and Fund Deferred Units

- (f) (i) the Units held by Unitholders (other than those previously held by Dissenting Unitholders) will be, and will be deemed to be, sold, transferred and assigned to NWC (free and clear of any claims) and cancelled solely in consideration for

fully paid NWC Common Shares on the basis of one NWC Common Share for each Unit so sold, transferred and assigned;

- (ii) the stated capital account maintained for the NWC Common Shares will be determined by the board of directors of NWC in respect of the NWC Common Shares issued pursuant to item (f)(i) above;
- (iii) if the New NWC Rights Plan will have been approved by Unitholders as provided in this Information Circular, all Fund Rights held by Unitholders will be, and will be deemed to be, sold, transferred and assigned to NWC (free and clear of any claims) and cancelled, solely in consideration for rights to acquire NWC Common Shares (“**NWC Rights**”) on the basis of one NWC Right for each Fund Right so sold, transferred and assigned, which NWC Rights will be governed by the New NWC Rights Plan upon completion of the Amalgamation;
- (iv) (A) if the New NWC Option Plan will have been approved by Unitholders as provided in this Information Circular, all Fund Options held by Unitholders will be, and will be deemed to be, sold, transferred and assigned to NWC (free and clear of any claims) and cancelled, solely in consideration for options to acquire NWC Common Shares (“**NWC Options**”), without any further action on the part of the holders of such Fund Options, and NWC Options will be issued on the same terms and conditions as such cancelled Fund Options to the holders thereof in a number equal to the Fund Options so surrendered and cancelled, which NWC Options will be governed by the New NWC Option Plan upon completion of the Amalgamation, but will continue to be held subject to the terms and conditions of their grant, with no change to the applicable exercise price, and vesting and expiry schedules, or (B) if the New NWC Option Plan will not have been approved by Unitholders as provided in this Information Circular, all Fund Options held by Unitholders will be, and will be deemed to be, amended, without any further action on the part of the holders of such Fund Options, such that from and after the Effective Time all outstanding Fund Options will grant the holder the right to acquire a number of New NWC Shares equal to the number of Units that could previously be acquired pursuant to the Fund Options, New NWC will assume the obligations of the Fund under the Fund Option Plan and the Fund Options in the place of the Fund, including the obligation to issue New NWC Shares thereunder, and the Fund Option Plan will be amended to the extent necessary to facilitate and give effect to the foregoing; and
- (v) (A) if the New NWC DSU Plan will have been approved by Unitholders as provided in this Information Circular, all Fund Deferred Units held by Unitholders will be, and will be deemed to be, sold, transferred and assigned to NWC (free and clear of any claims) and cancelled, solely in consideration for deferred share units of NWC (“**NWC DSUs**”), without any further action on the part of the holders of such Fund Deferred Units, and NWC DSUs will be issued on the same terms and conditions as such cancelled Fund Deferred Units to the holders thereof in a number equal to the Fund Deferred Units so surrendered and cancelled, which NWC DSUs will be governed by the New NWC DSU Plan upon completion of the Amalgamation, but will continue to be held subject to the terms and conditions of their grant, with no change to the applicable vesting and expiry schedules, or (B) if the New NWC DSU Plan will not have been approved by Unitholders as provided in this Information Circular, all Fund Deferred Units

held by Unitholders will be, and will be deemed to be, amended, without any further action on the part of the holders of such Fund Deferred Units, such that from and after the Effective Time all outstanding Fund Deferred Units will grant the holder the right to acquire a number of New NWC Shares equal to the number of Units that could previously be acquired pursuant to the Fund Deferred Units, New NWC will assume the obligations of the Fund under the Fund Deferred Unit Plan and the Fund Deferred Units in the place of the Fund, including the obligation to issue New NWC Shares thereunder, and the Fund Deferred Unit Plan will be amended to the extent necessary to facilitate and give effect to the foregoing;

Cancellation of NWC Common Shares Owned by the Fund

- (g) the 1,000 NWC Common Shares owned by the Fund will be purchased for cancellation by NWC for consideration in the amount of the fair market value of such NWC Common Shares at the time of such cancellation to be paid in cash, and will be cancelled;

Other Rights

- (h) all other rights to acquire Units outstanding immediately prior to the Effective Time, if any, will be cancelled and of no further force and effect, and will be deemed to be exchanged for economically equivalent rights to acquire NWC Common Shares (which following the Amalgamation will be economically equivalent rights to acquire New NWC Shares);

Dissolution of NWC Trust

- (i) all of the assets of NWC Trust will be transferred to the Fund, the Fund will assume all of the liabilities of NWC Trust and NWC Trust will be dissolved;

Dissolution of the Fund

- (j) all of the assets of the Fund will be transferred to NWC, NWC will assume all of the liabilities of the Fund and the Fund will be dissolved;

Amalgamation of NWC, 289, 469 and Buffalo

- (k) immediately prior to the Amalgamation contemplated below, the stated capital account of each of 289, 469 and Buffalo will be, and will be deemed to be, reduced to \$1.00, without any payment being made to the holders of shares in the capital of each of 289, 469 and Buffalo;
- (l) NWC, 289, 469 and Buffalo will be amalgamated (the “**Amalgamation**”) with the same effect as under section 184(1) of the CBCA to form New NWC;
- (m) upon the Amalgamation,
 - (i) the name of New NWC will be “The North West Company Inc.”;

- (ii) the registered and head office of New NWC will be located at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R3C 2R1;
- (iii) the authorized share capital of New NWC will consist of an unlimited number of common shares;
- (iv) the number of directors of New NWC will consist of a minimum of seven and a maximum of 12 and the first directors of New NWC will be H. Sanford Riley, Edward S. Kennedy, David G. Broadhurst, Frank J. Coleman, Wendy F. Evans, Robert J. Kennedy, Gary J. Lukassen, Keith G. Martell, James G. Osborne and Ian Sutherland;
- (v) the auditors of New NWC will be PricewaterhouseCoopers LLP, who will continue in office until the close of business of the next annual meeting of the holders of New NWC Shares, and the directors of New NWC are authorized to fix the remuneration of such auditors;
- (vi) all of the property (except the shares of 289, 469 and Buffalo) of each of NWC, 289, 469 and Buffalo continues to be the property of New NWC;
- (vii) New NWC continues to be liable for the obligations of each of NWC, 289, 469 and Buffalo (other than any obligation of NWC, 289, 469 or Buffalo to the other);
- (viii) any existing cause of action, claim or liability to prosecution is unaffected;
- (ix) any civil, criminal or administrative action or proceeding pending by or against NWC, 289, 469 and Buffalo may continue to be prosecuted by or against New NWC;
- (x) any conviction against, or ruling, order or judgement in favour of or against, NWC, 289, 469 or Buffalo may be enforced by or against New NWC;
- (xi) the articles of NWC immediately before the Effective Time will be deemed to be the articles of New NWC, and the Certificate of Arrangement is deemed to be the certificate of incorporation of New NWC;
- (xii) the by-laws of NWC immediately before the Effective Time will be deemed to be the by-laws of New NWC;
- (xiii) all shares in the capital of 469, 289 and Buffalo will be cancelled without any repayment of capital in respect thereof;
- (xiv) no shares will be issued by New NWC in connection with the Amalgamation, all shares in the capital of NWC prior to the Amalgamation will be unaffected and will continue as shares of New NWC and the stated capital of New NWC will be the same as the stated capital of NWC; and
- (xv) the fiscal year-end of New NWC will be January 31; and

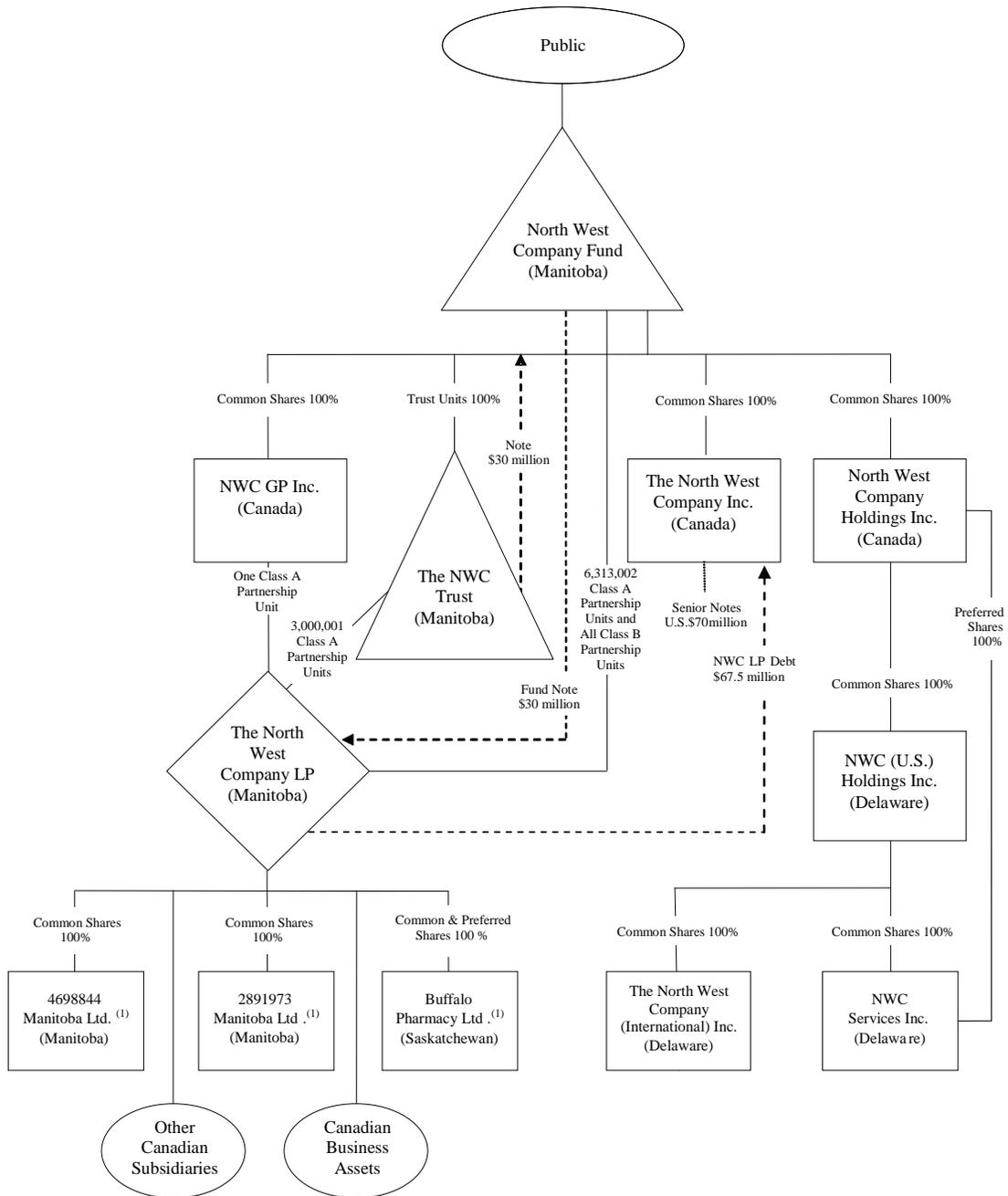
NWC LP Unit Consolidation

- (n) all of the issued and outstanding limited partnership units of NWC LP (of any class or type) (the “**NWC LP Pre-Consolidation Units**”) will be, and will be deemed to be, consolidated into a single class of limited partnership units, to be issued as Class A limited partnership units of NWC LP (the “**NWC LP Post-Consolidation Units**”), on the basis of one NWC LP Post-Consolidation Unit for each NWC LP Pre-Consolidation Unit held as at the Effective Date.

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Pre Arrangement Structure

The following diagram sets forth the organizational structure of the Fund immediately prior to the completion of the Arrangement.

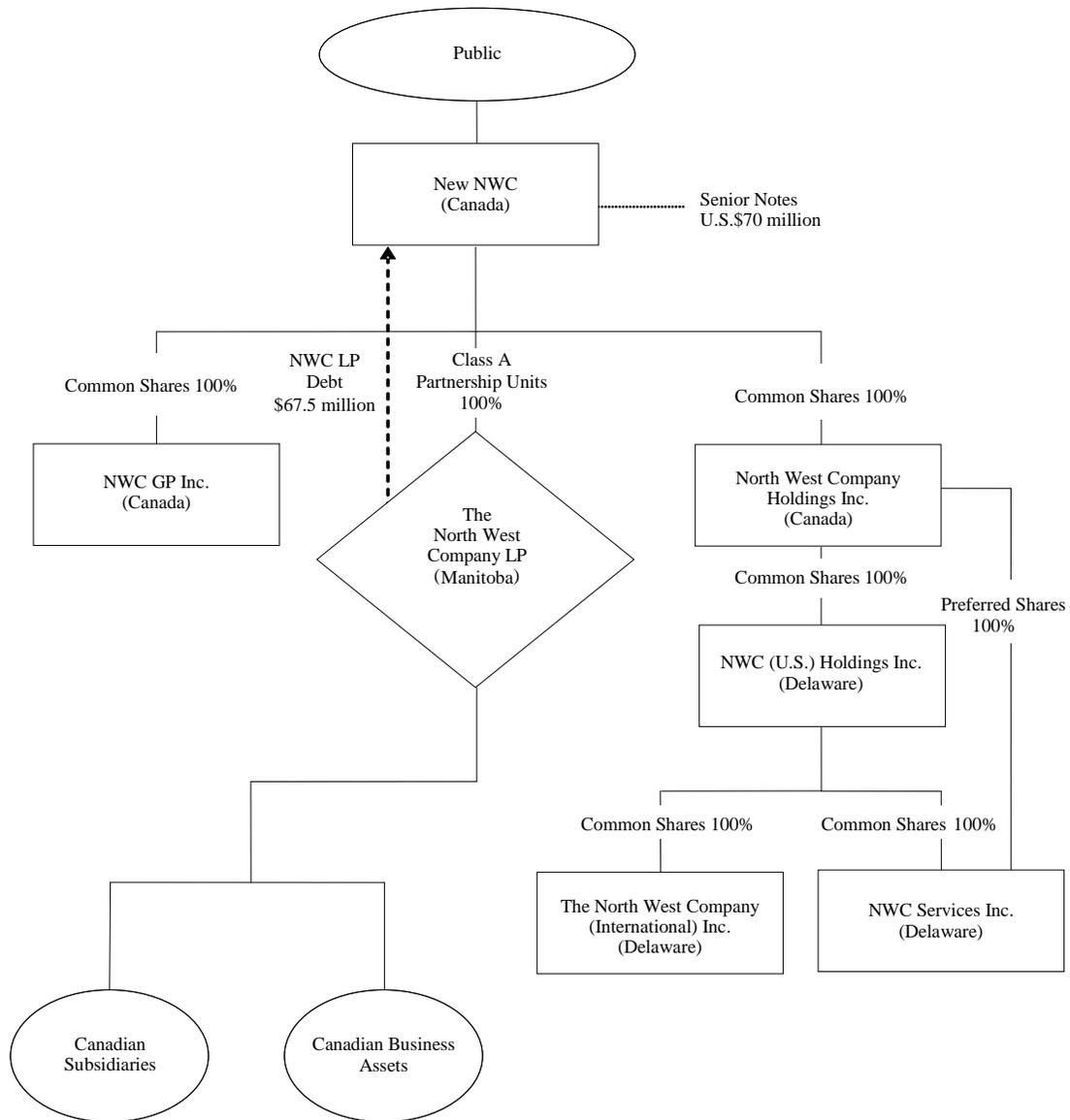


Note:

(1) In connection with the Arrangement, it is intended that each of 469, 289 and Buffalo will be continued into the CBCA prior to the Effective Date.

Post Arrangement Structure

Immediately following the completion of the Arrangement, the former Unitholders will be the sole holders of New NWC Shares. The following diagram illustrates the organizational structure of New NWC immediately following the completion of the Arrangement. The business of the Fund Group is carried on by certain direct and indirect subsidiaries, which are grouped into the Canadian operations and International operations with the main operating entities being NWC LP (Canadian operations) and NWC International (International operations).



Upon the completion of the Arrangement, it is expected that approximately 48,378,000 New NWC Shares will be issued and outstanding, assuming that no Dissent Rights are exercised and no Units are issued pursuant to any outstanding Fund Options or Fund Deferred Units prior to the Effective Time.

Arrangement Agreement

The Arrangement is being effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of the Fund, NWC Trust, NWC GP, NWC LP, NWC, 289, 469 and Buffalo, and various conditions precedent, both mutual and with respect to each entity and the Fund. **The Arrangement Agreement is attached as Appendix “D” to this Information Circular and reference is made thereto for the full text thereof.**

Procedure for the Arrangement Becoming Effective

The Arrangement is proposed to be carried out pursuant to section 192 of the CBCA. The following procedural steps must be taken for the Arrangement to become effective, as more particularly described below:

- (a) the Unitholders must approve the Arrangement Resolution in accordance with the Arrangement Agreement and the Interim Order;
- (b) the Arrangement must be approved by the Court and the Final Order obtained;
- (c) all conditions precedent to the Arrangement, including those set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party or parties;
- (d) the Arrangement Agreement will not have been terminated as provided for therein; and
- (e) the Final Order, the Articles of Arrangement and related documents, in the form prescribed by the CBCA, must be filed with the Director and a certificate of arrangement must be issued by the Director.

Approvals

Unitholder Approval

Pursuant to the Interim Order, the Arrangement Resolution must be approved by more than 66% of the votes cast by Unitholders, either present in person or represented by proxy, at the Meeting.

Notwithstanding the foregoing, the Arrangement Resolution proposed for consideration by the Unitholders authorizes any Trustee or any officer or director of NWC GP, without further notice to or approval of Unitholders, subject to the terms of the Arrangement, to amend or terminate the Arrangement Agreement or the Plan of Arrangement, or to revoke the Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the CBCA. The full text of the Arrangement Resolution is attached as Appendix “A” to this Information Circular.

If you return a form of proxy but do not specify how you want your Units voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting “FOR” the Arrangement Resolution.

Court Approval

(i) Interim Order

A plan of arrangement under the CBCA requires court approval. On April 28, 2010, the Court granted the Interim Order facilitating the calling of the Meeting and prescribing the conduct of the Meeting and other matters. A copy of the Interim Order is attached as Appendix "B" to this Information Circular and a copy of the notice of application for the Final Order approving the Arrangement is attached as Appendix "C" to this Information Circular.

(ii) Final Order

Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Unitholders at the Meeting in the manner required by the Interim Order, the Arrangement Applicants will apply to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for June 18, 2010 at 10:00 a.m. (Central Time), or as soon thereafter as counsel may be heard, at the Law Courts Complex, 408 York Avenue, in Winnipeg, Manitoba. The notice of application in respect of the Final Order is attached as Appendix "C" to this Information Circular. Any registered Unitholder and any other interested party who wishes to participate or to be represented or to present evidence or arguments at the hearing may do so, subject to filing with the Court and serving upon the Fund a notice of intention to appear together with any evidence or materials which such party intends to present to the Court on or before Monday, June 14, 2010. **Service of such notice on the Fund will be effected by service upon the Fund's legal counsel, Aikins, MacAulay & Thorvaldson LLP, 30th Floor – 360 Main Street, Winnipeg, Manitoba R3C 4G1, Attention: David M. Wright; and Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7, Attention: Tom Friedland and Jason Wadden.**

The securities to be issued pursuant to the Arrangement will not be registered under the 1933 Act in reliance upon the exemption from registration provided by section 3(a)(10) of the 1933 Act. The Final Order, if granted, will constitute the basis for an exemption, under section 3(a)(10) of the 1933 Act from the registration requirements under United States securities laws which would otherwise apply to the securities of New NWC to be issued to Unitholders pursuant to the Arrangement.

The Fund has been advised by its counsel, Aikins, MacAulay & Thorvaldson LLP and Goodmans LLP, that the Court has broad discretion under the CBCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement to all affected securityholders, both from a substantive and a procedural point of view. The Court may approve the Arrangement and the Plan of Arrangement, either as proposed or as amended, in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit. Depending upon the nature of any required amendments, the Arrangement Applicants may determine not to proceed with the Arrangement.

Stock Exchange Listing Approval

It is a condition to completion of the Arrangement that the TSX will have conditionally approved the substitutional listing of the New NWC Shares. The TSX has conditionally approved the substitutional listing of the New NWC Shares on the TSX under the trading symbol "NWF", which approval is subject to New NWC fulfilling the requirements of the TSX.

Third Party Approvals

The completion of the Arrangement requires that all requisite consents, orders, approvals and authorizations, if any, be obtained, including regulatory approvals and consents and releases from certain third parties. See “PART VI — Special Business of the Meeting — The Arrangement — Conditions Precedent to the Arrangement”.

Conditions Precedent to the Arrangement

The respective obligations of each of the parties to the Arrangement Agreement to complete the transactions contemplated by the Arrangement Agreement and the Arrangement are subject to the fulfillment or satisfaction, on or before the Effective Time or such other time or date as is specified below, of a number of conditions, any of which may be waived by the mutual consent of the parties to the Arrangement Agreement without prejudice to their right to rely on any other of such conditions. These conditions include, without limitation:

- (a) the Interim Order will have been granted in form and substance satisfactory to the Arrangement Applicants, acting reasonably, not later than May 31, 2010 or such later date as the parties to the Arrangement Agreement may agree and will not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;
- (b) the Arrangement Resolution will have been approved by the requisite number of votes cast by the Unitholders at the Meeting in accordance with the provisions of the Interim Order and any applicable regulatory requirements;
- (c) the Final Order will have been granted in form and substance satisfactory to the Arrangement Applicants, acting reasonably, not later than December 29, 2010 or such later date as the parties to the Arrangement Agreement may agree;
- (d) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to the Arrangement Applicants, acting reasonably, will have been accepted for filing by the Director together with the Final Order in accordance with subsection 192(6) of the CBCA;
- (e) no material action or proceeding will be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency and there will be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that: (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated in the Arrangement Agreement or the Plan of Arrangement; or (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated in the Arrangement Agreement or the Plan of Arrangement;
- (f) all material third party and regulatory consents, exemptions and approvals considered necessary or desirable by the parties to the Arrangement Agreement with respect to the transactions contemplated under the Arrangement will have been completed or obtained including, without limitation, necessary consents, exemptions and approvals from applicable securities regulatory authorities and under the rules or policies of the TSX, and applicable consents from lenders;

- (g) there will not, as of the Effective Date, be Unitholders that hold, in aggregate, in excess of 2% of all outstanding Units, that have validly exercised and not withdrawn their Dissent Rights under the CBCA and the Interim Order; and
- (h) the TSX will have conditionally approved the listing or the substitutional listing of the New NWC Shares to be issued pursuant to the Arrangement and as contemplated in this Information Circular, subject only to the filing of required documents which cannot be filed prior to the Effective Date.

Following the satisfaction or waiver of the conditions, NWC intends to file a copy of the Final Order and the Articles of Arrangement with the Director under the CBCA, together with such other materials as may be required by the Director, in order to give effect to the Arrangement.

Timing of Completion of the Arrangement

If the Meeting is held as scheduled and is not postponed or adjourned, the Arrangement Resolution is approved and the other necessary conditions to be satisfied at that point in time are satisfied or waived, the Arrangement Applicants currently intend to apply for the Final Order approving the Arrangement. If the Final Order is obtained on June 18, 2010 in form and substance satisfactory to the Fund, acting reasonably, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, the Fund expects the Effective Date will be on or about January 1, 2011. It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order, which is currently scheduled to take place on June 18, 2010 at 10:00 a.m. (Central Time).

The Arrangement will become effective upon the filing with the Director of the Articles of Arrangement and a copy of the Final Order, together with such other materials as may be required by the Director, and issuance by the Director of the corresponding Certificate of Arrangement.

Procedure for Exchange of Units

Upon the Arrangement becoming effective, certificates representing Units need not be tendered for certificates representing New NWC Shares. Pursuant to the Arrangement, the existing certificates for Units will represent, from and after the Effective Time, New NWC Shares and the right to receive certificates representing an equivalent number of New NWC Shares on exchange of such Unit certificates for share certificates of New NWC. Such an exchange of Unit certificates can be made on request by a former holder of Units and will be made upon a transfer of New NWC Shares. In the event that a former Unitholder wishes to receive a physical certificate in their name representing the New NWC Shares held by them upon completion of the Arrangement, the certificates representing such holder's Units should be mailed, with a letter requesting the certificates representing such holder's New NWC Shares, to CIBC Mellon Trust Company, 199 Bay Street, Commerce Court West, Securities Level, Toronto, Ontario M5L 1G9, Attention: Securities Transfer or CIBC Mellon Trust Company, 600, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1, Attention: Securities Transfer. The Transfer Agent may also be contacted by telephone at 1-800-387-0825 (toll-free within Canada and the United States) or 1-416-643-5500 (from any country other than Canada and the United States).

Right to Dissent

The following description of the right to dissent and appraisal to which Dissenting Unitholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Unitholder who seeks payment of the fair value of such Dissenting Unitholder's Units and is qualified in its entirety by the reference to the full text of the Interim Order, which is attached to this Information Circular as Appendix "B", and the text of section 190 of the CBCA, which is

attached to this Information Circular as Appendix “M”. A Dissenting Unitholder who intends to exercise Dissent Rights and appraisal should carefully consider and comply with the provisions of the CBCA, as modified by the Interim Order and the Plan of Arrangement. Failure to strictly comply with the provisions of that section, as modified by the Interim Order and the Plan of Arrangement, and to adhere to the procedures established therein may result in the loss or unavailability of all rights thereunder.

The Interim Order and the Plan of Arrangement expressly provide Unitholders with the right to dissent with respect to the Arrangement, as provided in section 190 of the CBCA as though the Units were shares of a corporation governed by the CBCA, but as modified by the Plan of Arrangement and the Interim Order. **It is important that Unitholders strictly comply with this requirement and understand that it is different from the statutory dissent provisions of the CBCA which would permit a written objection to be provided at or prior to the Meeting.** Any Unitholder who dissents from the Arrangement in compliance with section 190 of the CBCA, as modified by the Plan of Arrangement and the Interim Order, will be entitled, in the event the Arrangement becomes effective, to be paid by the Fund the fair value of the Units held by such Dissenting Unitholder determined as of the close of business on the last Business Day before the Arrangement Resolution is adopted.

The Interim Order provides that a Unitholder may only exercise Dissent Rights with respect to all the Units held by the Unitholder on behalf of any one beneficial owner and registered in the Dissenting Unitholder’s name. **Consequently, a holder of Units may only exercise Dissent Rights under section 190 of the CBCA, as modified by the Plan of Arrangement and the Interim Order, in respect of Units which are registered in that holder’s name.** Persons who are beneficial owners of Units registered either in the name of (a) an intermediary that the non-registered Unitholder deals with in respect of the Units (such as banks, trust companies, securities dealers and brokers, trustees or administrators of self-administered registered retirement saving plans, registered retirement income funds, registered educational saving plans, and their nominees); or (b) a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the intermediary is a participant, should be aware that they may only exercise Dissent Rights through the registered owner of such Units. Accordingly, a non-registered Unitholder will not be entitled to exercise Dissent Rights under section 190 of the CBCA, as modified by the Plan of Arrangement and the Interim Order, directly (unless the Units are re-registered in the non-registered Unitholder’s name). A non-registered Unitholder who wishes to exercise Dissent Rights should immediately contact the intermediary with whom the non-registered Unitholder deals in respect of his, her or its Units and either: (i) instruct the intermediary to exercise the right of dissent on the non-registered Unitholder’s behalf (which, if the Units are registered in the name of CDS Clearing and Depository Services Inc. or other clearing agency, would require that the Units first be re-registered in the name of the intermediary); or (ii) instruct the intermediary to re-register the Units in the name of the non-registered Unitholder, in which case the non-registered Unitholder would have to exercise the Dissent Rights directly.

The Interim Order provides that a Unitholder who wishes to exercise Dissent Rights must provide the Fund with a Notice of Dissent to the Arrangement Resolution, which Notice of Dissent must be received by the Fund at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R2C 2R1, Attention: Paulina Hiebert, Vice President, Legal and Corporate Secretary of NWC GP Inc., the administrator of the Fund, by 4:00 p.m. (Central Time) on the last Business Day immediately preceding the Meeting. It is important that Unitholders strictly comply with this requirement and understand that it is different from the statutory dissent provisions of the CBCA which would permit a Notice of Dissent to be provided at or prior to the Meeting. The filing of a Notice of Dissent does not deprive a Unitholder of the right to vote at the Meeting. However, the CBCA provides, in effect, that a Unitholder who has submitted a Notice of Dissent and who votes in favour of the Arrangement Resolution will be deprived of further rights under section 190 of the CBCA, as modified by the Plan of

Arrangement and the Interim Order. A Unitholder need not vote his, her or its Units against the Arrangement Resolution in order to dissent. The revocation of a proxy conferring authority on the proxyholder to vote in favour of the Arrangement Resolution does not constitute a Notice of Dissent; however, any proxy granted by a Unitholder who intends to dissent, other than a proxy that instructs the proxyholder to vote against the Arrangement Resolution, should be validly revoked in order to prevent the proxyholder from voting such Units in favour of the Arrangement Resolution and thereby causing the Unitholder to forfeit his, her or its Dissent Rights.

The Fund is required, within 10 days after the Unitholders adopt the Arrangement Resolution, to notify each Dissenting Unitholder that the Arrangement Resolution has been adopted. Such notice is not required to be sent to any Dissenting Unitholder who has voted for the Arrangement Resolution or who has withdrawn his, her or its Notice of Dissent.

A Dissenting Unitholder who has not withdrawn his, her or its Notice of Dissent must then, within 20 days after receipt of notice that the Arrangement Resolution has been adopted or, if the Dissenting Unitholder does not receive such notice, within 20 days after he, she or it learns that the Arrangement Resolution has been adopted, send to the Fund, at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R2C 2R1, Attention: Paulina Hiebert, Vice President, Legal and Corporate Secretary of NWC GP Inc., the administrator of the Fund, a Demand for Payment, containing his, her or its name and address, the number of Units in respect of which he, she or it exercises Dissent Rights, and a demand for payment of the fair value of such Units. Within 30 days after sending a Demand for Payment, the Dissenting Unitholder must send to the Fund or the Transfer Agent the certificates representing the Units in respect of which he, she or it dissents. A Dissenting Unitholder who fails to send certificates representing the Units in respect of which he, she or it dissents forfeits his, her or its Dissent Rights. The Fund or the Transfer Agent will endorse on any Unit certificate received from a Dissenting Unitholder a notice that the holder is a Dissenting Unitholder and will forthwith return the Unit certificates to the Dissenting Unitholder.

After sending a Demand for Payment, a Dissenting Unitholder ceases to have any rights as a holder of the Units in respect of which the Unitholder has dissented, other than the right to be paid the fair value of such Units as determined under section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, unless: (i) the Dissenting Unitholder withdraws the Demand for Payment before the Fund makes the Offer to Pay; (ii) the Fund fails to make a timely Offer to Pay to the Dissenting Unitholder and the Dissenting Unitholder withdraws his, her or its Demand for Payment; or (iii) the Board of Trustees revokes the Arrangement Resolution, in all of which cases the Dissenting Unitholder's rights as a holder of the Units in respect of which he, she or it has dissented are reinstated as of the date the Demand for Payment was sent.

The Fund is required, not later than seven days after the later of the Effective Date and the date on which the Fund receives a Demand for Payment from a Dissenting Unitholder, to send to the Dissenting Unitholder an Offer to Pay for the Units in respect of which he, she or it has dissented in an amount considered by the Fund to be the fair value thereof, accompanied by a statement showing the manner in which such fair value was determined. Every Offer to Pay must be on the same terms. The Fund must pay for the Units of a Dissenting Unitholder within 10 days after an Offer to Pay has been accepted by such Dissenting Unitholder, but any such offer lapses if the Fund does not receive an acceptance thereof within 30 days after the Offer to Pay has been made.

If the Fund fails to make an Offer to Pay for a Dissenting Unitholder's Units, or if a Dissenting Unitholder fails to accept an offer which has been made, the Fund may, within 50 days after the Effective Date or within such further period as the Court may allow, apply to the Court to fix a fair value for the Units of any such Dissenting Unitholder. If the Fund fails to apply to the Court, a Dissenting Unitholder

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 Unitholder is not required to give security for costs in such an application.

Upon an application to the Court, all Dissenting Unitholders whose Units have not been purchased by the Fund will be joined as parties and bound by the decision of the Court, and the Fund will be required to notify each affected Dissenting Unitholder of the date, place and consequences of the application and of such Dissenting Unitholder's right to appear and be heard in person or by counsel. Upon any such application to the Court, the Court may determine whether any person is a Dissenting Unitholder who should be joined as a party, and the order will be rendered against the Fund in favour of each Dissenting Unitholder and for the amount of the fair value of his, her or its Units as fixed by the Court. The Court may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Unitholder from the Effective Date until the date of payment. An application by either the Fund or a Dissenting Unitholder must be made to the Court.

The Fund will not make a payment to a Dissenting Unitholder under section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, if there are reasonable grounds for believing that it is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of its assets would thereby be less than the aggregate of its liabilities. In such event, the Fund will notify each Dissenting Unitholder that it is lawfully unable to pay Dissenting Unitholders for their Units in which case the Dissenting Unitholder may, by written notice to the Fund within 30 days after receipt of such notice, withdraw his, her or its Notice of Dissent, in which case such Unitholder will, in accordance with the Interim Order, be deemed to have participated in the Arrangement as a Unitholder. If the Dissenting Unitholder does not withdraw his, her or its Notice of Dissent he, she or it will retain his, her or its status as a claimant against the Fund to be paid as soon as it is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors but in priority to the Fund's securityholders.

All Units held by Unitholders who exercise their Dissent Rights will, if such holders are ultimately entitled to be paid the fair value thereof, be deemed to be transferred to New NWC in exchange for such fair value as of the Effective Date. If such Unitholders ultimately are not entitled to be paid the fair value for the Units, such Units will be deemed to have been exchanged for New NWC Shares and such Unitholders will be issued New NWC Shares on the same basis as all other Unitholders pursuant to the Arrangement.

The Arrangement Agreement provides that, unless otherwise waived, it is a condition to the completion of the Arrangement that, holders of not greater than 2% of the outstanding Units will have exercised Dissent Rights in respect of the Arrangement and not withdrawn such exercise as of the Effective Date.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Unitholder who seeks payment of the fair value of his, her or its Units. Section 190 of the CBCA requires adherence to the procedures established therein and failure to do so may result in the loss or unavailability of all rights thereunder. Accordingly, each Dissenting Unitholder who might desire to exercise Dissent Rights and appraisal should carefully consider and comply with the provisions of that section and the Interim Order, the full texts of which are set out in Appendices "M" and "B", respectively, to this Information Circular. It is recommended that any Unitholder wishing to avail himself, herself or itself of his, her or its Dissent Rights seek legal advice, as the statutory provisions covering the right to dissent are technical and complex. For a general summary of certain Canadian federal income tax implications to a Dissenting Unitholder, see "PART VI — Special Business of the Meeting — Certain Canadian Federal Income Tax Considerations — Holders of Securities Resident in Canada — Dissenting Unitholders" and "—

Certain Canadian Federal Income Tax Considerations — Non-Residents of Canada — Dissenting Unitholders”.

Expenses of the Arrangement

The aggregate estimated costs to be incurred by the Fund Group in connection with the Arrangement and related matters including, without limitation, accounting, legal fees, costs for the preparation, printing and mailing of this Information Circular and other related documents and agreements and fees payable to the TSX, are expected to be approximately \$725,000 in the aggregate.

Securities Law Matters

Canada

All securities to be issued under the Arrangement, including, without limitation, the New NWC Shares, will be issued in reliance on exemptions from prospectus and registration requirements of applicable Canadian securities laws and, following completion of the Arrangement, the New NWC Shares will generally be “freely tradeable” (other than as a result of any “control block” restrictions which may arise by virtue of the ownership thereof) under applicable Canadian securities laws of the provinces of Canada.

The Fund is a reporting issuer in Ontario and Québec and is therefore subject to MI 61-101 in connection with the Arrangement. MI 61-101 outlines certain requirements for a reporting issuer to adhere to in the event that an issuer is carrying out a “business combination” as defined in MI 61-101. The Plan of Arrangement is not a “business combination” under MI 61-101 as a result of the fact that none of the Fund’s “related parties” will obtain any benefit as a result of the Arrangement, other than consideration for their Units that is identical to the other Unitholders.

Exemptions

Pursuant to applicable Canadian securities laws, the Fund is required to include in this Information Circular all of the disclosure prescribed by section 14.2 of Form 51-102F5 - *Information Circular* of NI 51-102. In connection with the Arrangement, the Fund has been granted an exemption by the applicable securities regulatory authorities from the requirement to include in the Information Circular prospectus-level disclosure, including historical financial statements, for NWC Trust, NWC GP, NWC LP, NWC, 289, 469 and Buffalo. However, this Information Circular must otherwise comply with applicable Canadian securities laws and contain certain other disclosure.

The exemptive relief was granted, in part, on the basis that including such information for NWC Trust, NWC GP, NWC LP, NWC, 289, 469 and Buffalo would not be relevant for the purposes of considering the Arrangement as such disclosure would be substantially and materially the same as prospectus-level disclosure for the Fund required to be included in this Information Circular and the disclosure already available in the Fund’s existing public filings (certain of which are incorporated by reference in this Information Circular) because the facts and circumstances regarding these entities both before and after the Arrangement is substantially the same.

United States

(i) Status under U.S. Securities Laws

New NWC is a “foreign private issuer” as defined in Rule 3b-4 under the 1934 Act. It is the Fund’s intention that the New NWC Shares will be listed for trading on the TSX following completion of the Arrangement. The Fund does not currently intend to seek a listing for the New NWC Shares on a stock

exchange in the United States. U.S. Securityholders who receive New NWC Shares pursuant to the Arrangement will not have access to any information regarding New NWC or the New NWC Shares that is required by applicable federal and state securities laws in the United States but not in Canada.

- (ii) Issuance and Resale of New NWC Shares, New NWC Options and New NWC Rights under U.S. securities laws

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to holders of Units, Fund Rights and Fund Options in the United States (“**U.S. Securityholders**”). All U.S. Securityholders are urged to consult with their own legal counsel to ensure that any subsequent resale of New NWC Shares, New NWC Options and New NWC Rights (collectively, the “**U.S. Securities**”) issued to them under the Arrangement complies with all applicable United States federal and state securities legislation.

The following discussion does not address the Canadian securities laws that will apply to the issue of the U.S. Securities or the resale of the U.S. Securities by U.S. Securityholders within Canada. U.S. Securityholders reselling their U.S. Securities in Canada must comply with Canadian securities laws, as outlined above under “— Canada”.

- (iii) Exemption from the registration requirements of the 1933 Act

The U.S. Securities to be issued in the United States pursuant to the Arrangement will not be registered under the 1933 Act or the securities laws of any state of the United States and will be issued in reliance upon the exemption from registration set forth in section 3(a)(10) of the 1933 Act and exemptions provided under the securities laws of each state of the United States in which U.S. Securityholders reside. Section 3(a)(10) of the 1933 Act exempts from registration the distribution of a security that is issued in exchange for outstanding securities where the terms and conditions of such issuance and exchange have been approved by any court of competent jurisdiction, after a hearing upon the fairness of such terms and conditions of the issuance and exchange, at which all persons to whom it is proposed to issue securities in such exchange have the right to appear and receive timely notice thereof, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, the Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the 1933 Act with respect to the U.S. Securities issued in connection with the Arrangement. The New NWC Options and New NWC Rights may not be exercised within the United States or by a U.S. Person unless registration or an exemption from the registration requirements of the 1933 Act is available.

- (iv) Resales of the U.S. Securities within the United States after the completion of the Arrangement

Persons who are not affiliates of New NWC after the Arrangement may resell the U.S. Securities that they receive in connection with the Arrangement in the United States without restriction under the 1933 Act. U.S. Securities received by a holder who will be an “affiliate” of New NWC after the Arrangement or was an “affiliate” of New NWC or the Fund within 90 days before the Effective Time, will be subject to certain restrictions on resale imposed by the 1933 Act. As defined in Rule 144 under the 1933 Act, an “affiliate” of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the issuer and may include certain officers and directors of such issuer as well as principal shareholders of such issuer.

Persons who are affiliates of New NWC after the Arrangement may not sell their U.S. Securities that they receive in connection with the Arrangement in the absence of registration under the 1933 Act, unless an

exemption from registration is available, such as the exemptions contained in Rule 144 or Rule 904 of Regulation S under the 1933 Act.

Affiliates — Rule 144. In general, under Rule 144, persons who are affiliates of New NWC after the Arrangement will be entitled to sell in the United States, during any three-month period, the U.S. Securities that they receive in connection with the Arrangement, provided that the number of such securities sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange and/or reported through the automated quotations system of a U.S. registered securities association, the average weekly trading volume of such securities during the four calendar week period preceding the date of sale, subject to specified restrictions on manner of sale, requirements, aggregation rules and the availability of current public information about New NWC. Persons who are affiliates of New NWC after the Arrangement will continue to be subject to the resale restrictions described in this paragraph for so long as they continue to be affiliates of New NWC.

Affiliates — Regulation S. In general, under Regulation S, persons who are affiliates of New NWC solely by virtue of their status as an officer or director of New NWC may resell their U.S. Securities outside the United States in an “offshore transaction” (which would include a sale through the TSX, if applicable) if neither the seller, an affiliate nor any person acting on its behalf engages in “directed selling efforts” in the United States. In the case of a sale of U.S. Securities by an officer or director who is an affiliate of New NWC solely by virtue of holding such position, there is an additional requirement that no selling commission, fee or other remuneration is paid in connection with such sale other than the usual and customary broker’s commission that would be received by a person executing such transaction as agent. For purposes of Regulation S, “directed selling efforts” means “any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered”. Certain additional restrictions, set forth in Rule 903 of Regulation S, are applicable to a New NWC Shareholder who is an affiliate of New NWC after the Arrangement other than by virtue of his or her status as an officer or director of New NWC.

EXPERTS

Certain Canadian legal matters relating to the Arrangement are to be passed upon by Goodmans LLP, Aikins, MacAulay & Thorvaldson LLP and Burnet, Duckworth & Palmer LLP on behalf of the Fund. As at April 29, 2010, the partners and associates of Goodmans LLP, as a group, Aikins, MacAulay & Thorvaldson LLP, as a group, and Burnet, Duckworth & Palmer LLP, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding Units. Certain United States securities law matters relating to the Arrangement are to be passed upon by Hodgson Russ LLP on behalf of the Fund. As at April 29, 2010, the partners and associates of Hodgson Russ LLP, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding Units.

PricewaterhouseCoopers LLP, Chartered Accountants, the auditors of the Fund and the proposed auditors of New NWC, has confirmed that it is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Manitoba.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

As at April 15, 2010, the Trustees and the directors and officers of the Fund Group and their associates or affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 2,008,549 Units, representing approximately 4.2% of the outstanding Units, and an aggregate of 274,600 Fund Options and 103,431 Fund Deferred Units, none of which are expected to be exercised prior to the Effective Time.

The Arrangement will not result in any change of control, termination or other payments being made to any directors, trustees, officers or employees of the Fund Group pursuant to employment, change of control or similar agreements.

Immediately after giving effect to the Arrangement, it is anticipated that the current Trustees and directors and officers of the Fund Group and their associates or affiliates, as a group, would continue to beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 2,008,549 New NWC Shares, representing approximately 4.2% of the outstanding NWC Shares, and an aggregate of 274,600 New NWC Options and 103,431 New NWC DSUs (assuming no additional Units are purchased by the foregoing persons, no Dissent Rights are exercised and no Units are issued pursuant to any outstanding Fund Options or Fund Deferred Units prior to the Effective Time).

None of the principal holders of Units or any Trustee or director or officer of the Fund Group, or any associate or affiliate of any of the foregoing persons, has or had any material interest, direct or indirect, in any transaction in the last three years or any proposed transaction that materially affected, or is reasonably expected to materially affect, the Fund or any of its affiliates, except as disclosed in this Information Circular or in the documents incorporated by reference herein.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Burnet, Duckworth & Palmer LLP, counsel for the Fund, the following is a fair and adequate summary of the principal Canadian federal income tax consequences under the Tax Act generally applicable to a Unitholder in respect of the proposed Arrangement who holds Units as capital property, deals at arm's length with and is not affiliated with the Fund and New NWC, does not use or hold its Units in the course of carrying on a business in which the Unitholder buys or sells securities, and did not acquire the Units in one or more transactions considered to be an adventure or concern in the nature of trade. A Unitholder who is a Canadian resident and might not otherwise be considered to hold its Units as capital property may, in certain circumstances, be entitled to have them, and any other "Canadian Security" (as defined in the Tax Act), treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. A Unitholder contemplating making such an election should first consult its own tax advisor. This summary is not applicable to a Unitholder that is a "financial institution", a "specified financial institution" or an interest in which would be a "tax shelter investment", all as defined in the Tax Act.

This summary is based upon the provisions of the Tax Act, the current published administrative policies and assessing practices of the CRA in force as of the date hereof and specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance of Canada prior to the date hereof.

This summary is not exhaustive of all possible Canadian federal income tax consequences and does not take into account, or anticipate any changes in law, whether by legislative, regulatory, or judicial action or decision and does not take into account any provincial, territorial, or foreign tax consequences which may differ significantly from those discussed herein.

This summary is of a general nature only and should not be construed, nor is it intended to be, legal or tax advice, or representations to any particular Unitholder. Accordingly, a Unitholder should consult with its own tax advisor for advice with respect to the tax consequences to it in its particular circumstances.

Holders of Securities Resident in Canada

This portion of the summary is generally applicable to a Unitholder that is, at all relevant times and for the purposes of the Tax Act and any applicable income tax treaty, resident or deemed to be resident in Canada.

Unitholders

Pursuant to the Arrangement, Unitholders will exchange each Unit held for one NWC Common Share, and NWC will subsequently be amalgamated, such that each NWC Common Share will become a New NWC Share.

The SIFT Tax Rules contain a rule which provides for an “automatic rollover” in certain circumstances where Units are exchanged for shares of a corporation (the “**Exchange Rule**”). Pursuant to the Exchange Rule, a Unitholder who disposes of Units to NWC in exchange for NWC Common Shares will be deemed to have disposed of each such Unit for proceeds of disposition equal to the “cost amount” (as defined in the Tax Act) of such Unit to the Unitholder immediately before the exchange and such exchange will generally not result in a capital gain or loss to the Unitholder. Under the Exchange Rule, the aggregate of the initial cost of the NWC Common Shares received by a Unitholder in exchange for Units will be equal to the aggregate adjusted cost base to such Unitholder of his Units immediately before the exchange.

Unitholders will be deemed to have disposed of NWC Common Shares as a result of the Amalgamation, and to have received New NWC Shares as a result. Unitholders will not recognize a capital gain (or loss) on such deemed disposition. Unitholders will be deemed to have disposed of NWC Common Shares for proceeds of disposition equal to the aggregate adjusted cost base of the NWC Common Shares immediately before the Amalgamation, and to have acquired the New NWC Shares at an aggregate cost equal to those proceeds of disposition.

Dissenting Unitholders

Pursuant to the Arrangement, a Dissenting Unitholder will be deemed to have transferred such Dissenting Unitholder’s Units to the Fund for proceeds of disposition equal to the amount payable (except to the extent such amount represents interest) and will cease to have any rights as a Unitholder other than the right to be paid the fair value of their Units. Such Dissenting Unitholder will recognize a capital gain (or loss) equal to the amount by which such proceeds of disposition net of any reasonable costs of disposition exceed (or are less than) the holder’s adjusted cost base of the Units. Interest awarded to a Dissenting Unitholder will generally be included in computing the income of such holder in the year in which it is received. Interest awarded to a Dissenting Unitholder that is throughout the relevant taxation year a “Canadian controlled private corporation” (as defined in the Tax Act) may also be subject to a refundable tax of 6 $\frac{2}{3}$ %.

Dividends on New NWC Shares

A New NWC Shareholder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on such New NWC Shareholder’s New NWC Shares. In the case of a New NWC Shareholder that is an individual (other than certain trusts), such taxable dividends will be subject to the gross up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations. Taxable dividends received from a taxable Canadian corporation which are designated by such corporation as “eligible dividends” will be subject to an enhanced gross up and dividend tax credit regime in accordance with the rules in the Tax Act. In the case of a New NWC Shareholder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year.

The Tax Act also imposes a 33 $\frac{1}{3}$ % refundable tax on dividends received by a corporation that is a “private corporation” or “subject corporation” for purposes of Part IV of the Tax Act to the extent that such dividends are deductible in computing the corporation’s taxable income. This tax will generally be

refunded to the corporation at a rate of \$1.00 for every \$3.00 of taxable dividends paid while it is a private corporation. Taxable dividends received by a New NWC Shareholder who is an individual (other than certain trusts) may result in such New NWC Shareholder being liable for minimum tax under the Tax Act. New NWC Shareholders that are individuals should consult their own tax advisors in this regard.

Taxable Capital Gains and Losses on New NWC Shares

A New NWC Shareholder who disposes of or is deemed to have disposed of a New NWC Share (except to New NWC, or pursuant to a tax-deferred transaction) will generally recognize a capital gain (or loss) and will be required to include in income one-half of the amount of any capital gain (a “**taxable capital gain**”) and will be entitled to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) against taxable capital gains realized in the year by such New NWC Shareholder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

In general, a capital loss otherwise arising on the disposition of a share by a New NWC Shareholder that is a corporation may be reduced by dividends previously received or deemed to have been received thereon. Similar rules may apply where a corporation is, directly or through a partnership or a trust, a member of a partnership or a beneficiary of a trust that owns shares. New NWC Shareholders to whom these rules may be relevant should consult their own tax advisors.

A New NWC Shareholder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay, in addition to tax otherwise payable under the Tax Act, a refundable tax of 6²/₃% on certain investment income including taxable capital gains.

Capital gains realized by individuals and certain trusts may give rise to alternative minimum tax. New NWC Shareholders should consult their own tax advisors with respect to the alternative minimum tax provisions.

Eligibility for Investment

Provided the New NWC Shares are listed on a designated stock exchange (which includes the TSX) or New NWC continues to qualify as a public corporation, and subject to the provisions of any particular registered plan or account, the New NWC Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, registered education savings plans, deferred profit sharing plans and tax-free savings accounts. However, the holder of a tax-free savings account that governs a trust which holds New NWC Shares will be subject to a penalty tax if the holder does not deal at arm’s length with New NWC for the purposes of the Tax Act or if the holder has a significant interest (within the meaning of the Tax Act) in New NWC or a corporation, partnership or trust with which New NWC does not deal at arm’s length for the purposes of the Tax Act.

Non-Residents of Canada

This portion of the summary applies to a Unitholder that is not resident in Canada for purposes of the Tax Act or any tax treaty, and who does not use or hold, and is not deemed to use or hold their Units or the New NWC Shares received upon the Arrangement in carrying on a business in Canada and is not an insurer who carries on an insurance business or is deemed to carry on an insurance business in Canada and elsewhere (a “**Non-Resident**”).

This Information Circular does not address any tax considerations of the Arrangement other than Canadian federal income tax considerations. Unitholders who are resident, or are otherwise subject to tax, in jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of owning New NWC Shares after the Arrangement. Unitholders should also consult their own tax advisors regarding provincial, state or territorial tax considerations of the Arrangement or of holding New NWC Shares.

Unitholders

A Non-Resident who disposes of a Unit in exchange for a New NWC Share pursuant to the Arrangement will not recognize a capital gain (or loss) under the Tax Act unless such Unit constitutes “taxable Canadian property” (as defined in the Tax Act), and the Non-Resident is not otherwise entitled to an exemption under a tax convention. Units will generally not be considered to be taxable Canadian property to a Non-Resident unless: (i) the Non-Resident holds or uses, or is deemed to hold or use Units in the course of carrying on business in Canada; (ii) Units are “designated insurance property” of the Non-Resident for purposes of the Tax Act; (iii) at any time during the 60-month period immediately preceding the disposition of Units the Non-Resident or persons with whom the Non-Resident did not deal at arm’s length or any combination thereof, held 25% or more of the issued Units, and more than 50% of the fair market value of the Units was derived directly or indirectly from one or a combination of real or immovable property situated in Canada, Canadian resource properties, or timber resource properties or an interest therein; or (iv) the Fund is not a mutual fund trust for purposes of the Tax Act on the date of disposition. Where the Units held by a Non-Resident were taxable Canadian property to the Non-Resident, the New NWC Shares received pursuant to the Arrangement will be deemed to be taxable Canadian property to the Non-Resident.

Dissenting Unitholders

A disposition of a Unit pursuant to a right of dissent will not give rise to any capital gains subject to tax under the Tax Act to a Non-Resident provided that Units are not taxable Canadian property of the holder for purposes of the Tax Act (see “— Non-Residents of Canada — Unitholders” above).

Dividends on New NWC Shares

Dividends on New NWC Shares paid or credited or deemed under the Tax Act to be paid or credited to a New NWC Shareholder that is a Non-Resident will generally be subject to Canadian withholding tax of 25% unless such rate is reduced by an applicable tax treaty or convention. For a New NWC Shareholder that is a resident of the United States for the purposes of the Canada-U.S. Tax Treaty, this rate is generally reduced to 15%.

Taxable Capital Gains and Losses on New NWC Shares

A New NWC Shareholder that is a Non-Resident will not be subject to tax under the Tax Act in respect of any capital gain arising on a disposition or deemed disposition of New NWC Shares unless such shares constitute taxable Canadian property of the Non-Resident and the Non-Resident is not otherwise entitled to an exemption under a tax convention. See “— Non-Residents of Canada — Unitholders” above.

NOTICE TO UNITED STATES TAX PAYERS

The Fund is not providing any foreign, United States federal, state or local tax disclosure with respect to the transactions described herein or the U.S. Securities acquired pursuant thereto. A recipient of U.S. Securities who is a United States resident or United States citizen should be aware that there may be United States (or other) tax consequences as a result of the transactions described herein. Each United States resident or United States citizen is urged to consult his, her or its own tax advisor concerning the tax consequences of the transactions described herein.

INFORMATION CONCERNING THE FUND

The Fund is an unincorporated, open-ended mutual fund trust governed by the laws of the Province of Manitoba pursuant to the Fund Declaration of Trust. The Fund is administered by the Trustees of the Fund and by NWC GP, the administrator of the Fund, pursuant to the Administration Agreement. For details regarding the Administration Agreement, see “PART VII — Other Business of the Meeting — Management Contracts” in this Information Circular.

The head and registered office of the Fund is located at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R3C 2R1, and its head office telephone number is 204-943-0881.

The Business of the Fund Group

Through its principal Subsidiaries, the Fund is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean. The Fund Group operates 226 stores across Canada, the United States (mainly in the State of Alaska), in certain United States territories, and in certain countries in the Caribbean and in the South Pacific under the principal banners of Northern, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less as at the date hereof.

For further information regarding the Fund, its Subsidiaries and their respective business activities, see the AIF, which is incorporated by reference in this Information Circular. For the organizational structure of the Fund prior to the Arrangement, see “PART VI — Special Business of the Meeting — The Arrangement — Pre Arrangement Structure” in this Information Circular.

Management Contracts

For details regarding the Administration Agreement, see “PART VII — Other Business of the Meeting — Management Contracts” in this Information Circular.

Consolidated Capitalization

Other than as disclosed elsewhere herein and in the documents incorporated by reference herein, there has not been any material change in the unit and loan capital of the Fund, on a consolidated basis, since January 31, 2010.

Units and Special Units

The beneficial interests in the Fund are divided into interests of two classes, described and designated as “Units” and “Special Units”, which are entitled to the rights and subject to the limitations, restrictions and conditions as set out in the Fund Declaration of Trust. An unlimited number of Units and Special Units are issuable pursuant to the Fund Declaration of Trust. As of the date hereof, there are 48,378,000 Units and no Special Units issued and outstanding.

Units

Each Unit represents an equal fractional undivided beneficial interest in any distribution from and in any net assets of the Fund in the event of termination or winding-up of the Fund. All Units are of the same class with equal rights, privileges and ranking. Each Unit is transferable and entitles the holder thereof to participate equally in distributions, including the distributions of net income and net realized capital gains of the Fund and distributions on termination or winding-up and the Trust Units are issued as fully paid and non-assessable. Each Unit entitles the holder thereof to one vote at all meetings of unitholders.

Limitation on Non-Resident Ownership

At no time may non-residents of Canada within the meaning of the Tax Act be the beneficial owners of a majority of the Units and the Trustees have informed the Transfer Agent of this restriction. For further information regarding the limitation on non-resident ownership of the Units, see “Summary of the Declaration of Trust — Limitation on Non-Resident Ownership” in the AIF.

Special Units

The Fund Declaration of Trust provides that Special Units of the Fund will confer upon the holders thereof the same rights as holders of Units and, except as otherwise provided therein, the provisions of the Fund Declaration of Trust applicable to Units will apply to the Special Units *mutatis mutandis*. The Special Units were created for the purpose of facilitating a reorganization of the Fund, which was completed on June 5, 2007. In connection with such internal reorganization of the Fund, Special Units were issued to NWC and subsequently cancelled.

For further information regarding Units and Special Units, see “Summary of the Declaration of Trust” in the AIF.

External Debt of the Fund Group

Senior Notes

On June 15, 2009, NWC issued the Senior Notes for an aggregate amount of U.S.\$70 million. The Senior Notes are placed with two large U.S. based insurance funds. The net proceeds of the Senior Notes offering were used to retire senior debt of NWC that matured on June 15, 2009, to reduce bank debt and for general corporate purposes. The Senior Notes are secured by a floating charge against the assets of the Fund.

Other Senior Indebtedness

The Fund’s Canadian operations have available extendible, committed, revolving loan facilities of \$140 million that mature on December 31, 2011. These facilities are secured by a floating charge against the assets of the Fund and rank *pari passu* with the Senior Notes. As at January 31, 2010, the Fund had drawn \$72.9 million on these facilities.

The Fund’s international operations have available committed non-revolving loan facilities of U.S.\$52 million that mature on December 31, 2010. These facilities are secured by a floating charge against the assets of the Fund and rank *pari passu* with the Senior Notes. As at January 31, 2010, the Company has drawn U.S.\$52 million on these facilities.

International operations have available demand, revolving loan facilities of U.S.\$15 million secured by a floating charge against certain accounts receivable and inventories of the International operations. As at January 31, 2010, the International operations had drawn U.S.\$293,000 on these facilities.

Security for Senior Notes and Other Senior Indebtedness

The Senior Notes and Other Senior Indebtedness are secured by the following: (i) NWC has granted a security interest in all of the present and future property, both real and personal, of NWC (including all units held by NWC in NWC LP) to secure the payment and performance of all debts, obligations and liabilities of any kind whatsoever to the banks and to any of the senior noteholders in connection with the Senior Notes and Other Senior Indebtedness; (ii) NWC has guaranteed all debts, obligations and liabilities of NWC LP to the banks and the holders of the Senior Notes; (iii) the Fund has guaranteed payment of all debts, obligations and liabilities of NWC or any of its subsidiaries evidenced by or in connection with the Other Senior Indebtedness; (iv) the Fund has guaranteed to the holders of the Senior Notes the payment of all amounts owing under the Senior Notes by NWC; (v) the Fund has granted as security for the payment and performance of all debts, obligations and liabilities of the Fund to the banks and the holders of the Senior Notes, all shares (including, without limitation, all shares in the capital of NWC and NWC Holdco) and all limited partnership units in NWC LP held by the Fund; (vi) NWC LP has granted a security interest in all of the present and after-acquired personal property and undertaking of NWC LP to secure the payment and performance of all debts, obligations and liabilities of any kind whatsoever of NWC LP and NWC to the banks and to any of the senior noteholders in connection with the Senior Notes and Other Senior Indebtedness; (vii) NWC LP has guaranteed all debts, obligations and liabilities of NWC, NW Holdco, and NWC U.S. Holdco to the banks and the holders of the Senior Notes; (viii) NWC GP has granted a security interest in all of the present and after-acquired personal property and undertaking of NWC GP to secure the payment and performance of all debts, obligations and liabilities of any kind whatsoever of NWC GP and NWC to the banks and to any of the senior noteholders in connection with the Senior Notes and Other Senior Indebtedness; (ix) NWC GP has guaranteed all debts, obligations and liabilities of NWC LP and NWC to the banks and the holders of the Senior Notes; (x) NWC Trust has granted a security interest in all of the present and after-acquired personal property and undertaking of NWC Trust (including all units held by NWC Trust in NWC LP) to secure the payment and performance of all debts, obligations and liabilities of any kind whatsoever of NWC Trust and NWC to the banks and to any of the senior noteholders in connection with the Senior Notes and Other Senior Indebtedness; (xi) NWC Trust has guaranteed all debts, obligations and liabilities of NWC to the banks and the holders of the Senior Notes; (xii) NWC Trust has guaranteed all debts, obligations and liabilities of NWC LP to the banks and the holders of the Senior Notes; (xiii) NWC Holdco has granted a security interest in all of the present and after-acquired personal property and undertaking of NWC Holdco (including all shares held by NWC Holdco in NWC U.S. Holdco and NWC Services Inc.) to secure the payment and performance of all debts, obligations and liabilities of any kind whatsoever of NWC Holdco and NWC to the banks and to any of the senior noteholders in connection with the Senior Notes and Other Senior Indebtedness; (xiv) NWC Holdco has guaranteed all debts, obligations and liabilities of NWC to the banks and the holders of the Senior Notes; (xv) NWC International has granted a security interest in all of the present and future property, both real and personal, of NWC International to secure the payment and performance of all debts, obligations and liabilities of any kind whatsoever to the banks and to any of the senior noteholders in connection with the Senior Notes and Other Senior Indebtedness; (xvi) NWC International has guaranteed all debts, obligations and liabilities of NWC to the banks and the holders of the Senior Notes; and (xvii) a subordination agreement between the Fund, NWC and the banks and the holders of the Senior Notes that, among other things, subordinates the Note Receivable to the Senior Notes and Other Senior Indebtedness.

The Senior Notes and Other Senior Indebtedness are subject to the satisfaction of certain conditions, which are usual and customary for loans of this nature. The holders of the Senior Notes and Other Senior Indebtedness have appointed Bank of Montreal as security agent to hold all security jointly.

Cash Distributions

The following table sets forth the quarterly cash distributions per Unit declared by the Fund on the Units for the periods indicated:

Cash Distributions per Unit				
(\$)				
Date of Declaration	2010	2009	2008	2007
First Quarter	0.34	0.32	0.32	0.22
Second Quarter	-	0.32	0.32	0.27
Third Quarter	-	0.34	0.32	0.27
Fourth Quarter	-	0.34	0.32	0.27
Special	-	0.06	0.07	0.12
Total	0.34	1.38	1.35	1.15

For the Fund’s distribution policy, see “Corporate Structure — Distributions” in the AIF.

The Fund anticipates that the Board of Trustees will declare and make payable a regular quarterly distribution to Unitholders of record on December 31, 2010 to be paid by January 17, 2011 and, if the taxable income of the Fund exceeds the cumulative distributions paid in fiscal 2010, a special year-end distribution to Unitholders of record on December 31, 2010 to be paid in 2011 following the calculation of the Fund’s fiscal 2010 taxable income. Assuming the Arrangement is approved at the Meeting and implemented on January 1, 2011, the Fund’s obligation to pay such quarterly and special year-end distributions in 2011 will be assumed by New NWC.

Provided the Arrangement is approved at the Meeting, the distributions expected to be declared and made payable by the Fund to Unitholders of record on December 31, 2010 will be the last distributions paid to Unitholders on their Units. If the Arrangement is not approved at the Meeting, the Board of Trustees will assess matters at that time to determine the appropriate course of action to be taken by the Fund regarding any future distributions on the Units. Following completion of the Arrangement, it is anticipated that the New NWC Board would adopt a quarterly dividend policy beginning in March 2011.

See “PART VI — Special Business of the Meeting — The Arrangement — Effect of the Arrangement — Effect on Distributions” and Appendix “K” — “Information Concerning New NWC — Dividend Policy Following the Arrangement”.

The historical distribution payments made by the Fund may not be reflective of future dividend payments of New NWC and future dividends are not assured or guaranteed. The amount of future cash dividends on the New NWC Shares will be subject to the discretion of the New NWC Board and may vary depending on a variety of factors including, among other things, profitability, fluctuations in working capital and capital expenditures. See “PART VI — Special Business of the Meeting — Risk Factors”.

Market for Securities

Trading Price and Volume

The outstanding Units are listed and posted for trading on the TSX under the symbol “NWF.UN”. The following table sets forth certain information regarding the trading history of the Units for the 12-month period before the date of this Information Circular:

Trading History			
<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Monthly Volume (# of Units)</u>
April 2010 ⁽¹⁾	\$19.50	\$18.25	1,562,591
March 2010	\$18.48	\$17.85	2,136,149
February 2010	\$18.66	\$17.60	1,160,495
January 2010	\$19.10	\$17.51	1,791,225
December 2009	\$19.60	\$17.60	1,413,721
November 2009	\$18.60	\$16.86	1,513,217
October 2009	\$17.52	\$16.25	2,185,786
September 2009	\$18.70	\$15.75	1,963,343
August 2009	\$16.26	\$15.11	1,855,472
July 2009	\$16.60	\$14.98	1,411,847
June 2009	\$16.25	\$14.88	2,218,731
May 2009	\$16.75	\$15.33	1,658,768
April 2009	\$17.25	\$14.98	1,290,186

Note:

(1) For the period from April 1, 2010 to April 29, 2010.

On April 7, 2010, the last trading day on which the Units traded prior to announcement of the Arrangement, the closing price of the Units on the TSX was \$18.84. On April 29, 2010, the closing price of the Units on the TSX was \$18.83.

Prior Sales

During the 12 months preceding the date of this Information Circular, the Fund issued 274,600 Fund Options pursuant to the Fund Option Plan and 40,448 Fund Deferred Units pursuant to the Fund Deferred Unit Plan.

For additional information respecting previously issued Units and securities convertible into Units, see the Annual Financial Statements and the Annual MD&A, which are incorporated by reference in this Information Circular.

Significant Acquisitions

There is no acquisition that the Fund has completed within 75 days prior to the date of this Information Circular that is a significant acquisition for the purposes of Part 8 of NI 51-102 and for which the Fund has not yet filed a business acquisition report under NI 51-102. In addition, there are no proposed acquisitions that have progressed to a state where a reasonable person would believe that the likelihood of

the acquisition being completed is high and that would be a significant acquisition for the purposes of Part 8 of NI 51-102 if completed as of the date of this Information Circular.

Legal Proceedings and Regulatory Actions

The Fund and its Subsidiaries in the normal course of business are involved in various legal actions and proceedings which arise from time to time in the ordinary course of their business. Other than the proceedings relating to the approval of the Arrangement, there are no legal proceedings or regulatory actions to which the Fund or any member of the Fund Group is a party or in respect of which any of their respective assets are the subject matter, which are material to the Fund or New NWC and the Fund is not aware of any such proceedings of a material nature that are contemplated.

To the knowledge of the Fund, there were no: (i) penalties or sanctions imposed against the Fund or its Subsidiaries by a court relating to securities legislation or by a securities regulatory authority during the Fund's last financial year; (ii) penalties or sanctions imposed by a court or regulatory body against the Fund or its Subsidiaries that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Fund or its Subsidiaries entered into with a court relating to securities legislation or with a securities regulatory authority during the Fund's last financial year.

Risk Factors

An investment in the Units is subject to certain risks. Unitholders and any prospective investors should carefully consider the risk factors described under the heading "Risk Factors" in the AIF and under "Risk Management" in the Annual MD&A, which documents are incorporated by reference in this Information Circular, as well as the risk factors set forth elsewhere in this Information Circular and otherwise incorporated by reference herein.

Auditors, Transfer Agent and Registrar

The auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Accountants, Suite 2300, Richardson Building, One Lombard Place, Winnipeg, Manitoba R3B 0X6.

The transfer agent and the registrar for the Units is CIBC Mellon at its principal office located at 600, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1.

Additional Information

Additional information relating to the Fund, including the AIF and documents incorporated by reference in this Information Circular, can be found under the Fund's profile on the SEDAR website at www.sedar.com and on the Fund's website at www.northwest.ca. Financial information in respect of the Fund and its affairs is provided in the Annual Financial Statements and the Annual MD&A, which are incorporated by reference in this Information Circular and are available under the Fund's profile on the SEDAR website at www.sedar.com, on the Fund's website at www.northwest.ca, or upon request to the Corporate Secretary of NWC GP, the administrator of the Fund, at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R3C 2R1, or by telephone at 204-934-1756.

INFORMATION CONCERNING NEW NWC

NOTICE TO READER

Unless otherwise noted, the disclosure under the heading "Information Concerning New NWC" has been prepared assuming that the Arrangement has been completed as disclosed in this Information

Circular. New NWC will be the publicly listed corporation resulting from the reorganization of the Fund's income trust structure into a corporation pursuant to the Arrangement.

New NWC will be formed under the CBCA pursuant to the Arrangement upon completion of the Amalgamation. Following completion of the Arrangement, Unitholders will become shareholders of New NWC, which will own the assets and will have assumed the liabilities of the Fund, and which will carry on the business currently carried on by the Fund and its Subsidiaries. For a detailed description of the Fund's business and its historical development, see "General Development of the Business" and "Description of the Business" in the AIF.

As a result of the Arrangement, New NWC will become a reporting issuer in all of the provinces of Canada on the Effective Date and, accordingly, will become subject to the informational reporting requirements under the securities laws of each jurisdiction in which it so becomes a reporting issuer.

The TSX has conditionally approved the substitutional listing of the New NWC Shares on the TSX under the trading symbol "NWF", which approval is subject to New NWC fulfilling the requirements of the TSX.

Once the Arrangement has been completed, the head and registered office of New NWC will be located at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R3C 2R1.

For a more detailed description of New NWC, see Appendix "K" — "Information Concerning New NWC" to this Information Circular. Additionally, see Appendix "L" — "Unaudited *Pro Forma* Consolidated Financial Statements of New NWC" for the unaudited *pro forma* consolidated financial statements of New NWC.

RISK FACTORS

The following are certain risk factors relating to the Fund and New NWC that Unitholders should carefully consider before deciding whether to approve the Arrangement Resolution. The following information is a summary only of such risk factors and is qualified in its entirety by reference to, and must be read in conjunction with the detailed information appearing elsewhere in this Information Circular. In addition, upon completion of the Arrangement, Unitholders will become shareholders of New NWC which will carry on the businesses of the Fund after the closing of the Arrangement and, accordingly, New NWC will be subject to those same risks relating to the Fund's business prior to completion of the Arrangement set forth under "Risk Factors" in the AIF and under "Risk Management" in the Annual MD&A, which are incorporated by reference herein. Accordingly, readers should carefully consider the risks relating to the Fund contained in this Information Circular and the documents incorporated by reference herein and the risk factors set forth below.

Risk Factors Relating to New NWC and the Arrangement

Conditions Precedent and Regulatory Approvals

The completion of the Arrangement in the form contemplated by the Arrangement Agreement is subject to a number of conditions precedent, some of which are outside the control of the Fund, including, without limitation, receipt of Unitholder approval at the Meeting, certain third party and regulatory consents, exemptions and approvals, approval of the TSX for the listing of the New NWC Shares to be issued pursuant to the Arrangement and the granting of the Final Order by the Court. There can be no certainty, nor can the Fund provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. Failure to obtain the Final Order on terms acceptable to the Board of Trustees would likely result in the decision being made not to proceed with the Arrangement. If any third party or

regulatory consents, exemptions or approvals cannot be obtained on terms satisfactory to the Board of Trustees or at all, the Plan of Arrangement may have to be amended in order to mitigate against the negative consequence of the failure to obtain any such consent, exemption or approval, and accordingly, the benefits available to Unitholders resulting from the Arrangement may be reduced. Alternatively, in the event that the Plan of Arrangement cannot be amended so as to mitigate against the negative consequences of the failure to obtain a regulatory consent, exemption or approval, the Arrangement may not proceed at all. If the Arrangement is not completed, the market price of the Units may be adversely affected.

Anticipated Benefits of the Arrangement

Achieving the anticipated benefits of the Arrangement will depend in part on New NWC's ability to realize the anticipated opportunities from reorganizing the Fund into a corporate structure. Management expects that the corporate structure will allow New NWC to adopt similar policies with respect to capital expenditures as were in place with the trust structure. In addition, the Arrangement is expected to simplify the operations of the continuing entity, New NWC. The realization of the anticipated benefits of the Arrangement will require the dedication of substantial management effort, time and resources. There can be no assurance that management will be successful in the continuing to focus of the entity as a dividend-paying entity.

Payment of Dividends

As a corporation, New NWC's dividend policy will be at the discretion of the New NWC Board. Future dividends are expected to approximate the existing distribution policy of the Fund. As such, the payment of dividends in the future will continue to depend on the operations and assets of New NWC and will be subject to various factors, including, without limitation, New NWC's financial performance, the seasonal variations in earnings inherent in the retail industry, fluctuations in its working capital, its cash requirements, its financial condition, the taxes it must pay, its business opportunities, the sustainability of its margins, its capital expenditure requirements, contractual restrictions, obligations under its credit facilities and the Senior Notes, provisions of applicable law (including, without limitation, the provisions of the CBCA) and other factors that the New NWC Board may deem relevant. Accordingly, the payment of dividends by New NWC and the level thereof will be uncertain.

General Risk Factors

For a description of certain risk factors in respect of the business of the Fund Group and the industry in which it operates which will continue to apply to New NWC after the Effective Date, see "Risk Factors" in the AIF and "Risk Management" in the Annual MD&A.

APPROVAL OF THE NEW NWC OPTION PLAN RESOLUTION

At the Meeting, Unitholders will be asked to consider and, if thought advisable, to pass, with or without alteration or modification, a special resolution, the full text of which is set forth in Appendix "E" to this Information Circular, approving, subject to completion of the Arrangement, the adoption by New NWC of the New NWC Option Plan.

If the New NWC Option Plan Resolution is not passed at the Meeting and the Arrangement is approved and completed, all Fund Options outstanding as at the Effective Time will be, and will be deemed to be, amended, without any further action on the part of the holders of such Fund Options, such that from and after the Effective Time all outstanding Fund Options will grant the holder the right to acquire a number of New NWC Shares equal to the number of Units that could previously be acquired pursuant to the Fund Options, New NWC will assume the obligations of the

Fund under the Fund Option Plan and the Fund Options in the place of the Fund, including the obligation to issue New NWC Shares thereunder, the Fund Option Plan will be amended to the extent necessary to facilitate and give effect to the foregoing, and no further Fund Options would be granted under the Fund Option Plan following the date of the Meeting. The following disclosure assumes the Arrangement is completed and the New NWC Option Plan is adopted and implemented by New NWC.

Summary

The following is a summary of the material provisions of the New NWC Option Plan. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the New NWC Option Plan, the full text of which is set out in Appendix “F” to this Information Circular. **The terms of the New NWC Option Plan are substantially the same, with respect to New NWC and the New NWC Shares, as the terms of the Fund Option Plan.**

Purpose

The New NWC Option Plan will be a component of New NWC’s current long-term incentive plan. As with the Fund Option Plan, the purpose of the New NWC Option Plan is to promote long-term shareholder value creation by:

- fostering greater alignment of interests between participating executives of New NWC and other Participating Companies (which is defined in the New NWC Option Plan to mean New NWC and such other affiliates of New NWC as the New NWC Board may designate from time to time) and New NWC Shareholders, by providing a long-term incentive vehicle that allows them to accumulate a meaningful financial interest in New NWC, commensurate with the responsibility, time horizon of the role, commitment and risk associated with their role;
- supporting a compensation plan that is competitive and rewards long-term success of New NWC as measured in total shareholder returns for New NWC; and
- assisting New NWC and other Participating Companies in attracting, retaining, and motivating qualified individuals with the experience and ability to deliver strong results and support their business strategy.

The New NWC Option Plan will be administered by the New NWC Board or any committee of the New NWC Board responsible for the administration of the New NWC Option Plan as designated by the New NWC Board (the “**New NWC Option Plan Administrators**”).

The particulars of the New NWC Option Plan are as follows:

Eligible Participants

Eligible participants (“**New NWC Option Plan Participants**”) are employees of a Participating Company approved for participation in the New NWC Option Plan by the New NWC Option Plan Administrators.

Number of New NWC Shares Reserved for Issuance

New NWC Options may be granted in respect of authorized and unissued New NWC Shares, provided that the aggregate number of underlying New NWC Shares reserved for issuance upon the exercise of all New NWC Options granted under the New NWC Option Plan and all other equity compensation plans of

New NWC, will not exceed 5% of the then issued and outstanding New NWC Shares. Accordingly, immediately following completion of the Arrangement, the New NWC Option Plan Administrators may issue up to 2,040,869 New NWC Options, which will represent 4.2% of the then issued and outstanding New NWC Shares (assuming no additional Fund Options or Fund Deferred Units are granted or awarded, as applicable, prior to the Effective Time, no Dissent Rights are exercised and no Units are issued pursuant to any outstanding Fund Options or Fund Deferred Units prior to the Effective Time), which takes into account 103,431 New NWC Shares reserved for issuance pursuant to other equity compensation plans of New NWC. As at April 15, 2010, there were 274,600 Fund Options outstanding under the Fund Option Plan representing 0.57% of the issued and outstanding Units, which will be exchanged for New NWC Options under the terms of the Arrangement. If the New NWC Option Plan Resolution is approved at the Meeting, all of the entitlements under these Fund Options will be governed by the New NWC Option Plan, but will continue to be held subject to the terms and conditions of their grant, with no change to the applicable exercise price, and vesting and expiry schedules.

Limitations on Underlying New NWC Shares

The total number of underlying New NWC Shares issuable to any New NWC Option Plan Participant will not exceed 5% of the issued and outstanding New NWC Shares at the date of the grant of the New NWC Option. Except with the approval of the shareholders of New NWC given by the affirmative vote of a majority of the votes cast at a meeting of shareholders, excluding the votes attaching to New NWC Shares beneficially owned by insiders of New NWC (and such insider's associates and affiliates) to whom New NWC Shares may be issued pursuant to any equity compensation arrangement, no New NWC Options will be granted to any New NWC Option Plan Participant if such grant could result, at any time, in:

- (a) the number of underlying New NWC Shares issuable to insiders of New NWC (and such insider's associates and affiliates) pursuant to New NWC Options and any other equity compensation arrangements exceeding 5% of the then issued and outstanding New NWC Shares;
- (b) the issuance to insiders of New NWC (and such insider's associates and affiliates), within a one-year period, of a number of underlying New NWC Shares and any other equity compensation arrangements exceeding 5% of the then issued and outstanding New NWC Shares; or
- (c) the issuance to any one insider of New NWC (and such insider's associates and affiliates), within a one-year period, of a number of underlying New NWC Shares exceeding 5% of the then issued and outstanding New NWC Shares.

Vesting

New NWC Options are time vested awards that vest one third per year at the end of years three, four and five.

Exercise Price

The New NWC Option Plan Administrators will determine the number of New NWC Options issued, the exercise price of each New NWC Option, the expiration date of each New NWC Option, the extent to which each New NWC Option is exercisable from time to time during the term of the New NWC Option and any other terms and conditions relating to each New NWC Option. The exercise price will not be less than the "Fair Market Value" on the date the New NWC Option is granted. "Fair Market Value" at any

date means the volume-weighted average closing price of the New NWC Shares on the TSX for the five trading days immediately preceding such date. If the five-day averaging period described above for determining Fair Market Value is not required under Canadian law or by the TSX, then the Fair Market Value for purposes of New NWC Options subject to the *U.S. Internal Revenue Code of 1986*, as amended, will be determined by utilizing the five-day averaging period previously described, but only in situations in which the size of the New NWC Option and the optionee are designated in advance of the five-day averaging period, or by utilizing the last sale before or the first sale after the grant, the closing price on the trading day before the date the option is granted or on the date the option is granted, the arithmetic mean of the high and low prices on the trading day before the date the option is granted or on the date the option is granted, or any other reasonable method using actual transactions in the New NWC Shares as reported on an established market. In the event that such New NWC Shares are not listed and posted for trading on any stock exchange, the Fair Market Value will be the fair market value of the New NWC Shares as determined by the New NWC Option Plan Administrators in their sole discretion.

Cashless Exercise

A New NWC Option Plan Participant may elect to receive the value of the New NWC Options being exercised in the form of New NWC Shares. Such value will be calculated as the excess of Fair Market Value on the date of exercise of the underlying New NWC Shares subject to such New NWC Option exercise, over the Exercise Price (as defined in the New NWC Option Plan), less any applicable withholding tax that may be required in accordance with the New NWC Option Plan.

Maximum Term

Subject to an automatic extension as described under the heading “— Blackouts” below, in no event may the term of a New NWC Option exceed 120 months from the date of the grant of such New NWC Option.

Blackouts

If the term of a New NWC Option terminates during a blackout period of New NWC under New NWC’s insider trading policy, or within nine business days following the expiration of a blackout period, the term for such option will be automatically extended to the date which is the tenth business day after the end of the blackout period, such tenth business day to be considered the end of the term for the New NWC Option for such New NWC option for all purposes under the NWC Option Plan.

Termination of New NWC Options

Subject to certain exceptions noted below and to any express resolution passed by the New NWC Option Plan Administrators, a New NWC Option will expire and terminate immediately upon the holder of such New NWC Option ceasing to be a New NWC Option Plan Participant, unless such person was terminated without cause or due to the death, disability or qualified retirement of such person.

The New NWC Option Plan Administrators may, in their sole discretion, at the time of the granting of New NWC Options, determine the provisions relating to expiration and vesting of a New NWC Option upon the retirement or termination of employment with New NWC or any Participating Company of an optionee while holding a New NWC Option which has not been fully exercised. The provisions relating to such expiration will be contained in the written option agreement, instrument or certificate between New NWC and such person.

If a holder of a New NWC Option is terminated without cause prior to the expiration of all vested New NWC Options held by such person, such person will be deemed to continue to be a New NWC Option

Plan Participant under the New NWC Option Plan for a period ending at the earlier of 90 days or until all vested New NWC Options held by such person have expired in accordance with the New NWC Option Plan. All unvested New NWC Options will immediately expire upon such termination without cause.

If the holder of a New NWC Option retires from employment with New NWC or any Participating Company prior to the expiration of New NWC Options held by such person, and such retirement is approved by the New NWC Option Plan Administrators as a qualified retirement, such person will be deemed to continue to be a New NWC Option Plan Participant under the New NWC Option Plan until the New NWC Options have expired in accordance with the New NWC Option Plan. The vesting date of all unvested New NWC Options which vest on a date that is after the third anniversary of the date of the qualified retirement shall be accelerated to the date that is the third anniversary of the qualified retirement. The exercise date of all New NWC Options (whether vested or unvested) will be accelerated or amended, as applicable, to the date that is 90 days following the third anniversary of the date of the qualified retirement.

If the holder of a New NWC Option dies holding a vested New NWC Option which has not been fully exercised, the person's personal representatives, heirs or legatees may, at any time during the period commencing on the date of the grant of probate of the will or letters of administration of the estate of the deceased and ending on the earlier of: (a) the expiry time of such vested New NWC Option; and (b) the date that is one year from the date of the grant of probate or letters of administration, exercise the New NWC Option with respect to the unexercised vested New NWC Option (or portion thereof).

Non-Assignability of New NWC Options

New NWC Options are not assignable.

Amendments

Subject to the other provisions of the New NWC Option Plan, the New NWC Board may amend or discontinue the New NWC Option Plan at any time, provided, however, that no such amendment or discontinuance may materially and adversely affect any New NWC Option previously granted to a New NWC Option Plan Participant without the consent of the New NWC Option Plan Participant, except to the extent required by law. Notwithstanding the foregoing, the New NWC Option Plan may not be amended to effect any of the following without shareholder approval:

- (a) an increase to the New NWC Option Plan maximum or number of New NWC Shares reserved for issuance under the New NWC Option Plan;
- (b) an amendment to the amendment provisions granting additional powers to the New NWC Option Plan Administrators to amend the New NWC Option Plan or entitlements without shareholder approval;
- (c) a reduction in the exercise price of New NWC Options or other entitlements;
- (d) an extension to the term of New NWC Options; or
- (e) a change to the insider participation limits to a level that would require New NWC to obtain disinterested shareholder approval under the rules or policies of the TSX or applicable securities regulatory authorities.
- (f) a change to the definition of "Participant"; or

- (g) a change to permit New NWC Options to be transferable or assignable to any person other than to the personal representatives, heirs or legatees of the optionee in accordance with the New NWC Option Plan.

For greater certainty, shareholder approval will not be required for the following amendments and the New NWC Board may make the following changes without shareholder approval, subject to any regulatory approvals including, where required, the approval of the TSX:

- (a) amendments of a “housekeeping” nature;
- (b) a change to the vesting provisions of any New NWC Option; and
- (c) a change to the expiration provisions of any New NWC Option that does not entail an extension beyond the original expiration date, as extended in accordance with the New NWC Option Plan.

Notwithstanding the foregoing or anything contained in the New NWC Option Plan to the contrary, with respect to New NWC Options subject to the *U.S. Internal Revenue Code of 1986*, as amended, no amendment or other action will: (a) reduce the exercise price to an amount less than the Fair Market Value of the underlying New NWC Shares on the date of grant; (b) provide financial assistance to the holder of a New NWC Option that directly or indirectly reduces the exercise price to an amount less than the Fair Market Value of the underlying New NWC Shares on the date of grant, regardless of whether the holder of a New NWC Option in fact benefits from the financial assistance; or (c) extend the term of an option beyond the original expiration date (as such date may be extended by virtue of the provision in the New NWC Option Plan providing for an automatic extension of an option term in connection with a Blackout Period), unless (with respect to all three prohibitions) the option is treated as a New NWC Option for purposes of the *U.S. Internal Revenue Code of 1986*, as amended, and the exercise price (as modified, if applicable) equals or exceeds the Fair Market Value as of the date of the change, or, with respect to an extension of the option term, the exercise of the New NWC Option would violate an applicable law or would jeopardize the ability of New NWC or a Participating Company to continue as a going concern and the New NWC Option term is extended to no more than 30 days after the exercise would no longer violate applicable law or jeopardize the ability of New NWC or a Participating Company to continue as a going concern.

Recommendation of the Board of Trustees

The Board of Trustees has reviewed the terms of the New NWC Option Plan and determined that the New NWC Option Plan is in the best interests of the Fund and New NWC and unanimously recommends that Unitholders vote in favour of the New NWC Option Plan Resolution.

Approvals

Unitholder Approval

The full text of the New NWC Option Plan Resolution to be passed by Unitholders to approve the New NWC Option Plan is set out in Appendix “E” to this Information Circular. If the Arrangement Resolution is approved, Unitholders will be asked to consider and, if thought advisable, to approve the New NWC Option Plan Resolution. In order for the New NWC Option Plan Resolution to be passed, it must be approved by more than 66% of the votes cast by Unitholders, either present in person or represented by proxy, at the Meeting.

The Trustees and directors and senior officers of the Fund’s Subsidiaries, who beneficially owned, directly or indirectly, or exercised control or direction over, approximately 4.2% of the outstanding Units

as at April 15, 2010, have indicated that they intend to vote in favour of the New NWC Option Plan Resolution.

If you return a form of proxy but do not specify how you want your Units voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting “FOR” the approval of the New NWC Option Plan Resolution.

TSX Approval

The New NWC Option Plan is subject to the approval of the TSX. The TSX has conditionally approved the New NWC Option Plan and the listing of the New NWC Shares reserved for issuance under the New NWC Option Plan, subject to the receipt of Unitholder approval.

APPROVAL OF THE NEW NWC DSU PLAN RESOLUTION

At the Meeting, Unitholders will be asked to consider and, if thought advisable, to pass, with or without alteration or modification, a special resolution, the full text of which is set forth in Appendix “G” to this Information Circular, approving, subject to the completion of the Arrangement, the adoption by New NWC of the New NWC DSU Plan.

If the New NWC DSU Plan Resolution is not passed at the Meeting and the Arrangement is approved and completed, all Fund Deferred Units outstanding as at the Effective Time will be, and will be deemed to be, amended, without any further action on the part of the holders of such Fund Deferred Units, such that from and after the Effective Time all outstanding Fund Deferred Units will grant the holder the right to acquire a number of New NWC Shares equal to the number of Units that could previously be acquired pursuant to the Fund Deferred Units, New NWC will assume the obligations of the Fund under the Fund Deferred Unit Plan and the Fund Deferred Units in the place of the Fund, including the obligation to issue New NWC Shares thereunder, the Fund Deferred Unit Plan will be amended to the extent necessary to facilitate and give effect to the foregoing, and no further Fund Deferred Units would be granted under the Fund Deferred Unit Plan following the date of the Meeting. The following disclosure assumes the Arrangement is completed and the New NWC Option Plan is adopted and implemented by New NWC.

Summary

The following is a summary of the material provisions of the New NWC DSU Plan. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the New NWC DSU Plan, the full text of which is set out in Appendix “H” to this Information Circular. **The terms of the New NWC DSU Plan are substantially the same, with respect to New NWC and the New NWC Shares, as the terms of the Fund Deferred Unit Plan.**

Purpose

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

Administration

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

Award Grants and Elections

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

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

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

Discretionary Grants in Special Circumstances

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

Vesting

New NWC DSUs vest immediately upon being awarded.

Exercise of New NWC DSUs

Each New NWC DSU Participant who is awarded New NWC DSUs is entitled to be issued the number of New NWC Shares designated in such an award and such award will be exercisable by such New NWC DSU Participant at any time and from time to time at such New NWC DSU Participant's option up to but not later than December 31 of the first calendar year commencing after the date of such New NWC DSU Participant's exercise notice.

At any time when the New NWC Shares are listed and posted for trading on the TSX, a New NWC DSU Participant may elect at the time of exercise of any award under the New NWC DSU Plan, subject to the consent of New NWC, that New NWC pay an amount in cash equal to the aggregate current market value of the New NWC Shares (as adjusted in accordance with provisions of the New NWC Plan and based on the closing price of the New NWC Shares on the TSX on the trading day immediately preceding the Share Issue Date (as defined in the New NWC DSU Plan)) in consideration for the surrender by the New NWC DSU Participant to New NWC of the right to receive New NWC Shares under such award. New NWC and the New NWC DSU Plan Participant may also agree that all or a portion of such amount may be satisfied in whole or in part in New NWC Shares in which case the number of New NWC Shares that are issuable to the New NWC DSU Plan Participant on the Share Issue Date will be acquired by New NWC on the TSX or from New NWC, as an issuance of New NWC Shares from treasury, or a combination thereof; provided, however, that the aggregate number of New NWC Shares that may be so acquired on the TSX within any 12-month period shall not exceed 5% of the outstanding New NWC Shares as at the beginning of such period.

Limitations on Underlying New NWC Shares

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

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

Number of New NWC Shares Reserved for Issuance

Subject to certain adjustments under the New NWC DSU Plan, the number of New NWC Shares reserved for issuance from time to time pursuant to awards granted under the New NWC DSU Plan and outstanding at any time may not exceed a number of New NWC Shares equal to 2% of the aggregate number of: (i) issued and outstanding New NWC Shares; plus (ii) the number of New NWC Shares issuable upon the exchange of outstanding shares or other securities in the capital of New NWC or any

other Affiliate of New NWC that are exchangeable into New NWC Shares, if any. If any award granted under the New NWC DSU Plan should expire, terminate or be cancelled for any reason without the New NWC Shares issuable thereunder having been issued in full or if any New NWC Shares are issued pursuant to any award granted under the New NWC DSU Plan, any such New NWC Shares will be available for the purposes of the granting of further awards under the New NWC DSU Plan.

Immediately following completion of the Arrangement, New NWC DSUs representing up to 864,129 New NWC Shares may be awarded under the New NWC DSU Plan, which takes into account the 103,431 Fund Deferred Units outstanding as at April 15, 2010 and will represent 1.8% of the then issued and outstanding New NWC Shares (assuming the number of outstanding Fund Deferred Units remains 103,431 Fund Deferred Units as at the Effective Time, no Dissent Rights are exercised and no Units are issued pursuant to any outstanding Fund Options or Fund Deferred Units prior to the Effective Time).

As at April 15, 2010, there were 103,431 Fund Deferred Units outstanding under the Fund Deferred Unit Plan representing 0.21% of the issued and outstanding Units, which will be exchanged for New NWC DSUs under the terms of the Arrangement. If the New NWC DSU Plan Resolution is approved at the Meeting, all of the entitlements under these Fund Deferred Units will be governed by the New NWC Deferred Unit Plan, but will continue to be held subject to the terms and conditions of their grant, with no change to the applicable vesting and expiry schedules.

Pursuant to the rules of the TSX, unallocated New NWC DSUs, rights or entitlements which may be granted under the New NWC DSU Plan require the approval of the shareholders of New NWC every three years.

Termination

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

Assignability

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

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

Amendments

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

- (a) not adversely alter or impair any New NWC DSU previously granted except as permitted by the provisions of the New NWC DSU Plan relating to certain changes, including, without limitation,

any change in the New NWC Shares through subdivision, consolidation, amalgamation, merger or otherwise;

- (b) be subject to any regulatory approvals including, where required, the approval of the TSX; and
- (c) be subject to shareholder approval, where required, by law or the requirements of the TSX, provided that shareholder approval will not be required for the following amendments and the New NWC DSU Plan Administrator may make any changes which may include but are not limited to:
 - (i) amendments of a “housekeeping nature”;
 - (ii) a change to the vesting provisions of any New NWC DSU; and
 - (iii) a change to the expiration provisions of any New NWC DSU that does not entail an extension beyond the original expiration date.

The TSX will generally require its listed issuers to obtain security holder approval for the following types of amendments to security-based compensation plans such as the New NWC DSU Plan: (a) any amendment to the number of securities issuable under the plan; (b) any change to the eligible participants which would have the potential of broadening or increasing insider participation; (c) the addition of any form of financial assistance; and (d) any amendment to the amendment provision of the plan.

Recommendation of the Board of Trustees

The Board of Trustees has reviewed the terms of the New NWC DSU Plan and determined that the New NWC DSU Plan is in the best interests of the Fund and New NWC and unanimously recommends that Unitholders vote in favour of the New NWC DSU Plan Resolution.

Approvals

Unitholder Approval

The full text of the resolution to be passed by Unitholders to approve the New NWC DSU Plan is set out in Appendix “G” to this Information Circular (the “**New NWC DSU Plan Resolution**”). If the Arrangement Resolution is approved, Unitholders will be asked to consider and, if thought advisable, to approve the New NWC DSU Plan Resolution. In order for the New NWC DSU Plan Resolution to be passed, it must be approved by more than 66% of the votes cast by Unitholders, either present in person or represented by proxy, at the Meeting.

The Trustees and directors and senior officers of the Fund’s Subsidiaries, who beneficially owned, directly or indirectly, or exercised control or direction over, approximately 4.2% of the outstanding Units as at April 15, 2010, have indicated that they intend to vote in favour of the New NWC DSU Plan Resolution.

If you return a form of proxy but do not specify how you want your Units voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting “FOR” the approval of the New NWC DSU Plan Resolution.

TSX Approval

The New NWC DSU Plan is subject to the approval of the TSX. The TSX has conditionally approved the New NWC DSU Plan and the listing of the New NWC Shares reserved for issuance under the New NWC DSU Plan, subject to the receipt of Unitholder approval.

APPROVAL OF THE NEW NWC RIGHTS PLAN RESOLUTION

At the Meeting, Unitholders will be asked to consider and, if thought advisable, to pass, with or without alteration or modification, a special resolution, the full text of which is set forth in Appendix “I” to this Information Circular, approving, subject to completion of the Arrangement, the adoption by New NWC of the New NWC Rights Plan. If the Arrangement is approved and completed, and if the New NWC Rights Plan Resolution is approved, it is expected that the New NWC Rights Plan, will be implemented on the Effective Date pursuant to the terms of a shareholder rights plan agreement to be entered into between New NWC and CIBC Mellon Trust Company, as rights agent (the “**New NWC Rights Plan Agreement**”).

If the New NWC Rights Plan Resolution is not passed at the Meeting and the Arrangement is approved and completed, the New NWC Rights Plan Agreement will not be executed and New NWC will not have any form of shareholder rights plan. The following disclosure assumes the Arrangement is completed and the New NWC Rights Plan is adopted and implemented by New NWC.

All capitalized terms used in this section of the Information Circular that are not otherwise defined in this Information Circular have the meanings set forth in the New NWC Rights Plan Agreement, unless otherwise indicated.

Objectives

The primary objectives of the New NWC Rights Plan, are to ensure that, in the context of a bid for control of New NWC through an acquisition of New NWC Shares, the New NWC Board has sufficient time to explore and develop alternatives for maximizing shareholder value, to provide adequate time for competing bids to emerge, to ensure that shareholders have an equal opportunity to participate in such a bid and to give them adequate time to properly assess the bid and lessen the pressure to tender typically encountered by a securityholder of an issuer that is subject to a bid. The New NWC Rights Plan will in no way prohibit a change of control of New NWC in a transaction that is fair and in the best interests of all shareholders of New NWC. The rights of shareholders of New NWC to seek a change in the management of New NWC or to influence or promote action of management in a particular manner will not be affected by the New NWC Rights Plan. The approval of the New NWC Rights Plan will not affect the duty of a director on the New NWC Board to act honestly and in good faith with a view to the best interests of New NWC and its shareholders.

In submitting the New NWC Rights Plan to the Unitholders for approval, the Board of Trustees considered the following concerns inherent in the existing legislative framework governing take-over bids in Canada:

- (a) *Unequal Treatment.* While existing securities legislation has substantially addressed many concerns of unequal treatment, there remains the possibility that control of an issuer may be acquired pursuant to a private agreement in which a small group of securityholders dispose of their securities at a premium to market price which premium is not shared with other securityholders. In addition, a person may slowly accumulate securities through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair

value for control or a fair sharing of a control premium among all securityholders. The New NWC Rights Plan addresses these concerns by applying to all acquisitions that would result in a person owning 20% or more of the New NWC Shares (subject to certain limited exceptions), to better ensure that shareholders receive equal treatment.

- (b) *Time.* Current legislation permits a take-over bid to expire in 35 days. The Board of Trustees is of the view that this generally is not sufficient time to permit shareholders to consider a take-over bid and to make a reasoned and considered decision. The New NWC Rights Plan provides a mechanism for “Permitted Bids” whereby the minimum expiry period for a Take-over Bid must be 60 days after the date of the bid and the bid must remain open for a further period of not less than 10 Business Days after the Offeror publicly announces that the New NWC Shares deposited or tendered and not withdrawn constitute not less than 50% of the then outstanding New NWC Shares held by Independent Shareholders. The New NWC Rights Plan is intended to provide shareholders of New NWC with adequate time to properly evaluate the offer and to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value. Those alternatives could include identifying other potential bidders, conducting an orderly auction or developing a restructuring alternative that could enhance shareholder value.
- (c) *Pressure to Tender.* A shareholder may feel pressured to tender to a bid that the shareholder considers to be inadequate out of a concern that failing to tender may result in the shareholder being left with illiquid or minority discounted securities in New NWC. This is particularly so in the case of a partial bid for less than all securities of a class, where the bidder wishes to obtain a control position but does not wish to acquire all of the New NWC Shares. The New NWC Rights Plan provides a mechanism in the Permitted Bid provision that is intended to ensure that a unitholder may remove the uncertainty as to whether a majority of shareholders will support a take-over bid from the decision to tender to the take-over bid by requiring that a take-over bid remain open for acceptance for not less than a further 10 Business Days following public announcement that not less than 50% of the New NWC Shares held by Independent Shareholders have been deposited and not withdrawn as at the initial date of take-up or payment by the Offeror. This mechanism therefore will lessen any undue pressure to tender that may be encountered by a securityholder of an issuer that is the subject of a take-over bid.

Summary

The following is a summary of the key features of the New NWC Rights Plan. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the New NWC Rights Plan Agreement, the full text of which is set out in Appendix “J” to this Information Circular. **The terms of the New NWC Rights Plan are substantially the same, with respect to New NWC and the New NWC Shares, as the terms of the Fund Rights Plan. The full text of the Fund Rights Plan is available under the Fund’s profile on the SEDAR website at www.sedar.com and is available to any Unitholder on request to the Corporate Secretary of NWC GP, the administrator of the Fund, at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R3C 2R1 or facsimile number at 204-934-1317.**

Issuance of Rights

One Right will be issued by New NWC in respect of each New NWC Share outstanding at the effective time for the Arrangement on the Effective Date and will continue to be issued in respect of each New NWC Share issued thereafter and prior to the earlier of the Separation Time and the Expiration Time. Under the New NWC Rights Plan, the Rights are confirmed and New NWC confirms its authorization to continue the issuance of new Rights for each New NWC Share issued. Each Right entitles the registered

holder thereof to purchase from New NWC one New NWC Share. The exercise price under the New NWC Rights Plan is \$50. The Rights are not exercisable until the Separation Time. If a Flip-In Event occurs, each Right will entitle the registered holder to receive, upon payment of the Exercise Price, New NWC Shares having an aggregate market price equal to twice the Exercise Price.

Under the New NWC Rights Plan, New NWC is not required to issue or deliver Rights, or securities issuable upon the exercise of Rights, outside of Canada, where such issuance or delivery would be unlawful without registration of the relevant Persons or securities. If the New NWC Rights Plan would require compliance with securities laws or comparable legislation of a jurisdiction outside of Canada, New NWC may establish procedures for the issuance to a Canadian resident fiduciary of such securities, to hold such Rights or other securities in trust for the Persons beneficially entitled to them, to sell such securities, and to remit the proceeds to such Persons.

Trading of Rights

Until the Separation Time (or the earlier termination or expiration of the Rights), the Rights will be evidenced by the certificates representing the New NWC Shares and will be transferable only together with the associated New NWC Shares. From and after the Separation Time and prior to the Expiration Time, separate certificates evidencing the Rights (“**Rights Certificates**”), together with a disclosure statement prepared by New NWC describing the Rights, will be mailed to holders of record of New NWC Shares (other than an Acquiring Person) as of the Separation Time. Rights Certificates will also be issued in respect of New NWC Shares issued prior to the Expiration Time, to each holder (other than an Acquiring Person) converting, after the Separation Time, securities (“**Convertible Securities**”) convertible into or exchangeable for New NWC Shares. The Rights will trade separately from the New NWC Shares after the Separation Time.

Separation Time

The Separation Time is the close of business on the eighth Business Day after the earlier of (i) the “**Common Share Acquisition Date**”, which is generally the first date of public announcement of facts indicating that a Person has become an Acquiring Person; and (ii) the date of the commencement of, or first public announcement of the intent of any Person (other than New NWC or any Subsidiary of New NWC) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid, so long as such bid continues to satisfy the requirements of a Permitted Bid or Competing Permitted Bid). In either case, the Separation Time can be such later date as may be determined by the New NWC Board acting in good faith. If a Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, it will be deemed never to have been made.

Acquiring Person

In general, an “**Acquiring Person**” is a Person who is the Beneficial Owner of 20% or more of the outstanding New NWC Shares. Excluded from the definition of “**Acquiring Person**” are New NWC and its Subsidiaries, and any Person who becomes the Beneficial Owner of 20% or more of the outstanding New NWC Shares as a result of one or more or any combination of an acquisition or redemption by New NWC of New NWC Shares, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition and a *Pro Rata* Acquisition.

The definitions of “Permitted Bid Acquisition”, “Exempt Acquisition”, “Convertible Security Acquisition” and “*Pro Rata* Acquisition” are set out in the New NWC Rights Plan Agreement. However, in general:

- (i) a “**Permitted Bid Acquisition**” means an acquisition of New NWC Shares made pursuant to a Permitted Bid or a Competing Permitted Bid;
- (ii) an “**Exempt Acquisition**” means a New NWC Share acquisition: (A) in respect of which the New NWC Board has waived the application of the New NWC Rights Plan pursuant to certain provisions of the New NWC Rights Plan; (B) pursuant to a dividend reinvestment plan of New NWC; (C) pursuant to the receipt or exercise of rights issued by New NWC to all holders of New NWC Shares (other than holders resident in a jurisdiction where such dividend is restricted or impracticable as a result of applicable law) to subscribe for or purchase New NWC Shares or Convertible Securities, provided that such rights are acquired directly from New NWC and not from any other person and provided that the Person does not thereby acquire a greater percentage of New NWC Shares or Convertible Securities so offered than the Person’s percentage of New NWC Shares or Convertible Securities beneficially owned immediately prior to such acquisition; (D) pursuant to a distribution by New NWC of New NWC Shares or Convertible Securities by way of prospectus or private placement by New NWC, provided that the Person does not thereby acquire (or is deemed to Beneficially Own) a greater percentage of New NWC Shares so offered than the Person’s percentage of New NWC Shares Beneficially Owned immediately prior to such acquisition; or (E) pursuant to the exercise of awards granted under a deferred share unit plan of New NWC, options granted under a share option plan of New NWC or rights to purchase securities granted under a share purchase plan of New NWC;
- (iii) a “**Pro Rata Acquisition**” means an acquisition of New NWC Shares or Convertible Securities: (i) as a result of a stock dividend, a stock split or other event pursuant to which such Person receives or acquires New NWC Shares or Convertible Securities on the same *pro rata* basis as all other holders of securities of the same class or series of New NWC; (ii) pursuant to a regular dividend reinvestment or other plan of New NWC made available by New NWC to all holders of New NWC Shares (other than holders resident in any jurisdiction where participation in any such plan is restricted or impractical as a result of applicable law), where such plan permits the holder to direct that the dividends paid in respect of such New NWC Shares be applied to the purchase from New NWC of New NWC Shares or Convertible Securities; or (iii) pursuant to the receipt and/or exercise of rights (other than the New NWC Rights) issued by New NWC to all of the holders of a series or class of New NWC Shares (other than holders resident in any jurisdiction where participation in any such plan is restricted or impractical as a result of applicable law) on a *pro rata* basis to subscribe for or purchase New NWC Shares or Convertible Securities, provided, however, that such Person does not thereby acquire a greater percentage of New NWC Shares or Convertible Securities, as applicable, than the percentage of the series or class of New NWC Shares Beneficially Owned by that Person immediately prior to such acquisition; and
- (iv) a “**Convertible Security Acquisition**” means an acquisition of New NWC Shares upon the exercise, conversion or exchange of Convertible Securities received by such Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a *Pro Rata* Acquisition.

Also excluded from the definition of “**Acquiring Person**” is an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of New NWC Shares in connection with a distribution of securities by way of prospectus or private placement.

To the best of the knowledge of the Trustees, as of the date hereof, no person is the Beneficial Owner of 20% or more of the outstanding Units, which will, through a series of steps, be exchanged for New NWC Shares pursuant to the Arrangement.

Beneficial Ownership

In general, a Person is deemed to Beneficially Own New NWC Shares actually held by others in circumstances where those holdings are or should be grouped together for purposes of the New NWC Rights Plan. Included are holdings by the Person’s Affiliates (generally, a person that controls, is controlled by, or is under common control with another person) and Associates (generally, relatives sharing the same residence). Also included are securities which the Person or any of the Person’s Affiliates or Associates has the right to acquire within 60 days (other than (i) customary agreements with and between underwriters and/or banking group and/or selling group members with respect to a public offering or private placement of securities; or (ii) pursuant to a pledge of securities in the ordinary course of the pledgee’s business).

A Person is also deemed to “Beneficially Own” any securities that are Beneficially Owned (as described above) by any other Person with which the Person is acting jointly or in concert (a “**Joint Actor**”). A Person is a Joint Actor with any Person who is a party to any agreement, arrangement or understanding with the first Person or an Associate or Affiliate thereof for the purpose of acquiring or offering to acquire New NWC Shares.

Institutional Shareholder Exemptions from Beneficial Ownership

The definition of “Beneficial Ownership” contains several exclusions whereby a Person is not considered to “Beneficially Own” a security. There are exemptions from the deemed “Beneficial Ownership” provisions for institutional investors acting in the ordinary course of business. These exemptions apply to: (i) an investment manager (“**Investment Manager**”) which holds securities in the ordinary course of business in the performance of its duties for the account of any other Person (a “**Client**”), including the acquisition or holding of securities for non-discretionary accounts held on behalf of a Client by a broker or dealer registered under applicable securities law; (ii) a licensed trust company (“**Trust Company**”) acting as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent persons (each an “**Estate Account**”) or in relation to other accounts (each an “**Other Account**”) and which holds such security in the ordinary course of its duties for such accounts; (iii) the administrator or the trustee (a “**Plan Trustee**”) of one or more pension funds or plans (a “**Plan**”) registered under applicable law; (iv) a Person who is a Plan or is a Person established by statute (the “**Statutory Body**”), and its ordinary business or activity includes the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies; or (v) a Crown agent or agency. The foregoing exemptions only apply so long as the Investment Manager, the Trust Company, the Plan Trustee, the Plan, the Statutory Body or the Crown agent or agency is not then making or has not then announced an intention to make a Take-over Bid alone or acting jointly or in concert with any other Person, other than an Offer to Acquire New NWC Shares or other securities pursuant to a distribution by New NWC or by means of ordinary market transactions.

A Person will not be deemed to “Beneficially Own” a security because (i) the Person is a Client of the same Investment Manager, an Estate Account or an Other Account of the same Trust Company, or Plan with the same Plan Trustee as another Person or Plan on whose account the Investment Manager, Trust

Company or Plan Trustee, as the case may be, holds such security; or (ii) the Person is a Client of an Investment Manager, Estate Account, Other Account or Plan, and the security is owned at law or in equity by the Investment Manager, Trust Company or Plan Trustee, as the case may be.

Exemption for Permitted Lock-up Agreement

A Person will not be deemed to “Beneficially Own” any security where the holder of such security has agreed to deposit or tender such security pursuant to a Permitted Lock-up Agreement in respect of a Take-over Bid made by such Person or such Person’s Affiliates or Associates or a Joint Actor, or such security has been deposited or tendered pursuant to a Take-over Bid made by such Person or such Person’s Affiliates, Associates or Joint Actors until the earliest time at which any such deposited or tendered security is accepted unconditionally for payment or is taken up and paid for.

A Permitted Lock-up Agreement is essentially an agreement between a Person and one or more holders of New NWC Shares and/or Convertible Securities (the terms of which are publicly disclosed and a copy of which is made available to the public (including New NWC) within the time frames set forth in the definition of Permitted Lock-up Agreement) pursuant to which each Locked-up Person agrees to deposit or tender New NWC Shares and/or Convertible Securities to the Lock-up Bid and which further provides that such agreement permits the Locked-up Person to withdraw his, her or its New NWC Shares and/or Convertible Securities in order to deposit or tender the New NWC Shares to another Take-Over Bid or support another transaction prior to such securities being taken up and paid for under the Lock-Up Bid: (i) at a price or value per security that exceeds the price or value under the Lock-up Bid; or (ii) is for a number of New NWC Shares or Convertible Securities at least 7% greater than the number of New NWC Shares or Convertible Securities under the Lock-up Bid at a price or value per security that is not less than the price or value offered in the Lock-up Bid; or (iii) (A) that contains an offering price for each New NWC Share or Convertible Security that exceeds by as much as or more than a specified amount (the “**Specified Amount**”) the offering price for each New NWC Share or Convertible Security contained in or proposed to be contained in the Lock-up Bid; and (B) does not by itself provide for a Specified Amount that is greater than 7% of the offering price contained in or proposed to be contained in the Lock-up Bid. The New NWC Rights Plan therefore requires that a Person making a Take-over Bid structure any lock-up agreement so as to provide reasonable flexibility to the shareholder in order to avoid being deemed the Beneficial Owner of the New NWC Shares subject to the lock-up agreement and potentially triggering the provisions of the New NWC Rights Plan.

A Permitted Lock-up Agreement may contain a right of first refusal or require a period of delay to give the Person who made the Lock-up Bid an opportunity to match a higher price in another Take-Over Bid or transaction or other similar limitation on a Locked-up Person’s right to withdraw New NWC Shares and/or Convertible Securities from the Lock-up Agreement so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw New NWC Shares and/or Convertible Securities during the period of the other Take-Over Bid or transaction. Finally, under a Permitted Lock-up Agreement no “break-up” fees, “top-up” fees, penalties, expenses or other amounts that exceed in aggregate the greater of: (i) 2.5% of the price or value of the consideration payable under the Lock-up Bid to a Locked-up Person; and (ii) 50% of the amount by which the price or value of the consideration received by a Locked-up Person under another Take-over Bid or transaction exceeds the price or value of the consideration such Locked-up Person would have received under the Lock-up Bid; will be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender New NWC Shares and/or Convertible Securities to the Lock-up Bid or withdraws New NWC Shares and/or Convertible Securities previously tendered thereto in order to deposit such New NWC Shares and/or Convertible Securities to another Take-over Bid or support another transaction.

Flip-In Event

A Flip-In Event occurs when any Person becomes an Acquiring Person. In the event that, prior to the Expiration Time, a Flip-In Event which has not been waived by the Board of Directors occurs (see “— Redemption, Waiver and Termination” below), each Right (except for Rights Beneficially Owned or which may thereafter be Beneficially Owned by an Acquiring Person or a transferee of such a Person, which Rights will become null and void) will constitute the right to purchase from New NWC, upon exercise thereof in accordance with the terms of the New NWC Rights Plan, that number of New NWC Shares having an aggregate Market Price on the date of the Flip-In Event equal to twice the Exercise Price, for the Exercise Price (such Right being subject to anti-dilution adjustments).

Permitted Bid and Competing Permitted Bid

A Permitted Bid is a Take-over Bid made by way of a Take-over Bid circular and which complies with the following additional provisions:

- (i) the Take-over Bid is made to all holders of record of New NWC Shares, other than the Offeror, its Affiliates, Associates and Joint Actors;
- (ii) the Take-over Bid contains irrevocable and unqualified conditions that:
 - (A) no New NWC Share will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on a date which is not less than 60 days following the date of the Take-over Bid and the provisions for the take-up and payment for New NWC Shares tendered or deposited thereunder will be subject to such irrevocable and unqualified condition;
 - (B) unless the Take-over Bid is withdrawn, New NWC Shares may be deposited pursuant to the Take-over Bid at any time prior to the close of business on the date of first take-up or payment for New NWC Shares and all New NWC Shares deposited pursuant to the Take-over Bid may be withdrawn at any time prior to the close of business on such date;
 - (C) not less than 50% of the outstanding New NWC Shares held by Independent Shareholders must be deposited to the Take-over Bid and not withdrawn at the close of business on the date of first take-up or payment for New NWC Shares; and
 - (D) in the event that not less than 50% of the then outstanding New NWC Shares held by Independent Shareholders have been deposited to the Take-over Bid and not withdrawn as at the date of first take-up or payment for New NWC Shares under the Take-over Bid, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of New NWC Shares for not less than 10 Business Days from the date of such public announcement.

A Competing Permitted Bid is a Take-over Bid that is made after a Permitted Bid or another Competing Permitted Bid has been made but prior to its expiry, satisfies all the requirements of a Permitted Bid as described above, except that a Competing Permitted Bid is not required to remain open for 60 days so long as it is open until the later of (i) the earliest date on which New NWC Shares may be taken-up or paid for under any earlier Permitted Bid or Competing Permitted Bid that is in existence; and (ii) 35 days

(or such other minimum period of days as may be prescribed by applicable law in Ontario) after the date of the Take-over Bid constituting the Competing Permitted Bid.

Redemption, Waiver and Termination

- (i) Redemption of Rights on Approval of Holders of New NWC Shares and Rights. The New NWC Board acting in good faith may, after having obtained the prior approval of the holders of New NWC Shares or Rights, at any time prior to the occurrence of a Flip-In Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.0001 per Right, appropriately adjusted for anti-dilution as provided in the New NWC Rights Plan (the “**Redemption Price**”).
- (ii) Waiver of Inadvertent Acquisition. The New NWC Board acting in good faith may waive the application of the New NWC Rights Plan in respect of the occurrence of any Flip-In Event if: (A) the New NWC Board has determined that a Person became an Acquiring Person under the New NWC Rights Plan by inadvertence and without any intent or knowledge that it would become an Acquiring Person; and (B) such Acquiring Person has reduced his, her or its Beneficial Ownership of New NWC Shares such that at the time of waiver the Person is no longer an Acquiring Person.
- (iii) Deemed Redemption. In the event that a Person who has made a Permitted Bid or a Take-over Bid in respect of which the New NWC Board has waived or are deemed to have waived the application of the New NWC Rights Plan consummates the acquisition of the New NWC Shares pursuant to the terms and conditions of the Permitted Bid or Take-over Bid, as the case may be, the New NWC Board will be deemed to have elected to redeem the Rights for the Redemption Price.
- (iv) Discretionary Waiver with Mandatory Waiver of Concurrent Bids. The New NWC Board acting in good faith may, prior to the occurrence of the relevant Flip-In Event as to which the New NWC Rights Plan has not been waived under this clause, upon prior written notice to the Rights Agent, waive the application of the New NWC Rights Plan to a Flip-In Event that may occur by reason of a Take-over Bid made by means of a Take-over Bid circular to all holders of record of New NWC Shares. However, if the New NWC Board waives the application of the New NWC Rights Plan, the New NWC Board will be deemed to have waived the application of the New NWC Rights Plan in respect of any other Flip-In Event occurring by reason of such any Take-over Bid made by means of a Take-over Bid circular to all holders of record of New NWC Shares which is made prior to the expiry of a bid for which a waiver is, or is deemed to have been, granted.
- (v) Discretionary Waiver respecting Acquisition not by Take-over Bid Circular. The New NWC Board acting in good faith may, with the prior consent of the holders of New NWC Shares, determine, at any time prior to the occurrence of a Flip-In Event as to which the application of the New NWC Rights Plan has not been waived, if such Flip-In Event would occur by reason of an acquisition of New NWC Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to all holders of record of New NWC Shares and otherwise than by inadvertence in the circumstances described in (h)(ii) above, to waive the application of the New NWC Rights Plan to such Flip-In Event. However, if the New NWC Board waives the application of the New NWC Rights Plan, the New NWC Board will extend the Separation Time to a date subsequent to and not more than eight Business Days following the meeting of New NWC Shareholders called to approve such a waiver.

- (vi) Redemption of Rights on Withdrawal or Termination of Bid. Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time and prior to the occurrence of a Flip-In Event, the New NWC Board may elect to redeem all of the outstanding Rights at the Redemption Price. In such event, the New NWC Rights Plan will continue to apply as if the Separation Time had not occurred and Rights will remain attached to the outstanding New NWC Shares as provided for in the New NWC Rights Plan.

If the New NWC Board is deemed to have elected or elects to redeem the Rights as described above, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights will be to receive the Redemption Price. Within 10 Business Days of any such election or deemed election to redeem the Rights, New NWC will notify the holders of the New NWC Shares or, after the Separation Time, the holders of the Rights.

Anti-Dilution Adjustments

The Exercise Price of a Right, the number and kind of securities subject to purchase upon exercise of a Right, and the number of Rights outstanding, will be adjusted in certain events, including, without limitation:

- (i) if there is: (A) a declaration of a dividend on its New NWC Shares payable in New NWC Shares (or Convertible Securities) other than pursuant to any mandatory or optional New NWC Share dividend reinvestment program, (B) a subdivision or change of the then outstanding New NWC Shares into a greater number of New NWC Shares, (C) a combination or change of the then outstanding New NWC Shares into a smaller number of New NWC Shares, or (D) an issuance of New NWC Shares (or Convertible Securities) in lieu of or in exchange for existing New NWC Shares; or
- (ii) if New NWC fixes a record date for a distribution to all holders of New NWC Shares of certain rights or warrants to acquire New NWC Shares or Convertible Securities, or for the making of a distribution to all holders of New NWC Shares of evidences of indebtedness or assets (other than regular periodic cash dividends or a distribution payable in New NWC Shares, but including any distribution payable in securities other than New NWC Shares).

Supplements and Amendments

Changes that the New NWC Board, acting in good faith, determines are necessary to maintain the validity or effectiveness of the New NWC Rights Plan and the Rights as a result of any change in any applicable legislation, rules or regulation may be made subject to subsequent confirmation by the holders of New NWC Shares or, after the Separation Time, the holders of Rights.

New NWC may make amendments to the New NWC Rights Plan to correct any clerical or typographical error.

Subject to the above exceptions, after the Meeting, any amendment, variation or deletion of or from the New NWC Rights Plan and the Rights, is subject to the prior approval of the holders of New NWC Shares, or, after the Separation Time, the holders of the Rights.

Expiration

If the New NWC Rights Plan is approved by the Unitholders at the Meeting, it will become effective following such approval upon the approval, ratification and confirmation of the NWC Rights Plan by the New NWC Board and the entering into of the NWC Rights Plan Agreement between New NWC and the Rights Agent and will remain in force until the earlier of the Termination Time (the time at which the right to exercise Rights will terminate pursuant to the New NWC Rights Plan) and the termination of the annual meeting of New NWC Shareholders in the year 2014 unless at or prior to such meeting the Independent Shareholders ratify the continued existence of the New NWC Rights Plan.

General Impact of the New NWC Rights Plan

It is not the intention of the Board of Trustees, in submitting the New NWC Rights Plan to Unitholders for approval, to entrench the directors or management of New NWC in office, nor is it to avoid a bid for control of New NWC in a transaction that is fair and in the best interests of shareholders. For example, through the Permitted Bid mechanism, described in more detail above under “— Permitted Bid and Competing Permitted Bid”, New NWC Shareholders may tender to a bid that meets the Permitted Bid criteria without triggering the New NWC Rights Plan, regardless of the acceptability of the bid to the New NWC Board. Furthermore, even in the context of a bid that does not meet the Permitted Bid criteria, the New NWC Board will continue to be bound to consider fully and fairly any bid for New NWC Shares in any exercise of its discretion to waive application of the New NWC Rights Plan or redeem the Rights. In all such circumstances, the New NWC Board must act honestly and in good faith with a view to the best interests of New NWC.

The New NWC Rights Plan does not preclude any New NWC Shareholder from utilizing the proxy mechanism under the applicable corporate and securities laws to promote a change in the management of New NWC or direction of New NWC, or the New NWC Board, and has no effect on the rights of holders of outstanding New NWC Shares to requisition a meeting in accordance with the provisions of applicable corporate or securities legislation, as the case may be, or to enter into agreements with respect to voting their New NWC Shares. The definitions of “Acquiring Person” and “Beneficial Ownership” have been developed to minimize concerns that the New NWC Rights Plan may be inadvertently triggered or triggered as a result of an overly-broad aggregation of holdings of institutional unitholders and their clients.

The New NWC Rights Plan will not interfere with the day-to-day operations of New NWC. The issuance of the Rights does not in any way alter the financial condition of New NWC, impede its business plans or alter its financial statements.

In summary, the Board of Trustees believes that the dominant effect of the New NWC Rights Plan will be to enhance shareholder value, and ensure equal treatment of all shareholders in the context of an acquisition of control.

Recommendation of the Board of Trustees

The Board of Trustees has reviewed the terms of the New NWC Rights Plan and determined that the New NWC Rights Plan is in the best interests of the Fund, New NWC and the shareholders of New NWC and unanimously recommends that Unitholders vote in favour of the New NWC Rights Plan Resolution.

Approvals

The full text of the New NWC Rights Plan Resolution to be passed by Unitholders to approve the New NWC Rights Plan is set out in Appendix “I” to this Information Circular. If the Arrangement Resolution is approved, Unitholders will be asked to consider and, if thought advisable, to approve the New NWC

Rights Plan Resolution. In order to be effective, the New NWC Rights Plan Resolution must be passed by more than 66% of the votes cast by the Unitholders, either present in person or represented by proxy, at the Meeting. The applicable rules of the TSX also require that the New NWC Rights Plan Resolution be passed by more than 50% of the votes cast by Unitholders, either present in person or represented by proxy, at the Meeting, excluding any Unitholder who is not an Independent Unitholder. However, to the knowledge of the Fund, there are no Unitholders who are not Independent Unitholders and must be excluded from voting. Thus, the New NWC Rights Plan Agreement will be approved if the New NWC Rights Plan Resolution is passed by more than 66% of the votes cast by the Unitholders, either present in person or represented by proxy, at the Meeting.

An “Independent Unitholder” is generally any holder of Units other than an “Acquiring Person” (as such terms are defined in the New NWC Rights Plan), a person who is making or has announced an intention to make a take-over bid for Units, their respective Associates and Affiliates, and certain employee benefit plan trusts for the benefit of employees of the Fund or its Subsidiaries.

The Trustees and directors and senior officers of the Fund’s Subsidiaries, who beneficially owned, directly or indirectly, or exercised control or direction over, approximately 4.2% of the outstanding Units as at April 15, 2010, have indicated that they intend to vote in favour of the New NWC Rights Plan Resolution.

If you return a form of proxy but do not specify how you want your Units voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting “FOR” the approval of the New NWC Rights Plan Resolution.

Notwithstanding the foregoing, the New NWC Board reserves the right to alter any terms of the New NWC Rights Plan Agreement or not to proceed with the New NWC Rights Plan at any time prior to the implementation thereof if it determines it would be in the best interests of New NWC and its shareholders to do so.

PART VII – OTHER BUSINESS OF THE MEETING

FINANCIAL STATEMENTS AND AUDITOR’S REPORT

The financial statements of the Fund for the year ended January 31, 2010 and the auditor’s report to the Unitholders of the Fund will be presented at the Meeting. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as set forth in the CICA handbook published by the Canadian Institute of Chartered Accountants. These financial statements are posted on SEDAR at www.sedar.com and at www.northwest.ca.

APPOINTMENT OF AUDITORS

If you return a form of proxy but do not specify how you want your Units 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 the Fund to hold office until the next annual meeting of Unitholders at a remuneration to be determined by the audit committee of the Trustees of the Fund.

PricewaterhouseCoopers LLP have been the auditors of the Fund since January 31, 1997, and auditors of its predecessor companies since June 10, 1987.

Auditor Service Fees

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

Type of Fees	Fiscal 2009	Fiscal 2008
Audit Fees	\$ 357,000	\$ 435,320
Audit-Related Fees	71,797	25,200
Tax Fees	234,755	194,513
All other Fees	4,778	5,405
TOTAL	\$ 668,330	\$ 660,438

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 the Fund's annual financial statements or services provided in connection with statutory and regulatory filings and the review of the Fund's interim financial statements.

Audit-Related Fees

Audit-related fees include professional services related to store audit procedures, review of procedures for the Fund, confirmation of compliance with senior debt covenants, and assistance with the IFRS implementation plan.

Tax-Related Fees

Tax-related fees were paid for professional services relating to tax compliance service and tax planning advice.

All Other Fees

All other fees were paid for Canadian Public Accountability Board fees.

Pre-Approval Policies and Procedures

As part of the Fund'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 Fund's policy requires that the Audit Committee also pre-approve all engagements of the auditors for non-audit related services. All non-audit related engagements must also be reported to the Audit Committee on a quarterly basis.

The Audit Committee has considered and agreed that the above fees are compatible with maintaining the independence of the Fund's auditors.

ELECTION OF TRUSTEES OF THE FUND

Trustee Nominees

The Declaration of Trust for the Fund provides for a minimum of seven Trustees and a maximum of twelve Trustees, the majority of whom must be residents of Canada. The number of Trustees presently in office is ten. Trustees of the Fund are elected annually. The Board of Trustees have fixed the number of Trustees to be elected at the Meeting at ten. The mandatory retirement age for Trustees is 70.

If you return a form of proxy but do not specify how you want your Units voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting “FOR” the following Trustee nominees, all of whom are now members of the Board of Trustees of the Fund. Each Trustee elected will hold office until the next annual meeting or until his successor is elected or appointed, unless his or her office is vacated earlier.



H. Sanford Riley, 59
Winnipeg, Manitoba

Chairman of the Board of North West Company Fund since 2008. President & CEO of Richardson Financial Group Limited since 2003; Chairman of Investors Group Inc. from 2001 to 2002; President & CEO of Investors Group Inc. from 1992 to 2001; Chairman, University of Winnipeg Foundation; Director, Molson Coors Brewing Company, Richardson GMP Limited, GMP Capital Inc. and The Canada West Foundation. Mr. Riley was appointed to the Order of Canada in July 2002; NWC Director from 2003 – 2007; and a NWF Trustee since 2005.



Edward S. Kennedy, 50
Winnipeg, Manitoba

President & CEO, NWC; Chairman & CEO, The North West Company (International) Inc.; Edward joined NWC in 1989. Director, United Grocers Inc; Red River College; the Winnipeg Poverty Reduction Council; the Advisory Board of the Richard Ivey School of Business (University of Western Ontario); the Advisory Board of the University of Alberta School of Retailing; member of the Young Presidents' Organization, the Associates of the Asper School of Business (Faculty of Management, University of Manitoba); member of the Board of Governors, Saint John's Ravenscourt School; member and past officer of the Business Council of Manitoba; member of the Canadian Council of Chief Executive Officers; Chair of the 2011 Winnipeg United Way Campaign.

In June 2006, Mr. Kennedy was presented with the Retail Council of Canada's "Distinguished Canadian Retailer of the Year" award. In October 2007, he was presented with the University of Alberta School of Retailing's "Henry Singer Award" for exceptional leadership in the retail sector. In October 2009, he was presented with Canadian Business Magazine's "All-Star Retail Executive" award. He was a NWC Director from 1989 to 2007; and NWF Trustee since 2005.



David G. Broadhurst, 68
Toronto, Ontario

Member of:
Audit Committee
Governance and Nominating Committee

President of Poynton Investments Limited; President & COO of Reeve Court Insurance Limited (Bermuda) from 1998 to 2001; Investment Banker with First Marathon Securities Limited from 1996 to 1998; and previously spent his entire career with Price Waterhouse Canada retiring in 1996 as the Senior Tax Partner. Director, MCAN Mortgage Corporation; Director, Canadian Opera Company; NWC Director from 2005 to 2007; and NWF Trustee since 1997.



Frank J. Coleman, 56
Corner Brook, Newfoundland and Labrador

Member of:
Governance and Nominating Committee (Chair)

President & CEO of the Coleman Group of Companies since 1991; Chair of Board of Directors, of Humber Capital Corporation; President & CEO of Humber Valley Paving Ltd. and Humber Valley Aggregates and Asphalt Ltd.; Director, Canadian Council of Grocery Distributors and United Grocers Inc.; NWC Director from 1999 to 2007; and NWF Trustee since 2005.



Wendy F. Evans, 59
Toronto, Ontario

Member of:
Audit Committee
Human Resources and Compensation Supervisory Committee

President, Evans and Company Consultants Inc. since 1987 providing international marketing, financial and management services; Adjunct Professor, Ted Rogers School of Retail Management, Ryerson University, and author of “Border Crossings”, a book dealing with doing business in the United States; Director, Sun Life Financial Trust, Canadian Cancer Society; past Chair of the Granite Club; Corporate Cabinet Member, Conservation Foundation; served on the Advisory Board of the Ontario Retail Sector Strategy; NWC Director from 2005 to 2007; and NWF Trustee since 2005.



Robert J. Kennedy, 60
Winnipeg, Manitoba

Member of:
Audit Committee
Human Resources and Compensation Supervisory Committee

Chief Executive Officer, WiBand Communications Corp. since 1999; Worldwide Business Development Executive of the IBM Corporation from 1997 to 1999; CEO and founder of PBSC Computer Training Centres from 1985 to 1997; CEO and founder of ComputerLand Western Canada from 1978 to 1987; NWC Director from 2003 to 2007; and NWF Trustee since 2005.



Gary J. Lukassen, 66
Mississauga, Ontario

Member of:
Audit Committee (Chair)

Executive Vice-President and Chief Financial Officer of the Hudson's Bay Company (HBC) from 1989 until his retirement in 2001; Director of the HBC from 1987 to 2001; Senior Vice-President, Finance and Administration of the HBC from 1987 to 1989; Director, AbitibiBowater Inc.; NWC Director from 1987 to 2007; and NWF Trustee since 2005.



Keith G. Martell, 47
Saskatoon, Saskatchewan

Member of:
Human Resources and Compensation Supervisory Committee (Chair)

Chairman and CEO of First Nations Bank of Canada since November 2009; Executive Chairman of the First Nations Bank of Canada since 1996; Executive Director of Finance of the Federation of Saskatchewan Indian Nations from 1994 to 1997; Chartered Accountant with KPMG from 1985 to 1994; Director, Potash Corporation of Saskatchewan Inc. and Saskatoon Friendship Inn; Trustee of the Primrose Lake Settlement Trust; NWC Director from 2000 to 2007; and NWF Trustee since 2005.



James G. Osborne, 68
Winnipeg, Manitoba

Member of:
Governance and Nominating Committee
Human Resources and Compensation Supervisory Committee

Chairman of Westgate Capital Group and Managing Partner of the Vision Capital Fund LP since 1990; Chairman of a large public sector pension plan in Manitoba from 1979 to 1993; thereafter the CEO of its investment management subsidiary to the sale of such in 1999; Investment Dealer working in various capacities in Montreal, Toronto and Winnipeg with two national firms from 1965 to 1989; In addition to serving as a Director of roughly 25 corporations across Canada in the last 25 years, reflecting his pension and venture capital management responsibilities, he continues as a Director of Lumira Capital Corp. in Toronto; NWC Director from inception in 1987 to 2007; and NWF Trustee since 2005.



Ian Sutherland, 65
Oro Medonte, Ontario

Member of:
Audit Committee
Human Resources and Compensation Supervisory Committee

Chairman of the Board of NWC from 1997 to 2008; CEO of NWC from 1993 to 1997; For most of his career, he has been an officer of MCAN Mortgage Corporation and its predecessor, The Mutual Trust Company; Interim CEO and Director, MCAN Mortgage Corporation; Trustee, Strongco Income Fund; NWC Director since he participated in the founding of the Company and the purchase of Northern Stores from the Hudson's Bay Company in 1987; NWC Director from 1978 to 2007; and NWF Trustee since 1997.

TRUSTEE COMPENSATION

Trustee Fees

Trustees who are not officers or employees of the Fund or its Subsidiaries are entitled to the following retainer and meeting fees:

	Chair	Trustee
Quarterly Board Retainer	\$30,000	\$7,500
Quarterly Audit Committee Retainer	3,000	–
Quarterly Retainer for other Board Committees	2,000	–
Meeting Fee for Attending Board Meetings	–	1,200
Meeting Fee for Attending Committee Meetings	–	1,200

Fund Deferred Unit Plan

The Fund offers a deferred unit plan for independent Trustees. The purpose of the Fund Deferred Unit Plan is to enhance the ability of the Fund to attract and retain independent Trustees whose training, experience and ability will contribute to the effective governance of the Fund and to directly align their interests with the interests of Unitholders by providing compensation for services to the Fund in the form of Units. Participants are credited with Fund Deferred Units based on the portion of Trustee fees each participant elects to allocate to the Fund Deferred Unit Plan. Each Fund Deferred Unit entitles the holder to receive a Unit.

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

The Fund Deferred Units, which vest immediately upon the grant of the Fund Deferred Units, are exercisable by the holder at any time but no later than December 31 of the first calendar year commencing after the holder ceases to be a Trustee. A participant may elect at the time of exercise of any Fund Deferred Units, subject to the consent of the Fund, to have the Fund pay an amount in cash equal to the aggregate current market value of the Units, determined based on the closing price of the units on the TSX on the trading day preceding the exercise date, in consideration for the surrender by the participant to the Fund the right to receive Units from the exercising of the Fund Deferred Units.

The total number of Fund Deferred Units outstanding at January 31, 2010 was 103,091. There were no Fund Deferred Units exercised during the year which were settled in cash.

Trustee Fees Paid for the Year Ending January 31, 2010

The retainer and meeting fees earned by each Trustee who is not an officer or employee of the Fund or any of its subsidiaries for the fiscal year ended January 31, 2010 are reflected in the following chart. The Trustees also are reimbursed for reasonable traveling and other expenses properly incurred by them in attending meetings of the Trustees, or any committee thereof or in connection with their services as Trustees.

Name	Fees Earned (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation	Total (\$)
H. Sanford Riley	\$ –	\$ 120,000	–	–	–	–	\$ 120,000
David G. Broadhurst	–	51,600	–	–	–	–	51,600
Frank J. Coleman	37,400	15,000	–	–	–	–	52,400
Wendy F. Evans	–	51,600	–	–	–	–	51,600
Robert J. Kennedy	–	52,800	–	–	–	–	52,800
Gary J. Lukassen	15,600	42,000	–	–	–	–	57,600
Keith G. Martell	24,800	30,000	–	–	–	–	54,800
James G. Osborne	43,000	15,000	–	–	–	–	58,000
Ian Sutherland	–	55,200	–	–	–	–	55,200

Note:

(1) Represents awards under the Fund Deferred Unit Plan. Value based on market value of Units at date of vesting.

Unit and Fund Deferred Unit Ownership by Trustees

The following table summarizes the current number and value of Units and Fund Deferred Units for each of the Trustees as at January 31, 2010. The Fund Deferred Units do not carry any voting rights. The table also indicates the value of Units and Fund Deferred Units that each Trustee needs in order to meet the ownership guidelines established by the Board. Each Trustee is required to accumulate at least \$90,000 (equivalent to three times the value of the \$30,000 annual Trustee retainer) by the fifth anniversary of the Trustee's initial appointment to the Board.

	Year	Units Owned ⁽¹⁾	Deferred Units Owned ⁽²⁾	Total Units and Deferred Units	Total Value of Units and Deferred Units (\$) ⁽³⁾	Value of Units/Deferred Units Required to Meet Ownership Guidelines (\$)
H. Sanford Riley	2009	11,000	20,775	31,775	570,044	90,000
	2008	11,000	12,359	23,359	377,014	
	Change	–	8,416	8,416	193,030	
David G. Broadhurst	2009	15,000	11,945	26,945	483,393	90,000
	2008	15,000	7,991	22,991	371,075	
	Change	–	3,954	3,954	112,318	
Frank J. Coleman	2009	72,500	3,298	75,798	1,359,816	90,000
	2008	116,500	2,190	118,690	1,915,657	
	Change	-44,000	1,108	-42,892	-555,841	
Wendy F. Evans	2009	5,300	11,907	17,207	308,694	90,000
	2008	5,300	8,046	13,346	215,404	
	Change	0	3,861	3,861	93,290	
Robert J. Kennedy	2009	3,000	12,110	15,110	271,073	90,000
	2008	3,000	8,162	11,162	180,155	
	Change	0	3,948	3,948	90,919	
Gary J. Lukassen	2009	15,250	10,323	25,573	458,780	90,000
	2008	15,250	7,134	22,384	361,278	
	Change	–	3,189	3,189	97,502	
Keith G. Martell	2009	6,000	6,380	12,380	222,097	90,000
	2008	6,000	4,182	10,182	164,337	
	Change	–	2,198	2,198	57,760	

	Year	Units Owned ⁽¹⁾	Deferred Units Owned ⁽²⁾	Total Units and Deferred Units	Total Value of Units and Deferred Units (\$) ⁽³⁾	Value of Units/Deferred Units Required to Meet Ownership Guidelines (\$)
James G. Osborne	2009	195,000	3,527	198,527	3,561,574	90,000
	2008	195,000	2,401	197,401	3,186,052	
	Change		1,126	1,126	375,522	
Ian Sutherland	2009	865,000	22,824	887,824	15,927,563	90,000
	2008	946,600	17,800	964,400	15,565,416	
	Change	-81,600	5,024	-76,576	362,147	
Edward S. Kennedy	2009	423,534	–	423,534	7,598,200	90,000
	2008	423,534	–	423,534	6,835,839	
	Change	–	–	–	762,361	

Notes:

- (1) Units owned either directly or subject to the Trustee's control and direction.
- (2) Mr. Edward Kennedy is not eligible to participate in the Fund Deferred Unit Plan as he is an employee of the Fund and its subsidiaries.
- (3) Closing price as at January 31, 2010 was \$17.94. Closing price as at January 31, 2009 was \$16.14.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

Mr. James G. Osborne

Mr. Osborne was a Director and founding member along with five others of Futureview Inc., a company that went public in January 2001 on the Winnipeg Stock Exchange using its Keystone Company Program and subsequently became listed on the TSX Venture Exchange. The shares of Futureview Inc. were suspended from trading in 2003 due to the company's failure to complete a required qualifying transaction as required by TSX Venture Exchange policy. The company was wound up in April 2004 after the external public shareholders had been returned 100% of their original investment and all corporate liabilities had been paid.

Mr. Osborne was a Director of Jazz Golf Equipment Inc. from prior to it being a Reporting Issuer until October 6, 2006, at which time he resigned due to a disagreement as to corporate strategy being directed by the major shareholder's representatives on the Board of Directors. On October 27, 2006, the Board via press release announced approval of the sale of assets to a subsidiary of Ensis Growth Fund Inc., the largest shareholder and creditor of Jazz, under the Bankruptcy and Insolvency Act, subsequently court approved on November 22, 2006. The shares ceased trading on January 5, 2007.

Mr. Gary J. Lukassen

Mr. Lukassen was a Director of Stelco Inc. from June 2002 until March 31, 2006. On January 29, 2004 Stelco Inc. filed for and was granted Court protection under the *Companies' Creditors Arrangement Act* ("CCAA"). Stelco Inc. emerged from Court protection under the CCAA on March 31, 2006.

Mr. Lukassen is a Director of AbitibiBowater Inc. On April 16, 2009 AbitibiBowater Inc. filed for relief under the provisions of Chapter 11 of the United States Bankruptcy Code and on April 17, 2009 filed for protection under the CCAA in Canada.

Mr. Robert J. Kennedy

Mr. Kennedy was a Director and officer of WiBand Corporation. In December 2001, WiBand Communications Corp. was sold to OA Group Inc. an issuer listed on the TSX Venture Exchange. Shares were exchanged and the shareholders of WiBand Communications Corp. received shares in OA Group Inc. As a condition of the share exchange, Mr. Kennedy was to be included on the management slate of the Board of Directors of OA Group Inc. He was elected to the Board of Directors OA Group Inc. on June 20, 2002. Upon seeing the financial condition of OA Group Inc. Mr. Kennedy resigned on July 8, 2002. OA Group Inc. went into receivership on July 15, 2002. Mr. Kennedy bought certain assets from the receiver and continues the business under the WiBand name.

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

ATTENDANCE OF TRUSTEES AT BOARD AND COMMITTEE MEETINGS

The table below provides a detailed record of attendance by the Trustees and a summary of Board and Committee meetings held during the period February 1, 2009 to January 31, 2010.

	Board (9 meetings)		Audit Committee (5 meetings)		Human Resources and Compensation Supervisory Committee (6 meetings)		Governance and Nominating Committee (3 meetings)		Pension Supervisory Committee ⁽¹⁾ (2 meetings)	
	Number	%	Number	%	Number	%	Number	%	Number	%
H. Sanford Riley ⁽²⁾	9 of 9	100	-	-	-	-	-	-	-	-
David G. Broadhurst	9 of 9	100	5 of 5	100	-	-	3 of 3	100	2 of 2	100
Frank J. Coleman	9 of 9	100	-	-	-	-	3 of 3	100	-	-
Wendy F. Evans ⁽³⁾	9 of 9	100	5 of 5	100	5 of 6	83	-	-	-	-
Robert J. Kennedy	9 of 9	100	5 of 5	100	6 of 6	100	-	-	-	-
Gary J. Lukassen	9 of 9	100	5 of 5	100	-	-	-	-	-	-
Keith G. Martell	8 of 9	89	-	-	6 of 6	100	-	-	-	-
James G. Osborne	9 of 9	100	-	-	6 of 6	100	3 of 3	100	2 of 2	100
Ian Sutherland	9 of 9	100	5 of 5	100	6 of 6	100	-	-	2 of 2	100
Edward S. Kennedy ⁽⁴⁾	9 of 9	100	-	-	-	-	-	-	-	-

Notes:

- (1) Effective June 10, 2009, the Pension Supervisory Committee was merged with the Human Resources and Compensation Supervisory Committee.
- (2) The Chairman of the Board is an ex-officio non-voting member of all Board Committees.
- (3) Ms. Evans was unable to attend a meeting of the Human Resources and Compensation Supervisory Committee due to the rescheduling of an originally scheduled meeting.
- (4) The President and Chief Executive Officer attends Board Committee meetings as an invited guest.

The Board and its Committees regularly conduct “in-camera” sessions, at which no management Trustees or 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 Unitholders of the Fund.

EXECUTIVE COMPENSATION

Compensation of Executives

Under applicable securities legislation, the Fund is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer, Chief Financial Officer, and the Fund's three most highly paid executives, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation exceeded \$150,000 in the Fund's most recently completed financial year (the "NEOs").

For the year ended January 31, 2010, the NEOs are Edward Kennedy, Léo Charrière, Michael McMullen, Rex Wilhelm, and Dalbir Bains.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis ("CD&A") explains our compensation philosophy, the design of our overall executive compensation program, and how each element of the program contributes to the overall Fund objectives. The CD&A outlines what the Board of Trustees intended the Fund to pay, make payable, award, grant, give or otherwise provide to each of the NEO's in 2009 relative to performance. It also explains the roles and responsibilities, process for, and the Board's determination of, the compensation of our NEO's. Finally, we outline the other benefits provided to our NEO's and describe several of our key executive compensation policies.

Summary

The Fund adopts a "pay for performance" philosophy and ensures that programs are aligned with organization-wide and business unit accountabilities. In order to ensure the Fund is able to attract and retain top talent, base salaries are set at the median of the Market (as defined below) with the ability to generate upper quartile pay through incentive programs by achieving upper quartile performance.

The Fund's executive compensation consists of seven main elements which include base salary, short-term annual incentives, medium and long term incentives, unit option plan, pension benefits and severance benefits. The Fund designs executive compensation policies to attract, motivate and retain qualified executives. To emphasize performance based compensation, the Fund benchmarks total cash compensation levels to the median of a peer group of companies and provide the opportunity to earn total compensation above the median through medium term and long term incentive plans.

Annual incentives are aligned to reward growth in EBIT plus a credit or minus a charge for the net source or use of working capital over the previous year. In 2009, earnings exceeded prior year performance in all areas of the business, with the exception of retail store performance in Alaska Commercial and Cost-U-Less, but fell short of target. On a consolidated basis, the annual cash incentive plan paid 61.1% of target amounts based on the performance of the Fund for the fiscal year ended January 31, 2010.

Medium and long term incentive programs (the "M/LTIP") are aligned to reward longer term growth in Earnings per Unit ("EPU") for those measured on the performance of the Fund and growth in business unit EBIT plus a credit or minus a charge for the net change in operating assets used for those with accountability for a specific store banner or business unit. A new M/LTIP commenced in 2008 with the first payment scheduled for 2011. The Fund's unit price increased in 2009 from \$16.14 at the start of the year to \$17.94 as of January 31, 2010. Total unitholder return, including distributions, was 20.5% and remained in the top quartile compared to the TSX Composite, Consumer Durables/Apparel Group Retailing Group and Food/Staples Retailing Group.

A Unit Option plan was put into place in June 2009, which is a component of the Fund's current long-term incentive plan. The purpose of this plan is to promote long-term Unitholder value creation by fostering greater alignment of interests between the executives and Unitholders of the Fund.

Benefits provided to the executives are generally consistent with those provided to other salaried employees of the organization including health plans and insurance plans. Senior executives in the Canadian division, excluding Giant Tiger, are entitled to a cash payment equal to 10% base salary in lieu of supplemental benefits and perquisites typically provided for these positions levels at comparator companies.

Executive Compensation Philosophy

The Fund embraces an organization-wide market competitive, pay-for-performance compensation philosophy linked to the attainment of corporate and business unit goals and creation of Unitholder value. At the executive level, the Fund's total compensation objective is to pay in the upper quartile of the market when sustainable upper quartile financial performance is achieved. This is measured as best as possible using average annual growth in EBIT, return on net assets and average annual total investor return, relative to the performance and pay practices of similar-sized North American publicly-traded retailers (the "Market").

Market Competitive Base Salaries

Base salaries are targeted at the 50th percentile of the Market with total compensation targeted at the upper quartile of the Market for upper quartile performance. The actual amount of annual incentive and medium-to-longer term pay is dependent upon both business unit, and organization-wide success in meeting specific performance goals. The Fund's overall compensation strategy is weighted towards these pay-for-performance components.

Pay-for-Performance

The Fund believes in pay-for-performance, which is why over 55% to 75% of the compensation for our NEO's is linked to a combination of achievement of organization goals and unit price performance. The mix of incentive rewards are aligned to the planning horizon associated with the executive's role. For the NEO's, 25% to 50% of total compensation is tied to longer term performance through Restricted Share Unit grants, Performance Share Unit grants, and through Fund Options.

In addition to the philosophy stated above, the Fund's executive compensation programs are designed to:

- Attract and retain top talent;
- Motivate superior performance;
- Align rewards to the time horizon of the position;
- Focus on key performance measures that drive yield and annual growth for Unitholders; and
- Be consistent with prevailing views of good governance.

Overview of the Compensation Process

The Human Resource and Compensation Supervisory Committee (the “**Committee**”) is accountable for the oversight of the Fund’s executive compensation programs, including the design of executive compensation. The Committee consists of entirely independent Trustees. The Committee has the responsibility to review and make recommendations to the Board concerning the compensation of the CEO and to approve the CEO’s recommendation regarding the CEO’s direct reports.

The Committee selects and retains the services of an independent consultant to provide professional advice related to the executive compensation plans. Hewitt Associates (the “**Consultant**”) is retained by the Committee and provides no other consulting services to the Company. The Consultant fees paid in 2009 were \$30,343. The consultant has direct interaction with the Committee’s chairman, the Chairman of the Board, attends Committee meetings, and provides independent benchmarking of peer companies, general industry compensation information and trends in executive compensation. The Committee recognizes that independence from management is fundamental to its effectiveness in managing executive compensation programs and during 2009 held numerous in-camera sessions. The Consultant meets with management to collect information, to solicit management’s input and to fully understand the organization’s plans, goals and actual performance.

The CEO and other executives’ roles in the compensation review process are to support the Committee and work with the Consultant to secure required input, conduct detailed financial modeling, preview materials and manage timelines.

Once every three years an in-depth market review is conducted to ensure base pay, incentives and total compensation for each executive position is competitive. In September 2007, the Committee initiated a search for an executive compensation consultant to undertake this process. The Consultant was selected at this time and sought to gain consensus from the Committee on the approach, methodology and comparator companies in advance of conducting the detailed compensation review. The review focused on Canadian executives only as a market review had been conducted in 2007 for the Fund’s U.S. executives.

Benchmark Comparator Groups Used to Set Competitive Pay

An initial list of 20 Canadian retail companies, extracted from proxy information, ranging in size from \$150 million to \$13 billion in revenues and 19 U.S. retail companies ranging from \$734 million to \$5.6 billion were presented to the Committee. Particularly in Canada, it was difficult to get a robust sample of retail companies as organizations vary widely in terms of size, complexity, organization structure, merchandise focus, and ownership. The Consultant was also able to draw upon their Total Compensation Measurement (“**TCM**”) database to extract relevant market data, particularly for those executive positions that typically do not get reported in proxy information. From the original benchmark comparator groups, for the purposes of determining long term incentive compensation levels and mix, data was excluded for: (i) those companies where the CEO was a controlling or significant shareholder; (ii) subsidiary companies; and (iii) private companies that do not disclose performance. For long term incentive (“**LTI**”) compensation, this left a smaller group of eight more relevant and comparable companies to benchmark LTI practices. Companies identified with an asterisk (*) were the companies used to benchmark LTI.

The primary comparator group used for Canadian executives includes the companies listed below:

Canadian Comparator Companies	
Proxy Analysis Comparator Group	TCM Comparator Group
Alimentation Couche-Tard	Best Buy Canada
The Brick Group *	The Brick Group
Canadian Tire *	Canadian Tire
Danier Leather	Danier Leather
Forzani *	Easyhome
Hart Stores	Home Depot Canada
Indigo Books & Music	Hudson's Bay Company
Jean Coutu Group	Indigo Books & Music
Le Chateau	Katz Group Canada
Leon's Furniture	Liquor Control Board of Ontario
Liquor Stores Income Fund	Loblaw Companies
Loblaw Companies	Lowe's Companies Canada
Metro *	Nike Canada
Reitmans (Canada)	Reitmans (Canada)
Richelieu Hardware *	Rona
Rona *	Sears Canada
Sears Canada	Shoppers Drug Mart
Shoppers Drug Mart *	Staples Business Depot
Sleep Country Canada	Toys R Us (Canada)
Sobeys *	

U.S. Comparator Companies	
Proxy Analysis Comparator Group	TCM Comparator Group
99 Cents Only	Gander Mountain Co.
Big Lots	Genesco
Cabelas	Ingles Markets
Casey's General Stores	Pathmark Stores
Cost Plus	Pricesmart
Dollar Tree	Spartan Stores
Dress Barn	Stage Stores
Duckwall-ALCO	Stein Mart
Eddie Bauer	Weis Markets
Freds	

For U.S. executives, compensation data was gathered in 2007 from the following survey sources:

- Mercers 2006 U.S. Retail Compensation & Benefits Survey;
- Food Marketing Institute 2007 Management Compensation Study for U.S. Retailers and Wholesalers; and
- Towers Perrin custom survey.

Consideration was given to the blend of food and general merchandise companies' representative in the data and geographical differences.

The peer group data was used in two ways:

- *Overall Competitiveness:* The data was used to establish appropriate performance targets for median and upper quartile performance, to establish appropriate pay mixes for various levels of executive positions, and to get an overall sense of whether pay practices were competitive relative to performance level achieved when looking back at the historical data; and
- *Individual Competitiveness:* The overall pay of individual executives were compared, if jobs were sufficiently similar to make that comparison relative. Each executive's pay was determined by individual and Fund performance, along with internal banding of various executive levels for incentive pay programs. The peer group data was used as a market check ensuring that individual base pay is within range of the market median and total compensation is within the broad middle range of peer group pay.

In the years that fall in between the more detailed review process described above, salaries are set annually by monitoring industry practices through various salary budget surveys, with a particular emphasis on retail industry practices and adjusted as required for general business and economic factors. Actual increases by executive vary based on individual performance and depending on how close their current salary is to the position's target base salary target.

Our 2009 Executive Compensation Program

Elements of Executive Compensation

The 2009 program consisted of the following elements of compensation:

- Base Salary;
- Annual cash incentive award;
- Two forms of medium term incentive awards – restricted share units and performance share units;
- UPLP (Canadian executives only); and
- Fund Option Plan.

In addition to the various elements of direct compensation, executives also received the Company benefit package.

Compensation Mix

The table following shows how each executive level's target total direct compensation is broken down as a percentage of each element of pay. 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 Unitholder interests.

Level of Position	Base Salary	Short-term Incentive (1 year)	Medium and long-term incentive (3-10 years)
President and CEO	25%	25%	50%
Executive Vice President	45%	27.5%	27.5%
Vice President	50%	25%	25%

Base Salary

In setting base salaries for 2009, consideration was given to the following

- Market Data from Consultant: Market data is updated every three years or as so required. The Fund relied on the market data obtained in 2008 (aged annually) from the consultant when considering base salary increases for 2009.
- The Overall Corporate Merit Budget: The Fund's overall budget for base salary increases in 2009 was 2%, equal to the average merit increase for executives. This was established based on Fund performance in 2008, projected performance in 2009, and salary survey data on planned 2009 salary increases, specific to executive positions in the retail industry in Canada and the U.S.
- Individual Performance: The level of an individual executive's salary in relation to the target median salary in the market, and the individual's skills, experience, performance and potential were all considered in the setting of the individual executive's salary.

Incentive Plans

The table below provides a summary of the annual and long term incentive plans the Fund had in place for executives and other senior management in 2009:

Name of Plan	Goals of the Plan	Type of Incentive
Annual Incentive Plan <ul style="list-style-type: none"> • Rewards performance over a one-year time frame 	<ul style="list-style-type: none"> • Attach a significant percentage of annual pay to achievement of financial targets 	Cash payment based on <ul style="list-style-type: none"> • Consolidated EBIT +/- cost of capital and/or business unit EBIT +/- cost of capital on changes in net working capital over the previous year, with weighting on each ranging from 0 - 100% depending on whether the executive has primarily company-wide or business unit accountabilities
Restricted Share Unit Plan <ul style="list-style-type: none"> • Rolling three year performance cycle • Awarded annually starting in 2008 with payment in 2011 • Second award in 2009 with payment in 2012 	<ul style="list-style-type: none"> • Align rewards to medium-term planning horizons associated with these positions • Attraction and retention • Align interests with Unitholders 	Cash payment based on: <ul style="list-style-type: none"> • Vesting and pay-out at end of three years • Distribution equivalents accrued over three years in the form of additional RSUs

Name of Plan	Goals of the Plan	Type of Incentive
		<ul style="list-style-type: none"> Pay-out amount equals the fair market value on vesting determined by the volume-weighted average Unit price for the five days preceding the vesting date multiplied by the number of units vested
<p>Performance Share Unit Plan</p> <ul style="list-style-type: none"> Rolling three year performance cycle Awarded annually starting in 2008 with payment in 2011 Second award in 2009 with payment in 2012 	<ul style="list-style-type: none"> To specifically reward the achievement of consolidated earnings per Unit and business unit financial goals over a three year performance cycle Align interests with Unitholders Align the pay-for-performance philosophy See “2009 – 2011 Performance Cycle Targets” for performance hurdles 	<p>Cash payment linked to:</p> <ul style="list-style-type: none"> Achievement of pre-determined financial targets Vesting and pay-out at the end of three years Distribution equivalents accrued over the three years in the form of additional PSUs 100% vesting of awards based on approximately 7.5% cumulative compound annual growth over three years in earnings per unit or business unit EBIT +/- cost of capital on changes in net assets over the previous year Pay-out amount equals the fair market value on vesting determined by the volume-weighted average unit price for the five days preceding the vesting date multiplied by the number of units vested
<p>Unit Option Plan</p> <ul style="list-style-type: none"> Awarded annually starting in 2009 	<ul style="list-style-type: none"> Foster greater alignment of interests with Unitholders Ensures competitiveness and rewards long term success of the Fund as measured in total Unitholder returns for the Fund; Attraction, retention and motivation of qualified individuals with the experience and ability to deliver strong results and support their business strategy. 	<ul style="list-style-type: none"> Vesting of Options 1/3 per year at the end of years 3, 4 and 5 Expiration of Options at the end of year 10 Exercise price based on volume weighted average closing price of Units on TSX for the five trading days immediately preceding the date the Option is granted
<p>Unit Purchase Loan Plan</p> <ul style="list-style-type: none"> The loans granted under this plan expire on January 31, 2011 and no further loans are being granted 	<ul style="list-style-type: none"> Align awards with long-term planning horizons associated with these positions Attraction and retention 	<ul style="list-style-type: none"> Loans are provided to executives to purchase units of the Fund through the open market. The loans are interest-free, limited recourse and are

Name of Plan	Goals of the Plan	Type of Incentive
	<ul style="list-style-type: none"> Align interests with Unitholders 	repaid through the after-tax distributions on the Units pledged as security against the loan
Alaska Medium Term Incentive <ul style="list-style-type: none"> Rolling three year share of improvement plan Awarded in 2006 and 2007 and paid out in 2009 and 2010 respectively. This plan was terminated effective January 31, 2010 	<ul style="list-style-type: none"> Encourage medium term sustainable growth of the business 	Cash payment linked to: <ul style="list-style-type: none"> Share of average improvements in Alaskan EBIT over three year time frame Share of improvement determined by position

Annual Incentive Plan

The annual incentive plan rewards the achievement of EBIT based financial performance targets, adjusted for cost of capital and unusual items. Annual incentive compensation ranges from zero, if EBIT finishes below the previous year, up to 150% of target, if the Fund achieves specific upper quartile financial objectives.

Target incentives for executives with overall corporate accountabilities are based 100% on achieving consolidated, adjusted EBIT targets. Executives accountable for business units, store banners or merchandise lines of business have their target incentives primarily focused on the performance of these respective areas with a small percentage (10% – 20%) on consolidated EBIT performance.

In 2009, the President and CEO and other executives were eligible to receive annual incentive plan awards in the following ranges:

Payment levels based on performance (% of base salary)				
	Below last year	Last year	Target⁽¹⁾	Maximum⁽²⁾
President & CEO	0	40	80	120
Executive VP	0	30	60	90
Vice President	0	25	50	75

Notes:

- (1) Target incentives are based on achieving 5% comparable business EBIT growth, plus a credit or minus a charge for the net source or use of working capital, over the previous year. Added to this target is the planned contribution from new growth investments.
- (2) To achieve upper quartile pay-for-performance, the maximum incentive is set for 10% comparable business growth plus cost of capital adjustments and any planned contribution from new business growth. Refer to the “Incentive Plan Awards – Value Vested or Earned” table for actual awards received by each NEO for 2009 performance.

Medium-Long Term Incentive Plans

Three different programs were in place in 2009, aligned to various performance cycles and planning horizon of work and to deliver the appropriate mix of medium (three year) and long term (10 year) results. The UPLP is a legacy program that was not factored into 2009 compensation.

LTI Blend	Restricted Share Units (as a % of LTI compensation)	Performance Share Units (as a % of LTI compensation)	Options (as a % of LTI compensation)
Executives	15%	50%	35%

Restricted Share Units (“RSUs”)

RSUs represented 15% of executives LTI compensation in 2009 and are time vested awards that fully vest at the end of the third year of the performance cycle. They are designed for attraction, retention and alignment of value earned with Unitholder value created over their three year vesting period.

Performance Share Units (“PSUs”)

PSUs represented 50% of executives LTI compensation and are performance vested and paid out based on the level of achievement of pre-set financial targets. They are designed to reward financial target attainment over the medium term as follows:

Corporate: Three-year rolling fully diluted earnings per unit growth target.

Operating & Business Units: Three year rolling operating earnings growth targets. Operating earnings are defined as operating margin less administrative costs and a cost of capital factor (year-over-year change in cost of capital on net assets employed).

Vesting of PSUs for operating and business units are based on a three year cumulative earnings growth, with vesting targets at 100% of target between 20.8% – 24.2%.

The following chart sets out the corporate 2008 – 2010 and 2009 – 2011 performance cycle targets for the PSU grants.

Corporate Earnings per Unit	PSU Vesting (%)
Less than 7.7%	PSUs will be forfeited
7.7%	25% of target
15.8%	50% of target
24.2%	100% of target

Note:

(1) Earnings per Unit growth is measured based on a three year cumulative compound growth rate.

Fund Option Plan

Fund Options represented 35% of executives LTI compensation in 2009 and 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 10. They are designed for attraction, retention and alignment of value earned with long-term Unitholder value.

Unit Purchase Loan Plan

The Fund is currently phasing out its previous long term incentive program for Canadian executives, the UPLP, whereby the Fund extended loans to executives and key management for the purpose of

purchasing Units through the open market. The loans are interest-free, limited recourse to Units held as security, with the after-tax value of distributions used as repayment of the loan. This program achieved its objectives by ensuring a high degree of alignment between Unitholder and executive interests and was a relatively cost effective method of delivering long term compensation. The value to the employee was delivered through price appreciation and distributions of the underlying Units supporting the loan. The disadvantages to the program were the accounting treatment impact on the balance sheet, the opportunity cost of the capital tied up in loans and the generally unfavorable view in the market of loan programs. No new loans are being extended and the current loans will mature on January 31, 2011.

	Largest amount outstanding during year ended Jan 31, 2010 (\$)	Amount outstanding as at January 31, 2010 (\$)	Unit purchases during year ended January 31, 2010	Number of Units held as security for loan as at January 31, 2010	Amount forgiven for year ended January 31, 2010 (\$)
Edward Kennedy	3,141,773	3,022,529	-	160,051	-
Léo Charrière	1,190,080	-	-	-	-
Rex Wilhelm	-	-	-	-	-
Michael McMullen	1,154,888	1,099,619	-	74,182	-
Dalbir Bains	-	-	-	-	-

Other Elements of 2009 Compensation

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

All current executives in Canada participate in a non-contributory Defined Benefit Pension Plan. The annual benefit payable is based on a range of 1.4% to 1.7% per year of service of the average of the final three years of remuneration. Remuneration includes base earnings plus bonuses. Upon death, reduced payments continue to the spouse, if applicable. Executives may elect to contribute to the plan to provide for ancillary benefits. The benefit is not reduced for early retirement at age 60 if the member has 10 years of service as an executive of the Fund. For retirement between ages 55 and 60 years, or before age 65 for those without 10 years of service, the benefit is reduced by 3% per year.

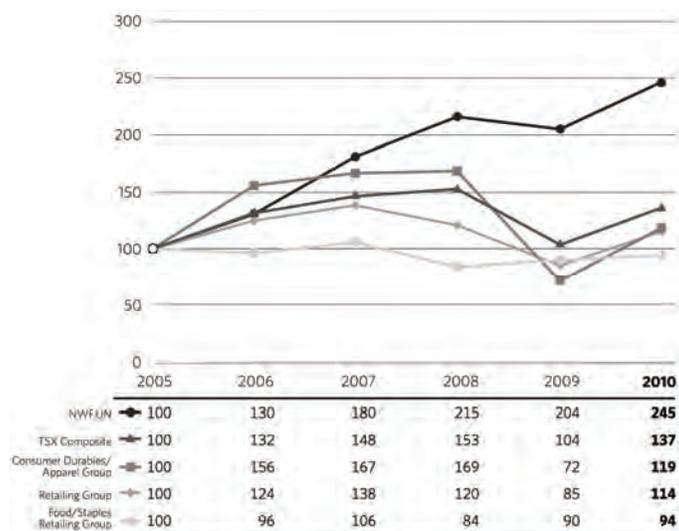
Executives may elect to accumulate their benefits through an alternative defined contribution arrangement. The benefits under this option are based on the balance accumulated in their defined contribution account. Currently, there are no active participants in this program.

Executives in the Fund's International division have the option to participate in the Fund'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 Fund provides 50% matching contributions on the employee's contributions up to 6% of base salary.

See the "Present Value of Accumulated Pension Benefits" table for additional information regarding the value of these pension benefits.

Performance Graph

Set out below is a comparison of the cumulative total return between the Fund, with the TSX Composite, Consumer Durables/Apparel Group, Retailing Group/ Staples Retailing Group from January 2005 to January 31, 2010.



Summary Compensation Table

The following table sets forth the compensation paid to the Fund's NEO's for the year ending January 31, 2010. In light of the changes to the required summary compensation disclosure pursuant to NI 51-102F2, the Fund has chosen to adhere to the transition provisions of the instrument which requires disclosure of compensation on this table only for the years ending January 31, 2009 and 2010. For information regarding the compensation paid to our executives in prior years, please see the Management Information Circular for fiscal year 2007 which is available on www.sedar.com. Please note that the numbers for prior years may not be directly comparable to the numbers indicated in the chart below.

Name/Principal Position	Year	Salary ⁽¹⁾	Unit Based Awards (\$) ⁽²⁾	Option Awards (\$) ⁽³⁾	Non Equity Incentive Plan Compensation		Change in Pension Value (\$) ⁽⁶⁾	All Other Compensation (\$) ⁽⁷⁾	Total Annual Compensation (\$)
					Annual Incentive (\$) ⁽⁴⁾	LTI Cash Award (\$) ⁽⁵⁾			
Edward Kennedy ⁽⁸⁾ President and CEO	2009	649,354	832,000	456,960	318,938	-	346,000	106,122	2,709,374
	2008	626,538	1,280,000	n/a	418,065	-	374,100	173,693	2,872,396
Léo Charrière Executive Vice President and CFO	2009	338,115	132,275	72,722	124,585	-	131,900	49,879	849,476
	2008	328,692	203,500	n/a	163,144	-	142,000	77,490	914,826
Michael McMullen Executive Vice President, Northern Canadian Retail	2009	266,519	104,271	57,322	88,270	-	197,500	41,881	755,763
	2008	259,135	160,416	n/a	129,515	-	26,200	68,569	643,835
Rex Wilhelm President and COO International ⁽⁹⁾	2009	259,900	105,761	62,723	91,703	42,532	-	-	562,619
	2008	252,517	165,795	n/a	125,605	129,515	-	-	673,432

Name/Principal Position	Year	Salary ⁽¹⁾	Non Equity Incentive Plan Compensation				Change in Pension Value (\$) ⁽⁶⁾	All Other Compensation (\$) ⁽⁷⁾	Total Annual Compensation (\$)
			Unit Based Awards (\$) ⁽²⁾	Option Awards (\$) ⁽³⁾	Annual Incentive (\$) ⁽⁴⁾	LTI Cash Award (\$) ⁽⁵⁾			
Dalbir Bains ⁽¹⁰⁾	2009	213,288	68,250	37,538	65,499	-	20,900	22,496	427,971
Vice President Planning & Corporate Development	2008	48,462	78,750	n/a	21,083	-	-	4,962	153,257

Notes:

- (1) Reflects actual salary earned during the fiscal year. This includes the dollar value of cash and non-cash base salary earned during the fiscal year.
- (2) Represents the dollar amount based on the grant date fair value of the award for the fiscal year under the Fund's RSU and PSU Plans multiplied by the number of units granted. The grant date fair market value was calculated by using the volume weighted average closing market price for the five days prior to and including the grant date. In order to approximate the relative value compared to a freely traded unit, a discount factor of 10% was assigned to RSUs and 25% for PSUs to determine the number of RSUs and PSUs awarded to each participant. The targeted LTI compensation for each type of award was divided by this discounted value to determine the number of share units to be awarded. During 2008 and 2009, the total RSUs and PSUs granted to each NEO were as follows:

	2008 RSU Grant	2008 PSU Grant	2009 RSU Grant	2009 PSU Grant
Edward Kennedy	48,941	58,729	13,571	54,283
Léo Charrière	7,781	9,337	2,158	8,630
Michael McMullen	6,134	7,360	1,701	6,803
Rex Wilhelm	5,841	7,010	1,620	6,479
Dalbir Bains	3,011	3,613	1,113	4,453

No RSUs and PSUs have vested to date.

- (3) Represents the dollar amount based on the grant date fair value. Grant date fair value was calculated by using the volume weighted average closing price of the Units on the TSX for the five trading days immediately preceding the grant date. No Fund Options were granted in 2008. The Fund Option Plan was approved by the Unitholders in June, 2009. No Fund Options have vested to date.
- (4) 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. Please see "Our 2009 Executive Compensation Program – Compensation Mix – Annual Incentive Plan".
- (5) Represents a cash based incentive payment for Alaska Commercial executive for three-year average improvement in EBIT. This program was discontinued with the last payment to be received in May 2010.
- (6) See table called "Present Value of Accumulated Pension Benefits" for details.
- (7) See table called "All Other Compensation" for details.
- (8) Mr. Kennedy does not receive compensation in his capacity as a Trustee.
- (9) All dollars shown for Mr. Wilhelm are represented in Canadian dollars. The 2008 average foreign exchange rate of 1.0852 and the 2009 average foreign exchange rate of 1.065 has been applied.
- (10) Mr. Bains joined the Fund on November 3, 2008.

All Other Compensation

The following table shows the breakdown of "All Other Compensation" in the Summary Compensation Table for 2008 and 2009. These amounts reflect the aggregate incremental costs to the Fund.

Name	Year	Flexible Benefits (\$)	Interest Subsidy on UPLP Loan (\$)	Life Insurance Premium (\$)	Officer Medical (\$)	Total All Other Compensation (\$)
Edward Kennedy	2009	64,935	38,771	2,416	-	106,122
	2008	62,654	108,864	2,175	-	173,693
Léo Charrière	2009	33,811	14,774	1,294	-	49,879
	2008	32,870	43,329	1,291	-	77,490
Michael McMullen	2009	26,652	14,202	1,027	-	41,881
	2008	25,914	41,775	880	-	68,569
Rex Wilhelm	2009	-	-	-	-	-
	2008	-	-	-	-	-
Dalbir Bains	2009	21,329	-	567	600	22,496
	2008	4,846	-	116	-	4,962

Outstanding Equity Based Awards

The following are the outstanding equity based awards for executives as at January 31, 2010.

Unit-based Awards ⁽¹⁾			Option-based Awards			
Name	# of Units that have not vested (rounded to nearest unit) ⁽²⁾	Market or payout value of unit-based awards that have not vested (\$) ⁽³⁾	# of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Edward Kennedy	193,582	3,472,861	140,600	15.25	June 26, 2019	-
Léo Charrière	30,777	552,139	22,400	15.25	June 26, 2019	-
Michael McMullen	24,261	435,242	17,600	15.25	June 26, 2019	-
Rex Wilhelm	23,105	441,446	19,301	15.25	June 26, 2019	-
Dalbir Bains	13,425	240,844	11,600	15.25	June 26, 2019	-

Notes:

- (1) No Unit-based awards or option-based awards have vested during the year.
- (2) Includes distribution equivalents that have been automatically credited.
- (3) Unit price as at January 29, 2010 (last day of trading before Jan 31, 2010) = \$17.94; Rex Wilhelm awards will be paid in U.S.\$ – exchange factor included at 1.0650. Value of the PSUs was calculated at the maximum vesting threshold of 100%.

Annual Incentive Award

The annual cash incentive award paid to each NEO, expressed as a percentage of base salary, for each business performance measure are shown in the table below:

Name	NWC Consolidated EBIT	NWC International EBIT	NCR EBIT	2009 Actual STI Award (% base salary)	2009 Target STI Award (% base salary)	2009 Actual STI as % of Target	2009 Actual STI (\$)
Edward Kennedy	48.7	-	-	48.9	80%	61.1	318,938
Léo Charrière	36.6	-	-	36.6	60%	61.1	124,585
Michael McMullen	7.3	-	25.6	32.9	60%	54.9	88,270
Rex Wilhelm	7.3	26.4	-	33.8	60%	56.4	91,703
Dalbir Bains	30.6	-	-	30.5	50%	61.1	65,499

See “Our 2009 Executive Compensation Program — Compensation Mix — Annual Incentive Plan” for further details.

Present Value of Accumulated Pension Benefits

The following is a summary of the Fund’s present value of accumulated pension benefits for each of its NEO’s. Please refer to “Other Elements of 2009 Compensation” for information regarding the terms and conditions of payments and benefits under the plan, including the formula for determining benefits.

Name	# of Years of credited service	Annual benefits payable at year end (\$)	Annual benefits payable at age 65 (\$)	Accrued obligation at start of year (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Accrued Obligation at year end (\$)
Edward Kennedy	15.17	302,500	591,500	2,495,300	346,000	1,123,300	3,964,600
Léo Charrière	6.67	63,200	155,600	550,900	131,900	194,600	877,400
Michael McMullen	2.92	17,400	74,000	41,000	197,500	68,000	306,500
Dalbir Bains	1.16	7,900	197,400	3,300	20,900	17,700	41,900

Name	Accumulated Value at Start of Year	Compensatory (\$)	Non-Compensatory (\$)	Accumulated Value at End of Year
Rex Wilhelm ⁽¹⁾	292,669	-	-7,206	285,463

Note:

(1) Shown in U.S. dollars and denotes value of accumulated defined contribution benefits.

Termination and Change of Control Benefits

The following table summarizes the payments that would be received by each NEO in each circumstance where the executive ceases to be employed by the Fund. The amounts calculated are based on positions and compensation as at January 31, 2010. Amounts received upon acceleration of RSU and PSU awards are based on January 31, 2010 closing price of 17.94. The value is calculated by multiplying the number of qualifying units by 17.94.

The actual amount that the executive could receive in the future as a result of termination of employment could differ materially from the amounts set forth as a result of a variety of factors, such as changes in unit price or base salary, timing of the termination, and the vesting and granting of additional unit awards.

A change of control is triggered if one or both of the following events occur:

- The majority of the assets of the Fund are sold; or
- A third party acquires more than 50% of the Fund's equity.

The change of control is in effect for 12 months following the actual change of control, and is enforceable if the executive resigns for "good reason", which includes unilateral reductions in salary, bonus opportunities and/or benefits, forced geographical relocations, reductions in levels of responsibility to title/function, or changes in the Fund's corporate structure that negatively effects the executive's position in the hierarchy.

Name	Termination for Cause (\$)	Termination other than for Cause (\$)	Change of Control (\$)	Retirement/ Death or Disability (\$)	Resignation (\$)
Edward Kennedy					
Cash Severance Benefit ⁽¹⁾	-	1,436,160	2,274,638	-	-
Accelerated PSU Vesting ⁽²⁾	-	-	2,231,737	1,134,310	-
Accelerated RSU Vesting ⁽²⁾	-	-	1,241,132	739,064	-
Accelerated Option Vesting ⁽²⁾	-	-	378,214	378,214	-
Continuation of Employee Benefits	-	-	-	-	-
Total	-	1,436,160	6,125,721	2,251,588	
Léo Charrière⁽³⁾					
Cash Severance Benefit ⁽¹⁾	-	748,000	1,094,158	-	-
Accelerated PSU Vesting ⁽²⁾	-	-	354,809	180,337	-
Accelerated RSU Vesting ⁽²⁾	-	-	197,332	117,504	-
Accelerated Option Vesting ⁽²⁾	-	-	60,256	60,256	-
Continuation of Employee Benefits	-	-	-	-	-
Total	-	748,000	1,706,555	358,097	-
Michael McMullen					
Cash Severance Benefit ⁽¹⁾	-	294,800	438,376	-	-
Accelerated PSU Vesting ⁽²⁾	-	-	279,688	142,155	-
Accelerated RSU Vesting ⁽²⁾	-	-	155,558	92,631	-
Accelerated Option Vesting ⁽²⁾	-	-	47,344	47,344	-
Continuation of Employee Benefits	-	-	-	-	-
Total	-	294,800	920,966	282,130	-
Rex Wilhelm⁽⁴⁾					
Cash Severance Benefit ⁽¹⁾	-	399,375	569,646	-	-
Accelerated PSU Vesting ⁽²⁾	-	-	283,693	144,192	-
Accelerated RSU Vesting ⁽²⁾	-	-	157,762	93,941	-
Accelerated Option Vesting ⁽²⁾	-	-	55,292	55,292	-
Continuation of Employee Benefits	-	-	-	-	-
Total	-	399,375	1,066,393	293,425	-
Dalbir Bains⁽⁵⁾					
Cash Severance Benefit ⁽¹⁾	-	235,950	300,324	-	-
Accelerated PSU Vesting ⁽²⁾	-	-	159,051	77,034	-
Accelerated RSU Vesting ⁽²⁾	-	-	81,791	47,280	-
Accelerated Option Vesting ⁽²⁾	-	-	31,204	31,204	-
Continuation of Employee Benefits	-	-	-	-	-
Total	-	235,950	572,370	155,518	-

Notes:

- (1) Cash severance benefit equals lump sum severance payment plus 10% flexible benefit cash payment (for Canadian executives excluding Giant Tiger) for Termination other than for cause. For Change of Control it is based on total cash compensation defined as base salary plus the average of the actual bonuses paid to the executive, over the prior three years multiplied by the number of months of applicable severance by position.
- (2) Where an executive is terminated without cause within 12 months following a change of control all earned RSUs and PSUs, including any distribution equivalents, 100% of the outstanding RSUs and PSUs will be deemed to be earned share units and eligible for redemption. In the case of retirement, disability or death, any share units that have not been earned will be prorated based on the proportionate amount of time worked in the performance cycle and will be deemed earned and eligible for redemption. The value is calculated by multiplying the number of qualified share units by the January 31, 2010 closing unit price of \$17.94.
- (3) L. Charrière termination provision is outlined in his initial letter of offer providing a lump sum payment equal to 24 months base salary plus 10% flexible benefit payment. In the event of change of control it is based on cash compensation (base plus average bonus over the previous three years).
- (4) All amounts shown for Rex Wilhelm have been converted into Canadian dollars using an average exchange rate of 1.065.
- (5) D. Bains termination provision is outlined in his initial letter of offer providing a lump sum payment equal to 12 months base salary plus 10% flexible benefit payment (for less than five years service) – 18 months (for service greater than five years) in the event of termination other than cause. In the event of a change of control the lump sum payment is equal to cash compensation (base plus average bonus over the previous three years).

Unit Ownership Guidelines

In 2008, minimum ownership guidelines were established outlining the minimum levels of Unit ownership for executives who are members of management's executive committee. These guidelines are designed to align the interests of those executives with the interests of Unitholders, demonstrate financial commitment to the Fund through personal Unit ownership, and promote the Fund's long term commitment to sound corporate governance.

Any Units purchased through the open market or the Employee Ownership Plan, released under the UPLP, and up to 50% of after-tax RSUs are included in the number of units reported for each executive. Any Units held by the Fund under the UPLP less the number of Units to secure the loan balance are included. PSUs are only included on vesting if converted into Units. Fund Unit Options are not included.

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

Executives are expected to maintain ownership levels that meet or exceed the guidelines within five years of being appointed to the position. If the guidelines have not been met, the executive must retain any Units acquired through the exercise of Fund Options, less the portion required to be sold to cover the tax cost associated with the Fund Option exercise. The after-tax value of any vested RSUs or PSUs must also be converted to Units until such time as the guidelines have been met.

The table below shows the market value of Units held by each of the NEOs as of January 31, 2010, based on the closing price of the Fund on the TSX on January 31, 2010 and the actual ownership as a multiple of their respective base salary.

Name	Market Value of units (\$) ⁽¹⁾	Net Ownership as a multiple of base salary	Minimum Ownership as multiple of salary
Edward Kennedy	4,858,226	7.48	4.0
Léo Charrière	1,739,458	5.14	2.0
Michael McMullen	329,266	1.24	2.0
Rex Wilhelm	33,458	0.13	2.0
Dalbir Bains	18,496	0.09	1.0

Note:

- (1) Includes any Units purchased through the open market, Employee Ownership Plan, released units under the UPLP, Units held by the Fund under the UPLP less the Units held to secure the loan balance, and up to 50% of the after-tax RSUs; all multiplied by the January 31, 2010 closing price of \$17.94.

Summary of Securities Remaining for Future Issuance under Equity Compensation Plans

The total number of underlying Units issuable to any participant pursuant to the Fund Option Plan and all other equity compensation plans of the Fund will not exceed 5% of the issued and outstanding Units at the date of the grant of the Fund Option. The following chart outlines the number of Units to be issued upon exercise of the Fund Deferred Units under the Fund Deferred Unit Plan and Fund Options under the Fund Option Plan.

	Number of Underlying Units reserved for issuance upon exercise of all Fund Deferred Units or Fund Options	
Fund Deferred Unit Plan	103,431	
Fund Option Plan	274,600	
Total Units Issued and Outstanding as at January 31, 2010		48,378,000
% of Units reserved under equity compensation plans as a % of Total Units issued and outstanding as at January 31, 2010		0.78%

Employment Agreements

There are currently no employment agreements in place for executives. The Board is currently working on an employment agreement for Edward Kennedy, President and Chief Executive Officer of NWC GP, the administrator of the Fund, which will be effective once executed.

INDEBTEDNESS OF TRUSTEES AND EXECUTIVES

None of the Trustees or executives of the Fund or its affiliated entities, nor any associate or affiliate of any of them, is or was indebted, directly or indirectly, to the Fund or any of its affiliated entities at any time since February 1, 2009, the beginning of the most recently completed financial year, except as previously outlined above under "Unit Purchase Loan Plan".

TRUSTEE, DIRECTOR AND OFFICER LIABILITY INSURANCE

The Fund maintains a director and officer liability insurance policy. The policy covers costs to defend and settle claims against the Fund's trustees, directors, and officers to an annual limit of \$25 million, and it 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, 2009 to June 1, 2010 was approximately \$124,500. Trustees, directors and officers do not pay premiums, and no indemnity claims were made or paid in 2009.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

MANAGEMENT CONTRACTS

The Fund is administered by the Trustees, and, pursuant to the Administration Agreement, by NWC GP. The management functions of the Fund are not performed to any substantial degree by a person or company other than the Trustees and directors and senior officers of NWC GP, in its capacity as administrator of the Fund.

Under the terms of the Administration Agreement, NWC GP agrees to provide certain management, administrative and support services to the Fund including, without limitation, the following: (a) undertake any matters required by the terms of the Fund Declaration of Trust to be performed by the Trustees, which are not otherwise delegated therein or in the Administration Agreement and generally provide all other services as may be necessary or as requested by the Trustees for the management and administration of the Fund; (b) assist the Trustees in making all determinations necessary for the discharge of the Trustees' obligations under the Fund Declaration of Trust; (c) retain and monitor, on behalf of the Trustees, a transfer agent and other persons serving the Fund; (d) authorize and pay on behalf of the Fund operating expenses incurred on behalf of the Fund and negotiate contracts with third party providers of services (including, but not limited to, transfer agents, legal counsel, auditors and printers); (e) deal with banks and other institutional lenders, including in respect of maintenance of bank records and the negotiation and securing of bank financing or refinancing or one or more credit or debt facilities, hedging or swap facilities or other ancillary facilities in respect of the Fund or any entity in which the Fund holds any direct or indirect interest; (f) administer all of the records and documents relative to the assets and property of the Fund; (g) prepare and provide to the Trustees for their review and approval all annual audited and interim unaudited financial statements of the Fund, income tax returns and filings in sufficient time prior to the dates upon which they must be delivered to Unitholders and/or filed so that the Trustees have a reasonable opportunity to review and approve them, execute them and return them to NWC GP, as administrator of the Fund, and arrange for their delivery to Unitholders and/or filing within the time required by applicable law; (h) assist the Trustees in computing distributions to Unitholders including calculating Net Income of the Fund (as defined in the Fund Declaration of Trust) and facilitate payment of distributions properly declared payable by the Fund; (i) provide advice and assistance to the Trustees with respect to the performance of the obligations of the Fund and the enforcement of the rights of the Fund under all agreements entered into by the Fund; (j) ensure compliance by the Fund with all applicable securities laws, including continuous disclosure obligations; (k) ensure compliance by the Fund with stock exchange rules; (l) provide all communications and related services to the Fund, including government relations services, drafting, approval and distribution of all press releases related to distributions to Unitholders, earnings and other disclosable events, in compliance with the Fund's policies on disclosure and all applicable securities laws related to disclosure of material information; (m) prepare on behalf of the Fund any circular or other disclosure document required under applicable securities legislation with respect to an offer to acquire securities of another person or in response to an offer to purchase Units; (n) provide investor relations services to the Fund; (o) at the request and under the direction of the Trustees, call and hold all annual and/or special meetings of Unitholders pursuant to the Fund Declaration of Trust and prepare for approval by the Trustees and arrange for the distribution of all materials (including notices of meetings, information circulars and instrument of proxy) in respect

thereof; (p) prepare and provide or cause to be provided to Unitholders on a timely basis all information to which Unitholders are entitled under the Fund Declaration of Trust and under applicable laws, including quarterly and annual reports, notices, financial statements and tax information relating to the Fund; and (q) ensure compliance with the Fund's limitations on non-resident ownership, as more particularly set out in the Fund Declaration of Trust.

The Administration Agreement has an initial term of 10 years, and may be extended for two additional three-year periods at the option of the Fund and NWC Trust. The Administration Agreement may be terminated at any time by the Fund or NWC Trust by delivery of 30 days' notice in writing to NWC GP and upon payment to NWC CP of all amounts required to be paid to it; or by any party in the event of the insolvency or receivership of any of the other parties, or in the case of default by the other parties in the performance of a material obligation under the Administration Agreement, which is not remedied within 30 days after written notice has been delivered. Additionally, the Fund or NWC Trust may at any time and from time to time terminate or suspend the provision of any particular service to be provided under the Administrative Agreement by NWC GP, as administrator.

The Fund does not pay any management fees to NWC GP under the Administration Agreement. The Fund reimburses NWC GP for any direct costs incurred in the performance of its duties under the contract.

PART VIII – GOVERNANCE DISCLOSURE

The Board of Trustees of the Fund is committed to fulfilling its mandate to supervise the management of the business and affairs of the Fund with the highest standards of ethical conduct and in the best interests of the Unitholders of the Fund. The Board of Trustees has, in light of governance requirements and best practice standards in Canada, implemented a sophisticated set of governance systems and materials. In addition to the governance practices set out in National Policy 58-201 — *Corporate Governance Guidelines and National Instrument* and 58-101 — *Disclosure of Corporate Governance Practices*, the Fund is subject to rules of the Canadian Securities Administrators regarding both audit committees and the certification of certain annual and interim filings. In this regard, the Board of Trustees has prepared and approved the disclosure of the Fund's governance practices set forth in Schedule "A" to this Information Circular.

PART IX – ADDITIONAL INFORMATION

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

Copies of the Fund's AIF, annual report (including management's discussion and analysis), financial statements, and this Information Circular may be obtained upon request to the Corporate Secretary of NWC GP, the administrator of the Fund. The Fund may require the payment of a reasonable charge if the request is made by a person who is not a unitholder of the Fund.

PART X – TRUSTEES’ APPROVAL

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

DATED at Winnipeg, Manitoba, on April 29, 2010.

“Paulina Hiebert”
Paulina Hiebert
Vice-President, Legal and Corporate Secretary
NWC GP Inc., the administrator
of North West Company Fund

AUDITORS' CONSENT

We have read North West Company Fund's (the "**Fund**") Notice of Meeting and Management Information Circular dated April 29, 2010 for an annual and special meeting of unitholders of the Fund with respect to, among other things, a plan of arrangement involving the Fund, The NWC Trust, NWC GP Inc., The North West Company LP, The North West Company Inc., 2891973 Manitoba Ltd., 4698844 Manitoba Ltd., Buffalo Pharmacy Ltd., and the unitholders of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned circular of our report to the unitholders of the Fund on the consolidated balance sheets of the Fund as at January 31, 2010 and 2009 and the consolidated statements of earnings and retained earnings, comprehensive income and cash flows for the years then ended. Our report is dated April 7, 2010.

Winnipeg, Manitoba
April 29, 2010

"PricewaterhouseCoopers LLP"
Chartered Accountants

SCHEDULE “A”

STATEMENT OF FUND GOVERNANCE PRACTICES

The Fund is committed to high standards of corporate governance. The Board of Trustees (the “**Board**”) and each of its committees have continued to refine the Fund’s and NWC GP’s governance policies and practices in light of regulatory initiatives in Canada that have been adopted to improve corporate governance.

The corporate governance practices and structure of the Fund, and its subsidiaries and other operating entities are similar and are set out below.

Composition of the Board of Trustees

The responsibility of the Board of Trustees is to oversee the conduct of the Fund’s business. The Board of Trustees discharges its responsibilities either directly or through its Committees. The Trustees are kept informed of the Fund’s operations at meetings of the Board and its Committees and through reports and discussions with management.

The Board of Trustees currently consists of 10 Trustees. The Board of Trustees believes that 10 Trustees is appropriate for an issuer of the size of the Fund and believes that the range of expertise and skills facilitate Board effectiveness.

Independence

The Board has reviewed the status of each of its trustees to determine whether such trustee 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 10 Trustees, nine are independent within the meaning of NI 58-101. Each of H. Sanford Riley, David G. Broadhurst, Frank J. Coleman, Wendy F. Evans, Robert J. Kennedy, Gary J. Lukassen, Keith G. Martell, James G. Osborne and Ian Sutherland is an independent Trustee. Edward S. Kennedy, the President and CEO of the NWC GP is not independent.

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

Other Directorships

The names of all other reporting issuers on which each trustee of the Fund serves as a director is set out in this Information Circular under the heading “PART VII — Other Business of the Meeting — Election of Trustees of the Fund — Trustee Nominees”.

Board Meetings

The Board holds four regular meetings each year, as well as additional meetings as required. At the end of every regularly scheduled Board meeting, a session is held without any management present, including the CEO.

Chairperson

Mr. H. Sanford Riley is the Chairperson of the Board. Mr. Riley is an independent trustee 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.

Attendance Record

For information concerning the attendance record of each trustee for all Board and committee meetings, please refer to the disclosure under the heading “PART VII — Other Business of the Meeting — Attendance of Trustees at Board and Committee Meetings”.

Board Mandate

The Board’s mandate sets out the Board’s purpose, organization, duties and responsibilities. A copy of the mandate is attached as Schedule “B”.

Position Descriptions

The Board is currently developing written position descriptions for the Chairperson of the Board as well as the Chair of each Board committee. The Board is also developing a written position description for the Chief Executive Officer (“CEO”).

The Board Chair provides independent, effective leadership to the Board in the governance of the Fund. 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 CEO provides effective leadership and vision for the Fund Group 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.

Orientation and Continuing Education

The Fund has not adopted a formal orientation process for new trustees, although all trustees are provided with a copy of all Board and committee mandates and policies and the Fund’s Declaration of Trust. Trustees are given the opportunity to individually meet with senior management to improve their understanding of the operations of the Fund and its affiliated entities.

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

Individual Trustees may, with the consent of the Chair of the Governance and Nominating Committee, engage outside advisors at the expense of the Fund.

Code of Ethical Business Conduct and Disclosure

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

The Fund has a written code of conduct for its trustees and employees (the “Code”). A copy of the Code can be found on *www.sedar.com*. Management is responsible to advise the Board on any compliance issues relating to the Code. To the knowledge of the Board, there have been no departures from the Code during fiscal 2009 that would have required the filing of a material change report.

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

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

Related Party Transactions

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

Assessments

In response to the Board's commitment to effective corporate governance, an annual evaluation process takes place. As part of this evaluation, Board members assess their effectiveness as a Board and as individual Trustees. The Governance and Nominating Committee reviews recommendations and issues arising out of the questionnaires, and implements such changes arising therefrom as it considers appropriate.

Board Committees

The Board has three Committees who oversee the activities of the Fund and its related entities. The Chair of the Board is an ex-officio non-voting member of all Committees of the Board. Board Committees meet regularly without management. The President and Chief Executive Officer attends Board Committee meetings as an invited guest.

Governance and Nominating Committee (“Governance Committee”)

The Governance Committee is composed of three Trustees, namely Frank Coleman (Chairperson), David Broadhurst and James Osborne, all of whom are independent.

The Governance Committee is responsible for developing and monitoring the Fund'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 of Trustees 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 Trustees; assessing the effectiveness of the Board, its committees and individual Trustees; and establishing and reviewing general corporate policies and practices, such as related party transaction policies and insider trading guidelines.

Human Resources and Compensation Supervisory Committee (the “Human Resources Committee”)

The Human Resources Committee is composed of five Trustees, namely Keith Martell (Chairperson), Wendy Evans, James Osborne, Robert Kennedy and Ian Sutherland, all of whom are independent.

The Human Resources 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 Fund's strategic objectives, and with a view to attract and retain the best qualified management and employees. See “PART VII — Other Business of the Meeting — Executive Compensation — Compensation Discussion and Analysis” for the report presented this year on executive compensation.

Audit Committee

The Audit Committee is composed of five Trustees, namely Gary Lukassen (Chairperson), David Broadhurst, Ian Sutherland, Robert Kennedy, and Wendy Evans, all of whom are independent.

The Audit Committee is responsible for overseeing the integrity of the Fund's financial reporting process. In this regard, the primary duties of the Audit Committee involve reviewing the Fund's annual and interim financial statements, monitoring the Fund's financial reporting process and internal disclosure control systems, and overseeing the audits conducted by the Fund's external auditors.

The Audit Committee is also responsible for overseeing the integrity of the Fund's risk management and the reporting procedures with respect thereto; evaluating the qualifications and performance of the Fund's external auditors and implementing practices to preserve their independence; reviewing the engagements to be provided by the external auditors; and reviewing all significant auditing and accounting practices and policies and any proposed changes with respect thereto.

Nomination of Trustees

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 trustees in order to determine the skills, expertise and experience it should seek in new board members to add value to the Board. The Committee then makes recommendations on candidates to the Board.

The Governance Committee is composed of three Trustees, all of whom are independent.

Compensation

The remuneration paid to the Trustees is reviewed each year by the Governance Committee. The level of compensation is designed to provide a competitive level of remuneration for directors or trustees relative to comparable issuers in the marketplace. The Trustees also participate in the Fund Deferred Unit Plan which is designed to directly align the interests of the Trustees with the interests of the Unitholders by providing compensation to Trustees in the form of Units.

The compensation of officers is reviewed each year by the Human Resources Committee, which is comprised of five trustees, all of whom are independent. The Human Resources 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 Fund's strategic objectives, and with a view to attract and retain the best qualified management and employees.

Please refer to this Information Circular under the heading "PART VII — Other Business of the Meeting — Executive Compensation" for further information on the process for determining executive compensation.

SCHEDULE “B”

NORTH WEST COMPANY FUND MANDATE OF THE BOARD OF TRUSTEES

Introduction	The Board of Trustees (the “ Trustees ”) is elected by the Unitholders and is responsible for the stewardship of the affairs of the North West Company Fund (the “ Fund ”). The Trustees discharge their responsibility through the Audit Committee and by supervising and managing the investments and affairs of the Fund. The Trustees also oversee the governance of the Fund, monitoring of financial performance and other financial reporting matters including approval and compliance with the policies and procedures by which the Fund is operated and overseeing the Fund’s communications and reporting responsibilities.
Reporting	Trustees report to all the unitholders.
Composition	The Trustees shall consist of seven to 11 Trustees as fixed by a resolution of the Trustees; now set at ten.
Election	Elected annually at the Annual Meeting of Unitholders.
Vacancies	A quorum of trustees may fill a vacancy among the Trustees.
Chairman	The Trustees shall choose one of the members to be Chairman who will also act as Chairman of the Board of Directors of the Company.
Meetings	Meetings must be held in Canada. Meetings may be held at any place in Canada and may be held by telephone. The Trustees may pass special resolutions by unanimous written consent as is necessary between meetings or in lieu of a meeting.
Secretary	The Trustees shall engage NWC GP Inc. to act as administrator of the Fund and shall appoint an officer of NWC GP Inc. to serve as Secretary.
Notice of Meeting	Notice of the time and place of every meeting shall be given in writing, facsimile or email to each Trustee at least 48 hours prior to the time fixed for such meeting. A member may in any manner waive notice of the meeting. Attendance of a member at any meeting shall constitute waiver of notice.
Quorum	A majority of Trustees holding office and present in person or by telephone shall constitute a quorum.
Minutes	Minutes of Committee meetings shall be sent to all Trustees.
Duties	The Trustees are responsible to, among other things: <ol style="list-style-type: none">1. Manage the investments and affairs of the Fund.2. Maintain records including approval of financial statements, Management, Analysis and Discussion documents, Annual Information Forms, Management Information Circulars, significant financial press releases, the Report to Unitholders and fulfill “reporting and issuer obligations”.

3. Receive and collect funds, pay obligations and effect payment of distributions to unitholders in cash or in units.
4. Carry out the terms of the Declaration of Trust.
5. Use best efforts to ensure the Fund qualifies as a “unit trust” and a “mutual fund trust” as defined in the Income Tax Act.
6. Ensure unitholders potential liability is limited to the amount of their investment.
7. Oversee and receive advice and reports from the Audit Committee, the Governance & Nominating Committee, Human Resources & Compensation Supervisory Committee and the Pension Supervisory Committee.
8. Approve issuance of securities of the fund.
9. Fill any vacancies on the Board of Trustees.
10. Approve for the consideration of Unitholders any major changes to the Declaration of Trust.
11. Ensure that an effective and fair Unitholder and investor relations communications program is in place.

Standard of Care

The Trustees shall act honestly and in good faith with a view to the best interests of the Fund.

The Trustees will exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances.

The Trustees will act in accordance of, the Securities Acts of relevant provinces and territories, and all other relevant legislation and regulations.

APPENDIX "A"

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE UNITHOLDERS THAT:

1. the arrangement under section 192 of the *Canada Business Corporations Act* (the "**Arrangement**") substantially as set forth in the Plan of Arrangement (the "**Plan of Arrangement**") attached as Exhibit "A" to Appendix "D" to the management information circular of North West Company Fund (the "**Fund**") dated April 29, 2010 (the "**Information Circular**") and all transactions contemplated thereby, be and are hereby authorized and approved;
2. the arrangement agreement ("**Arrangement Agreement**") dated as of April 22, 2010 among the Fund, The NWC Trust, NWC GP Inc. ("**NWC GP**"), The North West Company LP ("**NWC LP**"), The North West Company Inc. ("**NWC**"), 2891973 Manitoba Ltd., 4698844 Manitoba Ltd. and Buffalo Pharmacy Ltd., a copy of which is attached as Appendix "D" to the Information Circular, together with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 6 hereof, such approval to be evidenced conclusively by the execution and delivery of any such amendments or variations, is hereby confirmed, ratified and approved;
3. the amendments to the Fund Declaration of Trust (as defined in the Plan of Arrangement) as necessary to facilitate the Arrangement be and are hereby authorized and approved;
4. the trustees of the Fund are hereby authorized to vote or permit to be voted any other securities of a member of the Fund Group (as defined in the Information Circular) that are directly or indirectly owned or controlled by the Fund, to authorize the Arrangement, the transactions contemplated thereby and related matters, including any amendment to the constating documents of any member of the Fund Group to facilitate the Arrangement;
5. notwithstanding that this resolution has been duly passed and/or that the Arrangement has received the approval of the Court of Queen's Bench of Manitoba, any trustee of the Fund or director or officer of NWC GP, the administrator of the Fund, may without further notice to or approval of the holders of trust units of the Fund, subject to the terms of the Arrangement, amend or terminate the Arrangement Agreement or the Plan of Arrangement, or revoke this resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the *Canada Business Corporations Act*; and
6. any trustee of the Fund or director or officer of NWC GP is hereby authorized, for and on behalf of the Fund and NWC GP, to execute and deliver Articles of Arrangement and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such trustee, director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.

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APPENDIX "B"
INTERIM ORDER

THE QUEEN'S BENCH
Winnipeg Centre

IN THE MATTER OF: **Section 192 of the *Canada Business Corporations Act*,
R.S.C. 1985 c.C-44, as amended**

- and -

AND IN THE MATTER OF: **An Arrangement Involving North West Company Fund,
The NWC Trust, NWC GP Inc., The North West
Company LP, The North West Company Inc., 2891973
Manitoba Ltd., 4698844 Manitoba Ltd., Buffalo
Pharmacy Ltd. and the Unitholders of North West
Company Fund**

**NORTH WEST COMPANY FUND, THE NWC TRUST, NWC GP INC., THE NORTH
WEST COMPANY LP, THE NORTH WEST COMPANY INC., 2891973 MANITOBA
LTD., 4698844 MANITOBA LTD. and BUFFALO PHARMACY LTD.**

Applicants

INTERIM ORDER

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CERTIFIED A TRUE COPY

DEPUTY REGISTRAR

on hearing the submissions of counsel for the Applicants, and on being advised of the letter of non-appearance by the Director appointed under section 260 of the CBCA (the "Director"):

Definitions

1. **THIS COURT ORDERS** that all capitalized terms not otherwise defined in this Order shall have the meanings ascribed thereto in the draft Management Information Circular (the "Circular") attached as Exhibit "A" to the Charriere Affidavit.

The Meeting

2. **THIS COURT ORDERS** that, in accordance with Article 13 of the second amended and restated declaration of trust of the North West Company Fund (the "Fund"), dated as of June 11, 2009 (the "Declaration of Trust"), the Fund is permitted to call, hold and conduct the annual and special meeting (the "Meeting") of the holders (the "Unitholders") of the trust units of the Fund (the "Units") to be held on June 10, 2010 at 11:30 a.m. (Central Time), at which the Unitholders will be asked to, among other things, consider and, if thought advisable, pass, with or without alteration or modification, the Arrangement Resolution, a copy of which is attached as Appendix "A" to the draft Circular, to, among other things, authorize, approve and adopt the Arrangement and Plan of Arrangement.
3. **THIS COURT ORDERS** that, in accordance with section 13.8 of the Declaration of Trust, the record date (the "Record Date") for the Meeting shall be April 20, 2010.
4. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the "Notice of Annual and Special Meeting of Unitholders"

forming part of the Circular (the "Notice"), the Declaration of Trust and the terms of this Order and any further Order of this Honourable Court.

5. **THIS COURT ORDERS** that, for the purposes of the Meeting and in accordance with section 13.3 of the Declaration of Trust, the quorum requirement shall be two or more individuals present in person either holding personally or represented as proxies not less in aggregate than 10% of the votes attached to all outstanding Units.
6. **THIS COURT ORDERS** that, subject to the Declaration of Trust, the only persons entitled to attend at the Meeting shall be: (a) the Unitholders or their respective proxy holders; (b) the Applicants' respective trustees, officers, directors, auditors and advisors; and (c) other persons who may receive the permission of the Chair of the Meeting.
7. **THIS COURT ORDERS** that, in accordance with section 13.1 of the Declaration of Trust, at the Meeting, the Fund may also transact such other business as is contemplated by the Circular or as otherwise may be properly brought before the Meeting.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that, subject to compliance with the Declaration of Trust and applicable securities laws, the Applicants are authorized to make such amendments, revisions and/or supplements to the Arrangement and to the Plan of Arrangement as they may determine and the Arrangement and the Plan of Arrangement, as so amended, revised and/or supplemented, shall be the Arrangement and the Plan of Arrangement to be submitted to the Unitholders at the Meeting and shall be the subject of the Arrangement Resolution.

Amendments to the Circular

9. **THIS COURT ORDERS** that, subject to compliance with the Declaration of Trust and applicable securities laws, the Applicants are authorized to make such

amendments, revisions and/or supplements to the draft Circular as they may determine and the Circular, as so amended, revised and/or supplemented, shall be the Circular to be distributed in accordance with paragraphs 14 to 16 of this Order.

Adjournments and Postponements

10. **THIS COURT ORDERS** that the Fund, if it deems advisable and subject to compliance with section 13.2 of the Declaration of Trust, is specifically authorized to adjourn or postpone the Meeting on one or more occasions.

Notice of the Meeting

11. **THIS COURT ORDERS** that the Fund shall give notice of the Meeting in compliance with section 13.2 of the Declaration of Trust, substantially in the form of the Notice, subject to the Fund's ability to change dates, times and other relevant information in the final form of Notice.

Solicitation of Proxies

12. **THIS COURT ORDERS** that the Fund is authorized to use proxies at the Meeting, in accordance with section 13.4 of the Declaration of Trust.
13. **THIS COURT ORDERS** that any proxy to be used at the Meeting must be received by the Fund's transfer agent, CIBC Mellon Trust Company, Attention: Proxy Department, at least 24 hours prior to the commencement of the Meeting, in accordance with the time provisions contained in section 13.4 of the Declaration of Trust.

Method of Distribution of Meeting Materials and Court Materials

14. **THIS COURT ORDERS** that the Fund is hereby authorized to distribute the Notice of Application, this Order, the Notice, the Circular, the form of proxy, and any other communications or documents determined by the Fund to be

necessary or desirable (collectively, the "Meeting Materials") in accordance with section 13.2 of the Declaration of Trust, as follows:

- (a) to (i) registered Unitholders entitled to vote as at the Record Date; (ii) the trustees or directors of the Applicants (as the case may be); and (iii) the auditor of the Applicants, by pre-paid ordinary mail (or if requested by the recipient, the Fund may distribute by delivery in person or by courier) at least twenty-one (21) days and not more than fifty (50) days prior to the date established for the Meeting in the Notice. Distribution to such persons shall be to their addresses as they appear on the Applicants' books and records as at the Record Date; and
 - (b) to non-registered Unitholders by the Applicants complying with their obligations under National Instrument 54-101 of the Canadian Securities Administrators.
15. **THIS COURT ORDERS** that, in the event that the Applicants elect to distribute the Meeting Materials pursuant to paragraph 14, then the Applicants are hereby directed to distribute the Notice of Application, this Order, the Notice, the Circular and any other communications or documents determined by the Applicants to be necessary or desirable (collectively, the "Court Materials"), concurrently with the distribution described in paragraph 14 of this Order, to the holders of (i) Fund Options; and (ii) Fund Deferred Units (collectively "Rightsholders") by pre-paid ordinary mail or by delivery, in person or by courier, or by email for those Rightsholders that are employees, officers, trustees or directors of the Fund or any of its respective Subsidiaries as at the Record Date. Distribution to such persons shall be to their addresses (whether electronic or otherwise) as they appear on the books and records of the Fund or its respective Subsidiaries as at the Record Date.
16. **THIS COURT ORDERS** that the Applicants are hereby authorized to make such amendments, revisions or supplements to the Meeting Materials (the "Additional Information") as they may determine in accordance with the provisions of the

Declaration of Trust; and, subject to the Declaration of Trust, the Applicants shall distribute such Additional Information by one or more of the following methods: press release, newspaper advertisement, pre-paid ordinary mail, delivery, in person or by courier, or by the most reasonably practicable method in the circumstances as they may determine.

17. **THIS COURT ORDERS** that distribution of the Meeting Materials, Court Materials, as well as any Additional Information, pursuant to paragraphs 14 to 16 of this Order, shall constitute good and sufficient service and notice thereof upon all such persons of the Meeting and the within Application. Further, no other form of service of the Meeting Materials, Court Materials or any Additional Information or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to the persons described in paragraphs 14 to 16 of this Order or to any other persons.
18. **THIS COURT ORDERS** that, in accordance with section 13.2 of the Declaration of Trust, the accidental omission to give notice or the non-receipt of such notice by a Unitholder in accordance with paragraphs 14 to 16 of this Order shall not invalidate any resolution passed at the Meeting.

Voting

19. **THIS COURT ORDERS** that, in accordance with section 13.4 of the Declaration of Trust, the only persons entitled to vote in person or by proxy on the Arrangement Resolution or such other business as may be properly brought before the Meeting shall be the Unitholders as at the Record Date.
20. **THIS COURT ORDERS** that, in accordance with section 13.6 of the Declaration of Trust, the Arrangement Resolution must be passed at the Meeting by the affirmative vote of more than 66% of the votes cast in respect of the Arrangement Resolution by Unitholders present in person or represented by proxy and who are entitled to vote at the Meeting.

21. **THIS COURT ORDERS** that, in accordance with section 13.4 of the Declaration of Trust and in respect of the vote on the Arrangement Resolution, each Unitholder is entitled to one (1) vote for each Unit held.
22. **THIS COURT ORDERS** that, in accordance with section 13.4 of the Declaration of Trust, in respect of other matters properly brought before the Meeting pertaining to items of business affecting the Fund (other than in respect of the Arrangement Resolution), each Unitholder is entitled to one (1) vote for each Unit held.

Dissent Rights

23. **THIS COURT ORDERS** that registered Unitholders shall be entitled to exercise Dissent Rights with respect to the Arrangement Resolution, in the manner contemplated by section 190 of the CBCA (except as varied by this Order and the Plan of Arrangement), provided that notwithstanding section 190(5) of the CBCA, the written objection to the Arrangement Resolution referred to in section 190(5) of the CBCA must be received by the Fund not later than 4:00 p.m. (Central Time) on the last Business Day immediately preceding the Meeting.
24. **THIS COURT ORDERS** that registered Unitholders who duly exercise such Dissent Rights and who:
 - (a) are ultimately determined to be entitled to be paid the fair value for their Units shall be deemed to have transferred such Units to the Fund, without any further act or formality, free and clear of any claims, at the Effective Time in exchange for a right to receive a cash payment from New NWC in an amount equal to the fair value for such Units; or
 - (b) are ultimately determined not to be entitled, for any reason, to be paid the fair value for their Units shall be deemed to have participated in the Arrangement, and to have exchanged their Units for New NWC Shares and such Unitholders will be issued New NWC Shares on the same basis as all other non-dissenting Unitholders pursuant to the Arrangement,

but in no case shall any of the Applicants or any other person be required to recognize any Dissenting Unitholder as a securityholder of any of the Applicants and/or New NWC after the Effective Time, and the names of each Dissenting Unitholder shall be deleted from the applicable register of securityholders as at the Effective Time.

25. **THIS COURT ORDERS** that, for the purposes of the Dissent Rights available to registered Unitholders in connection with the Arrangement:
- (a) the term “court” referred to in section 190 of the CBCA means this Honourable Court;
 - (b) the terms “a corporation” and “the corporation” referred to in section 190 of the CBCA means the Fund; and
 - (c) to the extent it is not inconsistent with this Order or the Plan of Arrangement, the procedure contemplated by section 190 of the CBCA shall otherwise apply with such necessary modifications as may be necessary.

Hearing of Application for Approval of the Arrangement

26. **THIS COURT ORDERS** that, upon the passing of the Arrangement Resolution pursuant to the provisions of paragraph 20 hereof, the Applicants shall be permitted to apply to this Honourable Court for final approval of the Arrangement pursuant to the within Notice of Application and the balance of this Application is adjourned to June 18, 2010 at 10:00 am for that purpose (the “Hearing”).
27. **THIS COURT ORDERS** that the only persons entitled to appear and be heard at the Hearing shall be:
- (a) the Applicants;
 - (b) the CBCA Director or a representative of the CBCA Director; and

- (c) any person who has filed a Notice of Appearance herein in accordance with the provisions hereof, the Notice of Application and the Manitoba Queen's Bench Rules.
28. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served, subject to any further order of the Court, on five (5) days' notice on counsel for the Applicants at the following addresses: (a) Aikins, Macaulay & Thorvaldson LLP, 30th Floor – 360 Main Street, Winnipeg, Manitoba R3C 4G1, Attention: David Wright; and (b) Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario, Canada M5H 2S7, Attention: Tom Friedland / Jason Wadden.
29. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in paragraph 26, and is adjourned, only those persons set out in paragraph 27 shall be entitled to be given notice of the adjourned date.
30. **THIS COURT ORDERS** that any materials to be filed by the Applicants in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

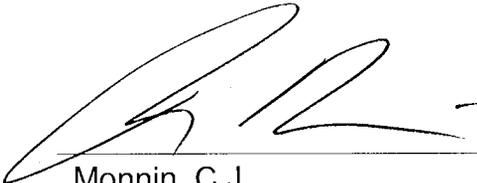
Extra-Territorial Assistance

31. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

32. **THIS COURT ORDERS** that the Applicants shall be entitled to seek leave to vary this Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

April 28, 2010



Monnin, C.J.

APPENDIX "C"
NOTICE OF APPLICATION

THE QUEEN'S BENCH
Winnipeg Centre

IN THE MATTER OF: **Section 192 of the *Canada Business Corporations Act*, R.S.C. 1985 c.C-44, as amended**

- and -

AND IN THE MATTER OF: **An Arrangement Involving North West Company Fund, The NWC Trust, NWC GP Inc., The North West Company LP, The North West Company Inc., 2891973 Manitoba Ltd., 4698844 Manitoba Ltd., Buffalo Pharmacy Ltd. and the Unitholders of North West Company Fund**

NORTH WEST COMPANY FUND, THE NWC TRUST, NWC GP INC., THE NORTH WEST COMPANY LP, THE NORTH WEST COMPANY INC., 2891973 MANITOBA LTD., 4698844 MANITOBA LTD. and BUFFALO PHARMACY LTD.

Applicants

NOTICE OF APPLICATION

Hearing Date: Friday, June 18, 2010 at 10:00 am
Before Chief Justice Monnin

APR 28 2010

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Tom Friedland/Jason Wadden

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File No. 100533

THE QUEEN'S BENCH
Winnipeg Centre

IN THE MATTER OF: **Section 192 of the *Canada Business Corporations Act*, R.S.C. 1985 c.C-44, as amended**

- and -

AND IN THE MATTER OF: **An Arrangement Involving North West Company Fund, The NWC Trust, NWC GP Inc., The North West Company LP, The North West Company Inc., 2891973 Manitoba Ltd., 4698844 Manitoba Ltd., Buffalo Pharmacy Ltd. and the Unitholders of North West Company Fund**

NORTH WEST COMPANY FUND, THE NWC TRUST, NWC GP INC., THE NORTH WEST COMPANY LP, THE NORTH WEST COMPANY INC., 2891973 MANITOBA LTD., 4698844 MANITOBA LTD. and BUFFALO PHARMACY LTD.

Applicants

NOTICE OF APPLICATION

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge at 10:00 am on Friday, June 18, 2010 at the Law Courts Complex, 408 York Avenue, Winnipeg, Manitoba.

IF YOU WISH TO OPPOSE THIS APPLICATION, you or a Manitoba lawyer acting for you must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must serve a copy of the evidence on the Applicant's lawyer or, where the Applicants does not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the Court Office where the application is to be heard as soon as possible, but not later than 4 days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

DATED: APR 28 2010

Issued by:

P. CECH-MANEK
DEPUTY REGISTRAR
COURT OF QUEEN'S BENCH
Deputy Registrar
Winnipeg, Manitoba

TO: ALL HOLDERS OF UNITS OF NORTH WEST COMPANY FUND, AS AT APRIL 20, 2010

AND TO: ALL HOLDERS OF FUND OPTIONS OF NORTH WEST COMPANY FUND, AS AT APRIL 20, 2010

AND TO: ALL HOLDERS OF FUND DEFERRED UNITS OF NORTH WEST COMPANY FUND, AS AT APRIL 20, 2010

AND TO: ALL HOLDERS OF FUND RIGHTS OF NORTH WEST COMPANY FUND, AS AT APRIL 20, 2010

AND TO: PricewaterhouseCoopers LLP, Chartered Accountants,
Richardson Building, One Lombard Place,
Winnipeg, Manitoba R3B 0X6

APPLICATION

1. The Applicants make application for:
 - (a) an Interim Order for advice and directions pursuant to Section 192(4) of the *Canada Business Corporations Act* ("CBCA");
 - (b) short leave;
 - (c) an Order adjourning the balance of this application to a date to be fixed;
 - (d) an Order approving the proposed plan of arrangement involving **North West Company Fund (the "Fund")**, **The NWC Trust**, **NWC GP Inc.**, **The North West Company LP**, **The North West Company Inc.**, **2891973 Manitoba Ltd.**, **4698844 Manitoba Ltd.**, **Buffalo Pharmacy Ltd.** and the **Unitholders of North West Company Fund (the "Arrangement")**, under Section 192 of the CBCA, substantially in the

form attached as Exhibit "A" to the Arrangement Agreement attached as Appendix "D" to the management information circular to be mailed to the holders of units of North West Company Fund and attached as Exhibit "A" to the Affidavit of Leo Charriere, as may be amended in accordance with the terms of the Arrangement Agreement; and

(e) such other Order as this Honourable Court deems just.

2. The grounds for the application are:

- (a) the provisions of Section 192 of the CBCA;
- (b) all statutory requirements under the CBCA have been fulfilled;
- (c) the arrangement is in the best interest of the parties and is fair and reasonable and put forth in good faith; and
- (d) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. The following documentary evidence will be used at the hearing of the application:

- (a) the Affidavit of Leo Charriere, to be filed;
- (b) a further affidavit to be filed on behalf of the Fund reporting on the results of an annual and special meeting of the holders of the units of the Fund; and
- (c) such further and other materials as counsel may request and this Honourable Court may permit.

April 21, 2010

AIKINS, MacAULAY & THORVALDSON LLP

Barristers and Solicitors

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David M. Wright

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Solicitors for the Applicants

GOODMANS LLP

Barristers and Solicitors

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Tom Friedland / Jason Wadden

Telephone: (416) 979-2211

Facsimile: (416) 979-1234

Solicitors for the Applicants

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APPENDIX "D"
ARRANGEMENT AGREEMENT

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is made as of the 22nd day of April 2010

AMONG:

NORTH WEST COMPANY FUND, a trust established under the laws of the Province of Manitoba
(the “**Fund**”)

- and -

THE NWC TRUST, a trust established under the laws of the Province of Manitoba
(“**NWC Trust**”)

- and -

NWC GP INC., a corporation incorporated under the laws of Canada
(“**NWC GP**”)

- and -

THE NORTH WEST COMPANY LP, a limited partnership formed under the laws of the Province of Manitoba
(“**NWC LP**”)

- and -

THE NORTH WEST COMPANY INC., a corporation amalgamated under the laws of Canada
(“**NWC**”)

- and -

2891973 MANITOBA LTD., a corporation incorporated under the laws of the Province of Manitoba
(“**289**”)

- and -

4698844 MANITOBA LTD., a corporation incorporated under the laws of the Province of Manitoba

(“**469**”)

- and -

BUFFALO PHARMACY LTD., a corporation incorporated under the laws of the Province of Saskatchewan

(“**Buffalo**”)

WHEREAS:

- (a) The parties hereto wish to propose an arrangement involving the holders of the units of the Fund designated as “Trust Units” under the Fund Declaration of Trust (as defined herein) (the “**Units**”);
- (b) the parties hereto intend to carry out the transactions contemplated herein by way of a plan of arrangement under the *Canada Business Corporations Act* R.S.C. 1985 c.C-44, as amended, including the regulations promulgated thereunder; and
- (c) the parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for the other matters relating to such arrangement.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby covenant and agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 DEFINITIONS

In this Agreement, the following terms have the following meanings:

“**289**” means 2891973 Manitoba Ltd., a corporation incorporated under the laws of the Province of Manitoba;

“**469**” means 4698844 Manitoba Ltd., a corporation incorporated under the laws of the Province of Manitoba;

“**Agreement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to this arrangement agreement (including the schedules and exhibits hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

“**Amalgamation**” means the amalgamation of NWC, 289, 469 and Buffalo as part of the Plan of Arrangement;

“**Arrangement**” means the proposed arrangement under the provisions of section 192 of the CBCA, on the terms and conditions set forth in the Plan of Arrangement as amended, modified or supplemented;

“**Arrangement Resolution**” means the special resolution of Unitholders approving the Arrangement;

“**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director after the Final Order has been granted;

“**Buffalo**” means Buffalo Pharmacy Ltd., a corporation incorporated under the laws of the Province of Saskatchewan;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Winnipeg, in the Province of Manitoba, for the transaction of banking business;

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

“**Certificate of Arrangement**” means the certificate of arrangement which may be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement and giving effect to the Arrangement;

“**Class A LP Units**” means the Class A limited partnership units of NWC LP;

“**Class B LP Units**” means the Class B limited partnership units of NWC LP;

“**Court**” means the Court of Queen’s Bench of Manitoba;

“**Director**” means the director appointed under section 260 of the CBCA;

“**Effective Date**” means January 1, 2011;

“**Effective Time**” means 12:01 a.m. (Central Time) on the Effective Date or such other time on the Effective Date as may be specified in writing by the Fund, NWC GP, in its capacity as administrator of the Fund, or New NWC;

“**Final Order**” means the final order of the Court approving the Arrangement pursuant to subsection 192(4) of the CBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

“**Fund**” means North West Company Fund, a trust governed by the laws of the Province of Manitoba pursuant to the Fund Declaration of Trust;

“**Fund Declaration of Trust**” means the second amended and restated declaration of trust dated as of June 11, 2009 governing the Fund, as the same may be amended, supplemented or restated from time to time;

“**Fund Deferred Unit Plan**” means the Fund’s deferred unit plan effective January 1, 2006, as the same may be amended, supplemented or restated from time to time;

“**Fund Deferred Units**” means deferred units of the Fund which may be awarded pursuant to the Fund Deferred Unit Plan;

“**Fund Options**” means options to acquire Units outstanding under the Fund’s unit option plan effective June 11, 2009;

“**Fund Rights**” means rights to acquire Units under the Fund Rights Plan;

“**Fund Rights Plan**” means the amended and restated unitholder rights plan of the Fund dated as of June 11, 2008 between the Fund and CIBC Mellon Trust Company, as rights agent;

“**Information Circular**” means the management information circular of the Fund, together with all schedules and appendices thereto, to be distributed to Unitholders in respect of the Meeting;

“**Interim Order**” means the interim order of the Court under subsection 192(4) of the CBCA, containing declarations and directions with respect to the Arrangement and the Meeting and issued pursuant to the application of the NWC Entities, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

“**Meeting**” means the annual and special meeting of Unitholders to be held on a date in 2010 to be specified in the Interim Order, and any adjournment(s) or postponement(s) thereof, to consider and to vote on, among other things, the Arrangement Resolution;

“**New NWC**” means, following the Amalgamation, “The North West Company Inc.”, the corporation resulting from the Amalgamation;

“**New NWC DSU Plan**” means the deferred share unit plan proposed for adoption by New NWC to be considered for approval, if the Arrangement Resolution is passed, by Unitholders at the Meeting;

“**New NWC DSUs**” means deferred share units of New NWC which may be granted pursuant to the New NWC DSU Plan;

“**New NWC Option**” means an option to acquire New NWC Shares which may be granted pursuant to the New NWC Option Plan;

“**New NWC Option Plan**” means the common share option plan proposed for adoption by New NWC to be considered for approval, if the Arrangement Resolution is passed, at the Meeting;

“**New NWC Rights**” means rights to acquire New NWC Shares under the New NWC Rights Plan;

“**New NWC Rights Plan**” means the shareholder rights plan proposed for adoption by New NWC to be considered for approval, if the Arrangement Resolution is passed, at the Meeting;

“**New NWC Shares**” means the common shares in the capital of New NWC;

“**NWC**” means The North West Company Inc., a corporation amalgamated under the laws of Canada;

“**NWC Common Shares**” means the common shares in the capital of NWC;

“**NWC Entities**” means, collectively, the Fund, NWC Trust, NWC GP, NWC LP, NWC, 289, 469 and Buffalo and their respective successors;

“**NWC GP**” means NWC GP Inc., a corporation incorporated under the laws of Canada;

“**NWC LP**” means The North West Company LP, a limited partnership formed under the laws of the Province of Manitoba pursuant to the NWC LP Partnership Agreement;

“**NWC LP Partnership Agreement**” means the third amended and restated limited partnership agreement dated June 16, 2009 governing NWC LP, as the same may be amended, supplemented or restated from time to time;

“**NWC Trust**” means The NWC Trust, a trust established under the laws of the Province of Manitoba pursuant to the NWC Trust Declaration of Trust;

“**NWC Trust Declaration of Trust**” means the declaration of trust dated February 15, 2006 governing NWC Trust, as the same may be amended, supplemented or restated from time to time;

“**Person**” means and includes individuals, corporations, 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 governments, agencies and political subdivisions thereof;

“**Plan of Arrangement**” means the plan of arrangement attached hereto as Exhibit “A”, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof;

“**Special Units**” means the units of the Fund designated as “Special Units” under the Fund Declaration of Trust;

“**Subsidiary**” has the meaning ascribed thereto in section 1.1 of National Instrument 45-106 — *Prospectus and Registration Exemptions*, as it exists on the date hereof;

“**TSX**” means the Toronto Stock Exchange;

“**Unitholders**” means the holders of Units; and

“**Units**” has the meaning ascribed thereto in the Recitals to this Agreement.

1.2 CURRENCY

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

1.3 INTERPRETATION NOT AFFECTED BY HEADINGS

The division of this Agreement into articles, sections, schedules and appendices and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 ARTICLE REFERENCES

Unless reference is specifically made to some other document or instrument, all references herein to articles, sections, sections, schedules and appendices are to articles, sections, schedules and appendices of this Agreement.

1.5 EXTENDED MEANINGS

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall

include individuals, partnerships, associations, bodies corporate, trusts, unincorporated organizations, governments, regulatory authorities, and other entities.

1.6 ENTIRE AGREEMENT

This Agreement, together with the exhibit attached hereto, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties with respect to the subject matter hereof.

1.7 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable therein and shall be treated in all respects as a Manitoba contract.

1.8 EXHIBIT

Exhibit A annexed to this Agreement, being the Plan of Arrangement, is incorporated by reference into this Agreement and forms a part hereof.

ARTICLE 2 THE ARRANGEMENT

2.1 ARRANGEMENT

As soon as reasonably practicable, the NWC Entities shall apply to the Court pursuant to subsection 192(3) of the CBCA for an order approving the Arrangement and in connection with such application shall:

- (a) forthwith file, proceed with and prosecute an application for an Interim Order under subsection 192(3) of the CBCA, providing for, among other things, the calling and holding of the Meeting for the purpose of considering and, if thought advisable, approving the Arrangement Resolution;
- (b) subject to obtaining all necessary approvals as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take steps necessary to submit the Arrangement to the Court and apply for the Final Order; and
- (c) subject to satisfaction or waiver of the conditions set forth herein, shall deliver to the Director Articles of Arrangement and such other documents as may be required to give effect to the Arrangement, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

2.2 EFFECTIVE DATE

The Arrangement shall become effective at the Effective Time on the Effective Date.

ARTICLE 3 COVENANTS

3.1 COVENANTS OF THE NWC ENTITIES

Each of the NWC Entities (unless otherwise specified below) covenants and agrees that it will:

- (a) take, and cause its Subsidiaries to take, all reasonable actions necessary and cooperate with the other NWC Entities to give effect to the transactions contemplated by this Agreement and the Arrangement, including, in the case of each of 289, 469 and Buffalo effecting a continuance from its governing jurisdiction as of the date hereof to the CBCA prior to the commencement of the steps comprising the Plan of Arrangement;
- (b) use all reasonable efforts to obtain all consents, exemptions, approvals, assignments, waivers and amendments to or terminations of any instruments considered necessary or desirable by the parties hereto and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) in the case of the Fund and NWC GP, in its capacity as administrator of the Fund, solicit proxies to be voted at the Meeting in favour of the Arrangement Resolution and prepare the Information Circular and proxy solicitation materials and any amendments, modifications or supplements thereto as required by, and in compliance with, the Interim Order, applicable corporate and securities laws and the Fund Declaration of Trust, and file and distribute the same to Unitholders in a timely and expeditious manner in all jurisdictions where the same are required to be filed and distributed;
- (d) to the extent applicable to it, convene the Meeting as contemplated by the Interim Order and conduct such Meeting in accordance with the Interim Order and as otherwise required by law;
- (e) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 hereof which are within its control to be satisfied on or before the Effective Date;
- (f) subject to the approval of the Arrangement Resolution by the Unitholders, as required by the Interim Order, submit the Arrangement to the Court and apply, together with each of the other parties hereto, for the Final Order;
- (g) to the extent applicable to it, carry out the terms of the Final Order;
- (h) in the case of the Fund and NWC GP, in its capacity as administrator of the Fund, following issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article 5 hereof, proceed to file the Articles of Arrangement, the Final Order and all related documents with the Director pursuant to subsection 192(6) of the CBCA;
- (i) subject to Section 7.3 hereof, not, except in the ordinary course of business or as contemplated in connection with the Plan of Arrangement, merge into or with, or consolidate with, any other Person or, perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement and the Arrangement;

- (j) reserve and authorize for issuance the securities issuable by it, if any, as contemplated in the Plan of Arrangement; and
- (k) in the case of the Fund and NWC GP, in its capacity as administrator of the Fund, prior to the Effective Date, make application for approval from the TSX of the listing or substitutional listing on the TSX of: (i) the New NWC Shares issuable pursuant to the Arrangement; and (ii) subject to and if the New NWC Rights Plan is approved by Unitholders as provided in the Information Circular, and if the New NWC Rights Plan is adopted by New NWC following completion of the Arrangement, the New NWC Rights.

3.2 AMENDMENT OF CONSTATING DOCUMENTS

The parties hereto agree that, pursuant to the Arrangement, each of the Fund Declaration of Trust, the NWC Trust Declaration of Trust and the NWC LP Partnership Agreement will be amended in a manner satisfactory to the Fund and NWC GP, in its capacity as administrator of the Fund, in each case acting reasonably, if and as necessary to facilitate and implement the Arrangement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 REPRESENTATIONS AND WARRANTIES OF THE FUND

The Fund represents and warrants to and in favour of the other parties hereto as follows, and acknowledges that the other parties hereto are relying upon such representations and warranties:

- (a) the Fund is a trust duly settled and validly existing under the laws of the Province of Manitoba and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and, subject to the approval of the Arrangement Resolution, the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the Fund Declaration of Trust;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the trustees of the Fund and this Agreement constitutes a valid and binding obligation of the Fund enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of the Fund, contemplated or threatened against or affecting the Fund or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of the Fund, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of the Fund and its Subsidiaries taken as a whole; and

- (e) as at the date hereof, there are 48,378,000 Units and no Special Units issued and outstanding and, except as may be contemplated by this Agreement and the Plan of Arrangement, the only obligation, contractual or otherwise, of the Fund to issue any Units, Special Units or other securities is (i) under the Fund Rights Plan; (ii) pursuant to Fund Options under the Fund Option Plan; and (iii) pursuant to Fund Deferred Units under the Fund Deferred Unit Plan.

4.2 REPRESENTATIONS AND WARRANTIES OF NWC TRUST

NWC Trust represents and warrants to and in favour of the other parties hereto as follows, and acknowledges that the other parties hereto are relying upon such representations and warranties:

- (a) NWC Trust is a trust duly settled and validly existing under the laws of the Province of Manitoba and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and, subject to approval of the Arrangement Resolution, the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the NWC Trust Declaration of Trust;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the trustees of NWC Trust and this Agreement constitutes a valid and binding obligation of NWC Trust enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of NWC Trust, contemplated or threatened against or affecting NWC Trust or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of NWC Trust, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of NWC Trust and its Subsidiaries taken as a whole; and
- (e) on the date hereof, all of the issued and outstanding units of NWC Trust are held by the Fund and, except as may be contemplated by this Agreement and the Plan of Arrangement, there is no obligation, contractual or otherwise, of NWC Trust to issue any units or other securities.

4.3 REPRESENTATIONS AND WARRANTIES OF NWC LP

NWC LP represents and warrants to and in favour of the other parties hereto as follows, and acknowledges that the other parties hereto are relying upon such representations and warranties:

- (a) NWC LP is a limited partnership established under the laws of the Province of Manitoba and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;

- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and, subject to approval of the Arrangement Resolution, the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the NWC LP Partnership Agreement;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the board of directors of NWC GP on behalf of NWC LP in its capacity as general partner of NWC LP and this Agreement constitutes a valid and binding obligation of NWC LP enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of NWC LP, contemplated or threatened against or affecting NWC LP or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of NWC LP, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of NWC LP and its Subsidiaries taken as a whole; and
- (e) on the date hereof, there are issued and outstanding 6,313,002 Class A LP Units which are owned by the Fund (3,313,000), NWC Trust (3,000,001) and NWC GP (one), all of the issued and outstanding Class B LP Units are owned by the Fund and, except as may be contemplated by this Agreement and the Plan of Arrangement, there is no obligation, contractual or otherwise, of NWC LP to issue any partnership units or other securities.

4.4 REPRESENTATIONS AND WARRANTIES OF NWC GP

NWC GP represents and warrants to and in favour of the other parties hereto as follows, and acknowledges that the other parties hereto are relying upon such representations and warranties:

- (a) NWC GP is a corporation incorporated under the laws of Canada and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the articles or by-laws of NWC GP;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the directors of NWC GP and this Agreement constitutes a valid and binding obligation of NWC GP enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of NWC GP, contemplated or threatened against or affecting NWC GP or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of

NWC GP, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of NWC GP and its Subsidiaries taken as a whole; and

- (e) on the date hereof, all of the issued and outstanding common shares of NWC GP are held by the Fund and, except as may be contemplated by this Agreement and the Plan of Arrangement, there is no obligation, contractual or otherwise, of NWC GP to issue any NWC GP common shares or other securities.

4.5 REPRESENTATIONS AND WARRANTIES OF NWC

NWC represents and warrants to and in favour of the other parties hereto as follows, and acknowledges that the other parties hereto are relying upon such representations and warranties:

- (a) NWC is a corporation amalgamated under the laws of Canada and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the articles or by-laws of NWC;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the directors of NWC and this Agreement constitutes a valid and binding obligation of NWC enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of NWC, contemplated or threatened against or affecting NWC or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of NWC, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of NWC and its Subsidiaries taken as a whole; and
- (e) on the date hereof, there are 1,000 NWC Common Shares issued and outstanding, all of which are held by the Fund, and, except as may be contemplated by this Agreement, the Plan of Arrangement or as set forth in the Information Circular, there is no obligation, contractual or otherwise, of NWC to issue any NWC Common Shares or other securities.

4.6 REPRESENTATIONS AND WARRANTIES OF 289

289 represents and warrants to and in favour of the other parties hereto as follows, and acknowledges that the other parties hereto are relying upon such representations and warranties:

- (a) 289 is a corporation incorporated under the laws of the Province of Manitoba and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the articles or by-laws of 289;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the directors of 289 and this Agreement constitutes a valid and binding obligation of 289 enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of 289, contemplated or threatened against or affecting 289 or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of 289, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of 289 and its Subsidiaries taken as a whole; and
- (e) on the date hereof, there are 100 Class A common voting shares of 289 issued and outstanding, all of which are held by NWC LP, and, except as may be contemplated by this Agreement, the Plan of Arrangement or as set forth in the Information Circular, there is no obligation, contractual or otherwise, of 289 to issue any common shares of 289 or other securities.

4.7 REPRESENTATIONS AND WARRANTIES OF 469

469 represents and warrants to and in favour of the other parties hereto as follows, and acknowledges that the other parties hereto are relying upon such representations and warranties:

- (a) 469 is a corporation incorporated under the laws of the Province of Manitoba and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the articles or by-laws of 469;

- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the directors of 469 and this Agreement constitutes a valid and binding obligation of 469 enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of 469, contemplated or threatened against or affecting 469 or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of 469, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of 469 and its Subsidiaries taken as a whole; and
- (e) on the date hereof, there are 100 common voting shares of 469 issued and outstanding, all of which are held by NWC LP, and, except as may be contemplated by this Agreement, the Plan of Arrangement or as set forth in the Information Circular, there is no obligation, contractual or otherwise, of 469 to issue any common shares of 469 or other securities.

4.8 REPRESENTATIONS AND WARRANTIES OF BUFFALO

Buffalo represents and warrants to and in favour of the other parties hereto as follows, and acknowledges that the other parties hereto are relying upon such representations and warranties:

- (a) Buffalo is a corporation incorporated under the laws of the Province of Saskatchewan and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the articles or by-laws of Buffalo;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the directors of Buffalo and this Agreement constitutes a valid and binding obligation of Buffalo enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of Buffalo, contemplated or threatened against or affecting Buffalo or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of Buffalo, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of Buffalo and its Subsidiaries taken as a whole; and

- (e) on the date hereof, there are 51 Class A common voting shares, 49 Class B common non-voting shares and 49 preferred voting shares of Buffalo issued and outstanding, all of which are held by NWC LP, and, except as may be contemplated by this Agreement, the Plan of Arrangement or as set forth in the Information Circular, there is no obligation, contractual or otherwise, of Buffalo to issue any common shares of Buffalo or other securities.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 MUTUAL CONDITIONS PRECEDENT

The respective obligations of each of the NWC Entities to complete the transactions contemplated by this Agreement and the Arrangement shall be subject to the fulfillment or satisfaction, on or before the Effective Time or such other time or date as is specified below, of each of the following conditions, any of which may be waived collectively by them without prejudice to their right to rely on any other condition:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the parties hereto, acting reasonably, not later than May 31, 2010 or such later date as the parties hereto may agree and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;
- (b) the Arrangement Resolution shall have been approved by the requisite number of votes cast by Unitholders at the Meeting in accordance with the provisions of the Interim Order and any applicable regulatory requirements;
- (c) the Final Order shall have been granted in form and substance satisfactory to the NWC Entities, acting reasonably, not later than December 29, 2010 or such later date as the parties hereto may agree;
- (d) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to the NWC Entities, acting reasonably, shall have been accepted for filing by the Director together with the Final Order in accordance with subsection 192(6) of the CBCA;
- (e) no material action or proceeding shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency and there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that: (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein;
- (f) all material third party and regulatory consents, exemptions and approvals considered necessary or desirable by the parties hereto with respect to the transactions contemplated under the Arrangement shall have been completed or obtained including, without limitation, necessary consents, exemptions and approvals from applicable securities regulatory authorities and under the rules or policies of the TSX, and applicable consents from lenders;

- (g) there shall not, as of the Effective Date, be holders of Units that hold, in aggregate, in excess of 2% of all outstanding Units, that have validly exercised and not withdrawn their rights of dissent under the CBCA and the Interim Order; and
- (h) the TSX shall have conditionally approved the listing or the substitutional listing of the New NWC Shares to be issued pursuant to the Arrangement and as contemplated in the Information Circular, subject only to the filing of required documents which cannot be filed prior to the Effective Date.

5.2 ADDITIONAL CONDITIONS TO OBLIGATIONS OF THE NWC ENTITIES

In addition to the conditions contained in Section 5.1 hereof, the obligation of each of the NWC Entities (unless specified otherwise below) to complete the transactions contemplated by this Agreement and the Arrangement is subject to the fulfillment or satisfaction, on or before the Effective Time, of each of the following conditions, any of which may be waived by them without prejudice to their right to rely on any other condition:

- (a) each of the representations and warranties made by the other parties hereto set forth in this Agreement shall be true and correct in all material respects;
- (b) each of the covenants, acts and undertakings of the other parties hereto to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with in all material respects; and
- (c) in the case of the Fund, NWC Trust, NWC GP and NWC LP, each of the boards of trustees of the Fund and NWC Trust, and the board of directors of NWC GP, on its own behalf and on behalf of NWC LP in its capacity as general partner of NWC LP, respectively, shall not have determined in their sole and absolute discretion that to proceed with the Arrangement would not be in the best interests of the Fund, NWC Trust, NWC GP and NWC LP, respectively.

5.3 NOTICE AND EFFECT OF FAILURE TO COMPLY WITH CONDITIONS

If any of the conditions precedent set forth in Sections 5.1 or 5.2 hereof shall not be satisfied or waived by the party or parties for whose benefit such conditions are provided on or before the date required for the satisfaction thereof, then a party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement; provided that, prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the party intending to rely thereon has delivered a written notice to the other party, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the party delivering such notice is asserting as the basis for the non-satisfaction of the applicable conditions precedent and the party in breach shall have failed to cure such breach within 10 Business Days of receipt of such written notice thereof (except that no cure period shall be provided for a breach which by its nature cannot be cured). More than one such notice may be delivered by a party.

5.4 SATISFACTION OF CONDITIONS

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the parties hereto, the Articles of Arrangement are filed under the CBCA to give effect to the Arrangement.

**ARTICLE 6
AMENDMENT AND TERMINATION**

6.1 AMENDMENTS

This Agreement may, at any time and from time to time before or after the Meeting, be amended in any respect whatsoever by written agreement of the parties hereto without further notice to or authorization on the part of their respective securityholders; provided that any such amendment that changes the consideration to be received by the Unitholders pursuant to the Arrangement is brought to the attention of the Court and is subject to such requirements as may be ordered by the Court.

6.2 TERMINATION

This Agreement shall be terminated in each of the following circumstances:

- (a) the mutual agreement of the parties hereto;
- (b) the Arrangement shall not have become effective on or before January 31, 2011 or such later date as may be agreed to by the parties hereto; and
- (c) termination of this Agreement under Section 5.3 hereof.

In the event of the termination of this Agreement in the circumstances set out in Sections 6.2(a) through 6.2(c) hereof, this Agreement shall forthwith become void and none of the parties hereto shall have any liability or further obligation to any other parties hereunder.

**ARTICLE 7
GENERAL**

7.1 BINDING EFFECT

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

7.2 NO ASSIGNMENT

No party may assign its rights or obligations under this Agreement.

7.3 EXCLUSIVITY

None of the covenants of the Fund, NWC Trust, NWC GP or NWC LP contained herein shall prevent the boards of trustees of the Fund or NWC Trust, or the board of directors of NWC GP, on its own behalf and on behalf of NWC LP in its capacity as general partner of NWC LP, respectively, from responding as required by law to any unsolicited submission or proposal regarding any acquisition or disposition of assets or any unsolicited proposal to amalgamate, merge or effect an arrangement, reorganization or similar transaction or any unsolicited acquisition proposal generally or make any disclosure to its securityholders with respect thereto which in the judgment of the boards of trustees of the Fund or NWC Trust, or the board of directors of NWC GP, on its own behalf or on behalf of NWC LP in its capacity as general partner of NWC LP, respectively, acting upon the advice of counsel, is required under applicable law.

7.4 EQUITABLE REMEDIES

All representations, warranties and covenants herein or to be given hereunder as to enforceability in accordance with the terms of any covenant, agreement or document shall be qualified as to applicable bankruptcy and other laws affecting the enforcement of creditors' rights generally and to the effect that specific performance, being an equitable remedy, may only be ordered at the discretion of the court.

7.5 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties contained herein shall survive the performance by the parties of their respective obligations hereunder for a period of one year.

7.6 SEVERABILITY

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

7.7 FURTHER ASSURANCES

Each party hereto shall, from time to time and at all times hereafter, at the request of another party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

7.8 TIME OF ESSENCE

Time shall be of the essence.

7.9 LIABILITY OF THE FUND

Each of the parties hereto acknowledges that the obligations of the Fund under this Agreement will not be personally binding upon any of the trustees of the Fund, any registered or beneficial holder of Units or any beneficiary under a plan of which a holder of such units acts as a trustee or carrier, and that resort will not be had to, nor will recourse be sought from, any of the foregoing or the private property of any of the foregoing in respect of any indebtedness, obligation or liability of the Fund arising hereunder, and any recourse for such indebtedness, obligations or liabilities of the Fund will be limited to, and satisfied only out of, the assets of the Fund.

7.10 LIABILITY OF NWC TRUST

Each of the parties hereto acknowledges that the obligations of NWC Trust under this Agreement will not be personally binding upon any of the trustees of NWC Trust, any registered or beneficial holder of trust

units of NWC Trust or any beneficiary under a plan of which a holder of such units acts as a trustee or carrier, and that resort will not be had to, nor will recourse be sought from, any of the foregoing or the private property of any of the foregoing in respect of any indebtedness, obligation or liability of NWC Trust arising hereunder, and any recourse for such indebtedness, obligations or liabilities of NWC Trust will be limited to, and satisfied only out of, the assets of NWC Trust.

7.11 COUNTERPARTS

This Agreement may be executed in counterparts, in original, facsimile or electronic form, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF this Agreement has been executed and delivered by the parties hereto effective as of the date first above written.

**NORTH WEST COMPANY FUND, by its
administrator, NWC GP INC.**

Per: “Leo Charriere”
Name: Leo Charriere
Title: Executive Vice President & Chief
Financial Officer

**THE NWC TRUST, by its administrator,
NWC GP INC.**

Per: “Leo Charriere”
Name: Leo Charriere
Title: Executive Vice President & Chief
Financial Officer

**THE NORTH WEST COMPANY LP, by its general
partner, NWC GP INC.**

Per: “Leo Charriere”
Name: Leo Charriere
Title: Executive Vice President & Chief
Financial Officer

NWC GP INC.

Per: “Leo Charriere”
Name: Leo Charriere
Title: Executive Vice President & Chief
Financial Officer

THE NORTH WEST COMPANY INC.

Per: "Leo Charriere"
Name: Leo Charriere
Title: Executive Vice President & Chief
Financial Officer

2891973 MANITOBA LTD.

Per: "Leo Charriere"
Name: Leo Charriere
Title: Executive Vice President & Chief
Financial Officer

4698844 MANITOBA LTD.

Per: "Leo Charriere"
Name: Leo Charriere
Title: Executive Vice President & Chief
Financial Officer

BUFFALO PHARMACY LTD.

Per: "Leo Charriere"
Name: Leo Charriere
Title: Executive Vice President & Chief
Financial Officer

EXHIBIT "A"

PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*

ARTICLE 1 INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

- (a) “**289**” means 2891973 Manitoba Ltd., a corporation incorporated under laws of the Province of Manitoba;
- (b) “**469**” means 4698844 Manitoba Ltd., a corporation incorporated under laws of the Province of Manitoba;
- (c) “**Affiliate**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus and Registration Exemptions*, as it exists on the date hereof;
- (d) “**Amalgamation**” has the meaning ascribed thereto in Section 3.1(l) hereof;
- (e) “**Arrangement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to the arrangement under the provisions of section 192 of the CBCA set forth in this Plan of Arrangement as amended, modified or supplemented, and not to any particular article, section or other portion hereof;
- (f) “**Arrangement Agreement**” means the arrangement agreement made as of April 22, 2010 among the NWC Entities with respect to the Arrangement and all amendments thereto;
- (g) “**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director after the Final Order has been granted;
- (h) “**Associate**” has the meaning ascribed thereto in *The Securities Act* (Manitoba);
- (i) “**Buffalo**” means Buffalo Pharmacy Ltd., a corporation incorporated under the laws of the Province of Saskatchewan;
- (j) “**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Winnipeg, in the Province of Manitoba, for the transaction of banking business;
- (k) “**CBCA**” means the *Canada Business Corporations Act* R.S.C. 1985 c.C-44, as amended, including the regulations promulgated thereunder;
- (l) “**Certificate of Arrangement**” means the certificate of arrangement which may be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement and giving effect to the Arrangement;
- (m) “**Court**” means the Court of Queen’s Bench of Manitoba;

- (n) “**Director**” means the director appointed under section 260 of the CBCA;
- (o) “**Dissenting Unitholders**” means registered Unitholders who validly exercise the rights of dissent with respect to the Arrangement provided to them under the Interim Order and whose dissent rights remain valid immediately before the Effective Date;
- (p) “**Effective Date**” means January 1, 2011;
- (q) “**Effective Time**” means 12:01 a.m. (Central Time) on the Effective Date or such other time on the Effective Date as may be specified in writing by the Fund, NWC GP, in its capacity as administrator of the Fund, or New NWC;
- (r) “**Final Order**” means the final order of the Court approving the Arrangement pursuant to subsection 192(4) of the CBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;
- (s) “**Fund**” means North West Company Fund, a trust governed by the laws of the Province of Manitoba pursuant to the Fund Declaration of Trust;
- (t) “**Fund Declaration of Trust**” means the second amended and restated declaration of trust dated as of June 11, 2009 governing the Fund, as the same may be amended, supplemented or restated from time to time;
- (u) “**Fund Deferred Unit Plan**” means the Fund’s deferred unit plan effective January 1, 2006, as the same may be amended, supplemented or restated from time to time;
- (v) “**Fund Deferred Units**” means deferred units of the Fund which may be awarded pursuant to the Fund Deferred Unit Plan;
- (w) “**Fund Note**” means the promissory note issued by the Fund to NWC LP on December 31, 2001 in the principal amount of \$30,000,000;
- (x) “**Fund Options**” means options to acquire Units outstanding under the Fund’s unit option plan effective June 11, 2009;
- (y) “**Fund Rights**” means rights to acquire Units under the Fund Rights Plan;
- (z) “**Fund Rights Plan**” means the amended and restated unitholder rights plan of the Fund dated as of June 11, 2008 between the Fund and CIBC Mellon Trust Company, as rights agent;
- (aa) “**Information Circular**” means the management information circular of the Fund, together with all schedules and appendices thereto, to be distributed to Unitholders in respect of the Meeting;
- (bb) “**Interim Order**” means the interim order of the Court under subsection 192(4) of the CBCA, containing declarations and directions with respect to the Arrangement and the Meeting and issued pursuant to the application of the NWC Entities as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;
- (cc) “**Meeting**” means the annual and special meeting of Unitholders to be held on a date in 2010 to be specified in the Interim Order, and any adjournment(s) or postponement(s) thereof, to consider and to vote on, among other things, the Arrangement Resolution;

- (dd) “**New NWC**” means, following the Amalgamation, “The North West Company Inc.”, the corporation resulting from the Amalgamation;
- (ee) “**New NWC DSU Plan**” means the deferred share unit plan proposed for adoption by New NWC to be considered for approval, if the Arrangement Resolution is passed, by Unitholders at the Meeting;
- (ff) “**New NWC DSUs**” means deferred share units of New NWC which may be granted pursuant to the New NWC DSU Plan;
- (gg) “**New NWC Option**” means an option to acquire New NWC Shares which may be granted pursuant to the New NWC Option Plan;
- (hh) “**New NWC Option Plan**” means the common share option plan proposed for adoption by New NWC to be considered for approval, if the Arrangement Resolution is passed, at the Meeting;
- (ii) “**New NWC Rights**” means rights to acquire New NWC Shares under the New NWC Rights Plan;
- (jj) “**New NWC Rights Plan**” means the shareholder rights plan proposed for adoption by New NWC to be considered for approval, if the Arrangement Resolution is passed, at the Meeting;
- (kk) “**New NWC Shares**” means the common shares in the capital of New NWC;
- (ll) “**NWC**” means The North West Company Inc., a corporation amalgamated under the laws of Canada;
- (mm) “**NWC Common Shares**” means the common shares in the capital of NWC;
- (nn) “**NWC DSUs**” has the meaning ascribed thereto in Section 3.1(f)(v) hereof;
- (oo) “**NWC Entities**” means, collectively, the Fund, NWC Trust, NWC GP, NWC LP, NWC, 289, 469 and Buffalo and their respective successors;
- (pp) “**NWC GP**” means NWC GP Inc., a corporation incorporated under the laws of Canada;
- (qq) “**NWC LP**” means The North West Company LP, a limited partnership formed under the laws of the Province of Manitoba pursuant to the NWC LP Partnership Agreement;
- (rr) “**NWC LP Debt**” means the 6.75% unsecured note payable issued by NWC LP to NWC effective October 14, 2009 in the principal amount of \$67,515,520, which has a maturity date of June 15, 2014;
- (ss) “**NWC LP Note**” means the promissory note to be issued by NWC LP to the Fund on the Effective Date pursuant to Section 3.1(c) hereof in the principal amount of \$30,000,000;
- (tt) “**NWC LP Partnership Agreement**” means the third amended and restated limited partnership agreement dated June 16, 2009 governing NWC LP, as the same may be amended, supplemented or restated from time to time;

- (uu) “**NWC LP Post-Consolidation Units**” has the meaning ascribed thereto in Section 3.1(n) hereof;
 - (vv) “**NWC LP Pre-Consolidation Units**” has the meaning ascribed thereto in Section 3.1(n) hereof;
 - (ww) “**NWC Options**” has the meaning ascribed thereto in Section 3.1(f)(iv) hereof;
 - (xx) “**NWC Rights**” has the meaning ascribed thereto in Section 3.1(f)(iii) hereof;
 - (yy) “**NWC Trust**” means The NWC Trust, a trust established under the laws of the Province of Manitoba pursuant to the NWC Trust Declaration of Trust;
 - (zz) “**NWC Trust Declaration of Trust**” means the declaration of trust dated February 15, 2006 governing NWC Trust, as the same may be amended, supplemented or restated from time to time;
 - (aaa) “**Person**” means and includes individuals, corporations, 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 governments, agencies and political subdivisions thereof;
 - (bbb) “**Unitholders**” means the holders of Units; and
 - (ccc) “**Units**” means the units of the Fund designated as “Trust Units” under the Fund Declaration of Trust.
- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities and other entities.
- 1.5 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant to, and is subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate of Arrangement, if any, shall become effective on, and be binding on and after, the Effective Time on: (i) Unitholders (including as holders of Fund Rights); (ii) the Fund; (iii) NWC

Trust; (iv) NWC GP; (v) NWC LP; (vi) the holders of Fund Options and Fund Deferred Units; (vii) NWC; (viii) 289; (ix) 469; and (x) Buffalo.

- 2.3 The Articles of Arrangement and the Certificate of Arrangement shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 hereof has become effective in the sequence and at the times set out therein.
- 2.4 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time. Furthermore, each of the events listed in Article 3 hereof shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in said Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

ARTICLE 3 ARRANGEMENT

- 3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order, each occurring immediately after the completion of the previous step, without any further act or formality except as otherwise provided herein:

Amendment of the Fund Declaration of Trust, the NWC Trust Declaration of Trust and the NWC LP Partnership Agreement

- (a) the Fund Declaration of Trust, the NWC Trust Declaration of Trust and the NWC LP Partnership Agreement shall be amended to the extent necessary to facilitate the Arrangement as provided herein and in the Arrangement Agreement;

Dissenting Unitholders

- (b) the Units held by Dissenting Unitholders shall be deemed to have been transferred to the Fund (free and clear of any claims) and cancelled and such Dissenting Unitholders shall cease to have any rights as Unitholders other than the right to be paid the fair value of their Units in accordance with Article 4 hereof and the Interim Order;

Return of Capital by NWC LP to the Fund and Issuance of the NWC LP Note

- (c) (i) NWC LP will make a return of capital to the Fund in the amount of \$30,000,000; (ii) NWC LP will issue the NWC LP Note to the Fund; and (iii) the NWC LP Note will be set off against the Fund Note, such that each of the NWC LP Note and the Fund Note is settled and cancelled;

Distribution by NWC LP to NWC of all of the Shares of 289, 469 and Buffalo

- (d) NWC LP will transfer all of the shares of each of 289, 469 and Buffalo held by NWC LP to NWC in partial repayment of the NWC LP Debt;

Removal of Private Company Restrictions from the Articles of NWC

- (e) immediately prior to the exchange of Units for NWC Common Shares contemplated below, the articles of NWC shall be, and shall be deemed to be, amended to (i) delete and remove the private company restrictions relating to the non-distributing status of NWC,

together with any other provisions that relate thereto, including, without limitation, share transfer provisions; and (ii) make any and all such other changes as are necessary or required to reflect that New NWC, the entity that will be the successor of NWC pursuant to the Amalgamation, will be a distributing corporation upon completion of the Arrangement;

Exchange of Units, Fund Rights, Fund Options and Fund Deferred Units

- (f)
- (i) the Units held by Unitholders (other than those previously held by Dissenting Unitholders) shall be, and shall be deemed to be, sold, transferred and assigned to NWC (free and clear of any claims) and cancelled solely in consideration for fully paid NWC Common Shares on the basis of one NWC Common Share for each Unit so sold, transferred and assigned;
 - (ii) the stated capital account maintained for the NWC Common Shares shall be determined by the board of directors of NWC in respect of the NWC Common Shares issued pursuant to Section 3.1(f)(i) hereof;
 - (iii) if the New NWC Rights Plan shall have been approved by Unitholders as provided in the Information Circular, all Fund Rights held by Unitholders shall be, and shall be deemed to be, sold, transferred and assigned to NWC (free and clear of any claims) and cancelled, solely in consideration for rights to acquire NWC Common Shares (“**NWC Rights**”) on the basis of one NWC Right for each Fund Right so sold, transferred and assigned, which NWC Rights shall be governed by the New NWC Rights Plan upon completion of the Amalgamation;
 - (iv) (A) if the New NWC Option Plan shall have been approved by Unitholders as provided in the Information Circular, all Fund Options held by Unitholders shall be, and shall be deemed to be, sold, transferred and assigned to NWC (free and clear of any claims) and cancelled, solely in consideration for options to acquire NWC Common Shares (“**NWC Options**”), without any further action on the part of the holders of such Fund Options, and NWC Options shall be issued on the same terms and conditions as such cancelled Fund Options to the holders thereof in a number equal to the Fund Options so surrendered and cancelled, which NWC Options shall be governed by the New NWC Option Plan upon completion of the Amalgamation, but will continue to be held subject to the terms and conditions of their grant, with no change to the applicable exercise price, and vesting and expiry schedules, or (B) if the New NWC Option Plan shall not have been approved by Unitholders as provided in the Information Circular, all Fund Options held by Unitholders shall be, and shall be deemed to be, amended, without any further action on the part of the holders of such Fund Options, such that from and after the Effective Time all outstanding Fund Options shall grant the holder the right to acquire a number of New NWC Shares equal to the number of Units that could previously be acquired pursuant to the Fund Options, New NWC shall assume the obligations of the Fund under the Fund Option Plan and the Fund Options in the place of the Fund, including the obligation to issue New NWC Shares thereunder, and the Fund Option Plan shall be amended to the extent necessary to facilitate and give effect to the foregoing; and

- (v) (A) if the New NWC DSU Plan shall have been approved by Unitholders as provided in the Information Circular, all Fund Deferred Units held by Unitholders shall be, and shall be deemed to be, sold, transferred and assigned to NWC (free and clear of any claims) and cancelled, solely in consideration for deferred share units of NWC (“**NWC DSUs**”), without any further action on the part of the holders of such Fund Deferred Units, and NWC DSUs shall be issued on the same terms and conditions as such cancelled Fund Deferred Units to the holders thereof in a number equal to the Fund Deferred Units so surrendered and cancelled, which NWC DSUs shall be governed by the New NWC DSU Plan upon completion of the Amalgamation, but will continue to be held subject to the terms and conditions of their grant, with no change to the applicable vesting and expiry schedules, or (B) if the New NWC DSU Plan shall not have been approved by Unitholders as provided in the Information Circular, all Fund Deferred Units held by Unitholders shall be, and shall be deemed to be, amended, without any further action on the part of the holders of such Fund Deferred Units, such that from and after the Effective Time all outstanding Fund Deferred Units shall grant the holder the right to acquire a number of New NWC Shares equal to the number of Units that could previously be acquired pursuant to the Fund Deferred Units, New NWC shall assume the obligations of the Fund under the Fund Deferred Unit Plan and the Fund Deferred Units in the place of the Fund, including the obligation to issue New NWC Shares thereunder, and the Fund Deferred Unit Plan shall be amended to the extent necessary to facilitate and give effect to the foregoing;

Cancellation of NWC Common Shares Owned by the Fund

- (g) the 1,000 NWC Common Shares owned by the Fund shall be purchased for cancellation by NWC for consideration in the amount of the fair market value of such NWC Common Shares at the time of such cancellation to be paid in cash, and shall be cancelled;

Other Rights

- (h) all other rights to acquire Units outstanding immediately prior to the Effective Time, if any, shall be cancelled and of no further force and effect, and shall be deemed to be exchanged for economically equivalent rights to acquire NWC Common Shares (which following the Amalgamation shall be economically equivalent rights to acquire New NWC Shares);

Dissolution of NWC Trust

- (i) all of the assets of NWC Trust will be transferred to the Fund, the Fund will assume all of the liabilities of NWC Trust and NWC Trust will be dissolved;

Dissolution of the Fund

- (j) all of the assets of the Fund will be transferred to NWC, NWC will assume all of the liabilities of the Fund and the Fund will be dissolved;

Amalgamation of NWC, 289, 469 and Buffalo

- (k) immediately prior to the Amalgamation contemplated below, the stated capital account of each of 289, 469 and Buffalo shall be, and shall be deemed to be, reduced to \$1.00,

without any payment being made to the holders of shares in the capital of each of 289, 469 and Buffalo;

- (l) NWC, 289, 469 and Buffalo shall be amalgamated (the “**Amalgamation**”) with the same effect as under section 184(1) of the CBCA to form New NWC;
- (m) upon the Amalgamation,
 - (i) the name of New NWC shall be “The North West Company Inc.”;
 - (ii) the registered and head office of New NWC shall be located at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R3C 2R1;
 - (iii) the authorized share capital of New NWC shall consist of an unlimited number of common shares;
 - (iv) the number of directors of New NWC shall consist of a minimum of seven and a maximum of 12 and the first directors of New NWC shall be H. Sanford Riley, Edward S. Kennedy, David G. Broadhurst, Frank J. Coleman, Wendy F. Evans, Robert J. Kennedy, Gary J. Lukassen, Keith G. Martell, James G. Osborne and Ian Sutherland;
 - (v) the auditors of New NWC will be PricewaterhouseCoopers LLP, who will continue in office until the close of business of the next annual meeting of the holders of New NWC Shares, and the directors of New NWC are authorized to fix the remuneration of such auditors;
 - (vi) all of the property (except the shares of each of 289, 469 and Buffalo) of each of NWC, 289, 469 and Buffalo continues to be the property of New NWC;
 - (vii) New NWC continues to be liable for the obligations of each of NWC, 289, 469 and Buffalo (other than any obligation of NWC, 289, 469 or Buffalo to the other);
 - (viii) any existing cause of action, claim or liability to prosecution is unaffected;
 - (ix) any civil, criminal or administrative action or proceeding pending by or against NWC, 289, 469 and Buffalo may continue to be prosecuted by or against New NWC;
 - (x) any conviction against, or ruling, order or judgement in favour of or against, NWC, 289, 469 or Buffalo may be enforced by or against New NWC;
 - (xi) the articles of NWC immediately before the Effective Time shall be deemed to be the articles of New NWC, and the Certificate of Arrangement is deemed to be the certificate of incorporation of New NWC;
 - (xii) the by-laws of NWC immediately before the Effective Time shall be deemed to be the by-laws of New NWC;
 - (xiii) all shares in the capital of each of 469, 289 and Buffalo shall be cancelled without any repayment of capital in respect thereof;

- (xiv) no shares shall be issued by New NWC in connection with the Amalgamation, all shares in the capital of NWC prior to the Amalgamation shall be unaffected and shall continue as shares of New NWC and the stated capital of New NWC shall be the same as the stated capital of NWC; and
- (xv) the fiscal year-end of New NWC shall be January 31, and

NWC LP Unit Consolidation

- (n) all of the issued and outstanding limited partnership units of NWC LP (of any class or type) (the “**NWC LP Pre-Consolidation Units**”) shall be, and shall be deemed to be, consolidated into a single class of limited partnership units, to be issued as Class A limited partnership units of NWC LP (the “**NWC LP Post-Consolidation Units**”), on the basis of one NWC LP Post-Consolidation Unit for each NWC LP Pre-Consolidation Unit held as at the Effective Date.

3.2 With respect to each holder of Units, Fund Options and Fund Deferred Units (other than Dissenting Unitholders), as the case may be, at the Effective Time:

- (a) upon the exchange of Units for NWC Common Shares, and Fund Rights for NWC Rights pursuant to Section 3.1 hereof:
 - (i) each former holder of Units shall cease to be the holder of the Units so exchanged and the name of each such former holder of Units shall be removed from the register of holders of Units;
 - (ii) each such former holder of Units shall become the holder of the NWC Common Shares exchanged for Units by such holder and shall be added to the register of holders of NWC Common Shares in respect thereof; and
 - (iii) NWC shall become the holder of the Units so exchanged and shall be added to the register of holders of Units as the sole owner of the Units;
- (b) upon the exchange of Fund Options for NWC Options pursuant to Section 3.1 hereof:
 - (i) all of the Fund Options shall be cancelled;
 - (ii) each holder of Fund Options shall cease to be a holder of Fund Options and the name of such former holder of Fund Options shall be removed from the register of Fund Options; and
 - (iii) in exchange for the Fund Options, NWC shall grant to each such former holder of Fund Options the same number of NWC Options (which following the Amalgamation will be New NWC Options), which shall be issuable to such former holder on terms that are economically equivalent to those of the Fund Options, and the name of such former holder of Fund Options shall be added to the register of NWC Options (which following the Amalgamation will be the register of New NWC Options);
- (c) upon the exchange of Fund Deferred Units for NWC DSUs pursuant to Section 3.1 hereof:
 - (i) all of the Fund Deferred Units shall be cancelled;

- (ii) each holder of Fund Deferred Units shall cease to be a holder of Fund Deferred Units and the name of such former holder of Fund Deferred Units shall be removed from the register of Fund Deferred Units; and
- (iii) in exchange for the Fund Deferred Units, NWC shall grant to each such former holder of Fund Deferred Units the same number of NWC DSUs (which following the Amalgamation will be New NWC DSUs), which shall be issuable to such former holder on terms that are economically equivalent to those of the Fund Deferred Units, and the name of such former holder of Fund Deferred Units shall be added to the register of NWC DSUs (which following the Amalgamation will be the register of New NWC DSUs).

ARTICLE 4 DISSENTING UNITHOLDERS

- 4.1 Each registered Unitholder shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order. A Dissenting Unitholder shall, at the Effective Time, cease to have any rights as a Unitholder and shall only be entitled to be paid the fair value of the holder's Units by New NWC, in accordance with section 190 of the CBCA, as modified by this Plan of Arrangement and the Interim Order. A Dissenting Unitholder who is paid the fair value of the holder's Units shall be deemed to have transferred the holder's Units to the Fund at the Effective Time, notwithstanding the provisions of section 190 of the CBCA. A Dissenting Unitholder who for any reason is not entitled to be paid the fair value of the holder's Units shall be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of Units notwithstanding the provisions of section 190 of the CBCA. The fair value of the Units shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved by the holders of Units at the Meeting, but in no event shall any of the NWC Entities or any other Person be required to recognize a Dissenting Unitholder as a securityholder of any of the NWC Entities and/or New NWC after the Effective Time, and the name of such holder shall be removed from the applicable register of securityholders as at the Effective Time. For greater certainty, in addition to any other restrictions in section 190 of the CBCA, no Person who has voted in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement.

ARTICLE 5 OUTSTANDING CERTIFICATES

- 5.1 From and after the Effective Time, any certificates formerly representing Units shall represent only the right to receive only the number of New NWC Shares which the former holder of such Units is entitled to receive pursuant to Article 3, or in the case of Dissenting Unitholders, other than those Dissenting Unitholders deemed to have participated in the Arrangement pursuant to Section 4.1 hereof, to receive the fair value of the Units represented by such certificates.
- 5.2 From and after the Effective Time, the Fund Option Plan providing for the Fund Options shall represent only the right to receive the New NWC Options to which the holders thereof are entitled under the Arrangement.
- 5.3 From and after the Effective Time, the Fund Deferred Unit Plan providing for the Fund Deferred Units shall represent only the right to receive the New NWC DSUs pursuant to the New NWC DSU Plan to which the holders thereof are entitled under the Arrangement.

- 5.4 From and after the Effective Time, the Fund Rights Plan providing for the Fund Rights shall represent only the right to receive the New NWC Rights pursuant to the New NWC Rights Plan to which the holders thereof are entitled under the Arrangement.

ARTICLE 6 AMENDMENTS

- 6.1 The NWC Entities may amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) approved by the other parties to the Arrangement Agreement; (iii) filed with the Court; and (iv) communicated to Unitholders, if and as requested by the Court.
- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time by the NWC Entities (or, following the Effective Time, by New NWC) without the approval of the Court or the Unitholders, provided that it concerns a matter which, in the reasonable opinion of the NWC Entities (or, following the Effective Time, New NWC), is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any former holder of Units.
- 6.3 Subject to Section 7.2 hereof, any amendment to this Plan of Arrangement may be proposed by the NWC Entities at any time prior to or at the Meeting (provided that the other parties to the Arrangement Agreement shall have consented thereto) with or without any prior notice or communication to Unitholders, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.4 Subject to Section 7.2 hereof, the NWC Entities may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court and, if and as required by the Court, after communication to the Unitholders.

ARTICLE 7 GENERAL

- 7.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.
- 7.2 If, prior to the Effective Date, any term or provision of this Plan of Arrangement is held by the Court to be invalid, void or unenforceable, the Court, at the request of any of the parties to the Arrangement Agreement, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan of Arrangement shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

- 7.3 This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan of Arrangement and all proceedings taken in connection with this Plan of Arrangement and its provisions shall be subject to the exclusive jurisdiction of the Court.

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APPENDIX "E"

NEW NWC OPTION PLAN RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE UNITHOLDERS THAT:

1. the common share option plan (the "**New NWC Option Plan**") of The North West Company Inc. ("**New NWC**"), in a form substantially as set forth in Appendix "F" to the management information circular of North West Company Fund (the "**Fund**") dated April 29, 2010 (the "**Information Circular**") be and is hereby authorized and approved with such amendments as may be approved by the Board of Trustees of the Fund or the board of directors of New NWC or NWC GP Inc. ("**NWC GP**"), in its capacity as administrator of the Fund;
2. New NWC is hereby authorized and approved to continue to grant common share options under the New NWC Option Plan until June 10, 2013, being the date that is three years from the date of the annual and special meeting of unitholders of the Fund at which this approval is being sought;
3. notwithstanding that this resolution has been duly passed, the Board of Trustees of the Fund or the board of directors of New NWC or NWC GP, in its capacity as administrator of the Fund, may, without further notice to or approval of the unitholders of the Fund or the shareholders of New NWC, revoke this resolution, in whole or in part, at any time prior to the New NWC Option Plan becoming effective; and
4. any trustee of the Fund or director or officer of NWC GP or New NWC is hereby authorized, for and on behalf of the Fund, NWC GP and New NWC, to execute and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such trustee, director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.

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APPENDIX "F"
NEW NWC OPTION PLAN



The North West Company Inc.
Share Option Plan

PLAN AGREEMENT

January 1, 2011

The North West Company Inc.

Share Option Plan

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The North West Company Inc.

Share Option Plan

Section 1. INTERPRETATION AND ADMINISTRATIVE PROVISIONS

1.1 Purpose

This document constitutes the Share Option Plan of The North West Company Inc. (hereinafter referred to as the “**Plan**”), effective January 1, 2011.

The purpose of the Plan is to promote long-term Shareholder value creation by:

- (a) Fostering greater alignment of interests between participating executives of The North West Company Inc. (the “**Company**”) and other Participating Companies, and Shareholders of the Company, by providing a long-term incentive vehicle that allows them to accumulate a meaningful financial interest in the Company, commensurate with the responsibility, time horizon of the role, commitment and risk associated with their role;
- (b) Supporting a compensation plan that is competitive and rewards long-term success of the Company as measured in total Shareholder returns for the Company; and
- (c) Assisting the Company and other Participating Companies in attracting, retaining, and motivating qualified individuals with the experience and ability to deliver strong results and support their business strategy.

The Plan shall not give any Participant the right to be employed by the Company or any Participating Company nor to continue to be employed by the Company or any Participating Company.

It is intended that the Plan will be operated in compliance with Section 409A of the Code (as defined herein) with respect to Participants who are subject to the Code. All Plan provisions will be interpreted and implemented to that end.

This plan replaces the Option plan with an effective date of June 11, 2009 (the “Fund Option Plan”). Any options issued under the Fund Option Plan shall be exchanged on a one-for-one basis for Options pursuant to this Plan.

1.2 Definitions and Interpretations

For the purposes of the Plan, the following terms have the following meanings:

“**1934 Act**” means the *United States Securities and Exchange Act of 1934*;

“**Administrators**” refers to the Board or any committee of the Board responsible for the administration of the Plan as designated by the Board and the Committee shall, unless otherwise changed by the Board, be the “Administrators”;

“**Affiliate**” means, with respect to a person or entity (the “first person”), a person or entity that: (i) is controlled by the first person; or (ii) is under common control with the first person;

“**Associate**” has the meaning ascribed to such term in subsection 1(1) of *The Securities Act* (Manitoba);

“**Blackout Period**” has the meaning ascribed thereto in Section 2.6;

“**Board**” means the Board of Directors of the Company;

“**Business Day**” shall have the meaning ascribed thereto in Section 2.6;

“**CEO**” means the Chief Executive Officer of The North West Company Inc.;

“**Change in Control**” means the occurrence of any one or more of the following events:

- (a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another corporation or entity; as a result of which the Shareholders immediately prior to the completion of the transaction hold less than 50% of the Voting Securities of the Company or the successor entity, as the case may be after completion of the transaction;
- (b) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights, properties of the Company and/or any of its Affiliates which have an aggregate book value of greater than 60% of the book value of the Company and its Affiliates on a consolidated basis to any other person or entity, other than a disposition to an Affiliate of the Company in the course of an internal reorganization of the Company and its Affiliates or the assets thereof;
- (c) a resolution adopted to wind-up, dissolve or liquidate the Company (or any successor to the Company, if applicable), other than in the course of an internal reorganization of the Company and its Affiliates, or the assets thereof;
- (d) any person, entity or group of persons or entities acting jointly or in concert (an “**Acquiror**”) acquiring control or direction over (including without limitation the right to vote or direct the voting) of, Voting Securities of the Company (or any successor to the Company, if applicable) which, when added to the Voting Securities over which the Acquiror exercises control or direction over (or otherwise has the right to vote), would entitle the Acquiror and/or the Associates and/or Affiliates of the Acquiror to cast or to direct the casting of 50% or more of the votes attached to all of the outstanding Voting Securities of the Company (or of the successor entity to the Company, if applicable) which may be cast to elect directors of the Company, or the directors, as applicable, of any successor to the Company) (regardless of whether a meeting has been called to elect directors of the Company or directors of the successor entity, if applicable),

- (e) as a result of or in connection with (i) a contested election of directors of the Company (or directors of a successor entity to the Company, if applicable); (ii) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another entity, the nominees named in the most recent management information circular of the Company for election as directors of the Company (or directors of a successor entity to the Company) shall not constitute a majority of the directors of the Company immediately prior to such event;
- (f) any person or entity or group of persons or entities acting jointly or in concert with each other as contemplated by Section 13(d)(3) of the 1934 Act or by applicable Canadian securities laws, acquires beneficial ownership, as determined by Rules 13 d-3 and 13 d-5 under the 1934 Act (or by the take-over bid provisions of applicable Canadian securities laws), of more than 50% of the Voting Securities of the Company (or of the successor entity of the Company, if applicable) (based upon voting power); or
- (g) the Board adopts a resolution to the effect that a Change in Control as defined herein has occurred or is imminent;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**Committee**” means the Human Resources, Compensation and Pension Committee of the Board or such other Committee of the Board as may be so mandated by the Board;

“**Company**” means The North West Company Inc. and includes any successor thereof;

“**Exercise Price**” means the price per Share at which Shares may be purchased under an Option, as the same may be adjusted from time to time in accordance with Article 5 hereof;

“**Fair Market Value**” at any date means the volume-weighted average closing price of the Shares on the TSX for the five trading days immediately preceding such date. If the five-day averaging period described above for determining Fair Market Value is not required under Canadian law or by the TSX, then the Fair Market Value for purposes of Options subject to the Code shall be determined as follows: (a) By utilizing the five-day averaging period previously described, but only in situations in which the size of the Option and the Optionee are designated in advance of the five-day averaging period; or (b) by utilizing the last sale before or the first sale after the grant, the closing price on the trading day before the Grant Date or on the Grant Date, the arithmetic mean of the high and low prices on the trading day before the Grant Date or on the Grant Date, or any other reasonable method using actual transactions in the Shares as reported on an established market. In the event that such Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Administrators in their sole discretion;

“**Insider**” means an insider as defined in *The Securities Act* (Manitoba), and also includes Associates and Affiliates of the Insider;

“**Option**” means an option to purchase Shares granted to a Participant under the Plan;

“**Option Agreement**” has the meaning ascribed thereto in Section 2.3;

“**Option Value**” has the meaning ascribed thereto in Section 4.2;

“**Optionee**” means a Participant to whom an Option has been granted and who continues to hold such Option;

“**Participant**” means each employee of a Participating Company approved for participation in this Plan. The CEO will recommend such employees for participation in the Plan, and the Administrators will consider such recommendation and grant final approval as deemed appropriate;

“**Participating Company**” means the Company and such of the Company’s Affiliated entities as are designated by the Board from time to time;

“**Plan**” means this Share Option Plan for The North West Company Inc., as the same may be further amended or varied from time to time;

“**Qualified Retirement**” means, in respect of a Participant, the retirement of the Participant, which the Administrators have approved as a Qualified Retirement for the purposes of this Plan in their sole discretion, which approval may require, among other things, the Participant entering into a non-competition agreement with the Company in a form and substance satisfactory to the Administrators;

“**Retirement Age**” means age sixty (60), provided that the Administrators may in their absolute discretion determine on an individual basis that an Optionee who retires at an age prior to age sixty (60) has attained the Retirement Age, and the Retirement Age for such Optionee for the purposes of this Plan shall be deemed to be such age;

“**Shareholders**” means the holders of Shares from time to time;

“**Shares**” means the common shares in the capital of the Company or, in the event of an adjustment contemplated in Article 5 hereof, such other Shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment;

“**TSX**” means the Toronto Stock Exchange or such other stock exchange upon which the Shares may be listed for trading from time to time;

“**Underlying Shares**” means the Shares issuable pursuant to an exercise of Options; and

“**Voting Securities**” means, in respect of an issuer, the securities of the issuer that entitle the holder thereof to vote for the election of the directors, as applicable, of such issuer and shall be deemed to include any securities which are convertible into or exchangeable

for, such securities (including without limitation options and warrants to purchase such securities) and, without limiting the generality of the foregoing, includes the Shares with respect to the Company.

Where the context so requires, words importing the singular number include the plural and vice versa, and words importing the masculine gender include the feminine and neuter genders.

1.3 Administration

Subject to the Administrators (if other than the Board) reporting to the Board on all matters relating to this Plan and obtaining approval of the Board or Shareholders as required for those matters required by the Administrators' mandate, this Plan will be administered by the Administrators and the Administrators shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan;

- a) to determine the number of Shares issuable upon the exercise of each Option;
- b) to determine the Exercise Price of each Option;
- c) to determine the time or times when Options will be granted and exercisable;
- d) to determine if the Options will be subject to any vesting provisions or if the Underlying Shares will be subject to any restrictions upon the exercise of such Options related thereto;
- e) to prescribe the form of the agreement(s) and other document(s) used in connection with the Plan, including those relating to the grant and exercise of Options; and
- f) to interpret and construe the Plan and to determine all questions arising out of the Plan or any Option, and any such interpretation, construction or determination made by the Administrators shall be final, binding and conclusive for all purposes.

The Administrators shall have the power to establish policies and adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan, consistent with the general purpose and intent of the Plan.

1.4 Governing Law

The Plan shall be governed by, and construed and interpreted in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable therein.

Section 2. GRANT OF OPTIONS UNDER THE PLAN

2.1 Underlying Shares Subject to the Plan

Subject to Section 2.7 hereof, Options may be granted in respect of authorized and unissued Shares, provided that the aggregate number of Underlying Shares reserved for issuance upon the exercise of all Options granted under the Plan and all other equity compensation plans of the Company shall not exceed 5% of the then issued and outstanding Shares. No fractional Shares may be purchased or issued under the Plan.

2.2 Eligibility

Options may be granted to any Participant as determined by the Administrators from time to time in accordance with the provisions hereof.

2.3 Grant

Except as otherwise specifically provided for herein, the Administrators shall determine the number of Options issued, the Exercise Price of each Option, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and any other terms and conditions relating to each Option.

The Exercise Price of each Option shall not be less than the Fair Market Value on the date such Option is granted.

All Options granted hereunder shall be evidenced by an agreement between the Company and the Optionee substantially in the form of Schedule 1 or such other form of agreement as may be approved by the Administrators from time to time (“**Option Agreement**”).

2.4 Option Confirmation

Upon the grant of each Option, a confirmation substantially in the form of Schedule 2 or such other form of confirmation as may be approved by the Administrators from time to time (each being an “**Option Confirmation**”), shall be delivered by the Administrators to the Optionee.

2.5 Maximum Term

Subject to Section 2.6, in no event may the term of an Option exceed 120 months from the date of the grant of the Option.

2.6 Blackouts

If the term of an Option terminates during a Blackout Period, or within nine Business Days following the expiration of a Blackout Period, the term for such Option shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Blackout Period, such tenth Business Day to be

considered the end of the term for the Option for such Option for all purposes under the Plan.

For purposes of this Plan, “**Blackout Period**” shall mean the period during which an Optionee cannot trade Shares pursuant to the Company’s Insider Trading Policy respecting restrictions on trading Shares that is in effect at that time (which, for greater certainty, does not include the period during which a cease-trade order is in effect to which the Company, or an Insider of the Company, is subject).

For purposes of this Plan, “**Business Day**” shall mean each day other than a Saturday, Sunday or statutory holiday in Winnipeg, Manitoba or Toronto, Ontario, Canada.

2.7 Limit on Underlying Shares Subject to Option

The total number of Underlying Shares issuable to any Optionee under this Plan shall not exceed 5% of the issued and outstanding Shares at the date of the grant of the Option.

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

- a) the number of Underlying Shares issuable to Insiders of the Company pursuant to Options and any other equity compensation arrangements exceeding 5% of the then issued and outstanding Shares;
- b) the issuance to Insiders of the Company, within a one-year period, of a number of Underlying Shares and any other equity compensation arrangements exceeding 5% of the then issued and outstanding Shares; or
- c) the issuance to any one Insider of the Company, within a one-year period, of a number of Underlying Shares exceeding 5% of the then issued and outstanding Shares.

Under no circumstances will the term of an Option subject to the Code be extended beyond the original expiration date as a result of application of this Section 2.7.

Section 3. TERMINATION OF OPTIONS

3.1 Termination of Eligibility

Subject to Sections 2.5, 3.2 and 3.3 hereof and to any express resolution passed by the Administrators with respect to an Option, an Option and all rights to purchase Shares pursuant thereto shall expire and terminate immediately upon the Optionee who holds such Option ceasing to be a Participant unless such person was terminated without cause or due to the death, disability or Qualified Retirement of such Participant.

For greater certainty and for purposes of this Plan, an Optionee ceases to be a Participant on the date on which the Optionee actually ceases employment with the Company or a Participating Company, as the case may be, without regard to notice of termination, severance or termination pay, damages or any claim thereto (whether contractual, statutory or at common law), if any.

3.2 Expiration Time Determined by Administrators

The Administrators may, in their sole discretion, at the time of the granting of Options hereunder, determine the provisions relating to expiration and vesting of an Option upon the retirement or termination of employment with the Company or any Participating Company of an Optionee while holding an Option which has not been fully exercised. The provisions relating to such expiration shall be contained in the written option agreement, instrument or certificate between the Company and the Optionee.

3.3 Termination without Cause

If an Optionee is terminated without cause prior to the expiration of all vested Options held by such Optionee, such Optionee shall be deemed to continue to be a Participant hereunder for a period ending at the earlier of 90 days or until all vested Options held by such Optionee have expired in accordance with the Plan. All unvested Options shall immediately expire upon such termination without cause.

3.4 Retirement

If an Optionee retires from employment with the Company or any Participating Company prior to the expiration of Options held by such Optionee, and such retirement is approved by the Administrators as a Qualified Retirement, such Optionee shall be deemed to continue to be a Participant hereunder until such Options held by such Optionee have expired in accordance with the Plan. The vesting date of all unvested Options which vest on a date that is after the third anniversary of the date of the Qualified Retirement shall be accelerated to the date that is the third anniversary of the Qualified Retirement. The exercise date of all Options (whether vested or unvested) shall be accelerated or amended, as applicable, to the date that is 90 days following the third anniversary of the date of the Qualified Retirement.

3.5 Exercise by Personal Representatives

If an Optionee shall die holding a vested Option which has not been fully exercised, his personal representatives, heirs or legatees may, at any time during the period commencing on the date of the grant of probate of the will or letters of administration of the estate of the deceased and 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, exercise the Option with respect to the unexercised vested Option (or portion thereof) and for this purpose, all such Options shall be exercisable in accordance with the Plan.

Section 4. EXERCISE

4.1 Exercise of Options

Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Company at its registered office of a written notice of exercise addressed to the Vice President Human Resources substantially in the form of Schedule 3, or such other form of notice of exercise as may be approved by the Administrators from time to time, specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full, by cash or cheque, of the Exercise Price of the Shares then being purchased as applicable.

4.2 Election to Exercise Options - Cashless Exercise

At the election of the Optionee, substantially in the form of Schedule 3, or such other form of notice of exercise as may be approved by the Administrators from time to time, an Optionee may choose to receive the value of the Options being exercised (the “**Option Value**”) in the form of Shares. Such value shall be calculated as the excess of the Fair Market Value on the date of exercise of the Underlying Shares subject to the Option exercise, over the Exercise Price, less any applicable withholding tax that may be required in accordance with section 7.5.

4.3 Obligation of the Company

Notwithstanding any of the provisions contained in the Plan or in any Option, the Company’s obligation to issue Underlying Shares to an Optionee pursuant to the exercise of any Option shall be subject to:

- a) completion of such registration or other qualification of such Underlying Shares or obtaining approval of such governmental or regulatory authority as the Administrators shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- b) the admission of such Underlying Shares to listing on any stock exchange on which the Shares may then be listed; and
- c) the receipt from the Optionee of such representations, warranties, agreements and undertakings as the Administrators determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

The Administrators shall, to the extent necessary, take all commercially reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Underlying Shares in compliance with applicable securities laws and for the listing of such Underlying Shares on any stock exchange on which the Shares are then listed.

Section 5. ADJUSTMENTS

5.1 Certain Adjustments

- a) In the event of any subdivision or redivision of the Shares into a greater number of Shares at any time after the grant of an Option to any Optionee and prior to the expiration of the term of such Option, the Company shall deliver to such Optionee at the time of any subsequent exercise of his or her Option in accordance with the terms hereof, in lieu of the number of Shares to which he or she was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefore, such number of Shares as such Optionee would have held as a result of such subdivision or redivision if, on the record date thereof, the Optionee had been the registered holder of the number of Shares to which he or she was theretofore entitled upon such exercise.
- b) In the event of any consolidation of the Shares into a lesser number of Shares at any time after the grant of an Option to any Optionee and prior to the expiration of the term of such Option, the Company shall deliver to such Optionee at the time of any subsequent exercise of his or her Option in accordance with the terms hereof, in lieu of the number of Shares to which he or she was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefore, such number of Shares as such Optionee would have held as a result of such consolidation if, on the record date thereof, the Optionee had been the registered holder of the number of Shares to which he or she was theretofore entitled upon such exercise.
- c) If at any time after the grant of an Option to any Optionee and prior to the expiration of the term of such Option, the Shares shall be reclassified, reorganized or otherwise changed, otherwise than as specified in Sections 5.1(a) and 5.1(b) or, subject to the provisions of Section 6.2(a) hereof, the Company shall consolidate, merge, amalgamate or enter into an arrangement with or into another corporation(s) or other entit(ies) (the entity resulting or continuing from such consolidation, merger, amalgamation or arrangement being herein called the **“Successor Entity”**) the Optionee shall be entitled to receive upon the subsequent exercise of his or her Option in accordance with the terms hereof and shall accept in lieu of the number of Shares to which he or she was theretofore entitled upon such exercise but for the same aggregate consideration payable therefore, the aggregate number of securities of the appropriate class and/or other consideration from the Company or the Successor Entity (as the case may be) that the Optionee would have been entitled to receive as a result of such reclassification, reorganization or other change or, subject to the provisions of Section 6.2(a) hereof, as a result of such consolidation, merger, amalgamation or arrangement if on the record date of such reclassification, reorganization, other change or the effective date of such consolidation, merger, amalgamation or arrangement, as the case may be, he or she had been the registered holder of the number of Shares to which he or she was theretofore entitled upon such exercise.

Section 6. AMENDMENT OR DISCONTINUATION

6.1 Amendment or Discontinuation of the Plan

Subject to the other provisions of the Plan, the Board may amend or discontinue the Plan at any time, provided, however, that no such amendment or discontinuance may materially and adversely affect any Option previously granted to an Optionee without the consent of the Optionee, except to the extent required by law.

Notwithstanding the foregoing, the Plan may not be amended to effect any of the following without Shareholder approval:

- a) an increase to Plan maximum or number of Shares reserved for issuance under the Plan;
- b) an amendment to the amendment provisions granting additional powers to the Board to amend the Plan or entitlements without Shareholder approval;
- c) a reduction in the exercise price of Options or other entitlements;
- d) an extension to the term of Options;
- e) a change to the Insider participation limits to a level that would require the Company to obtain disinterested Shareholder approval under the rules or policies of the TSX or applicable securities regulatory authorities;
- f) a change to the definition of “Participant”; or
- g) a change to permit Options to be transferable or assignable to any person other than to the personal representatives, heirs or legatees of the Optionee in accordance with Section 3.5 hereof.

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

- a) amendments of a “housekeeping” nature;
- b) a change to the vesting provisions of any Option; and
- c) a change to the expiration provisions of any Option that does not entail an extension beyond the original expiration date (as such date may be extended by virtue of Section 2.6).

Notwithstanding the foregoing or anything contained in this Plan to the contrary, with respect to Options subject to the Code, no amendment or other action will: (1) reduce the

Exercise Price to an amount less than the Fair Market Value of the Underlying Shares on the date the Option was originally granted; (2) provide financial assistance to the Optionee that directly or indirectly reduces the Exercise Price to an amount less than the Fair Market Value of the Underlying Shares on the Grant Date, regardless of whether the Optionee in fact benefits from the financial assistance, or (3) extend the term of an Option beyond the original expiration date (as such date may be extended by virtue of Section 2.6), unless (with respect to all three prohibitions) the Option is treated as a new Option for purposes of the Code and the Exercise Price (as modified, if applicable) equals or exceeds the Fair Market Value as of the date of the change, or, with respect to an extension of the Option term, the exercise of the Option would violate an applicable law or would jeopardize the ability of the Company or a Participating Company to continue as a going concern and the Option term is extended to no more than 30 days after the exercise would no longer violate applicable law or jeopardize the ability of the Company or a Participating Company to continue as a going concern. For greater certainty, no amendment or other action contemplated by this paragraph shall be effected to the extent such amendment or other action would violate, contravene or otherwise not comply with any other provision of this Plan or any applicable Canadian law or the rules of any relevant stock exchange or other regulatory authority.

6.2 Effect of Amendment or Discontinuance

Notwithstanding anything contained to the contrary in this Plan or in any resolution of the Board in implementation thereof:

- a) in the event that: (i) the Company proposes to amalgamate, merge, consolidate or enter into an arrangement with any other corporation(s) or other entit(ies) or to liquidate, dissolve or wind-up; (ii) an offer to purchase or repurchase the Shares or any part thereof shall be made to all or substantially all holders of Shares; or (iii) there is a transaction involving a Change in Control, the Company shall have the right, in its sole discretion, upon written notice thereof to each Optionee holding Options under the Plan, to accelerate the vesting of any unvested Options and to permit the exercise of all Options within the 20 day period following the date of such notice and to determine that upon the expiration of such 20 day period, all rights of the Optionees to Options or to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have further force or effect whatsoever;
- b) in the event of the sale by the Company of all or substantially all of the assets of the Company as an entirety (other than in connection with a consolidation, merger, amalgamation or arrangement of the Company with or into another corporation(s) or other entit(ies), in which case only the provisions of Section 5.1(c) shall apply), an outstanding Option may be exercised in accordance with the provisions of the Plan at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is 20 days following the date of completion of such sale; and (ii) the close of business on the expiration date of the Option; but the Optionee shall not be entitled to exercise the Option with respect to any other Underlying Shares;

- c) subject to the rules of any relevant stock exchange or other regulatory authority, the Administrators may, by resolution, accelerate the date on which any unvested Option vests and the date on which any Option may be exercised, or extend the expiration date of any Option. The Administrators shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which Options may be exercised by any other Optionee; and
- d) subject to the rules of any relevant stock exchange or other regulatory authority, the Administrators may, by resolution, decide that any of the provisions hereof concerning the effect of ceasing to be a Participant shall not apply to any Optionee for any reason acceptable to the Administrators.

Notwithstanding the provisions of this Section 6, should changes be required to the Plan by any securities commission, stock exchange or other governmental or regulatory body of any jurisdiction to which the Plan or the Company now is or hereafter becomes subject, such changes shall be made to the Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Plan, as amended, shall be filed with the records of the Company and shall remain in full force and effect in its amended form as of and from the date of its adoption by the Board.

Section 7. MISCELLANEOUS

7.1 Rights of Optionee

An Optionee shall not have any rights as a Shareholder with respect to any of the Shares subject to such Option until the date of issuance of a certificate for Shares upon the exercise of such Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing and subject to the provisions of Section 5 hereof, no adjustment shall be made for distributions or other rights for which the record date is prior to the date such Share certificate is issued.

7.2 Right to Employment

Nothing in the Plan or any Option shall confer upon an Optionee any right to continue in the employ of the Company or any Participating Company, or affect in any way the right of the Company or any Participating Company to terminate his or her employment at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Company or any Participating Company to extend the employment of any Optionee beyond the time which he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Company or any Participating Company or any present or future retirement policy of the Company or any Participating Company, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Company or any Participating Company.

7.3 Transferability

An Option is personal to each Optionee and is non-assignable, except as otherwise provided for herein.

7.4 Compliance with Statutes and Regulations

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

7.5 Withholdings

The Optionee shall be solely responsible for all federal, provincial, state and local taxes resulting from his or her receipt of an Option, Share or other property pursuant to the Plan, except to the extent that the Company has, directly or indirectly, withheld (i) cash for remittance to the statutory authorities and/or (ii) securities having a value equal to the cash to be remitted to the statutory authorities. In this regard, the Company shall be able to deduct from any payments hereunder any taxes that are required to be withheld and remitted. The Optionee agrees to indemnify and save the Company harmless from any and all amounts payable or incurred by Company or any of its Participating Companies if it is subsequently determined that any greater amount should have been withheld in respect of taxes or any other statutory withholding.

This Plan will become effective upon approval of the Shareholders.

IN WITNESS WHEREOF this Plan has been executed by the Company this 1st day of January, 2011.

THE NORTH WEST COMPANY INC.

Per: _____

Edward Kennedy

SCHEDULE 1

OPTION AGREEMENT

This agreement is entered into this ____ day of _____, 20__, between The North West Company Inc. (the “**Company**”) and _____ (the “**Participant**”) pursuant to the Share Option Plan (the “**Plan**”) of the Company dated January 1, 2011.

Pursuant to the Plan and in consideration of the services provided to the Company by the Participant, the Company agrees to grant options (“**Options**”) and issue Shares (the “**Shares**”) of the Company to the Participant. The grant of the Option is confirmed by the Option Confirmation attached to this agreement.

The granting and exercise of the Option and the issue of Shares are subject to the terms and conditions of the Plan, all of which are incorporated into and form a part of this agreement. For greater certainty, the Participant acknowledges the termination provisions set out in Section 3.

This agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns and the Participant and the legal representatives of his or her estate and any other person who acquires the Participant’s rights in respect of the Options by bequest or inheritance.

By executing this agreement, the Participant confirms and acknowledges that he or she has not been induced to enter into this agreement or acquire any Option by expectation of employment or continued employment with the Company or any Participating Company.

Capitalized terms used and not otherwise defined herein have the meanings ascribed to such terms in the Plan.

THE NORTH WEST COMPANY INC.

By: _____
Title:

Witness

(Participant)

SCHEDULE 2

OPTION CONFIRMATION

TO: _____

(“Participant”)

Pursuant to the Share Option Plan (the “**Plan**”) of The North West Company Inc. (the “**Company**”) dated January 1, 2011 and an agreement between the Company and the Participant dated _____, 20____, the Company confirms the grant to the Participant of an option (the “**Option**”) to acquire _____ Shares (the “**Shares**”) of the Company at an exercise price of \$_____ per Share.

The Option shall be exercisable:

- a) as to [1/3] of the Option until _____, 20____, and _____ Underlying Shares may be purchased at any time during this term on or after _____;
- b) as to [1/3] of the Option until _____, 20____, and _____ Underlying Shares may be purchased at any time during this term on or after _____;
- c) as to [1/3] of the Option until _____, 20____, and _____ Underlying Shares may be purchased at any time during this term on or after _____.

The granting and exercise of this Option are subject to the terms and conditions of the Plan.

THE NORTH WEST COMPANY INC.

By: _____

Title:

SCHEDULE 3

NOTICE OF EXERCISE

TO: THE NORTH WEST COMPANY INC.

Attention: Vice President Human Resources

Pursuant to the Share Option Plan (the “**Plan**”) of The North West Company Inc. (the “**Company**”) dated January 1, 2011, the undersigned hereby exercises his option to purchase _____ Shares (the “**Shares**”) of the Company which are subject to an option granted on _____, 20__, and encloses a cheque payable to the Company in the aggregate amount of \$_____, being \$_____per Share.

The undersigned requests that the Shares be issued in his or her name as follows in accordance with the terms of the Plan:

(Print Name as Name is to Appear on Share Certificate)

Election for Cashless Exercise

In accordance with the elective provisions of the Plan, the undersigned hereby elects to exercise his or her option to receive the Option Value as contemplated under the Plan, attributed to _____ Shares of the Company which are subject to an Option granted on _____, 20__, less any withholding taxes applicable.

The undersigned acknowledges that he or she has not been induced to purchase the Shares or elect to exercise Options via cashless exercise by expectation of employment or continued employment with the Company or any Participating Company.

Capitalized terms used and not otherwise defined herein have the meanings ascribed to those terms in the Plan.

DATED this ____ day of _____, 20__.

Witness

Participant
Title:

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APPENDIX "G"

NEW NWC DSU PLAN RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE UNITHOLDERS THAT:

1. the deferred share unit plan (the "**New NWC DSU Plan**") of The North West Company Inc. ("**New NWC**"), in a form substantially as set forth in Appendix "H" to the management information circular of North West Company Fund (the "**Fund**") dated April 29, 2010 (the "**Information Circular**") be and is hereby authorized and approved with such amendments as may be approved by the Board of Trustees of the Fund or the board of directors of New NWC or NWC GP Inc. ("**NWC GP**"), in its capacity as administrator of the Fund;
2. New NWC is hereby authorized and approved to continue to grant deferred share units under the New NWC DSU Plan until June 10, 2013, being the date that is three years from the date of the annual and special meeting of unitholders of the Fund at which this approval is being sought;
3. notwithstanding that this resolution has been duly passed, the Board of Trustees of the Fund or the board of directors of New NWC or NWC GP, in its capacity as administrator of the Fund, may, without further notice to or approval of the unitholders of the Fund or the shareholders of New NWC, revoke this resolution, in whole or in part, at any time prior to the New NWC DSU Plan becoming effective; and
4. any trustee of the Fund or director or officer of NWC GP or New NWC is hereby authorized, for and on behalf of the Fund, NWC GP and New NWC, to execute and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such trustee, director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.

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APPENDIX "H"
NEW NWC DSU PLAN

THE NORTH WEST COMPANY INC.

DIRECTOR DEFERRED SHARE UNIT PLAN

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

1. Purpose

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

2. Definitions

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

- (a) “**Adjustment Ratio**” means, with respect to any Award, the ratio used to adjust the number of Shares to be issued on the applicable Share Issue Date(s) pertaining to such Award determined in accordance with the terms of the Plan; and, in respect of each Award, the Adjustment Ratio shall initially be equal to one, and shall be cumulatively adjusted thereafter by increasing the Adjustment Ratio on each Dividend Payment Date by an amount, rounded to the nearest five decimal places, equal to a fraction having as its numerator the Dividend, expressed as an amount per Share, paid on that Dividend Payment Date, and having as its denominator the Fair Market Value of the Shares on the Trading Day immediately preceding that Dividend Payment Date;
- (b) “**Affiliate**” means a corporation, partnership, trust or other entity that is affiliated with the Corporation (within the meaning of National Instrument 45-106 - *Prospectus and Registration Exemptions*);
- (c) “**Annual Cash Retainer**” means the annual retainer payable by the Corporation to a Participant in a Plan Year for service as a Director;
- (d) “**Annual DSU Retainer**” means the annual retainer payable by the Corporation to a Participant in a Plan Year for service as a Director, which amount is payable entirely in awards of Deferred Share Units determined in accordance with Sections 4(a) and 4(g);
- (e) “**Award**” means an award of Deferred Share Units under the Plan, which Deferred Share Units shall be subject to adjustment for Dividends pursuant to the provisions of Section 6(c);
- (f) “**Award Issue Date**” means the date in each Quarter, which is three business days following the publication by the Corporation of its financial results for the previous Quarter (or the previous financial year in the case of the first Quarter), or such other date determined by the Board from time to time that does not fall within a Blackout Period;

- (g) **“Blackout Period”** means the period commencing on the first day of the fiscal period following the end of a Quarter and ending on the second day following the issuance of a news release disclosing quarterly or annual financial results;
- (h) **“Board”** means the board of directors of the Corporation as it may be constituted from time to time;
- (i) **“Cessation Date”** means the date a Participant ceases to be a Director for any reason whatsoever including by reason of resignation, removal by a vote of Shareholders, non-reappointment, death or otherwise;
- (j) **“Chair Retainer”** means the annual retainer payable by the Corporation to a Participant in a Plan Year for acting as the Chair of the Board or one or more committees of the Board;
- (k) **“Committee”** has the meaning set forth in Section 3 hereof provided that if the Governance and Nominating Committee or another committee is not appointed or authorized to administer the Plan by the Board, all references in the Plan to the Committee will be deemed to be references to the Board;
- (l) **“Deferred Share Units”** means a right to receive a cash payment and/or Shares under an Award made pursuant to the Plan, which Shares shall be issued on the Share Issue Date(s) determined in accordance with Section 6(a) hereof, subject to adjustment for Dividends pursuant to the provisions of Section 6(c);
- (m) **“Director”** means each member of the Board other than a member of the Board who is also an employee of the Corporation or a Affiliate, who is or becomes a member of the Board on or after January 1, 2011;
- (n) **“Dividend”** means a dividend paid by the Corporation in respect of the Shares, whether of cash, Shares or other securities or other property, expressed as an amount per Share;
- (o) **“Dividend Payment Date”** means any date that a Dividend is paid to Shareholders;
- (p) **“DSU Account”** has the meaning ascribed thereto in Section 4(h);
- (q) **“Elected Amount”** means all or any portion of the following Eligible Fees in respect of which a Director has elected pursuant to Section 4(b):
 - (i) Annual Cash Retainer;
 - (ii) Chair Retainer (if applicable); and
 - (iii) Meeting Fees;
- (r) **“Election Notice”** has the meaning ascribed thereto in Section 4(b);
- (s) **“Eligible Fees”** means the Annual Cash Retainer, Chair Retainer and Meeting Fees and, for greater certainty does not include retainer, meeting or chair fees for service on a special or other *ad hoc* committee unless otherwise determined by the Board;
- (t) **“Exchangeable Securities”** means shares or other securities in the capital of the Corporation or any other Affiliate that are exchangeable into Shares;

- (u) “**Exercise Notice**” has the meaning ascribed thereto in Section 6(a);
- (v) “**Fair Market Value**” with respect to a Share, as at any date means the weighted average of the prices at which the Shares traded on the TSX (or, if the Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the Shares are then listed and posted for trading as may be selected for such purpose by the Board in its sole and absolute discretion) for the five trading days on which the Shares traded on the said exchange immediately preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Board in its sole and absolute discretion;
- (w) “**Insider Participant**” means a Participant who is an “insider” of the Corporation within the meaning of *The Securities Act* (Manitoba), and also includes Associates and Affiliates of such Insider Participant;
- (x) “**Meeting Fees**” means the fees payable by the Corporation, as the case may be, to a Participant in a Plan Year for attendance at meetings of the Directors, the Board or their respective committees;
- (y) “**Participant**” means each Director;
- (z) “**Plan Year**” means the calendar year;
- (aa) “**Quarter**” means a fiscal quarter of the Corporation;
- (bb) “**Settlement Amount**” has the meaning set forth in Section 6(d) hereof;
- (cc) “**Share Issue Date**” means, with respect to any Award, the date upon which the Shares underlying the Award are issued to the Participant on exercise or deemed exercise of such Award as determined pursuant to Section 6(a);
- (dd) “**Shareholder**” means a holder of Shares;
- (ee) “**Shares**” means common shares in the capital of the Corporation;
- (ff) “**Trading Day**” means any date on which the TSX is open for the trading of Shares; and
- (gg) “**TSX**” means the Toronto Stock Exchange.

3. Administration

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

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

- (a) to determine eligibility for participation and Awards under the Plan;

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

The determinations of the Committee shall be subject to review and approval by the Board whose determination shall be final, conclusive and binding on all parties. The Committee may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable, and the Committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan.

4. Award Grants and Elections

- (a) **Automatic Awards** – In each Plan Year, each Participant shall be automatically granted Awards equal in value to the Participant’s Annual DSU Retainer for the Plan Year. Such Awards shall be credited to the Participants in accordance with Section 4(f) and the number of Deferred Share Units attributable to each such Award shall be determined in accordance with Section 4(g). The value of the Annual DSU Retainer shall be determined by the Board from time to time.
- (b) **Elective Awards** – Each Participant may elect with respect to each Plan Year to receive all or any portion of the Participant’s Eligible Fees in Deferred Share Units. Such election must be made by the Participant by filing a notice of election (the “**Election Notice**”) in the form of **Schedule A** hereto with the Corporate Secretary of the Corporation not later than 30 days following the adoption of the Plan by the Corporation in respect of the Plan Year. An individual who becomes a Director after the first day of a Plan Year may file the Election Notice for that Plan Year within 30 days of becoming a Director with effect as of the first day in the Plan Year on which the individual became a Director.
- (c) **Effect of Election Notice** – Each Election Notice filed in accordance with the Plan shall be deemed to apply to all Plan Years subsequent to the filing of the Election Notice unless the Participant files a subsequent Election Notice to (i) change the Participant’s election, or (ii) terminate the receipt of Elected Amounts in Deferred Share Units.
- (d) **Change to Elected Participation** - Each Participant is entitled to change his or her election in respect of all or any portion of the Elected Amount by filing a subsequent Election Notice with the Corporate Secretary. Such Participant’s Election Notice must be received not later than

December 15 and the requested change shall be effective for the first Plan Year following such election with respect to the Elected Amount payable for such Plan Year.

(e) ***Election to Terminate*** –

- (i) Each Participant is entitled to terminate the Participant's participation in the Plan in respect of Elected Amounts by filing a subsequent Election Notice electing to terminate the receipt of additional Deferred Share Units with the Corporate Secretary. Such Participant's election must be received not later than December 15 and shall be effective for the first Plan Year following such election with respect to the Elected Amount payable for such Plan Year. Any Awards granted under the Plan prior to each election shall remain in the Plan and shall be exercisable in accordance with the terms of the Plan.
- (ii) A Participant who has filed a subsequent Election Notice to terminate the Participant's participation in the Plan in respect of Elected Amounts may elect to reinstate his or her receipt of Deferred Share Units in respect of all or any portion of the Eligible Fees by filing a further Election Notice with the Corporate Secretary, and in any and each such case the provisions of Sections 4(b) and 4(c) shall apply.

(f) ***Timing of Grants*** - Participants shall be credited with Awards on each Award Issue Date. Such credited amounts shall be recorded by the Corporation in the Participant's DSU Account (as defined in Section 4(h)) as soon as reasonably practicable thereafter and in any event not later than the last Trading Day of the month in which the underlying retainers or fees are payable.

(g) ***Calculation of Number of Deferred Share Units*** - The number of Deferred Share Units underlying an Award will be calculated on the Award Issue Date by dividing the portion of Annual DSU Retainer and the Elected Amount that is payable to the Participant for the current Quarter, by the Fair Market Value on the Award Issue Date.

(h) ***DSU Account*** - An account, to be known as a "**DSU Account**", shall be maintained by the Corporation for each Participant and will be credited with the Participant's Awards of Deferred Share Units from time to time as well as the date and price at which Deferred Share Units were granted. Participants shall receive, on a quarterly basis, an individualized statement containing this information.

(i) ***Discretionary Grants in Special Circumstances*** - The Board may determine from time to time, upon the advice of the Committee, that special circumstances exist that would reasonably justify the grant to a Participant of Deferred Share Units as compensation in addition to any regular retainer or fee to which the Participant is otherwise entitled. Upon making such a determination, the Board may grant Deferred Share Units to such Participant and, upon the effective date of the grant, the provisions of this Plan shall apply to such Participant and such Deferred Share Units *mutatis mutandis*, as if the Participant had elected hereunder and had received Deferred Share Units in respect of an Elected Amount.

5. Reservation of Shares

Subject to Sections 6(c) and 6(f), the number of Shares reserved for issuance from time to time pursuant to Awards granted and outstanding hereunder at any time shall not exceed a number of Shares equal to 2% of the aggregate number of: (i) issued and outstanding Shares; plus (ii) the number of Shares issuable upon exchange of outstanding Exchangeable Securities, if any. If any Award granted under this Plan shall expire, terminate or be cancelled for any reason without the Shares issuable thereunder having been

issued in full or if any Shares are issued pursuant to any Award granted under this Plan, any such Shares shall be available for the purposes of the granting of further Awards under this Plan.

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

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

6. Terms and Conditions of Awards

- (a) **Exercise** - The Awards credited to a Participant's DSU Account shall be exercisable by the Participant (or, where the Participant has died, his or her estate) at any time and from time to time at the Participant's option (or after the Participant's death at the option of his or her legal representative) by filing a written notice of exercise ("**Exercise Notice**") in the form of **Schedule B** hereto with the Corporate Secretary of the Corporation, specifying the Share Issue Date and the percentage of Deferred Share Units held by the Participant to be issued on such Share Issue Date. Each such Share Issue Date shall occur during the period commencing at least five business days following the date on which the Exercise Notice is filed with the Corporate Secretary and ending not later than December 31 of the first calendar year commencing after the date of the Election Notice. If no Election Notice has been filed by December 31 of the first calendar year after the Cessation Date, December 31 of the first calendar year after the Cessation Date will be deemed to be the Share Issue Date for all of the Participant's Deferred Share Units.
- (b) **Proration** - Where a Participant is entitled to receive Deferred Share Units in respect of an Annual DSU Retainer, Annual Cash Retainer or Chair Retainer, the number of Deferred Share Units to which he or she is entitled in respect of these amounts for the Plan Year in which the Cessation Date occurs shall be prorated and shall be equal to:

Number of Deferred Share Units credited or to be credited to such Participant's DSU Account in respect of the current Plan Year (assuming the Cessation Date did not occur in such Plan Year), multiplied by the fraction in which (i) the number of days from and including the preceding January 1 to but excluding the Participant's Cessation Date is the numerator, and (ii) 365 is the denominator.
- (c) **Adjustment for Dividends** - The number of Shares to be issued on each Share Issue Date shall be adjusted by multiplying such number by the Adjustment Ratio applicable in respect of such Award. A Participant's entitlement to such additional Shares in respect of Dividends shall be calculated (and re-calculated if necessary) based on the prorated number of Deferred Share Units to which such Participant is entitled under Section 6(b) in respect of the then current Plan Year (plus any previously accrued Deferred Share Units).

- (d) ***Surrender of Awards*** – At any time when the Shares are listed and posted for trading on the TSX, a Participant may elect at the time of exercise of any Award, subject to the consent of the Corporation, that the Corporation pay an amount in cash equal to the aggregate current market value of the Shares (as adjusted in accordance with the relevant provisions set forth in Section 6(b) and based on the closing price of the Shares on the TSX on the trading day immediately preceding the Share Issue Date) (the “**Settlement Amount**”) in consideration for the surrender by the Participant to the Corporation of the right to receive Shares under such Award. Following such election and the acceptance thereof by the Corporation, the Corporation shall cause a cheque to be issued payable to the Participant (or as the Participant may direct) in the Settlement Amount (subject to Section 7 hereof) and sent by pre-paid mail or delivered to the Participant. The Corporation and the Participant may also agree that all or a portion of the Settlement Amount may be satisfied in whole or in part in Shares in which case the number of Shares that are issuable to the Participant on the Share Issue Date shall be acquired by the Corporation on the TSX or from the Corporation, as an issuance of treasury Shares, or a combination thereof; provided, however, that the aggregate number of Shares that may be so acquired on the TSX within any 12-month period shall not exceed 5% of the outstanding Shares as at the beginning of such period. The Corporation shall be entitled to withhold from the Settlement Amount all amounts as may be required by law and in the manner contemplated by Section 7 hereof.
- (e) ***Rights as a Shareholder*** – Until the Shares granted pursuant to any Award have been issued in accordance with the terms of the Plan, the Participant to whom such Award has been made shall not possess any incidents of ownership of such Shares including, for greater certainty and without limitation, the right to receive Dividends on such Shares and the right to exercise voting rights in respect of such Shares. Such Participant shall only be considered a Shareholder in respect of such Shares when such issuance has been entered upon the records of the duly authorized transfer agent of the Corporation.
- (f) ***Effect of Certain Changes*** – In the event:
- (i) of any change in the Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;
 - (ii) that any rights are granted to Shareholders to purchase Shares at prices substantially below Fair Market Value; or
 - (iii) that, as a result of any recapitalization, merger, consolidation or other transaction, the Shares are converted into or exchangeable for any other securities,

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

7. **Withholding Taxes**

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

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

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

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

8. Non-Transferability

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

9. Merger and Sale, etc.

If the Corporation enters into any transaction or series of transactions whereby the Corporation or all or substantially all of the Corporation's undertaking, property or assets would become the property of any other trust, body corporate, partnership or other person (a "**Successor**") whether by way of takeover bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, prior to or contemporaneously with the consummation of such transaction the Corporation and the Successor will execute such instruments and do such things as the Corporation considers necessary to establish that upon the consummation of such transaction the Successor will have assumed all the covenants and obligations of the Corporation under this Plan and in the respect of the Awards outstanding on consummation of such transaction in a manner that substantially preserves and does not impair the rights of the Participants thereunder in any material respect (including the right to receive shares, securities or other property of the Successor in lieu of Deferred Share Units). Any such Successor shall succeed to, and be substituted for, and may exercise every right and power of the Corporation under this Plan and in the respect of such Awards with the same effect as though the Successor had been named as the Corporation herein and therein and thereafter, the Corporation shall be relieved of all obligations and covenants under this Plan and such Awards and the obligation of the Corporation to the Participants in respect of the Awards shall terminate and be at an end and the Participants shall cease to have any further rights in respect thereof including, without limitation, any right to acquire Deferred Share Units of the Corporation upon vesting of the Awards.

10. Amendment of Plan

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

- (a) not adversely alter or impair any Deferred Share Unit previously granted except as permitted by the provisions of Section 6(f) hereof;
- (b) be subject to any regulatory approvals including, where required, the approval of the TSX; and
- (c) be subject to shareholder approval, where required, by law or the requirements of the TSX, provided that shareholder approval shall not be required for the following amendments and the Committee may make any changes which may include but are not limited to:
 - (i) amendments of a “housekeeping nature”;
 - (ii) a change to the vesting provisions of any Deferred Share Unit; and
 - (iii) a change to the expiration provisions of any Deferred Share Unit that does not entail an extension beyond the original expiration date.

11. Termination of Plan

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

12. Miscellaneous

- (a) ***Effect of Headings*** – The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.
- (b) ***Compliance with Legal Requirements*** – The Corporation shall not be obliged to make any Awards or issue any Deferred Share Units if such issuance would violate any law or regulation or any rule of any government authority or stock exchange. The Corporation, in its sole discretion, may postpone the issuance or delivery of Deferred Share Units under any Award as the Board may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Deferred Share Units in compliance with applicable laws, rules and regulations. The Corporation shall not be required to qualify for resale pursuant to a prospectus or similar document any Deferred Share Units awarded under the Plan, provided that, if required, the Corporation shall notify the TSX and any other appropriate regulatory bodies in Canada of the existence of the Plan and the granting of Awards hereunder in accordance with any such requirements.
- (c) ***No Right to Continued Service*** – Nothing in the Plan or in any Award granted into pursuant hereto shall confer upon any Participant the right to continue in the service of the Corporation, the Corporation or any Affiliates as a Director or otherwise, to be entitled to any remuneration or benefits not set forth in the Plan or to interfere with or limit in any way the right of the Corporation or any Affiliate to terminate Participant’s service arrangements with the Corporation or any Affiliate.
- (d) ***Expenses*** – All expenses in connection with the Plan shall be borne by the Corporation.

- (e) ***Gender*** - Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- (f) ***Governing Law*** - The Plan shall be governed by and construed in accordance with the laws in force in the Province of Manitoba and the federal laws of Canada applicable therein.

13. Effective Date

Subject to receipt of all necessary approvals, this Plan shall be effective from January 1, 2011.

SCHEDULE A

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

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

1. ELECTION NOTICE

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

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

2. ELECTION TO CHANGE PARTICIPATION

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

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

3. ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DEFERRED SHARE UNITS

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

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

I confirm that:

- 1. I have received and reviewed a copy of the terms of the Plan and agreed to be bound by such terms.
- 2. I recognize that when Deferred Share Units credited pursuant to an election made under Section 1 or 2 of this Schedule A are issued in accordance with the terms of the Plan, income tax and other withholdings as required will arise at that time that will be my obligations (and not the

Corporation's, except as required by law). Upon issue of the Deferred Share Units, the Corporation will make all appropriate withholdings as required by law at that time and remit them on my behalf on a timely basis.

3. The value of Deferred Share Units is not guaranteed.
4. I acknowledge and agree that, as described in greater detail in the Plan, I am not permitted to assign, pledge, charge or otherwise encumber the Deferred Share Units granted to me under the Plan.
5. An election filed pursuant to Section 2 or 3 of this Schedule A is required to be filed with the Corporate Secretary of the Corporation not later than December 15 in order to be effective with respect to the immediately following financial year of the Corporation.

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

(Signature of Director)

Date:

(Name of Director)

SCHEDULE B

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

EXERCISE NOTICE

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

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

Share Issue Date

(Signature of Participant)

Date:

(Name of Participant)

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

APPENDIX “I”

NEW NWC RIGHTS PLAN RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE UNITHOLDERS THAT:

1. the shareholder rights plan of The North West Company Inc. (“**New NWC**”) as set forth in the shareholder rights plan agreement (the “**New NWC Rights Plan Agreement**”) to be entered into between New NWC and CIBC Mellon Trust Company, as rights agent, substantially in the form set forth in Appendix “J” to the management information circular of North West Company Fund (the “**Fund**”) dated April 29, 2010 (the “**Information Circular**”) and the issuance of Rights issued pursuant to such rights plan, be and are hereby approved, confirmed and ratified;
2. notwithstanding that this resolution has been duly passed, the Board of Trustees of the Fund or the board of directors of New NWC or NWC GP Inc. (“**NWC GP**”), in its capacity as administrator of the Fund, may, without further notice to or approval of the unitholders of the Fund or the shareholders of New NWC, revoke this resolution, in whole or in part, at any time prior to the New NWC Rights Plan Agreement becoming effective; and
3. any trustee of the Fund or director or officer of NWC GP or New NWC is hereby authorized, for and on behalf of the Fund, NWC GP and New NWC, to execute and deliver the Shareholder Rights Plan Agreement and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such trustee, director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.

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APPENDIX "J"

NEW NWC RIGHTS PLAN AGREEMENT

SHAREHOLDER RIGHTS PLAN AGREEMENT

**DATED AS OF
JANUARY 1, 2011**

BETWEEN:

THE NORTH WEST COMPANY INC.

- and -

CIBC MELLON TRUST COMPANY

as Rights Agent

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EXHIBIT A - Form of Rights Certificate

SHAREHOLDER RIGHTS PLAN AGREEMENT

SHAREHOLDER RIGHTS PLAN AGREEMENT dated as of January 1, 2011, between The North West Company Inc. (the “**Corporation**”), a corporation existing under the laws of Canada, and CIBC Mellon Trust Company, a trust company existing under the laws of Canada (the “**Rights Agent**”).

RECITALS:

1. On June 10, 2010, at an annual and special meeting of the unitholders of North West Company Fund (the “**Fund**”), the predecessor to the Corporation, the unitholders of the Fund passed certain resolutions authorizing and approving, among other things, the conversion of the Fund from an income trust into the Corporation by way of a court-approved plan of arrangement under the *Canada Business Corporations Act* (the “**Conversion**”) and the Rights Plan for adoption by the Corporation upon (and subject to) completion of the Conversion.
2. On January 1, 2011, the Conversion was completed pursuant to which the then unitholders of the Fund became the shareholders of the Corporation.
3. The Directors have determined that it is advisable and in the best interests of the Corporation to adopt the Rights Plan to ensure, to the extent possible, that the Directors have sufficient time to properly develop and pursue the alternatives that could maximize value for Shareholders and to ensure that Shareholders are treated fairly in connection with a take-over offer for the Corporation or other acquisition of control of the Corporation.
4. In connection with the completion of the Conversion and in light of the foregoing recitals, the Directors have ratified, approved and confirmed the adoption of the Rights Plan by the Corporation.
5. In order to implement the Rights Plan, the Directors have:
 - (a) authorized the issuance at the Record Time of one Right in respect of each Common Share outstanding at the Record Time;
 - (b) authorized the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time; and
 - (c) authorized the issuance of Rights Certificates to holders of Rights pursuant to the terms and subject to the conditions set forth herein.
6. Each Right entitles the holder thereof, after the Separation Time, to purchase securities or other assets of the Corporation pursuant to the terms and subject to the conditions set forth herein.
7. The Corporation desires to appoint the Rights Agent to act on behalf of the Corporation and holders of Rights, and the Rights Agent is willing to so act, in connection with the

issuance, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to herein.

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements set forth herein, subject to such covenants and agreements, the parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Certain Definitions

For the purposes of this Agreement, the following terms have the meanings indicated:

- (a) **“Acquiring Person”** shall mean any Person who is the Beneficial Owner of 20% or more of the outstanding Common Shares; provided, however, the term **“Acquiring Person”** shall not include:
 - (i) the Corporation or any Subsidiary of the Corporation;
 - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares as a result of any one or a combination of:
 - (A) an acquisition or redemption by the Corporation or a Subsidiary of the Corporation of Common Shares that, by reducing the number of Common Shares outstanding, increases the percentage of outstanding Common Shares Beneficially Owned by such Person to 20% or more of the Common Shares then outstanding (**“Share Reduction”**); or
 - (B) Common Share acquisitions made pursuant to a Permitted Bid (a **“Permitted Bid Acquisition”**); or
 - (C) Common Share acquisitions (1) in respect of which the Directors have waived the application of Section 3.1 pursuant to the provisions of subsection 6.1(b), (c) or (d); (2) which were made pursuant to a dividend reinvestment plan of the Corporation; (3) pursuant to the receipt or exercise of rights issued by the Corporation to all the holders of Common Shares (other than holders resident in a jurisdiction where such dividend is restricted or impracticable as a result of applicable law) to subscribe for or purchase Common Shares or Convertible Securities, provided that such rights are acquired directly from the Corporation and not from any other person and provided that the Person does not thereby acquire a greater percentage of Common Shares or Convertible Securities so offered than the Person’s percentage of Common Shares or Convertible Securities beneficially owned immediately prior to such acquisition or exercise; (4) pursuant to a distribution by the Corporation of Common Shares or Convertible Securities

made pursuant to a prospectus or a private placement, provided that the Person does not thereby acquire (or is deemed to Beneficially Own) a greater percentage of Common Shares so offered than the Person's percentage of Common Shares Beneficially Owned immediately prior to such acquisition; or (5) pursuant to a distribution by the Corporation of Common Shares pursuant to a deferred share unit plan of the Corporation or upon the exercise by an individual of options granted under a share option plan of the Corporation or rights to purchase securities granted under a share purchase plan of the Corporation ("**Exempt Acquisitions**");

(D) acquisitions by a Person of Common Shares or Convertible Securities:

(i) as a result of a stock dividend, a stock split or other event pursuant to which such Person receives or acquires Common Shares or Convertible Securities on the same *pro rata* basis as all other holders of securities of the same class or series of the Corporation;

(ii) pursuant to a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to all holders of Common Shares (other than holders resident in any jurisdiction where participation in any such plan is restricted or impractical as a result of applicable law), where such plan permits the holder to direct that the dividends paid in respect of such Common Shares be applied to the purchase from the Corporation of Common Shares or Convertible Securities; or

(iii) pursuant to the receipt and/or exercise of rights (other than the Rights) issued by the Corporation to all of the holders of a series or class of Common Shares (other than holders resident in any jurisdiction where participation in any such plan is restricted or impractical as a result of applicable law) on a *pro rata* basis to subscribe for or purchase Common Shares or Convertible Securities,

provided, however, that such Person does not thereby acquire a greater percentage of Common Shares or Convertible Securities, as applicable, than the percentage of the series or class of Common Shares Beneficially Owned by that Person immediately prior to such acquisition ("**Pro Rata Acquisitions**"); or

(E) the acquisition of Common Shares upon the exercise, conversion or exchange of Convertible Securities received by such Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition ("**Convertible Security Acquisitions**");

provided, however, that if a Person shall become the Beneficial Owner of 20% or more of the Common Shares then outstanding by reason of any one or a combination of: (i) Share Reductions; (ii) Permitted Bid Acquisitions; (iii) Exempt Acquisitions; (iv) Convertible Security Acquisitions; or (v) Pro Rata Acquisitions; and, after such Share Reductions, Permitted Bid Acquisitions, Exempt Acquisitions, Convertible Security Acquisitions or Pro Rata Acquisitions, such Person subsequently becomes the Beneficial Owner of more than an additional 1.0% of the number of Common Shares outstanding (other than pursuant to any one or a combination of Share Reductions, Permitted Bid Acquisitions, Exempt Acquisitions, Convertible Security Acquisitions or Pro Rata Acquisitions), then, as of the date of any such acquisition, such Person shall become an “**Acquiring Person**”;

- (iii) for the period of 10 days after the Disqualification Date (as hereinafter defined), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares as a result of such Person becoming disqualified from relying on clause 1.1(e)(v) hereof where such disqualification results solely because such Person has made or proposes to make a Take-over Bid in respect of securities of the Corporation alone or by acting jointly or in concert with any other Person (the first date of public announcement (which, for purposes of this definition, shall include, without limitation, any report or disclosure filed or made pursuant to applicable securities legislation) by such Person or the Corporation of the intent of such Person to commence such a Take-over Bid being herein referred to as the “**Disqualification Date**”); and
- (iv) an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Common Shares in connection with a distribution of securities by way of prospectus or private placement;
- (b) “**Affiliate**” when used to indicate a relationship with a specified Person, shall mean a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person;
- (c) “**Agreement**” shall mean this shareholder rights plan agreement, as the same may be amended or supplemented from time to time; “hereof”, “herein”, “hereto” and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement;
- (d) “**Associate**”, when used to indicate a relationship with a specified Person, means any relative of such specified Person who has the same home as such specified Person, or any person to whom such specified Person is married, or any person with whom such specified Person is living in a conjugal relationship outside marriage, or any relative of such spouse or other person who has the same home as such specified Person;

- (e) A Person shall be deemed the “**Beneficial Owner**” of, and to have “**Beneficial Ownership**” of, and to “**Beneficially Own**”:
- (i) any securities as to which such Person, or any of such Person’s Affiliates or Associates, is the owner at law or in equity including, for greater certainty, any securities deemed to be beneficially owned pursuant to section 90 of the Securities Act (Ontario);
 - (ii) any securities as to which such Person or any of such Person’s Affiliates or Associates has the right to acquire (A) upon the exercise, conversion or exchange of any Convertible Securities, or (B) pursuant to any agreement, arrangement or understanding, whether in writing or not, in either case where such right is exercisable within a period of 60 days and whether or not on condition or occurrence of the happening of any contingency or the making of one or more payments (other than (1) customary agreements with and between underwriters and/or banking group and/or selling group members with respect to a distribution of securities to the public or pursuant to a prospectus or by way of a private placement, or (2) pursuant to a pledge of securities in the ordinary course of the pledgee’s business); and
 - (iii) any securities which are Beneficially Owned within the meaning of clauses 1.1(e)(i) or (ii) above by any other Person with which such Person or any of such Person’s Affiliates or Associates is acting jointly or in concert;

provided, however, that a Person shall not be deemed the “**Beneficial Owner**” of, or to have “**Beneficial Ownership**” of, or to “**Beneficially Own**”, any security:

- (iv) where (A) the holder of such security has agreed to deposit or tender such security pursuant to a Permitted Lock-up Agreement in respect of a Take-over Bid made by such Person or any of such Person’s Affiliates or Associates or any other person referred to in clause 1.1(e)(iii), or (B) such security has been deposited or tendered pursuant to a Take-over Bid made by such Person or any of such Person’s Affiliates or Associates or any other Person referred to in clause 1.1(e)(iii) until the earliest time at which any such deposited or tendered security is accepted unconditionally for payment or exchange or is taken up and paid for;
- (v) where such Person, any of such Person’s Affiliates or Associates or any other Person referred to in clause 1.1(e)(iii), holds such security provided that (A) the ordinary business of any such Person (the “**Investment Manager**”) includes the management of investment funds for others and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager’s duties for the account of any other Person, including the acquisition or holding of securities for non-discretionary accounts held on behalf of a client by a broker or dealer registered under applicable securities laws, or (B) such

Person (the “**Trust Company**”) is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons or in relation to other accounts and holds such security in the ordinary course of such duties for the estates of deceased or incompetent Persons or for such other accounts, or (C) such Person (the “**Plan Trustee**”) is the administrator or trustee of one or more pension funds or plans (each a “**Plan**”) registered under applicable laws and holds such security for the purposes of its activity as such, or (D) such Person is a Plan or is a Person established by statute (the “**Statutory Body**”) for purposes that include, and the ordinary business or activity of such Person includes, the management of investment funds for employee benefit plans, pension plans, insurance plans (other than plans administered by insurance companies) or various public bodies, or (E) such Person is a Crown agent or agency; provided in any of the above cases, that the Investment Manager, the Trust Company, the Plan Trustee, the Plan, the Statutory Body or the Crown agent or agency, as the case may be, is not then making a Take-over Bid or has not then announced an intention to make a Take-over Bid alone or acting jointly or in concert with any other Person, other than an Offer to Acquire Common Shares or other securities pursuant to a distribution by the Corporation or by means of ordinary market transactions (including pre-arranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange, securities quotation system or organized over-the-counter market, alone, through its Affiliates or Associates or by acting jointly or in concert with any other Person;

- (vi) where such Person is a client of or has an account with the same Investment Manager as another Person on whose account the Investment Manager holds such security, or where such Person is a client of or has an account with the same Trust Company as another Person on whose account the Trust Company holds such security, or where such Person is a Plan and has a Plan Trustee for another Plan on whose account the Plan Trustee holds such security;
- (vii) where such Person is: (A) a client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, (B) an account of a Trust Company and such security is owned at law or in equity by the Trust Company, or (C) a Plan and such security is owned at law or in equity by the Plan Trustee; or
- (viii) where such Person is the registered holder of such securities as a result of carrying on the business of, or acting as a nominee of, a securities depositary.

For the purposes of this Agreement, in determining the percentage of the outstanding Common Shares with respect to which a Person is or is deemed to be the Beneficial

Owner, any unissued Common Shares as to which such Person is deemed the Beneficial Owner pursuant to this Section 1.1(e) shall be deemed outstanding.

- (f) “**Business Day**” shall mean any day other than a Saturday, Sunday or a day on which banking institutions in Calgary, Alberta or Winnipeg, Manitoba are authorized or obligated by law or executive order to close;
- (g) “**Canadian Dollar Equivalent**” of any amount which is expressed in United States dollars shall mean, on any day, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S. – Canadian Exchange Rate in effect on such date;
- (h) “**close of business**” on any given date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the principal office in Calgary, Alberta of the transfer agent for the Common Shares (or, after the Separation Time, the principal office of the Rights Agent in Calgary, Alberta) is closed to the public;
- (i) “**Common Shares**” shall mean the common shares in the capital of the Corporation as presently constituted, as such Common Shares may be subdivided, consolidated, reclassified or otherwise changed from time to time;
- (j) “**Common Share Acquisition Date**” shall mean the date of the first public announcement or filing by the Corporation or an Acquiring Person of facts indicating that a Person has become an Acquiring Person;
- (k) “**Competing Permitted Bid**” means a Take-over Bid that:
 - (i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of that Permitted Bid or Competing Permitted Bid;
 - (ii) satisfies all components of the definition of a Permitted Bid other than the requirements set out in clause (ii) of that definition; and
 - (iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Common Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date that is no earlier than the later of (A) the earliest date on which Common Shares may be taken up or paid for under any Permitted Bid or Competing Permitted Bid that is then in existence; and (B) 35 days (or such other minimum period of days as may be prescribed by applicable law in the Province of Ontario) after the date of the Take-over Bid constituting the Competing Permitted Bid;
- (l) “**Constating Documents**” means the articles and by-laws of the Corporation;
- (m) “**controlled**” shall have the meaning ascribed thereto in Section 1.7 hereof;

- (n) “**Conversion**” shall have the meaning ascribed thereto in the Recitals hereof;
- (o) “**Convertible Securities**” means, at any time, any securities issued by the Corporation from time to time (other than the Rights) carrying any exercise, conversion or exchange right pursuant to which the holder thereof may acquire Common Shares or other securities which are convertible into, exercisable into or exchangeable for Common Shares and “**Convertible Security**” means any such security;
- (p) “**Convertible Security Acquisitions**” shall have the meaning set forth in the definition of “**Acquiring Person**”;
- (q) “**Co-Rights Agents**” shall have the meaning ascribed thereto in subsection 5.1(a) hereof;
- (r) “**Corporation**” shall mean The North West Company Inc., a corporation existing under the laws of Canada;
- (s) “**Directors**” shall mean the directors of the Corporation or, where the context requires, any duly constituted and empowered committee thereof;
- (t) “**Disqualification Date**” shall have the meaning set forth in the definition of “**Acquiring Person**”;
- (u) “**Effective Date**” means January 1, 2011;
- (v) “**Election to Exercise**” shall have the meaning ascribed thereto in subsection 2.2(d) hereof;
- (w) “**Exempt Acquisitions**” shall have the meaning ascribed thereto in the definition of “**Acquiring Person**”;
- (x) “**Exercise Price**” shall mean, as of any date, the price at which a holder of a Right may purchase the securities issued upon exercise of such Right which, until adjustment thereof in accordance with the terms hereof, shall be Cdn\$50.00;
- (y) “**Expansion Factor**” shall have the meaning ascribed thereto in subsection 2.3(a) hereof;
- (z) “**Expiration Time**” shall mean the earlier of:
 - (i) the Termination Time; and
 - (ii) the close of business on that date which is the earlier of the date of termination of this Agreement pursuant to Section 6.15(b), or, if this Agreement is reconfirmed pursuant to Section 6.15(b), the close of business on the ninth anniversary following the Effective Date;

- (aa) “**Fiduciary**” shall mean a trust company registered under the trust company legislation of Canada or any province thereof or a portfolio manager registered under the securities legislation of one or more provinces of Canada;
- (bb) “**Flip-in Event**” shall mean a transaction or event in, or pursuant to, which any Person becomes an Acquiring Person;
- (cc) “**Fund**” shall have the meaning ascribed thereto in the Recitals hereof;
- (dd) “**holder**” shall have the meaning ascribed thereto in Section 2.8 hereof;
- (ee) “**Independent Shareholders**” shall mean Shareholders excluding: (i) any Acquiring Person; (ii) any Person (other than a Person referred to in paragraph 1.1(e)(v)) that is making or has announced a current intention to make a Take-over Bid for Common Shares including a Permitted Bid or a Competing Permitted Bid) but excluding any such Person if the Take-over Bid so announced or made by such person has been withdrawn, terminated or, expired; (iii) any Affiliate or Associate of such Acquiring Person or a Person referred to in clause (ii) of this subsection 1.1(ee); (iv) any Person acting jointly or in concert with such Acquiring Person or a Person referred to in clause (ii) of this subsection 1.1(ee) or any of their respective Affiliates or Associates; and (v) a Person who is a trustee of any employee benefit plan, share purchase plan, deferred profit sharing plan or any similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of such plan or trust direct the manner in which the Common Shares are to be voted or direct whether the Common Shares are to be tendered to a Take-over Bid;
- (ff) “**Investment Manager**” shall have the meaning ascribed thereto in the definition of “**Beneficial Owner**” herein;
- (gg) “**Lock-up Agreement**” shall have the meaning ascribed thereto in the definition of “**Permitted Lock-up Agreement**” herein;
- (hh) “**Lock-up Bid**” shall have the meaning ascribed thereto in the definition of “**Permitted Lock-up Agreement**” herein;
- (ii) “**Locked-up Person**” shall have the meaning ascribed thereto in the definition of “**Permitted Lock-up Agreement**” herein;
- (jj) “**Market Price**” per security of any securities on any date of determination shall mean the average of the daily closing price per security of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing

price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per security of any securities on any date shall be:

- (i) the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for each security as reported by the principal stock exchange or national quotation system (as determined by volume of trading) on which the securities are listed and posted, or
- (ii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on the principal stock exchange or national quotation system on which the securities are listed and posted, the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for each security as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal stock exchange or national quotation system on which the securities are listed and posted, or
- (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a securities exchange or national quotation system in Canada or the United States, the last quoted price, or if not so quoted, the average of the high bid and low asked prices for each of such securities in the over-the-counter market, as reported by any reporting system then in use (as selected by the Directors), or
- (iv) if on any such date the securities are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected in good faith by the Directors;

provided, however, that if on any such date none of such prices is available, the closing price per security of such securities on such date shall mean the fair value per security of such securities on such date as determined in good faith by the Directors, after consultation with a nationally or internationally recognized investment dealer or investment banker. The Market Price shall be expressed in Canadian dollars and if initially determined in respect of any day forming part of the 20 consecutive Trading Days in United States dollars, such amount shall be translated into Canadian dollars at the Canadian Dollar Equivalent thereof. Notwithstanding the foregoing, where the Directors are satisfied that the Market Price of securities as determined herein was affected by an anticipated or actual Take-over Bid or by improper manipulation, the Directors may, acting in good faith, determine the Market Price of securities, such determination to be based on a finding as to the price of which a holder of securities of that class could reasonably have expected to dispose of his, her or its securities immediately prior to the

relevant date excluding any change in price reasonably attributable to the anticipated or actual Take-over Bid or to the improper manipulation;

- (kk) “**Nominee**” shall have the meaning ascribed thereto in subsection 2.2(c) herein;
- (ll) “**Offer to Acquire**” shall include:
 - (i) an offer to purchase, or a solicitation of an offer to sell, Common Shares or Convertible Securities of any series or class; and
 - (ii) an acceptance of an offer to sell Common Shares or Convertible Securities of any series or class, whether or not such offer to sell has been solicited, or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;
- (mm) “**Offeror**” shall mean a Person who has announced an intention to make or who is making a Take-over Bid;
- (nn) “**Offeror’s Securities**” shall mean the aggregate of the Common Shares Beneficially Owned on the date of an Offer to Acquire by an Offeror;
- (oo) “**Permitted Bid**” shall mean a Take-over Bid made by an Offeror by means of a Take-over Bid circular and which also complies with the following additional provisions:
 - (i) the Take-over Bid is made to all holders of record of Common Shares, other than the Offeror, its Affiliates and Associates and Persons acting jointly or in concert with the Offeror;
 - (ii) the Take-over Bid shall contain, and the provisions for the take-up and payment for Common Shares tendered or deposited thereunder shall be subject to, an irrevocable and unqualified condition that no Common Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on a date which is not less than 60 days following the date of the Take-over Bid;
 - (iii) the Take-over Bid shall contain irrevocable and unqualified provisions that, unless the Take-over Bid is withdrawn, Common Shares may be deposited pursuant to the Take-over Bid at any time prior to the close of business on the date of first take-up or payment for Common Shares and that all Common Shares deposited pursuant to the Take-over Bid may be withdrawn at any time prior to the close of business on such date;
 - (iv) the Take-over Bid shall contain an irrevocable and unqualified condition that not less than 50% of the outstanding Common Shares held by Independent Shareholders, determined as at the date of first take-up or payment for Common Shares under the Take-over Bid, must be deposited

to the Take-over Bid and not withdrawn at the close of business on the date of the first take-up or payment for Common Shares; and

- (v) the Take-over Bid shall contain an irrevocable and unqualified provision that in the event that not less than 50% of the then outstanding Common Shares held by Independent Shareholders shall have been deposited to the Take-over Bid and not withdrawn as at the date of first take-up or payment for Common Shares under the Take-over Bid, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Common Shares for not less than 10 Business Days from the date of such public announcement;

provided that if a Take-over Bid constitutes a Competing Permitted Bid, the term “Permitted Bid” shall also mean the Competing Permitted Bid;

- (pp) **“Permitted Bid Acquisitions”** has the meaning set forth in the definition of **“Acquiring Person”**;
- (qq) **“Permitted Lock-up Agreement”** means an agreement (the **“Lock-up Agreement”**) between a Person and one or more holders of Common Shares and/or Convertible Securities (each such holder herein referred to as a **“Locked-up Person”**) (the terms of which are publicly disclosed and a copy of which is made available to the public (including the Corporation) not later than the date the Lock-up Bid (as defined below) is publicly announced, or if the Lock-up Bid has been made prior to the date of the Lock-up Agreement not later than the first Business Day following the date of the Lock-up Agreement) pursuant to which each Locked-up Person agrees to deposit or tender the Common Shares and/or Convertible Securities held by such holder to a Take-over Bid (the **“Lock-up Bid”**) to be made or made by the Person or any of such Person’s Affiliates or Associates or any other Person referred to in clause 1.1(e)(iii), provided that:
 - (i) the Lock-up Agreement permits the Locked-up Person to withdraw his, her or its Common Shares and/or Convertible Securities from the Lock-up Agreement in order to deposit or tender the Common Shares and/or Convertible Securities to another Take-over Bid or to support another transaction prior to the Common Shares and/or Convertible Securities being taken up and paid for under the Lock-up Bid:
 - (A) at a price or value per Common Share or Convertible Security that exceeds the price or value per Common Share or Convertible Security offered under the Lock-up Bid; or
 - (B) for a number of Common Shares or Convertible Securities at least 7% greater than the number of Common Shares or Convertible Securities that the Offeror has offered to purchase under the Lock-up Bid at a price or value per Common Share or Convertible Security that is not less than the price or value per Common Share or Convertible Security offered under the Lock-up Bid; or

- (C) (1) that contains an offering price for each Common Share or Convertible Security that exceeds by as much as or more than a specified amount (the “**Specified Amount**”) the offering price for each Common Share or Convertible Security contained in or proposed to be contained in the Lock-up Bid, and (2) does not by itself provide for a Specified Amount that is greater than 7% of the offering price contained in or proposed to be contained in the Lock-up Bid; and

for greater clarity, the Lock-up Agreement may contain a right of first refusal or require a period of delay to give the Person who made the Lock-up Bid an opportunity to match a higher price in another Take-over Bid or transaction or other similar limitation on a Locked-up Person’s right to withdraw Common Shares and/or Convertible Securities from the Lock-up Agreement, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Common Shares and/or Convertible Securities during the period of the other Take-over Bid or transaction; and

- (ii) no “break-up” fees, “top-up” fees, penalties, expenses or other amounts that exceed in aggregate the greater of:
 - (A) 2.5% of the price or value of the consideration payable under the Lock-up Bid to a Locked-up Person; and
 - (B) 50% of the amount by which the price or value of the consideration received by a Locked-up Person under another Take-over Bid or transaction exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid;

shall be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender Common Shares and/or Convertible Securities to the Lock-up Bid, or withdraws Common Shares and/or Convertible Securities previously tendered thereto in order to deposit or tender such Common Shares and/or Convertible Securities to another Take-over Bid or support another transaction;

- (rr) “**Person**” shall mean an individual, firm, body corporate, partnership, syndicate, trust, trustee, personal representative or other form of unincorporated association, government and its agencies or instrumentalities, entity or group whether or not having legal personality and any of the foregoing acting in any derivative, representative or fiduciary capacity;
- (ss) “**Plan**” shall have the meaning ascribed thereto in the definition of “**Beneficial Owner**” herein;

- (tt) **“Plan Trustee”** shall have the meaning ascribed thereto in the definition of **“Beneficial Owner”** herein;
- (uu) **“Pro Rata Acquisition”** shall have the meaning set forth in the definition of **“Acquiring Person”** herein;
- (vv) **“Record Time”** shall mean the effective time for the Conversion on the Effective Date;
- (ww) **“Redemption Price”** shall have the meaning ascribed thereto in subsection 6.1(a) hereof;
- (xx) **“Regular Periodic Cash Dividends”** means cash dividends paid on the Common Shares at regular intervals in any fiscal year of the Corporation to the extent that such cash dividends do not exceed, in the aggregate, in any fiscal year the greatest of:
 - (i) 200% of the aggregate amount of cash dividends declared payable by the Corporation (including cash distributions by any predecessor thereto) on its Common Shares in its immediately preceding fiscal year; and
 - (ii) 300% of the arithmetic mean of the aggregate amounts of cash dividends payable by the Corporation (including cash distributions by any predecessor thereto) on its Common Shares in its three immediately preceding fiscal years;
- (yy) **“Right”** shall mean a right to purchase securities or other assets of the Corporation upon the terms and subject to conditions set forth in this Agreement;
- (zz) **“Rights Certificate”** shall have the meaning ascribed thereto and be in the form provided in subsection 2.2(c) herein;
- (aaa) **“Rights Plan”** shall mean the shareholder rights plan as provided for in this Agreement;
- (bbb) **“Rights Register”** shall have the meaning ascribed thereto in subsection 2.6(a) hereof;
- (ccc) **“Rights Registrar”** shall have the meaning ascribed thereto in subsection 2.6(a) hereof;
- (ddd) **“Securities Act (Ontario)”** shall mean the *Securities Act* (Ontario), as amended, and the rules and regulations made thereunder, as now in effect or as the same may from time to time be amended, re-enacted or replaced;
- (eee) **“Separation Time”** shall mean the close of business on the eighth Business Day (or such later date as may be determined by the Directors acting in good faith) after the earlier of:

- (i) the Common Share Acquisition Date;
- (ii) the date of the commencement of or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid), provided that, if any Take-over Bid referred to in this clause (ii) expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for purposes of this subsection 1.1(eee) never to have been made; and
- (iii) that date upon which a Permitted Bid ceases to be a Permitted Bid,

provided that, if the Directors determine pursuant to Section 6.1 to waive the application of Section 3.1 to a Flip-in Event, the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred;
- (fff) “**Share Reduction**” shall have the meaning set forth in the definition of “**Acquiring Person**”;
- (ggg) “**Shareholder**” shall mean at any time in respect of the Common Shares or any other securities of the Corporation entitled to vote generally in the election of all Directors, the Person shown at that time on the register of holders of Common Shares or such other securities maintained by the transfer agent for the Corporation on behalf of the Corporation;
- (hhh) “**Specified Amount**” shall have the meaning ascribed thereto in the definition of “**Permitted Lock-up Agreement**” herein;
- (iii) “**Statutory Body**” shall have the meaning ascribed thereto in the definition of “**Beneficial Owner**” herein;
- (jjj) “**Subsidiary**” of any Person shall mean any corporation or other entity of which a majority of the voting power or a majority of the equity interest is Beneficially Owned by such Person;
- (kkk) “**Take-over Bid**” means an Offer to Acquire Common Shares or Convertible Securities, where the Common Shares subject to the Offer to Acquire, together with the Common Shares into which the securities subject to the Offer to Acquire are convertible, and the Offeror’s Securities, constitute in the aggregate 20% or more of the outstanding Common Shares at the date of the Offer to Acquire;
- (lll) “**Termination Time**” shall mean the time at which the right to exercise Rights shall terminate pursuant to subsection 6.1(i) hereof;
- (mmm) “**Trading Day**” when used with respect to any securities, shall mean a day on which the principal Canadian securities exchange (as determined by trading volume) on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian securities exchange, a Business Day;

(nnn) **“Trust Company”** shall have the meaning ascribed thereto in the definition of **“Beneficial Owner”** herein; and

(ooo) **“U.S. - Canadian Exchange Rate”** shall mean, on any date;

- (i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and
- (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars which is calculated in the manner which shall be determined by the Directors from time to time acting in good faith.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Headings

The division of this Agreement into Articles, Sections, subsections, clauses and subclauses and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Common Shares

For purposes of this Agreement, the percentage of Common Shares Beneficially Owned by any Person, shall be and shall be deemed to be the product (expressed as a percentage) determined by the formula:

$$100 \times A / B$$

where:

A = the number of votes for the election of all Directors generally attaching to the Common Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all Directors generally attaching to all outstanding Common Shares.

For the purposes of the foregoing formula, where any Person is deemed to Beneficially Own unissued Common Shares which may be acquired pursuant to Convertible Securities, such Common Shares shall be deemed to be outstanding for the purpose of calculating the percentage of Common Shares Beneficially Owned by such Person in both the numerator and the denominator, but no other unissued Common Shares which may be acquired pursuant to any other outstanding Convertible Securities shall, for the purposes of that calculation, be deemed to be outstanding.

1.5 References to Agreement

References to “this Agreement”, “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions refer to this Agreement and not to any particular Article, Section, subsection, clause, subclause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto.

1.6 Acting Jointly or in Concert

For purposes of this Agreement, a Person is acting jointly or in concert with another Person if such Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with such other Person to acquire, or Offer to Acquire, any Common Shares (other than (i) customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities by way of prospectus or private placement; or (ii) pursuant to a pledge of securities in the ordinary course of the pledgee’s business).

1.7 Control

A Person is “**controlled**” by another Person or two or more other Persons acting jointly or in concert if:

- (a) in the case of a body corporate, securities entitled to vote in the election of directors of such body corporate carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person or Persons acting jointly or in concert and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such body corporate; or
- (b) in the case of a Person which is not a body corporate, more than 50% of the voting or equity interests of such entity are held, directly or indirectly, by or for the benefit of the other Person or Persons acting jointly or in concert.

and “**controls**”, “**controlled by**” and “**under common control with**” shall be interpreted accordingly.

ARTICLE 2 THE RIGHTS

2.1 Legend on Common Share Certificates

Certificates representing Common Shares, including without limitation Common Shares issued upon the conversion of a Convertible Security, which certificates are issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall also evidence one Right for each Common Share represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

“Until the Separation Time (as defined in the Rights Agreement referred to below), this certificate also evidences rights of the holder hereof to

certain Rights as set forth in a Shareholder Rights Plan Agreement dated as of January 1, 2011, as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof (the “**Rights Agreement**”), between The North West Company Inc. (the “**Corporation**”) and CIBC Mellon Trust Company, as Rights Agent, the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal office of the Corporation. Under certain circumstances set out in the Rights Agreement, such Rights may be amended, redeemed, may expire, may become null and void (if, in certain cases, they are “Beneficially Owned” by an “Acquiring Person”, as such terms are defined in the Rights Agreement, whether currently held by or on behalf of such Person or any subsequent holder) or may be evidenced by separate certificates and no longer evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge as soon as practicable after the receipt of a written request therefor.”

Certificates representing Common Shares that are issued and outstanding at the Record Time shall also evidence one Right for each Common Share evidenced thereby notwithstanding the absence of the foregoing legend until the earlier of the Separation Time and the Expiration Time.

2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase one Common Share for the Exercise Price determined as at the Business Day immediately preceding the Separation Time (which Exercise Price and number of Common Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.
- (b) Until the Separation Time, (i) the Rights shall not be exercisable and no Right may be exercised; and (ii) for administrative purposes, each Right will be evidenced by the certificates for the associated Common Shares registered in the names of the holders thereof (which certificates shall also be deemed to be Rights Certificates) and will be transferable only together with, and will be transferred by a transfer of, such associated Common Shares.
- (c) From and after the Separation Time and prior to the Expiration Time, (i) the Rights shall be exercisable; and (ii) the registration and transfer of the Rights shall be separate from and independent of Common Shares. Promptly following the Separation Time, the Corporation will prepare or cause to be prepared and the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time and, in respect of each Convertible Security converted into Common Shares after the Separation Time and prior to the Expiration Time promptly after such conversion to the holder so converting (other than an Acquiring Person, any Person whose Rights are or become void pursuant to the provisions of subsection 3.1(b) and, in respect of any Rights Beneficially Owned

by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a “**Nominee**”), at such holder’s address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose), (A) a certificate (a “**Rights Certificate**”) in substantially the form of **Exhibit A** hereto appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, regulation or judicial or administrative order or with any rule or regulation made pursuant thereto or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and (B) a disclosure statement describing the Rights, provided that a Nominee shall be sent the materials provided for in (A) and (B) in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person and the Corporation may require any Nominee or suspected Nominee to provide such information and documentation as the Corporation may reasonably require for such purpose.

- (d) Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent the Rights Certificate evidencing such Rights with an election to exercise such Rights (an “**Election to Exercise**”) substantially in the form attached to the Rights Certificate duly completed and executed, accompanied by payment by certified cheque, banker’s draft or money order payable to the order of the Rights Agent, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.
- (e) Upon receipt of a Rights Certificate, which is accompanied by a completed and duly executed Election to Exercise that does not indicate that such Right is null and void as provided by subsection 3.1(b) and payment as set forth in subsection 2.2(d), the Rights Agent (unless otherwise instructed by the Corporation) will thereupon promptly:
 - (i) requisition from a transfer agent for the Common Share certificates representing the number of such Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions);
 - (ii) after receipt of such certificates, deliver the same to or to the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;

- (iii) when appropriate, requisition from the Corporation the amount of cash, if any, to be paid in lieu of issuing fractional Common Shares;
 - (iv) when appropriate, after receipt of such cash, deliver such payment to or to the order of the registered holder of the Rights Certificate; and
 - (v) tender to the Corporation all payments received on exercise of the Rights.
- (f) If the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Corporation covenants and agrees that it will:
- (i) take all such action as may be necessary and within its power to ensure that all securities delivered upon exercise of Rights shall, at the time of delivery of certificates for such securities (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;
 - (ii) take all such action as may be necessary and within its power to comply with the requirements of the Constating Documents, the Securities Act (Ontario), and the other applicable corporate and securities laws of each of the provinces of Canada and any other applicable law, rule or regulation, applicable to the issuance and delivery of the Rights, the Rights Certificates and the issuance of any securities upon exercise of Rights;
 - (iii) use reasonable efforts to cause all securities issued upon exercise of Rights to be listed upon issuance on the principal exchanges on which the Common Shares were traded prior to the Common Share Acquisition Date;
 - (iv) cause to be reserved and kept available out of its authorized and unissued Common Shares, the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;
 - (v) pay when due and payable any and all Canadian and, if applicable, United States, federal, provincial and state transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for securities issued upon the exercise of Rights, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates

for securities in a name other than that of the holder of the Rights being transferred or exercised; and

- (vi) after the Separation Time, except as permitted by Section 6.1 or Section 6.4 hereof, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.3 Adjustments to Exercise Price: Number of Rights

The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3 and in Article 3.

- (a) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time (i) declare or pay a dividend on its Common Shares payable in Common Shares (or Convertible Securities) other than pursuant to any mandatory or optional Common Share dividend reinvestment program, (ii) subdivide or change the then outstanding Common Shares into a greater number of Common Shares, (iii) combine or change the then outstanding Common Shares into a smaller number of Common Shares, or (iv) issue any Common Shares (or Convertible Securities) in respect of, in lieu of or in exchange for existing Common Shares, then the Exercise Price and the number of Rights outstanding, (or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights) shall be adjusted as of the payment or effective date in the manner set forth below. If the Exercise Price and number of Rights outstanding are to be adjusted, (A) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other applicable securities of the Corporation) (the “**Expansion Factor**”) that a holder of one Common Share immediately prior to such distribution, subdivision, change, combination or issuance would hold thereafter as a result thereof, and (B) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights will be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the securities of the Corporation issued in respect of such dividend, distribution, subdivision, change, consolidation, combination or issuance, so that each such Common Share (or other securities of the Corporation) will have exactly one Right associated with it. If the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, distribution, subdivision, change, consolidation, combination or issuance would hold thereafter as a result thereof. If, after the Record Time and prior to the Expiration Time, the Corporation shall issue any securities other than Common Shares in a transaction of a type described in the first sentence of this subsection 2.3(a), such securities shall be

treated herein as nearly equivalent to Common Shares as may be practicable and appropriate under the circumstances and, notwithstanding anything to the contrary in this Agreement, the Corporation and the Rights Agent agree to amend this Agreement in order to effect such treatment and will not consolidate with, amalgamate with or into or enter into an arrangement with, any other Person unless such Person agrees to be bound by the terms of an amendment effecting such treatment.

In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any Common Shares otherwise than in a transaction referred to in the preceding paragraph, each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such Common Share.

- (b) If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1 hereof, the adjustment provided for in this Section 2.3 shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 3.1 hereof.
- (c) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or Convertible Securities) at a price per Common Share (or, if a Convertible Security having a conversion, exchange or exercise price, including the price required to be paid to purchase such convertible or exchangeable security or right per security) less than the Market Price per Common Share on such record date, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the Convertible Securities so to be offered, including the price required to be paid to purchase such Convertible Securities) would purchase at such Market Price per Common Share, and the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares to be offered for subscription or purchase (or into which such Convertible Securities so to be offered are initially convertible, exchangeable or exercisable). In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be determined in good faith by the Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Such adjustment shall be made successively whenever such a record date is fixed, and in the event such rights or warrants are not so exercised prior to the expiration thereof, the Exercise Price shall be adjusted to be the Exercise Price which would then be in effect if such record date had not been fixed.

For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to any dividend or interest reinvestment plan and/or any Common Share purchase plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and/or the investment of periodic optional payments and/or employee benefit, share option or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) shall not be deemed to constitute an issue of rights or warrants by the Corporation; provided, however, that, in the case of any dividend or interest reinvestment plan, the right to purchase Common Shares is at a price per Common Share of not less than 90% of the current market price per share (determined as provided in such plans) of the Common Shares.

- (d) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for a distribution to all Shareholders (including any such distribution made in connection with a merger or amalgamation in which the Corporation is the continuing entity) of evidences of indebtedness or assets (other than Regular Periodic Cash Dividends or a distribution paid in Common Shares, but including any distribution payable in securities other than Common Shares), or rights or warrants (excluding those referred to in subsection 2.3(c) hereof) or Convertible Securities in respect of Common Shares, at a price per Common Share (or, in the case of a Convertible Security in respect of Common Shares having a conversion, exchange or exercise price per share (including the price required to be paid to purchase such Convertible Security), the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the Market Price per Common Share on such record date, less the fair market value (as determined in good faith by the Directors, whose determination shall be described in a statement filed with the Rights Agent), on a per Common Share basis, of the portion of the cash, assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to a Common Share and the denominator of which shall be such Market Price per Common Share. Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price which would have been in effect if such record date had not been fixed.
- (e) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price; provided, however, that any adjustments which by reason of this subsection 2.3(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (f) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any securities (other than Common Shares), or rights or warrants to subscribe for or purchase any such securities, or securities convertible into or exchangeable for any such securities, in a transaction referred to in clause (a)(i) to (a)(iv) above, inclusive, if the Directors acting in good faith determine

that the adjustments contemplated by clauses (a), (c) and (d) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Directors may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding clauses (a), (b) and (d) above, such adjustments, rather than the adjustments contemplated by clauses (a), (c) and (d) above, shall be made. The Corporation and the Rights Agent shall amend this Agreement in accordance with subsection 6.4(b) and 6.4(c), as the case may be, to provide for such adjustments.

- (g) Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of a Right immediately prior to such issue, all subject to further adjustment as provided herein.
- (h) Irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.
- (i) In any case in which this Section 2.3 shall require that an adjustment to the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional securities (fractional or otherwise) upon the occurrence of the event requiring such adjustment.
- (j) Notwithstanding anything in this Section 2.3 to the contrary, the Directors shall be entitled to make reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in their good faith judgment the Directors shall determine to be advisable in order that any (i) consolidation or subdivision of the Common Shares, (ii) issuance, wholly or in part for cash, of any Common Shares or securities that by their terms are convertible into or exchangeable for Common Shares, (iii) stock dividends, or (iv) issuance of rights, options or warrants referred to in this Section 2.3, hereafter made by the Corporation to its Shareholders, shall not be taxable to such Shareholders.
- (k) Each adjustment to the Exercise Price made pursuant to this Section 2.3 shall be calculated to the nearest cent or the nearest hundredth of a Common Share.

Whenever an adjustment to the Exercise Price or the securities purchasable upon exercise of the Rights is made pursuant to this Section 2.3, the Corporation shall:

- (i) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment; and
- (ii) promptly file with the Rights Agent and with the transfer agent for the Common Shares a copy of such certificate and mail a brief summary thereof to each holder of Rights who requests a copy.

Any adjustment required by this Section 2.3 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment, or (ii) the Expiration Time.

Failure to file such certificate or cause such summary to be mailed as aforesaid, or any defect therein, shall not affect the validity of any such adjustment or change.

2.4 Date on Which Exercise is Effective

Each Person in whose name any certificate for Common Shares or other securities, if applicable, is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares or other securities, if applicable, represented thereby on, and such certificate shall be dated the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Corporation are closed, such Person shall be deemed to have become the record holder of such securities on, and such certificate shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Corporation are open.

2.5 Execution, Authentication, Delivery and Dating of Rights Certificate

- (a) The Rights Certificates shall be executed on behalf of the Corporation by any two of the Directors, the Chief Executive Officer, the Chief Financial Officer, or the Vice President, Legal of the Corporation. The signature and attestation of any of these individuals on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the Directors or the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.
- (b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver the disclosure statement referred to in subsection 2.2(c), together with Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and the Rights Agent shall countersign manually or by facsimile and send such

Rights Certificates to the holders of the Rights pursuant to subsection 2.2(c) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

- (c) Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Transfer and Exchange

- (a) Following the Separation Time, the Corporation will cause to be kept a register (the “**Rights Register**”) in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed registrar for the Rights (the “**Rights Registrar**”) for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of subsections 2.6(c) and 3.1(b) below, the Corporation will execute, and the Rights Agent will countersign manually or by facsimile and deliver and register, in the name of the holder of such Rights or the designated transferee or transferees, as required pursuant to the holder’s instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

- (b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder’s attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates

- (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.

- (b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and (ii) such security or indemnity as may be reasonably required by each of them to save each of them and any of their agents harmless, then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a *bona fide* purchaser, the Corporation shall execute and upon the Corporation's request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.
- (c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.
- (d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence a contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued by the Corporation.

2.8 Persons Deemed Owners

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term “**holder**” of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Share certificate).

2.9 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled or provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation.

2.10 Agreement of Rights Holders

Every holder of Rights, by accepting such Rights, consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights:

- (a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) that, prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the Common Share certificate representing such Right;
- (c) that, after the Separation Time, each Right will be transferable only together with, and will be transferable only upon registration of the transfer on the Rights Register as provided herein;
- (d) that, prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration or transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (e) that such holder of Rights has waived his, her or its right to receive any fractional Rights or any fractional Common Shares or other securities upon exercise of Rights (except as provided herein);
- (f) that, subject to Section 6.4, without the approval of any holder of Rights or Common Shares and upon the sole authority of the Directors, acting in good faith, this Agreement may be supplemented or amended from time to time pursuant to and as provided herein; and
- (g) that, notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of the inability of the Corporation or the Rights Agents to perform any of the obligations under this Agreement by reason of any preliminary or permanent injunction or other decree, order or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

2.11 Rights Certificate Holder not Deemed a Shareholder

No holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose whatsoever a holder of any Common Shares or any other share or security of the Corporation which may at any time be issued on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed or confer upon the holder of any Rights or Rights Certificate, as such, any of the rights, titles, benefits or privileges of a holder of Common Shares or any other shares or securities of the Corporation or any right to vote at any meeting of Shareholders whether for the election of Directors or otherwise or upon any matter submitted to Shareholders at any meeting thereof, or to give or withhold consent to any corporate action of the Corporation, or to receive notice of any meeting or other action affecting any holder of Common Shares or any other shares or securities of the Corporation except as expressly provided herein, or to receive notice of any meeting or other action affecting any holder of Common Shares or any other shares or securities of the Corporation except as expressly provided herein, or to receive distributions or subscription rights, or otherwise, until the Right or Rights evidenced by Rights Certificates shall have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 3 FLIP-IN EVENT

3.1 Flip-in Event

- (a) Subject to subsection 3.1(b) and subsections 6.1(b), (c) or (d) in the event that prior to the Expiration Time a Flip-in Event shall occur, each Right shall constitute, effective on and after the close of business on the eighth Business Day following the Common Share Acquisition Date, the right to purchase from the Corporation, upon payment of the relevant Exercise Price and otherwise exercising such Right in accordance with the terms hereof, the number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the relevant Exercise Price for an amount in cash equal to the relevant Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustments provided for in Section 2.3 upon each occurrence after the Common Share Acquisition Date of any event analogous to any of the events described in Section 2.3).
- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Common Share Acquisition Date by:
 - (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or
 - (ii) a transferee or other successor in title of Rights, direct or indirect, of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any

Affiliate or Associate of an Acquiring Person) in a transfer made after the date hereof, whether or not for consideration, that the Directors acting in good faith have determined is part of a plan, arrangement or scheme of an Acquiring Person, (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with any Acquiring Person or any Affiliate or Associate of an Acquiring Person) that has the purpose or effect of avoiding clause 3.1(b)(i);

shall become null and void without any further action, and any holder of such Rights (including any transferees or other successors in title) shall not have any right whatsoever to exercise or transfer such Rights under any provision of this Agreement and shall not have thereafter any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not void under this subsection 3.1(b) shall be deemed to be an Acquiring Person for the purposes of this subsection 3.1(b) and such Rights shall become null and void.

- (c) In the event that there shall not be sufficient Common Shares authorized for issuance to permit the exercise in full of the Rights in accordance with this Section 3.1, the Corporation shall take all such action as may be necessary to authorize additional Common Shares for issuance upon the exercise of the Rights.
- (d) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.1, including without limitation, all such acts and things as may be required to satisfy the requirements of the Securities Act (Ontario) and the securities acts or comparable legislation in each of the other provinces of Canada in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.
- (e) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either clause 3.1(b)(i) or 3.1(b)(ii) or transferred to any Nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain or will be deemed to contain the following legend:

“The Rights represented by this Rights Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Shareholder Rights Plan Agreement) or a Person who was acting jointly or in concert with an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (including, without limitation, a Person who has entered into an agreement or arrangement to sell Common Shares to an Acquiring Person). This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in subsection 3.1(b) of the Shareholder Rights Plan Agreement.”

provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so by the Corporation in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend.

ARTICLE 4 ONGOING BUSINESS OF THE CORPORATION

4.1 Fiduciary Duties of the Directors

For clarification, it is understood that nothing contained in this Agreement shall be deemed to affect the obligations of the Directors to exercise their fiduciary duties. Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Directors shall not be entitled to recommend that Shareholders reject or accept any Take-over Bid, or to take any other action (including, without limitation, the commencement, prosecution, defence or settlement of any litigation or regulatory proceedings and the submission of additional or alternative Take-over Bids or other proposals to the Shareholders or otherwise) with respect to any Take-over Bid that the Directors believe is necessary or appropriate in the exercise of their fiduciary duties.

4.2 Further Acts

Nothing contained in this Agreement shall be construed as limiting or prohibiting the Corporation or any Offeror from proposing or engaging in any acquisition, disposition or other transfer of any securities of the Corporation, any merger, amalgamation or arrangement involving the Corporation, any sale or other transfer of assets of the Corporation, any liquidation, dissolution or winding-up of the Corporation or any other business combination or other transaction, or any other action by the Corporation or such Offeror; provided that the holders of Rights shall have the rights set forth in this Agreement with respect to any such acquisition, disposition, transfer, merger, amalgamation, arrangement, sale, liquidation, dissolution, winding-up, business combination, transaction or action.

ARTICLE 5 THE RIGHTS AGENT

5.1 General

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-rights agents (“**Co-Rights Agents**”) as it may deem necessary or desirable. In the event the Corporation wishes to appoint one or more Co-Rights Agents, it shall provide reasonable notice of such appointment to the Rights Agent and the respective duties of the Rights Agent and Co-Rights Agents shall be as the Corporation may determine with the consent of the Rights Agent (and Co-Rights Agent). The Corporation agrees to pay to the

Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements reasonably incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Corporation also agrees to indemnify the Rights Agent and its officers, directors and employees for, and to hold them harmless against, any loss, liability, or expense, incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the reasonable costs and expenses of defending against any claim of liability, which right to indemnification will survive the resignation or removal of the Rights Agent or the termination of this Agreement.

- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Common Shares or any Rights Certificate or certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

5.2 Merger or Amalgamation or Change of Name of Rights Agent

- (a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 5.4 hereof. If, at the time such successor Rights Agent succeeds to the agency created by this Agreement, any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned, and if, at that time, any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.
- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Common Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of

assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

- (c) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and, at any time upon request, shall provide to the Rights Agent an incumbency certificate certifying the then current officers of the Corporation.

5.3 Duties of Rights Agents

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, all of which the Corporation, the holders of certificates of Common Shares and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

- (a) the Rights Agent may consult with legal counsel (who may be legal counsel for the Corporation) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion;
- (b) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be specifically prescribed herein) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be a Director, the President, the Chief Executive Officer, the Chief Financial Officer, or the Vice President, Legal of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;
- (c) the Rights Agent will be liable hereunder only for its own negligence, bad faith or wilful misconduct;
- (d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, and all such statements and recitals are and will be deemed to have been made by the Corporation only;
- (e) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any

Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to subsection 3.1(b) hereof) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method or amount of any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment or any written notice from the Corporation or any holder that a Person has become an Acquiring Person); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;

- (f) the Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;
- (g) the Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any individuals believed by the Rights Agent to be a Director or the Chief Executive Officer, the Chief Financial Officer, or the Vice President Legal of the Corporation, and to apply to such individuals for advice or instructions in connection with its duties, and it shall not be for liable for any action taken or suffered by it in good faith in accordance with instructions of any such individual;
- (h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and
- (i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

5.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 90 days' prior notice (or such lesser notice as is acceptable to the Corporation) in writing mailed to

the Corporation and to the transfer agent of Common Shares by registered or certified mail, and to the holders of the Rights in accordance with Section 6.9. The Corporation may remove the Rights Agent upon 30 days' prior notice in writing, mailed to the Rights Agent and to each transfer agent of the Common Shares by registered or certified mail, and to the holders of the Rights in accordance with Section 6.9. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights certificate for inspection by the Corporation), then the Rights Agent (at the Corporation's expense) or the holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Ontario. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, following payment of all outstanding fees and expenses owed to it by the Corporation under this Agreement, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares, and mail a notice thereof in writing to the holders of the Rights in accordance with Section 6.9. Failure to give any notice provided for in this Section 5.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

ARTICLE 6 MISCELLANEOUS

6.1 Redemption and Waiver

- (a) The Directors acting in good faith may, with the prior consent of holders of Common Shares or of the holders of Rights given in accordance with subsection 6.1(f) or (g), as the case may be, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to the provisions of this Section 6.1, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.0001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").
- (b) The Directors acting in good faith may, with the prior consent of the holders of Common Shares given in accordance with subsection 6.1(f), determine, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to this Section 6.1, if such Flip-in Event would occur by reason of an acquisition of Common Shares otherwise than

pursuant to a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Common Shares and otherwise than in the circumstances set forth in subsection 6.1(d), to waive the application of Section 3.1 to such Flip-in Event. In the event that the Directors propose such a waiver, the Directors shall extend the Separation Time to a date subsequent to and not more than eight Business Days following the meeting of Shareholders called to approve such waiver.

- (c) The Directors acting in good faith may, prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived under this clause, determine, upon prior written notice to the Rights Agent, to waive the application of Section 3.1 to that Flip-in Event provided that the Flip-in Event would occur by reason of a Take-over Bid made by means of a Take-over Bid circular sent to all holders of record of Common Shares; further provided that if the Directors waive the application of Section 3.1 to such a Flip-in Event, the Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid made by means of a Take-over Bid circular to all holders of record of Common Shares which is made prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this subsection 6.1(c).
- (d) The Directors acting in good faith may, in respect of any Flip-in Event, waive the application of Section 3.1 to that Flip-in Event, provided that both of the following conditions are satisfied:
 - (i) the Directors have determined that the Acquiring Person became an Acquiring Person by inadvertence and without any intent or knowledge that it would become an Acquiring Person; and
 - (ii) such Acquiring Person has reduced his, her or its Beneficial Ownership of Common Shares such that at the time of waiver pursuant to this subsection 6.1(d) it is no longer an Acquiring Person.
- (e) The Directors shall, without further formality, be deemed to have elected to redeem the Rights at the Redemption Price on the date that a Person who has made a Permitted Bid or a Take-over Bid in respect of which the Directors have waived, or are deemed to have waived, pursuant to subsection 6.1(c), the application of Section 3.1, takes up and pays for the Common Shares pursuant to the terms and conditions of the Permitted Bid or Take-over Bid, as the case may be.
- (f) If a redemption of Rights pursuant to subsection 6.1(a) or a waiver of a Flip-in Event pursuant to subsection 6.1(b) is proposed at any time prior to the Separation Time, such redemption or waiver shall be submitted for approval to the holders of Common Shares. Such approval shall be deemed to have been given if the redemption or waiver is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders present in person or represented by proxy

at a meeting of such holders duly held in accordance with applicable corporate and securities laws in Canada and the Constatng Documents.

- (g) If a redemption of Rights pursuant to subsection 6.1(a) is proposed at any time after the Separation Time, such redemption shall be submitted for approval to the holders of Rights. Such approval shall be deemed to have been given if the redemption is approved by holders of Rights by a majority of the votes cast by the holders of Rights present in person or represented by proxy at and entitled to vote at a meeting of such holders. For the purposes hereof, each outstanding Right (other than Rights which are Beneficially Owned by any Person referred to in clauses (i) to (v) inclusive of the definition of Independent Shareholders) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Constatng Documents with respect to meetings of Shareholders of the Corporation.
- (h) Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Directors may elect to redeem all of the outstanding Rights at the Redemption Price. Notwithstanding such redemption, all of the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and it shall be deemed not to have occurred and Rights shall remain attached to the outstanding Common Shares, subject to and in accordance with the provisions of this Agreement.
- (i) If the Directors elect or are deemed to have elected to redeem the Rights, and/or, in circumstances where subsection 6.1(a) is applicable, such redemption is approved by the holders of Common Shares or the holders of Rights in accordance with subsection 6.1(f) or (g), as the case may be, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights will be to receive the Redemption Price.
- (j) Within 10 Business Days of the Directors electing or having been deemed to have elected to redeem the Rights or, if subsection 6.1(a) is applicable, within 10 Business Days after the holders of Common Shares or the holders of Rights have approved a redemption of Rights in accordance with subsection 6.1(f) or (g), as the case may be, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at its last address as it appears upon the Rights Register or, prior to the Separation Time, on the register of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided will be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Corporation may not redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 6.1 or in connection with the purchase of Common Shares prior to the Separation Time.

- (k) The Corporation shall not be obligated to make a payment of the Redemption Price to any holder of Rights unless such holder is entitled to receive at least \$10 in respect of all of the Rights held by such holder.
- (l) The Corporation shall give prompt written notice to the Rights Agent of any waiver of the application of Section 3.1 made by the Directors under this Section 6.1.

6.2 Expiration

No Person shall have any rights whatsoever pursuant to or arising out of this Agreement or in respect of any Right after the Expiration Time, except with respect of any rights to receive cash, securities or other property which has arisen on or prior to the Expiration Time and except the Rights Agent as specified in Section 5.1 of this Agreement.

6.3 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Directors to reflect any adjustment or change in the number or kind or class of securities purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

6.4 Supplements and Amendments

- (a) The Corporation may make amendments to this Agreement to correct any clerical or typographical error or which are required to maintain the validity or effectiveness of this Agreement and the Rights as a result of any change in any applicable legislation, rules or regulations thereunder. The Corporation may, prior to the date of any Shareholders' meeting referred to in Section 6.15, supplement, amend, vary, rescind or delete any of the provisions of this Agreement without the approval of any holders of Rights or Common Shares (whether or not such action would materially adversely affect the interests of the holders of Rights generally) where the Directors acting in good faith deem such action necessary or desirable. Notwithstanding anything in this Section 6.4 to the contrary, no such supplement, amendment, variation or rescission shall be made to the provisions of Article 5 except with the written concurrence of the Rights Agent to such supplement, amendment, variation or rescission.
- (b) Subject to subsection 6.4(a), the Corporation may, with the prior consent of the holders of Common Shares, obtained as set forth below, at any time prior to the Separation Time, supplement, amend, vary, rescind or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by Independent Shareholders present in person or represented by proxy at and entitled to be voted

at a meeting of the holders of Common Shares duly called and held in compliance with applicable corporate and securities laws and the Constatting Documents.

- (c) The Corporation may, with the prior consent of the holders of Rights, at any time on or after the Separation Time and before the Expiration Time, supplement, amend, vary, rescind or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 5 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if such amendment, variation or deletion is authorized by the affirmative votes of the holders of Rights present in person or represented by proxy at and entitled to be voted at a meeting of the holders held in accordance with subsection 6.4(d) and representing 50% plus one of the votes cast in respect thereof.
- (d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Constatting Documents and any corporate and securities laws in Canada applicable to the Corporation with respect to meetings of Shareholders of the Corporation.
- (e) Any amendments made by the Corporation to this Agreement pursuant to subsection 6.4(a) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rules or regulation thereunder shall:
 - (i) if made before the Separation Time, be submitted to the Shareholders of the Corporation at the next meeting of Shareholders and the Shareholders may, by the majority referred to in subsection 6.4(b), confirm or reject such amendment; or
 - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than the date of the next meeting of Shareholders of the Corporation (to be held immediately after such meeting of Shareholders) and the holders of Rights may, by resolution passed by the majority referred to in subsection 6.4(d), confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such

amendment is rejected by the Shareholders or the holders of Rights or is not submitted to the Shareholders or the holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or the meeting at which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Directors to amend this Agreement to substantially the same effect shall be effective until confirmed by the Shareholders or holders of Rights as the case may be.

- (f) The Corporation shall be required to provide the Rights Agent with notice in writing of any such amendment, revision or variation to this Agreement as referred to in this Section 6.4 within five days of effecting such amendment, revision or variation.
- (g) Any supplement or amendment to this Agreement pursuant to subsections 6.4(b) through (e) shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority having jurisdiction over the Corporation, including without limitation any requisite approval of stock exchanges on which the Common Shares are listed.

6.5 Fractional Rights and Fractional Common Shares

- (a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights and no amount shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable.
- (b) The Corporation shall not be required to issue fractions of Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation may pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of one Common Share at the date of such exercise.

6.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective registered holders of the Rights; and any registered holder of any Rights, without the consent of the Rights Agent or of the registered holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive

relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

6.7 Regulatory Approvals

Any obligation of the Corporation or action or event contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority.

6.8 Declaration as to Non-Canadian Holders

If in the opinion of the Directors (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance with the securities laws or comparable legislation of a jurisdiction outside Canada, the Directors acting in good faith may take such actions as they may deem appropriate to ensure that such compliance is not required, including without limitation establishing procedures for the issuance to a Canadian resident Fiduciary of Rights or securities issuable on exercise of Rights, the holder thereof in trust for the Persons entitled thereto (but reserving to the Fiduciary or to the Corporation, as the Corporation may determine, absolute discretion with respect thereto) and the sale thereof and remittance of the proceeds of such sale, if any, to the persons entitled thereto. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to persons who are citizens, residents or nationals of any jurisdiction other than Canada and any province or territory thereof in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

6.9 Notices

Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to the Corporation shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, by facsimile or by other similar means of telecommunications addressed (until another address is filed in writing with the Rights Agent) as follows:

The North West Company Inc.
Gibraltar House
77 Main Street
Winnipeg, Manitoba
R3C 2R1

Telephone: (204) 943-0881
Facsimile: (204) 934-1495

Attention: Corporate Secretary

Any notice or demand authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to the Rights Agent shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, by facsimile or by other similar

means of telecommunications addressed (until another address is filed in writing with the Corporation) as follows:

CIBC Mellon Trust Company
600 - 333 7th Avenue S.W.
Calgary, Alberta
T2P 2Z1

Telephone: (403) 232-2400
Facsimile: (403) 264-2100

Attention: Manager, Corporate Trust Services

Notices or demands authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to the holder of any Rights shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, by facsimile or by other similar means of telecommunications addressed to such holder at the address of such holder as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the Corporation for its Common Shares. Any notice which is mailed or sent in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

6.10 Costs of Enforcement

The Corporation agrees that if the Corporation fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation will reimburse the holder of any Rights for the reasonable costs and expenses (including reasonable legal fees) incurred by such holder to enforce his, her or its rights pursuant thereto in any action, suit or proceeding in which a court of competent jurisdiction in a final non-appealable judgment has rendered judgment in favour of the holder.

6.11 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

6.12 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

6.13 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Manitoba and for all purposes shall be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such province.

6.14 Severability

If any Section, clause, term or provision hereof or the application thereof to any circumstance or any right hereunder shall, in any jurisdiction and to any extent, be invalid or unenforceable, such Section, clause, term or provision or such right shall be ineffective only as to such jurisdiction and to the extent of such invalidity or unenforceability in such jurisdiction without invalidating or rendering unenforceable or ineffective the remaining Sections, clauses, terms and provisions hereof or rights hereunder in such jurisdiction or the application of such Section, clause, term or provision or rights hereunder in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

6.15 Effective Date and Reconfirmation

- (a) This Agreement is effective and in full force and effect in accordance with its terms from and after the Effective Date.
- (b) This Agreement must be reconfirmed by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of such reconfirmation at the annual meeting of the Corporation to be held in 2014 and at every third annual meeting of the Corporation thereafter. If the Agreement is not so reconfirmed or is not presented for reconfirmation at each such annual meeting, then this Agreement and all outstanding Rights will terminate and be void and of no further force and effect on and from the date of termination of any such annual meeting; provided that termination will not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Section 6.1 hereof) prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 6.15(b).

6.16 Determinations and Actions by the Directors

All actions, calculations and determinations (including all omissions with respect to the foregoing) which are done or made by the Directors pursuant to this Agreement, in good faith, shall not subject any of the Directors to any liability whatsoever to the holders of the Rights.

6.17 Time of the Essence

Time shall be of the essence in this Agreement.

6.18 Execution in Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

[Execution Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

THE NORTH WEST COMPANY INC.

By: _____
Name:
Title:

CIBC MELLON TRUST COMPANY

Per: _____
Name:
Title:

Per: _____
Name:
Title:

EXHIBIT A

(Form of Rights Certificate)

Certificate No. _____ Rights

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE CORPORATION, ON THE TERMS SET FORTH IN THE SHAREHOLDER RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 3.1(b) OF SUCH AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR TRANSFEREES OF AN ACQUIRING PERSON OR ITS AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) MAY BECOME VOID WITHOUT FURTHER ACTION.

Rights Certificate

This certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the shareholder rights plan agreement dated as of January 1, 2011 (the “**Rights Agreement**”) between The North West Company Inc., a corporation existing under the laws of Canada (the “**Corporation**”) and CIBC Mellon Trust Company, a trust company existing under the laws of Canada, as right agent (the “**Rights Agent**”) (which term shall include any successor Rights Agent under the Rights Agreement); to purchase from the Corporation, at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the Expiration Term (as such term is defined in the Rights Agreement), one fully paid common share of the Corporation (a “**Common Share**”) at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with the Form of Election to Exercise duly executed and submitted to the Rights Agent at its principal office in Calgary, Alberta. The Exercise Price shall be Cdn\$50.00 per Right and shall be subject to adjustment in certain events as provided in the Rights Agreement.

In certain circumstances described in the Rights Agreement, each Right evidenced hereby may entitle the registered holder thereof to purchase or receive assets, debt securities or other securities of the Corporation other than Common Shares or more or less than one Common Share (or a combination thereof), all as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the principal office of the Corporation.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of

Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be redeemed or terminated by the Corporation under certain circumstances at its option.

No fractional Shares will be issued upon the exercise of any Right or Rights evidenced hereby, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Corporation or any rights to vote for the election of directors of the Corporation or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of any meetings or other actions affecting shareholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation.

Date: _____

THE NORTH WEST COMPANY INC.

By: _____

Name:

Title:

Countersigned:

CIBC MELLON TRUST COMPANY

Per: _____

Authorized Signatory

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificates.)

FOR VALUE RECEIVED _____

hereby sells, assigns and transfers unto _____

(Please print name and address of transferee)

this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____,

attorney, to transfer the within Rights Certificate on the books of the within-named entity, with full power of substitution.

Dated: _____

Signature

Signature Guaranteed:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signature guarantees: such signature must be guaranteed by an Eligible Institution. An “Eligible Institution” means a Canadian schedule I chartered bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority or banks and trust companies in the United States.

(to be completed if true)

The undersigned hereby represents, for the benefit of the Corporation and all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of any such other Person (as such terms are defined in the Rights Agreement) (as defined in the Rights Agreement).

Signature

(Print Name)

NOTICE

In the event the certification set forth above in the Form of Assignment OR Form of Election to Exercise is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement). No Rights Certificates shall be issued in exchange for a Rights Certificate owned or deemed to have been owned by an Acquiring Person or an Affiliate or Associate thereof.

(To be attached to each Rights Certificate)

FORM OF ELECTION TO EXERCISE

THE NORTH WEST COMPANY INC.

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the Common Shares or other securities, if applicable, issuable upon the exercise of such Rights and requests that certificates for such securities be issued in the name of and delivered to:

name: _____

address: _____

Social Insurance, _____
Social Security or other _____
Taxpayer Identification Number: _____

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

name: _____

address: _____

Social Insurance, _____
Social Security or other _____
Taxpayer Identification Number: _____

Dated: _____

Signature

Signature Guaranteed: (Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signature guarantees: such signature must be guaranteed by an Eligible Institution. An “Eligible Institution” means a Canadian schedule I chartered bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority or banks and trust companies in the United States.

(to be completed if true)

The undersigned hereby represents, for the benefit of the Corporation and all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of any such other Person (as such terms are defined in the Rights Agreement) (as defined in the Rights Agreement).

Signature

NOTICE

In the event the certification set forth above in the Form of Assignment OR Form of Election to Exercise is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement). No Rights Certificates shall be issued in exchange for a Rights Certificate owned or deemed to have been owned by an Acquiring Person or an Affiliate or Associate thereof.

APPENDIX "K"
INFORMATION CONCERNING NEW NWC

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NOTICE TO READER

Unless otherwise noted, the disclosure in this Appendix has been prepared assuming that the Arrangement has been completed as disclosed in the Information Circular. New NWC will be the publicly listed corporation resulting from the reorganization of the Fund's trust structure into a corporation pursuant to the Arrangement. Unless otherwise defined herein, all capitalized words and phrases used in this Appendix have the meaning given to such words and phrases in "PART IV — Glossary of Terms" or elsewhere in the Information Circular.

FORWARD-LOOKING STATEMENTS

This Appendix "K", including documents incorporated by reference in the Information Circular, contains forward-looking statements within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this Appendix "K" are expressly qualified in their entirety by the cautionary statement set forth in the body of the Information Circular under "PART II — General Information — Forward-Looking Statements". The forward-looking statements included in this Appendix "K" are made as of the date of the Information Circular, and should not be relied upon as representing the Fund's views as of any date subsequent to the date of the Information Circular. Other than as specifically required by applicable Canadian law, the Fund assumes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

CORPORATE STRUCTURE

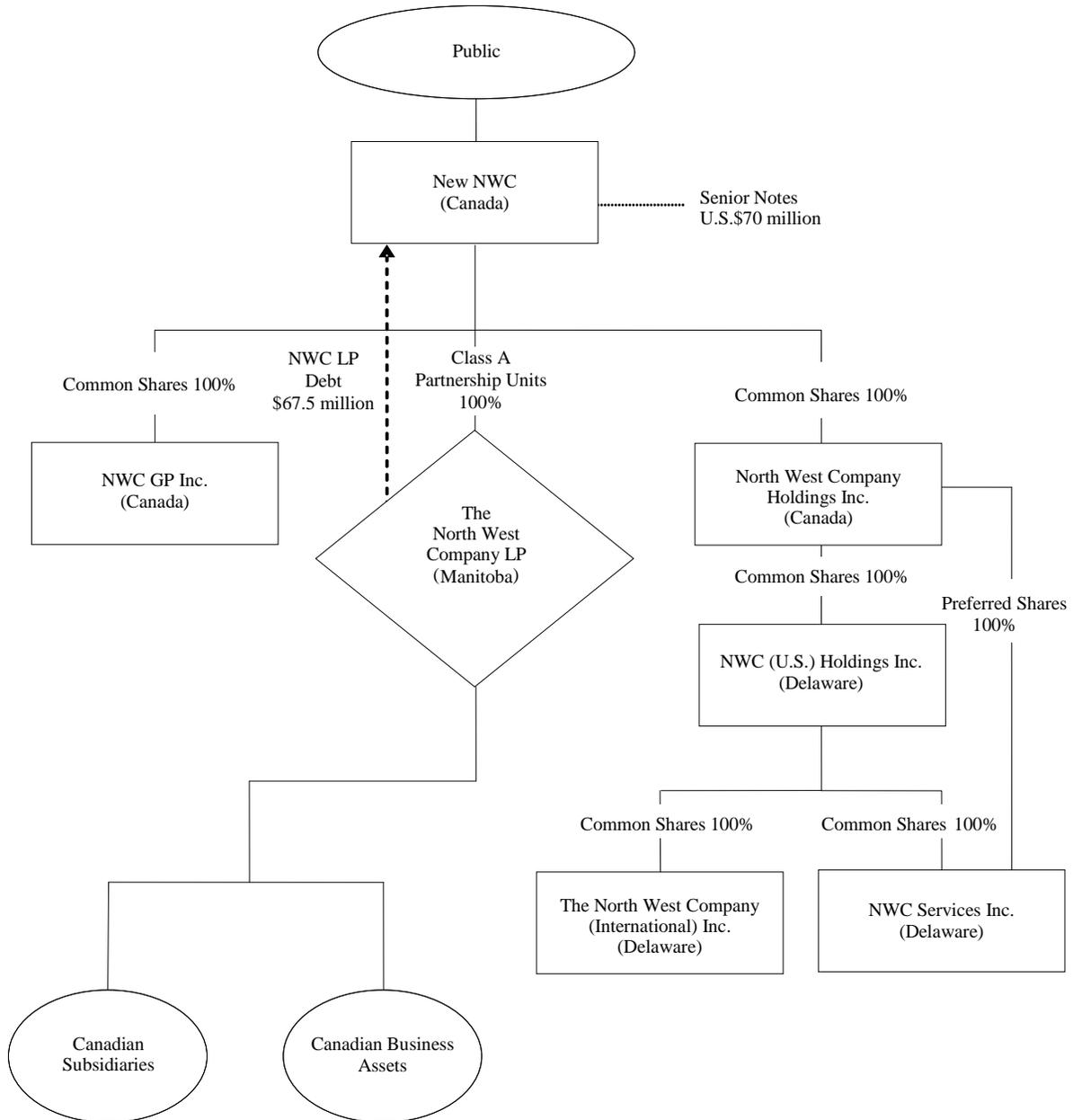
Name, Address and Incorporation

New NWC will be formed under the CBCA pursuant to the Arrangement upon completion of the Amalgamation. Following completion of the Arrangement, Unitholders will become shareholders of New NWC, which will own the assets and will have assumed the liabilities of the Fund, and which will carry on the business currently carried on by the Fund and its Subsidiaries. For a detailed description of the Fund's business and its historical development, see "General Development of the Business" and "Description of the Business" in the AIF.

Once the Arrangement has been completed, the head and registered office of New NWC will be located at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R3C 2R1.

Organizational Structure of New NWC

The following diagram sets forth the organizational structure of New NWC, immediately following completion of the Arrangement.



GENERAL DEVELOPMENT OF THE BUSINESS

Pursuant to the Arrangement, New NWC will, directly or indirectly, acquire all of the assets and will assume all of the liabilities of the Fund. The former Unitholders will be the common shareholders of New NWC. For a detailed description of the historical development of the business of the Fund, see “General Development of the Business” in the AIF, which is incorporated by reference in this Information Circular. For a description of the business to be carried on by New NWC following completion of the Arrangement, see “Description of the Business” in this Appendix “K”.

As a result of the Arrangement, New NWC will become a reporting issuer in all of the provinces of Canada on the Effective Date and, accordingly, become subject to the informational reporting requirements under the securities laws of each jurisdiction in which it so becomes a reporting issuer.

The TSX has conditionally approved the substitutional listing of the New NWC Shares on the TSX under the trading symbol “NWF”, which approval is subject to New NWC fulfilling the requirements of the TSX.

DESCRIPTION OF THE BUSINESS

Following completion of the Arrangement, New NWC will indirectly operate the business currently carried on by the Fund Group. For a detailed description of the Fund Group’s businesses, which will continue to be carried on by New NWC if the Arrangement is completed, see the section entitled “Description of the Business” in the AIF, which is incorporated by reference in this Information Circular.

It is anticipated that the New NWC Board will initially be comprised of the current Trustees of the Fund, namely, H. Sanford Riley, Edward S. Kennedy, David G. Broadhurst, Frank J. Coleman, Wendy F. Evans, Robert J. Kennedy, Gary J. Lukassen, Keith G. Martell, James G. Osborne and Ian Sutherland. In addition, the Administration Agreement pursuant to which NWC GP, the administrator of the Fund, provides administrative services to the Fund will be terminated in connection with the Arrangement and it is anticipated that the senior management of NWC GP will become the senior management of New NWC.

MANAGEMENT’S DISCUSSION AND ANALYSIS

In the event the Arrangement is completed, New NWC will indirectly own and continue to carry on all of the businesses of the Fund Group. New NWC’s financial position, risks and outlook after the Arrangement is completed will be substantially the same as those outlined in the Annual MD&A, which is incorporated by reference in this Information Circular. It is anticipated that New NWC will account for the Arrangement as a continuity of interests. Since the Arrangement does not contemplate a change of control for accounting purposes, the financial statements of New NWC will reflect the assets and liabilities of the Fund at the respective carrying amounts, however, any change to the interpretation of a change of control for tax purposes could result in a change to the carrying amount of future income tax assets. Changes to the carrying amount of future income tax assets will be charged to future income tax expense and will result in a reduction to shareholders’ equity and these changes may be material.

Readers are encouraged to review the Annual MD&A which has been filed under the Fund’s profile on the SEDAR website at www.sedar.com and which is incorporated by reference in this Information Circular. **Such information should be read in conjunction with the unaudited *pro forma* consolidated financial statements of New NWC after giving effect to the Arrangement included as Appendix “L” to the Information Circular.**

UNAUDITED *PRO FORMA* CONSOLIDATED FINANCIAL STATEMENTS OF NEW NWC

The unaudited *pro forma* consolidated financial statements of New NWC after giving effect to the Arrangement are set out in Appendix “L” to the Information Circular.

The *pro forma* adjustments set out in Appendix “L” are based upon the assumptions described in the notes to the unaudited *pro forma* consolidated financial statements, including that the Unitholders approve the Arrangement Resolution at the Meeting and the Arrangement is completed. The unaudited *pro forma* consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the Arrangement actually occurred at the times contemplated by the notes to the unaudited *pro forma* consolidated financial statements or of the results expected in future periods.

DESCRIPTION OF CAPITAL STRUCTURE

Upon completion of the Arrangement, the authorized capital of New NWC will consist of an unlimited number of New NWC Shares. The following is a summary of the rights, privileges, restrictions and conditions which will, upon completion of the Arrangement, attach to the New NWC Shares.

Each New NWC Share will entitle the holder thereof to receive notice of and to attend all meetings of the shareholders of New NWC and to one vote at such meetings. New NWC Shareholders will be entitled to receive any dividends declared on the New NWC Shares by the New NWC Board. In the event of the liquidation, dissolution, bankruptcy or winding-up of New NWC or other distribution of its assets among its shareholders, the holders of the New NWC Shares will be entitled to share equally in all remaining property and assets of New NWC.

New NWC Rights Plan

At the Meeting, Unitholders will be asked to consider and, if thought advisable, to pass, with or without alteration or modification, a special resolution, the full text of which is set forth in Appendix “I” to this Information Circular, approving, subject to completion of the Arrangement, the adoption by New NWC of the New NWC Rights Plan. If the Arrangement is approved and completed, and if the New NWC Rights Plan Resolution is approved, it is expected that the New NWC Rights Plan, will be implemented on the Effective Date pursuant to the terms of the New NWC Rights Plan Agreement to be entered into between New NWC and CIBC Mellon Trust Company, as rights agent.

If the New NWC Rights Plan Resolution is not passed at the Meeting and the Arrangement is approved and completed, the New NWC Rights Plan Agreement will not be executed and New NWC will not have any form of shareholder rights plan.

UNAUDITED *PRO FORMA* CONSOLIDATED CAPITALIZATION

The following table sets forth the unaudited *pro forma* consolidated capitalization of New NWC as at January 31, 2010 immediately after giving effect to the Arrangement.

Designation (Authorization)	As at January 31, 2010 (after giving effect to the Arrangement) ⁽¹⁾ (\$000 and 000 of shares)
Cash	\$27,278
Bank advances and short-term notes	\$312
Current portion of long-term debt	\$56,339
Long-term debt	\$152,519
Common shares	\$165,133
Contributed surplus	\$1,569
Retained earnings	\$125,525
Total capitalization	\$528,675
Common shares (unlimited)	48,378

Note:

- (1) Assumes that (i) New NWC was formed as of January 31, 2010; (ii) the same number of Units are outstanding on the Effective Date as were outstanding on January 31, 2010; and (iii) no Dissent Rights are exercised.

DIVIDEND POLICY FOLLOWING THE ARRANGEMENT

If the Arrangement is approved at the Meeting and the effective date for the Arrangement occurs on or about January 1, 2011, as currently scheduled, the New NWC Board is expected to adopt a quarterly dividend policy. The Board of Trustees currently anticipates a quarterly dividend of \$0.24 per New NWC Share (\$0.96 annual). Canadian taxable investors benefiting from the dividend tax credit should receive after-tax cash approximately equal to the after-tax value of the distributions paid by the Fund. The New NWC Board will assess the final dividend payout level in light of New NWC's financial performance, and its current and anticipated business needs at that time. The amount of any dividends payable by New NWC will be at the discretion of the New NWC Board and will be established on the basis of, among other things, New NWC's earnings, financial requirements for the operations of New NWC and its Subsidiaries, the satisfaction of solvency tests imposed by the CBCA for the declaration and payment of dividends and other relevant factors.

OPTIONS TO PURCHASE SECURITIES

New NWC Option Plan

At the Meeting, Unitholders will be asked to approve the New NWC Option Plan pursuant to which options to purchase New NWC Shares may be granted by the New NWC Option Plan Administrators to employees of a Participating Company approved for participation in the New NWC Option Plan.

For further information with respect to the New NWC Option Plan, see "PART VI — Special Business of the Meeting — Approval of New NWC Option Plan Resolution" in the Information Circular and Appendix "F" to the Information Circular.

Upon completion of the Arrangement, all outstanding rights to acquire Units, including outstanding Fund Options, will become rights to acquire New NWC Shares, subject to the terms of the applicable agreement.

As at April 15, 2010, 274,600 Fund Options were outstanding, which represents 274,600 Units available for issuance under the Fund Option Plan. If the New NWC Option Plan Resolution is approved, each Fund Option outstanding under the Fund Option Plan will be exchanged for one New NWC Option and all of the entitlements under these Fund Options will be governed by the New NWC Option Plan, but will continue to be held subject to the terms and conditions of their grant, with no change to the applicable exercise price, and vesting and expiry schedules.

See “Part VI — Special Business of the Meeting — The Arrangement — Effect of the Arrangement — Effect on Holders of Fund Options and Fund Deferred Units” in the Information Circular.

New NWC DSU Plan

At the Meeting, Unitholders will be asked to approve the New NWC DSU Plan pursuant to which New NWC DSUs may be granted by the New NWC DSU Plan Administrator to directors of New NWC who are not otherwise employees of New NWC or any affiliate of New NWC.

For further information with respect to the New NWC DSU Plan, see “PART VI — Special Business of the Meeting — Approval of New NWC DSU Plan Resolution” in the Information Circular and Appendix “H” to the Information Circular.

Upon completion of the Arrangement, all outstanding rights to acquire Units, including outstanding Fund Deferred Units, will become rights to acquire New NWC Shares, subject to the terms of the applicable agreement.

As at April 15, 2010, 103,431 Fund Deferred Units were outstanding, which represents 103,431 Units available for issuance under the Fund Deferred Unit Plan. If the New NWC DSU Plan Resolution is approved, each Fund Deferred Unit outstanding under the Fund Deferred Unit Plan will be exchanged for one New NWC DSU and all of the entitlements under these Fund Deferred Units will be governed by the New NWC Deferred Unit Plan, but will continue to be held subject to the terms and conditions of their grant, with no change to the applicable vesting and expiry schedules.

See “PART VI — Special Business of the Meeting — The Arrangement — Effect of the Arrangement — Effect on Holders of Fund Options and Fund Deferred Units” in the Information Circular.

EXTERNAL DEBT

Pursuant to the Arrangement, New NWC will assume the liabilities of the Fund. For a description of the external debt of the Fund Group, see “PART VI — Special Business of the Meeting — Information Concerning the Fund — External Debt of the Fund Group”.

PRIOR SALES

As New NWC has yet to be formed, New NWC has not issued any securities prior to the date hereof.

Pursuant to the Arrangement, Unitholders will, through a series of steps, exchange each Unit for one New NWC Share.

TRADING PRICE AND VOLUME

As New NWC has yet to be formed, the New NWC Shares are not currently traded or quoted on a Canadian marketplace. The TSX has conditionally approved the substitutional listing of the New NWC Shares on the TSX under the trading symbol “NWF”, which approval is subject to New NWC fulfilling the requirements of the TSX.

ESCROWED SECURITIES

No securities of any class of securities of New NWC are anticipated to be held in escrow immediately upon completion of the Arrangement.

PRINCIPAL SHAREHOLDERS

To the knowledge of the Trustees, the following table sets forth the only person who, to the knowledge of the Trustees and the executive officers of NWC GP, the administrator of the Fund, will, following the completion of the Arrangement, beneficially own, or control or direct, directly or indirectly, voting securities of New NWC carrying 10% or more of the voting rights attached to any class of voting securities of New NWC.

Name	Number of New NWC Shares ⁽²⁾	Percentage of Outstanding New NWC Shares ⁽³⁾
CIBC Global Asset Management Inc. ⁽¹⁾	6,019,365	12.44%

Notes:

(1) New NWC Shares will be held by CIBC Global Asset Management Inc.’s client accounts.

(2) The information is based on publicly available filings as at April 29, 2010.

(3) Based on an aggregate of 48,378,000 Units being outstanding, which assumes that the same number of Units are outstanding on the Effective Date as are outstanding as at the date hereof and no Dissent Rights are exercised.

DIRECTORS AND EXECUTIVES

Following the completion of the Arrangement, it is anticipated that the New NWC Board will initially be comprised of the current Trustees of the Fund, namely, H. Sanford Riley, Edward S. Kennedy, David G. Broadhurst, Frank J. Coleman, Wendy F. Evans, Robert J. Kennedy, Gary J. Lukassen, Keith G. Martell, James G. Osborne and Ian Sutherland. It is anticipated that the senior management of New NWC will be comprised of the current members of senior management of NWC GP, the administrator of the Fund. The following table sets forth the name, municipality of residence, offices anticipated to be held and principal occupation for each of the anticipated directors and executives of New NWC upon completion of the Arrangement. See “PART VII – Other Business of the Meeting — Election of Trustees of the Fund” in the Information Circular for additional information concerning the anticipated directors. The directors of New NWC will hold office until the next annual meeting of shareholders or until their resignation or removal or until their respective successors have been duly elected or appointed.

Name and Municipality of Residence	Principal Occupation and Position with New NWC following the Arrangement	Director Since ⁽⁴⁾
Directors		
H. SANFORD RILEY Winnipeg, Manitoba, Canada	President and Chief Executive Officer, Richardson Financial Group Limited	2005
EDWARD S. KENNEDY Winnipeg, Manitoba, Canada	President and Chief Executive Officer, NWC GP	2005

Name and Municipality of Residence	Principal Occupation and Position with New NWC following the Arrangement	Director Since ⁽⁴⁾
DAVID G. BROADHURST ^{(1), (2)} Toronto, Ontario, Canada	President, Poynton Investments Limited	1997
FRANK J. COLEMAN ⁽²⁾ Corner Brook, Newfoundland and Labrador, Canada	President and Chief Executive Officer, Coleman Group of Companies	2005
WENDY F. EVANS ^{(1), (3)} Toronto, Ontario, Canada	President, Evans and Company Consultants Inc.	2005
ROBERT J. KENNEDY ^{(1), (3)} Winnipeg, Manitoba, Canada	Chief Executive Officer, WiBand Communications Corp.	2005
GARY J. LUKASSEN ⁽¹⁾ Mississauga, Ontario, Canada	Corporate Director	2005
KEITH G. MARTELL ⁽³⁾ Saskatoon, Saskatchewan, Canada	Chairman and Chief Executive Officer, First Nations Bank of Canada	2005
JAMES G. OBORNE ^{(2), (3)} Winnipeg, Manitoba, Canada	Chairman, Westgate Capital Management Corp.	2005
IAN SUTHERLAND ^{(1), (3)} Oro Medonte, Ontario, Canada	Corporate Director	1997

Name and Municipality of Residence	Principal Occupation and Position with New NWC following the Arrangement	Executive Since ⁽⁵⁾
EDWARD S. KENNEDY Winnipeg, Manitoba, Canada	President and Chief Executive Officer	1989
LÉO P. CHARRIÈRE ⁽⁵⁾ Winnipeg, Manitoba, Canada	Executive Vice-President and Chief Financial Officer	2003
CRAIG GILPIN Winnipeg, Manitoba, Canada	Executive Vice-President and Chief Corporate Officer	2010
MICHAEL W. McMULLEN La Salle, Manitoba, Canada	Executive Vice-President, Northern Canada Retail	2007
REX. A. WILHELM Anchorage, Alaska	President and Chief Operating Officer, The North West Company (International) Inc.	2007
DALBIR S. BAINS Winnipeg, Manitoba, Canada	Vice-President, Planning and Corporate Development	2008
DAVID M. CHATYRBOK Winnipeg, Manitoba, Canada	Vice-President, Canadian Procurement and Marketing	2009
PAULINA HIEBERT Winnipeg, Manitoba, Canada	Vice-President, Legal and Corporate Secretary	2009
SCOTT A. MCKAY Winnipeg, Manitoba, Canada	Vice-President & General Manager, Giant Tiger, West Store Division	2004
JOHN D. KING ⁽⁶⁾ Winnipeg, Manitoba, Canada	Vice-President, Finance	2006
GERALD L. MAUTHE Ste. Adolphe, Manitoba, Canada	Vice-President, Information Services	2005
DANIEL G. McCONNELL Winnipeg, Manitoba, Canada	Vice-President, Real Estate and Store Development	2008
KAREN J. MILANI Winnipeg, Manitoba, Canada	Vice-President, Human Resources	2000
MICHAEL E. SOROBEY Winnipeg, Manitoba, Canada	Vice-President, Logistics and Supply Chain Services	2010

Notes:

(1) Anticipated to be a member of the Audit Committee.

- (2) Anticipated to be a member of the Governance and Nominating Committee.
- (3) Anticipated to be a member of the Human Resources and Compensation Committee.
- (4) Indicates date on which each applicable person became a trustee or a director of a predecessor to the Fund.
- (5) Indicates date on which each applicable person became an executive of a subsidiary of the Fund or a predecessor to the Fund.
- (6) On March 18, 2010, the Fund announced the retirement of Mr. Charrière, Executive Vice President and Chief Financial Officer, effective June 28, 2010 and the appointment of Mr. King as Chief Financial Officer, effective June 28, 2010.

Each of the anticipated directors and executive officers has held the same principal occupation, or in the case of the executive officers, other executive offices with the Fund Group or its predecessors, for the five preceding years except as follows:

H. Sanford Riley was appointed Chairman of the Board of Trustees on June 11, 2008. Mr. Riley has been President and CEO of Richardson Financial Group Limited since 2003. He held the positions of Chairman of Investors Group Inc. from 2001 to 2002 and President and CEO of Investors Group Inc. from 1992 to 2001. He currently holds the positions of Director, Molson Coors Brewing Company, Director of Richardson GMP Limited, GMP Capital Inc. and The Canada West Foundation. He is the former Chairman of the University of Winnipeg Foundation. Mr. Riley was appointed to the Order of Canada in July 2002. He has been a board member of the Fund and its predecessor entities since 2003.

Michael W. McMullen joined NWC on February 5, 2007 as Executive Vice-President, Northern Canada Retail. Prior to this appointment, Michael was President and CEO of Warehouse One, The Jean Store, a national denim and casual wear chain based in Winnipeg, Manitoba. His previous background includes Vice-President, Retail of Palliser Rooms, as well as a 15-year career with IKEA North America in the U.S. and Canada. Prior to joining IKEA, Michael was an adjunct professor of Business Policy and Organization Behaviour at Wilfred Laurier University.

Dalbir S. Bains joined NWC on November 3, 2008 as Vice-President, Planning & Corporate Development. Prior to joining NWC, Dalbir was the Vice-President of Strategic Planning and Implementation at CanWest Global Communications Corp. He held several senior roles during his 11 years at CanWest, including Vice-President of their Internet business operations, as well as Strategic Planning, Investor Relations and Project Management.

David M. Chatyrbok joined NWC in 2000. David was appointed to the position of Vice President, Canadian Procurement and Marketing on March 13, 2009. From 2000 to 2007, he held various management positions within the procurement and marketing division of NWC, including Senior Category Manager and Director. In 2007, David was promoted to Vice President of Marketing for the Alaska Commercial Company. Prior to joining NWC, David spent 10 years with Zellers of the Hudson Bay Company in different capacities including store manager and senior buyer.

Craig T. Gilpin joined NWC on March 18, 2010 as Executive Vice President and Chief Corporate Officer. Prior to joining NWC, Mr. Gilpin held the position of President, Operations, Sobeys Ontario since 2004. Prior to joining Sobeys, Mr. Gilpin worked for seventeen years in various senior roles with A&P Canada.

Paulina Hiebert joined NWC on November 3, 2009 after being employed as the Vice President, Legal and Corporate Secretary of The Brick Group Income Fund since 2002. Prior to joining The Brick, she was Corporate Counsel for Alberta Treasury Branches, and an Associate with the law firm of Milner Fenerty in Edmonton. Paulina has also held various senior management positions with a venture capital fund and several chartered banks in Canada. She has been a director of several privately held companies. She is a member of the Law Societies of Alberta and Manitoba.

John D. King joined NWC in 1994. John was appointed to the position of Vice-President, Finance & Secretary on June 19, 2006 and Vice-President, Finance on November 3, 2009. Prior to this appointment, John held the positions of Director of Finance and Stores Controller.

Gerald L. Mauthe joined NWC on March 21, 2005 as Vice-President of Information Services. Prior to this appointment, Gerry was the Director / CIO of the Information Technology Group of TruServ Canada Cooperative Inc., a distributor of general merchandise in Winnipeg, Manitoba. His previous background includes various Senior Consultant and Project Manager positions.

Dan G. McConnell joined NWC in 2002 as the Manager, Real Estate and Store Development. Dan was appointed Vice-President Store Development on September 23, 2008 and was the Director, Real Estate & Store Development prior to this appointment.

Scott A. McKay became Vice-President and General Manager, Giant Tiger, West Store Division on October 19, 2004. Prior to this appointment, Scott was the General Manager of Plug-Ins Electronix, a Dubai-based electronics retailer in the Middle East. His previous positions include Vice President of Retail Operations with Intrawest Retail Group in Golden, Colorado and General Manager, Western Canada with Toys R Us Canada.

Michael E. Sorobey joined NWC on March 15, 2010 as Vice President Logistics and Supply Chain. Prior to joining NWC, Mr. Sorobey held the position of Vice President of GES Exposition Services. Prior to joining GES Exposition Services, Mr. Sorobey held various senior roles with Tibbett & Britten Group PLC for nine years, and spent seven years at Westfair Foods Limited in various warehouse management roles.

Rex A. Wilhelm has actively worked in the retail industry for 33 years, with the last 24 years with Alaska Commercial Company. He has served in a variety of roles with Alaska Commercial Company progressing from department manager to Vice President of Operations, and in 2005 was appointed as President and COO. In December 2007, Rex was appointed as President and COO of Cost-U-Less, Inc. On December 16, 2008 Rex was appointed as President and COO of The North West Company (International) Inc.

Immediately after giving effect to the Arrangement, it is anticipated that the individuals named in the above table and their associates, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 2,008,549 New NWC Shares, representing approximately 4.2% of the issued and outstanding New NWC Shares (assuming no additional Units are purchased by the foregoing persons, no Dissent Rights are exercised and no Units are issued pursuant to any outstanding Fund Options or Fund Deferred Units prior to the Effective Time).

Employees

As at January 31, 2010, the Fund Group had approximately 6,903 full-time employees.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The compensation policies of New NWC, including the compensation of the directors and executive officers of New NWC, are expected to be structured on the same basis as the current compensation policies of the Fund and NWC GP. Following the completion of the Arrangement, it is anticipated that the executive officers of NWC GP, the administrator of the Fund, will be employed by and remunerated by New NWC. For further information regarding the compensation policies of the Fund, including the compensation of the Trustees and executive officers of NWC GP, see “PART VII — Other Business of the Meeting — Executive Compensation” and “— Trustee Compensation” in the Information Circular.

Following completion of the Arrangement, it is currently anticipated that New NWC will adopt the New NWC Option Plan and the New NWC DSU Plan. See “PART VI — Special Business of the Meeting — Approval of New NWC Option Plan Resolution” and “— Approval of New NWC DSU Plan Resolution” in the Information Circular.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the persons who are anticipated to become executive officers, directors and employees of New NWC or its affiliated entities, nor any associate or affiliate of any of them, and persons who are former executive officers, directors and employees of members of the Fund Group, or its affiliated entities, nor any associate or affiliate of any of them, is expected to be indebted, directly or indirectly, to New NWC or any of its affiliated entities immediately upon completion of the Arrangement, except as set out under “PART VII — Other Business of the Meeting — Executive Compensation — Compensation Mix — Medium-Long Term Incentive Plans — Unit Purchase Loan Plan” in the Information Circular.

DIRECTOR AND OFFICER LIABILITY INSURANCE

Following completion of the Arrangement, it is currently anticipated that New NWC will maintain director and officer liability insurance on substantially the same terms as such insurance is presently maintained for the Fund Group. See “PART VII — Other Business of the Meeting — Trustee, Director and Officer Liability Insurance.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

With the exception of the declarations of certain anticipated directors set out below, to the knowledge of the Fund,

- none of the persons anticipated to be directors or executive officers of New NWC (a) are, as at the date hereof, or have been, within the 10 years before the date of the Information Circular, a director, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an “**Order**”) that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, (b) are, as at the date of the Information Circular, or have been within 10 years before the date of the Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (c) have, within the 10 years before the date of the Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 the person; and
- none of the persons anticipated to be directors or executive officers of New NWC, nor any personal holding company thereof owned or controlled by them, (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

James G. Osborne

Mr. Osborne was a Director and founding member along with five others of Futureview Inc., a company that went public in January 2001 on the Winnipeg Stock Exchange using its Keystone Company Program and subsequently became listed on the TSX Venture Exchange. The shares of Futureview Inc. were suspended from trading in 2003 due to the company's failure to complete a required qualifying transaction as required by TSX Venture Exchange policy. The company was wound up in April 2004 after the external public shareholders had been returned 100% of their original investment and all corporate liabilities had been paid.

Mr. Osborne was a Director of Jazz Golf Equipment Inc. from prior to it being a reporting issuer until October 6, 2006, at which time he resigned due to a disagreement as to corporate strategy being directed by the major shareholder's representatives on the Board of Directors. On October 27, 2006, the Board via press release announced approval of the sale of assets to a subsidiary of Ensis Growth Fund Inc., the largest shareholder and creditor of Jazz, under the *Bankruptcy and Insolvency Act* (Canada), subsequently court approved on November 22, 2006. The shares ceased trading on January 5, 2007.

Mr. Gary J. Lukassen

Mr. Lukassen was a Director of Stelco Inc. from June 2002 until March 31, 2006. On January 29, 2004 Stelco Inc. filed for and was granted court protection under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"). Stelco Inc. emerged from court protection under the CCAA on March 31, 2006.

Mr. Lukassen is a Director of AbitibiBowater Inc. On April 16, 2009, AbitibiBowater Inc. filed for relief under the provisions of Chapter 11 of the United States Bankruptcy Code and on April 17, 2009 filed for protection under the CCAA in Canada.

Mr. Robert J. Kennedy

Mr. Kennedy was a Director and officer of WiBand Corporation. In December 2001, WiBand Communications Corp. was sold to OA Group Inc. an issuer listed on the TSX Venture Exchange. Shares were exchanged and the shareholders of WiBand Communications Corp. received shares in OA Group Inc. As a condition of the share exchange, Mr. Kennedy was to be included on the management slate of the Board of Directors of OA Group Inc. He was elected to the Board of Directors of OA Group Inc. on June 20, 2002. Upon seeing the financial condition of OA Group Inc. Mr. Kennedy resigned on July 8, 2002. OA Group Inc. went into receivership on July 15, 2002. Mr. Kennedy bought certain assets from the receiver and continues the business under the WiBand name.

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

The information set forth above, not being within the direct knowledge of Management, has been provided to the Fund by the persons referenced in the preceding paragraphs.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

It is currently anticipated that each of the existing committees of the Board of Trustees will become committees of the New NWC Board. See “— Directors and Executives” in this Appendix “K”. It is anticipated that the mandates and policies of New NWC in respect of corporate governance matters will be substantially similar to those of the Fund. For a description of corporate governance matters relating to the Fund, see “Statement of Fund Governance Practices” attached as Schedule “A” to the Information Circular. For a description of the audit committee, see “Audit Committee Information” in the AIF, which is incorporated by reference in this Information Circular.

CONFLICTS OF INTEREST

Except as disclosed in the Information Circular or in this Appendix “K”, none of the persons anticipated to be directors or executive officers of New NWC has any existing or potential material conflict of interest with New NWC or any of its Subsidiaries.

RISK FACTORS

Risk factors related to the business of the Fund and its Subsidiaries will continue to apply to New NWC from and after the Effective Date. In the event the Arrangement is completed, the business and operations of, and an investment in, New NWC will be subject to various risk factors set forth in the Information Circular, and under “Risk Factors” in the AIF and under “Risk Management” in the Annual MD&A, which are incorporated by reference herein. For further details regarding risks factors that will apply to New NWC, see “PART VI — Special Business of the Meeting — Risk Factors” in the Information Circular.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Fund and its Subsidiaries in the normal course of business are involved in various legal actions and proceedings which arise from time to time in the ordinary course of their business. Other than the proceedings relating to the approval of the Arrangement, there are no legal proceedings or regulatory actions to which the Fund or any member of the Fund Group is a party or in respect of which any of their respective assets are the subject matter, which are material to the Fund or will be material to New NWC upon completion of the Arrangement and the Fund is not aware of any such proceedings of a material nature that are contemplated.

To the knowledge of the Fund, there were no: (i) penalties or sanctions imposed against the Fund or its Subsidiaries by a court relating to securities legislation or by a securities regulatory authority during the three years preceding the date of the Information Circular; (ii) penalties or sanctions imposed by a court or regulatory body against the Fund or its Subsidiaries that would likely be considered important to a reasonable investor in making an investment decision; and (iii) settlement agreements the Fund or its Subsidiaries entered into with a court relating to securities legislation or with a securities regulatory authority during the three years preceding the date of the Information Circular.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Fund, none of the persons anticipated to be directors or executive officers of New NWC, or any person or company that will be the direct or indirect owner of, or will exercise control or direction over, more than 10% of any class or series of New NWC’s outstanding voting securities, or any Associate or Affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction during the three years preceding the date of the Information Circular or any proposed transaction that has materially affected or is reasonably expected to materially

affect New NWC or any of its Affiliates, except as disclosed in the Information Circular or this Appendix “K”, including the documents incorporated by reference in the Information Circular.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Upon completion of the Arrangement, the auditors of New NWC will be PricewaterhouseCoopers LLP, Chartered Accountants, Suite 2300, Richardson Building, One Lombard Place, Winnipeg, Manitoba R3B 0X6.

The transfer agent and registrar for the New NWC Shares will be CIBC Mellon Trust Company at its principal office located at 600, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1.

MATERIAL CONTRACTS

The only contract which New NWC will become a party to (as a successor entity pursuant to the Arrangement) on the Effective Date, that can reasonably be regarded as material to a proposed investor in New NWC Shares, is the Arrangement Agreement. A copy of the Arrangement Agreement is attached as Appendix “D” to this Information Circular.

For a list and description of material contracts of the Fund, see the section entitled “Material Contracts” in the AIF, which is incorporated by reference in this Information Circular.

APPENDIX “L”

UNAUDITED *PRO FORMA* CONSOLIDATED FINANCIAL STATEMENTS OF NEW NWC

THE NORTH WEST COMPANY INC.
PRO FORMA CONSOLIDATED BALANCE SHEET
AS AT JANUARY 31, 2010
(Unaudited)
(\$ in thousands)

	<u>NORTH WEST COMPANY FUND</u>	<u>PRO FORMA ADJUSTMENTS</u>		<u>PRO FORMA CONSOLIDATED</u>
ASSETS				
Current assets				
Cash	\$ 27,278	\$ -		\$ 27,278
Accounts receivable	71,767	-		71,767
Inventories	177,877	-		177,877
Prepaid expenses	4,786	-		4,786
Future income taxes	4,135	-		4,135
	<u>285,843</u>	<u>-</u>		<u>285,843</u>
Property and equipment	258,928	-		258,928
Other assets	26,252	-		26,252
Intangible assets	18,332	-		18,332
Goodwill	28,593	-		28,593
Future income taxes	5,852	-		5,852
	<u>\$ 623,800</u>	<u>\$ -</u>		<u>\$ 623,800</u>
LIABILITIES				
Current liabilities				
Bank advances	\$ 312	\$ -	\$ 312	
Accounts payable and accrued liabilities	113,407	(903)	(2b)	112,504
Income taxes payable	1,888	903	(2b)	2,791
Current portion of long-term debt	56,339	-		56,339
	<u>171,946</u>	<u>-</u>		<u>171,946</u>
Long-term debt	152,519	-		152,519
Other long-term liabilities	9,409	-		9,409
	<u>333,874</u>			<u>333,874</u>
EQUITY				
Unitholders Capital	165,133	(165,133)	(2a)	-
Share Capital	-	165,133	(2a)	165,133
Unit purchase loan plan	(6,428)	-		(6,428)
Contributed surplus	1,569	-		1,569
Retained earnings	125,525	-		125,525
Accumulated other comprehensive income	4,127	-		4,127
	<u>289,926</u>	<u>-</u>		<u>289,926</u>
	<u>\$ 623,800</u>	<u>\$ -</u>		<u>\$ 623,800</u>

See accompanying notes to unaudited pro forma consolidated financial statements

**THE NORTH WEST COMPANY INC.
PRO FORMA CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED JANUARY 31, 2010
(Unaudited)**

(\$ in thousands)

	<u>NORTH WEST COMPANY FUND</u>	<u>PRO FORMA ADJUSTMENTS</u>	<u>PRO FORMA CONSOLIDATED</u>
SALES	\$ 1,444,366	\$ -	\$ 1,444,366
Cost of sales, selling and administrative expenses	<u>(1,314,092)</u>	<u>-</u>	<u>(1,314,092)</u>
Net earnings before amortization, interest and income taxes	130,274	-	130,274
Amortization	<u>(35,150)</u>	<u>-</u>	<u>(35,150)</u>
	95,124	-	95,124
Interest	<u>(5,470)</u>	<u>-</u>	<u>(5,470)</u>
	89,654	-	89,654
Provision for income taxes	(7,841)	(20,763) (2b)	(28,604)
NET EARNINGS FOR THE YEAR	\$ 81,813	\$ (20,763)	\$ 61,050
Retained earnings, beginning of year	110,475	-	110,475
Distributions / dividends	<u>(66,763)</u>	<u>20,763</u> (2c)	<u>(46,000)</u>
RETAINED EARNINGS, END OF YEAR	\$ <u>125,525</u>	\$ <u>-</u>	\$ <u>125,525</u>

See accompanying notes to unaudited pro forma consolidated financial statements

**THE NORTH WEST COMPANY INC.
PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED JANUARY 31, 2010
(Unaudited)**

(\$ in thousands)

	<u>NORTH WEST COMPANY FUND</u>	<u>PRO FORMA ADJUSTMENTS</u>		<u>PRO FORMA CONSOLIDATED</u>
NET EARNINGS FOR THE YEAR	\$ 81,813	\$ (20,763)	(2b)	\$ 61,050
Unrealized loss on translation of financial statements from a self-sustaining operation in U.S. dollar functional currency to Canadian dollar reporting currency	<u>(4,402)</u>	<u>-</u>		<u>(4,402)</u>
Other comprehensive loss	<u>(4,402)</u>	<u>-</u>		<u>(4,402)</u>
COMPREHENSIVE INCOME	<u>\$ 77,411</u>	<u>\$ (20,763)</u>		<u>\$ 56,648</u>

See accompanying notes to unaudited pro forma consolidated financial statements

THE NORTH WEST COMPANY INC.
PRO FORMA NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2010
(Unaudited)

(\$ in thousands)

1) Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements (the “pro formas”) of The North West Company Inc. (“NWC Inc.”) as at and for the year-ended January 31, 2010 have been prepared to reflect a Plan of Arrangement (the “Arrangement”) whereby North West Company Fund (the “Fund”) will complete a tax-deferred conversion into a publicly-traded share corporation that will be named The North West Company Inc. Pursuant to the Arrangement, unitholders will receive one common share for each trust unit of the Fund that they hold.

The accompanying pro formas have been prepared by management in accordance with Canadian generally accepted accounting principles to reflect the aforementioned Arrangement using the continuity-of-interests method of accounting as there will be no substantive change in ownership of the Fund. The unaudited pro forma consolidated balance sheet gives effect to the Arrangement and assumptions described in Note 2 as if they had occurred at January 31, 2010. The unaudited pro forma consolidated statements of income and comprehensive income give effect to the Arrangement and assumptions described in Note 2 as if they had occurred as of February 1, 2009. The underlying assumptions for the pro formas provide a reasonable basis for presenting the significant financial effects directly attributable to the Arrangement. The pro formas may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or of the results which may be obtained in the future.

Management recommends that the pro formas be read in conjunction with the audited consolidated financial statements of the Fund as at and for the year-ended January 31, 2010. Accounting policies used in the preparation of the pro formas are in accordance with those disclosed in the Fund’s audited consolidated financial statements as at and for the year-ended January 31, 2010. In the opinion of management, the unaudited pro forma consolidated balance sheet and the unaudited pro forma consolidated statements of income and comprehensive income include all adjustments necessary for a fair presentation of the proposed Arrangement had it occurred as described above.

2) Pro forma assumptions and adjustments

The unaudited pro forma consolidated financial statements have been prepared assuming that the following transactions have been completed and adjustments had been effected as of February 1, 2009. The pro forma consolidated balance sheet and statements of income and comprehensive income of the Fund reflect the following adjustments to balances and expenses of NWC Inc.:

- (a) Pursuant to the Arrangement, unitholders of the Fund will exchange all of the issued and outstanding trust units for common shares of NWC Inc. on a one-for-one basis. The exchange will be recorded using the continuity-of-interests method of accounting and, as a result, the common shares of NWC Inc. will have the same carrying amount as the trust units of the Fund.
- (b) The Fund is a mutual fund trust for purposes of the Income Tax Act (Canada), and for the year ended January 31, 2010 declared distributions to unitholders totalling \$66,763. Had the Fund been converted to a corporation as described in Note 1, NWC Inc. would have been subject to tax on \$66,763 of taxable income. Income taxes have been restated to reflect that NWC Inc. would have paid current income taxes of approximately \$20,763 based on substantively enacted tax rates of 31.1% for the year ended January 31, 2010. A reduction in distributions payable of \$903 and a corresponding increase in income taxes payable have been recorded to reflect the impact of income taxes on distributions payable recorded in the Fund at January 31, 2010.
- (c) Had the Fund been a corporation, any amounts declared payable to shareholders would have been characterized as dividends and would have been paid out of after-tax income. For the year ended January 31, 2010 this would have resulted in annual dividends of approximately \$46,000.

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APPENDIX “M”

SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

190. (1) **Rights to dissent.** — 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.
- (2) **Further right.** — 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.
- (2.1) **If one class of shares.** — The right to dissent described in subsection (2) applies even if there is only one class of shares.
- (3) **Payment for shares.** — 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.
- (4) **No partial dissent.** — 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.
- (5) **Objection.** — 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.
- (6) **Notice of resolution.** — 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.
- (7) **Demand for payment.** — 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.

(8) **Share certificate.** — 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.

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

(10) **Endorsing certificate.** — 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.

(11) **Suspension of rights.** — 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.

(12) **Offer to pay.** — 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.

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

(14) **Payment.** — 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.

(15) **Corporation may apply to court.** — 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.

(16) **Shareholder application to court.** — 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.

(17) **Venue.** — 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.

(18) **No security for costs.** — A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

(19) **Parties.** — 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.

(20) **Powers of court.** — 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.

(21) **Appraisers.** — 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.

(22) **Final order.** — 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.

(23) **Interest.** — 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.

(24) **Notice that subsection (26) applies.** — 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.

(25) **Effect where subsection (26) applies.** — 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 a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(26) **Limitation.** — 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.



Nor'Westers have consistently been 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 first trading posts at Waskaganish on James Bay. Today, we continue to embrace this pioneering culture as true "frontier merchants."

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