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THE NORTH WEST COMPANY INC.

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

APRIL 9, 2014





April 9, 2014

Dear Shareholder:

You are invited to attend an annual general meeting (the “**Meeting**”) of the shareholders of the common shares of The North West Company Inc. (“**North West**”) to be held in the Muriel Richardson Auditorium, Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba Wednesday on June 11, 2014 at 11:30 a.m. (Central Time).

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

You can find our 2013 Annual Report, which includes our consolidated financial statements and the auditor’s report to shareholders for the financial year ended January 31, 2014, and the Management’s Discussion and Analysis, on our website at www.northwest.ca or on SEDAR at www.sedar.com.

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

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

Sincerely,

“H. Sanford Riley”

H. Sanford Riley
Chairman of the Board

“Edward Kennedy”

Edward Kennedy
President and Chief Executive Officer



THE NORTH WEST COMPANY INC.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are invited to the 2014 Annual General Meeting of common shareholders (the “**Meeting**”) of The North West Company Inc. (“**North West**”).

Date: Wednesday, June 11, 2014

Place: Muriel Richardson Auditorium

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

Winnipeg Art Gallery,
300 Memorial Boulevard
Winnipeg, Manitoba

We will address the following six items at the Meeting:

1. North West’s consolidated annual financial statements for the year ended January 31, 2014, including the external auditor’s report;
2. election of the directors, who will serve until the next Annual General Meeting of shareholders;
3. the appointment of PricewaterhouseCoopers LLP as external auditor, who will serve until the next Annual General Meeting of shareholders, and authorizing the directors to set the auditor’s compensation;
4. to consider an advisory resolution on North West’s approach to executive compensation disclosed in this Management Information Circular (“**Circular**”);
5. consider the five shareholder proposals set out in Schedule “A” of this Circular; and
6. consider any other business which may be properly brought before the Meeting.

The accompanying Circular provides detailed information relating to the above matters.

You have the right to vote at the Meeting as set out in the accompanying Circular if you are a North West shareholder as of the close of business on April 28, 2014. For those shareholders who cannot attend the Meeting, North West has made arrangements to provide a live webcast of the Meeting. Details on how shareholders may view the webcast will be found at www.northwest.ca and will also be provided in a media release prior to the Meeting. Shareholders viewing the webcast will not be permitted to vote through the webcast facilities.

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

“Paulina Hiebert”

Winnipeg, Manitoba
April 9, 2014

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

**MANAGEMENT INFORMATION CIRCULAR
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THE NORTH WEST COMPANY INC.
MANAGEMENT CIRCULAR
PART I — VOTING INFORMATION

Unless stated otherwise, information contained in this Management Information Circular (the “Circular”) is given as of April 9, 2014.

What Matters Will I Be Voting Upon?

Shareholders will be voting upon:

- North West’s consolidated annual financial statements for the year ended January 31, 2014, including the external auditor’s report;
- election of the directors, who will serve until the next Annual General Meeting of Shareholders;
- the appointment of PricewaterhouseCoopers LLP as external auditor, who will serve until the next Annual General Meeting of shareholders, and authorizing the directors to set the auditor’s compensation;
- to consider an advisory resolution on North West’s approach to executive compensation disclosed in this Circular;
- consider the five shareholder proposals set out in Schedule “A” of this Circular; and
- consider any other business which may be properly brought before the Meeting.

Who Can Vote?

You are entitled to one vote for each North West common share you own as of the record date (the “Share” or “Shares”). The Board of Directors of North West (the “Board” or the “Directors”) have set April 28, 2014 as the record date.

Registered Shareholders

You are a registered Shareholder if your name appears on your Share certificate (a “Registered Shareholder”). The enclosed form of proxy indicates whether you are a Registered Shareholder.

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

How Do I Vote If I Am A Registered Shareholder?

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

Voting by Proxy

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

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

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

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

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

Voting in Person

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

Instructions for Registered Shareholders

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

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

What Is a Proxy?

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

Appointing a Proxyholder

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

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

Depositing Your Proxy

To be valid, the form of proxy must be filled out, correctly signed (exactly as your name appears on the form of proxy), and returned to the transfer agent for the Shares, CST Trust Company, by no later than 4:30 p.m. (Central Time) on June 9, 2014. Your proxyholder may then vote on your behalf at the Meeting.

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

applicable, you will be abstaining from voting. By checking “AGAINST” on the form of proxy, where applicable, you will be voting against the particular resolution.

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

- **“FOR” the election of the 9 nominees to the Board;**
- **“FOR” the re-appointment of PricewaterhouseCoopers LLP as auditors of North West and to authorize the audit committee of the Board to fix the auditor’s remuneration;**
- **“FOR” the advisory resolution on North West’s approach to executive compensation; and**
- **“AGAINST” the five shareholder proposals set out in Schedule “A” to this Circular.**

For more information on these matters, please see “PART II — BUSINESS OF THE MEETING”. If any other issues properly arise at the Meeting that are not described in the Notice of Meeting, or if any amendments or variations are proposed to the matters described in the Notice of Meeting, your proxyholder is entitled to vote your Shares as he or she sees fit. The Notice of Meeting sets out all the matters to be determined at the Meeting that are known to the Directors as of April 9, 2014.

Can I Change My Vote?

If you want to change your vote or revoke your proxy after you have signed and delivered it to CST Trust Company, you may do so by delivering another properly executed form of proxy bearing a later date and delivering it as set out above under the heading “— Depositing Your Proxy” by no later than 4:30 p.m. (Central Time) on June 9, 2014, or in any other manner permitted by law.

If you revoke your proxy and do not replace it with another form of proxy that is deposited with CST Trust Company on or before the deadline at 4:30 p.m. (Central Time) on June 9, 2014, you may still vote your own Shares in person at the Meeting provided you are a Registered Shareholder whose name appeared on the Shareholders’ register of North West as at April 28, 2014.

Non-Registered Beneficial Shareholders

You may be a non-registered beneficial Shareholder (as opposed to a registered Shareholder) if your Shares are held on your behalf, or for your account, by a broker, a securities dealer, a bank, a trust company or another similar entity (called an “**Intermediary**”). If you are a non-registered beneficial Shareholder, your Intermediary will be the entity legally entitled to vote your Shares. In order to vote your Shares, you must carefully follow the instructions that your Intermediary delivered to you with this Circular. Instead of completing the form of proxy that is printed on blue paper and may be enclosed with this Circular, you will likely be asked to complete and deliver a different form to your Intermediary. This form will instruct the Intermediary how to vote your Shares at the Meeting on your behalf. As a non-registered beneficial Shareholder, while you are invited to attend the Meeting, you will not be entitled to vote at the Meeting, unless you submit all required information to your Intermediary well in advance of the Meeting and carefully follow its instructions and procedures. Please also see “— How Do I Vote If I Am a Non-Registered Beneficial Shareholder?” below.

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

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

Holders who do not hold their Shares in their own name (“**Beneficial Shareholders**” or “**Beneficial Shareholder**” individually) should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Shareholders whose names appear on the records maintained by or on behalf of North West as the registered holders of Shares on the record date. If such Shares are listed in an account statement provided to a Shareholder by a broker or other intermediary, then in almost all cases those Shares will

not be registered in that holder's name on the records of North West. Such Shares will more likely be registered under the name of the holder's broker, an agent or nominee of that broker or another intermediary. In Canada, the vast majority of such Shares are typically registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Shares held by brokers or their agents or nominees or another intermediary can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, the intermediaries are prohibited from voting the Shares for their clients. North West does not know for whose benefit Shares registered in the name of CDS & Co. are held.

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

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

Is My Vote Confidential?

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

How Many Shares are Entitled to Vote?

As of April 9, 2014, the common Shares are the only class of Shares of North West outstanding which entitle holders to vote at meetings of Shareholders. As of April 9, 2014, there were 48,425,787 Shares issued and outstanding. Each Shareholder is entitled to one vote per Share on all matters to be voted on at Shareholder meetings.

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

Are There any Principal Holders of Shares?

As at January 31, 2014, based on publicly available filings, to the knowledge of the Directors and the officers of North West, Franklin Templeton Investments Corp., on behalf of Bissett Asset Management, beneficially owns, or controls or directs, directly or indirectly, 7,238,935 or 14.95% of North West's voting securities.

Solicitation of Proxies

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

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

How Is A Vote Passed?

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

Will There Be Any Other Business Conducted at the Meeting?

As of April 9, 2014, management and the Directors do not know of any matters to be brought before the Meeting other than those set forth in the Notice of Meeting accompanying this Circular.

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PART II — BUSINESS OF THE MEETING

1. FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The financial statements of North West for the year ended January 31, 2014 and the auditor's report to the Shareholders of North West will be presented at the Meeting. The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. These financial statements are posted on SEDAR at www.sedar.com and at www.northwest.ca.

2. APPOINTMENT OF AUDITORS

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

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

Auditor Service Fees

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

<u>Type of Fees (\$ in thousands)</u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>
Audit Fees	\$448	\$472
Audit-Related Fees	61	19
Tax Fees	61	240
All other Fees	—	4
Total	<u>\$570</u>	<u>\$735</u>

The nature of each category of fees is described below:

Audit Fees

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

Audit-Related Fees

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

Tax-Related Fees

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

All Other Fees

Generally these fees include professional services for business consulting.

Pre-Approval Policies and Procedures

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

3. ELECTION OF DIRECTORS OF NORTH WEST

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

The following persons have been nominated for election:

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

All nominated Directors are currently Directors of North West. Gary J. Lukassen, who is currently a Director, is retiring from the Board as he has reached the mandatory retirement age of 70 years. See "Part III — ABOUT THE NOMINATED DIRECTORS" for further information on nominated Directors.

Majority Voting Policy

North West's majority voting policy provides that any Director nominee who receives more withheld votes than votes in his or her favor in an uncontested election of Directors will tender his or her resignation to the Chairman of the Board promptly following the Meeting. The Governance and Nominating Committee will promptly consider the Director's offer to resign and make a recommendation to the Board whether to accept it. Any Director who tenders his or her resignation will not participate in any meetings at which the resignation is considered. The Board will announce its decision in a press release as soon as practically possible after the Meeting. If the Board rejects the resignation, it will disclose the reasons why.

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

4. ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION APPROACH

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

The Board, through the Compensation Committee, is responsible for formulating and monitoring the effectiveness of North West's executive compensation program. In creating North West's executive compensation program, North West is guided by the goal of aligning the interests of North West's executives with the long-term interests of the Shareholders. The Board believes that Shareholders should have the

opportunity to express their opinion on North West's executive compensation program by voting for or against the following resolution:

“RESOLVED on an advisory basis and not to diminish the role and responsibilities of the Board, that the Shareholders accept the approach to executive compensation disclosed in North West's Circular delivered in advance of the 2014 annual general meeting of Shareholders,”

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

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

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

North West will disclose the results of the advisory vote in its report on the 2014 annual general meeting voting results.

5. SHAREHOLDER PROPOSALS

Attached to this Circular as Schedule “A” are five shareholder proposals which have been submitted for consideration at the Meeting, and the explanation of the Board of its reasons for opposing these proposals. All five proposals have been made by Montrusco Bolton Investments of 1501 McGill College Avenue, Suite 1200, Montreal, Quebec H3A 3M8. On the date Montrusco submitted its proposals, it held 1,639,061 shares, which represents 3.4% of North West's issued and outstanding common Shares. These proposals represent the views of Montrusco, and are set out in this Circular as required by the *Canada Business Corporations Act*.

If you return a form of proxy but do not specify how you want your Shares to be voted, the persons named as proxy holders will cast the votes represented by proxy at the Meeting “AGAINST” each of the five shareholder proposals.

6. OTHER BUSINESS

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

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PART III — ABOUT THE NOMINATED DIRECTORS

In accordance with By-Law #1 of North West, the Directors have set the number of Directors to be elected at the Meeting at nine. At least 25% of Directors must be residents of Canada. The mandatory retirement age for Directors is 70.

 <p>H. Sanford Riley Winnipeg, Manitoba Canada Age: 63 Director Since: 2003 Independent</p>	<p>Mr. Riley was appointed Chairman of North West in June, 2008. Mr. Riley has been President and CEO of Richardson Financial Group Limited since 2003. He held the positions of Chairman of Investors Group Inc. from 2001 to 2002, and President and CEO of Investors Group Inc. from 1992 to 2001. He currently holds the positions of Director for Molson Coors Brewing Company, Richardson GMP Limited, GMP Capital Inc., The Canada West Foundation, Canadian Western Bank and MTS Allstream. Mr. Riley is a former director of the Winnipeg Airport Authority. He is the Chairman of the University of Winnipeg Foundation. Mr. Riley was appointed to the Order of Canada in July, 2002.</p>						
	Board/Committee Membership		Attendance		Attendance (Total)		
	Board of Directors (Chair) ⁽¹⁾		12 of 12	100%	12 of 12	100%	
	Equity Ownership⁽³⁾						
	Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's⁽⁶⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
	2013	11,000	47,911	58,911	1,497,518		
	2012	11,000	41,629	52,629	1,217,835	292,500	Yes
	Net Change	—	6,282	6,282	279,683		

 <p>Frank J. Coleman Corner Brook, Newfoundland and Labrador Canada Age: 60 Director Since: 1999 Independent</p>	<p>Mr. Coleman has been the President and Chief Executive Officer of the Coleman Group of Companies since 1991. He is the Chair of the Board of Directors of Rocky Mountain Liquor Inc., a Director of the Distribution Council of the Canadian Federation of Independent Grocers, and of Emera Newfoundland & Labrador Holdings Incorporated. He is the former President and Chief Executive Officer of Humber Valley Paving Ltd., and Humber Valley Aggregates and Asphalt Ltd.</p>						
	Board/Committee Membership		Attendance		Attendance (Total)		
	Board of Directors ⁽⁴⁾		11 of 12	92%			
	Governance Committee (Chair)		5 of 5	100%	21 of 22	95%	
Audit		5 of 5	100%				
Equity Ownership⁽³⁾							
	Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's⁽⁶⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
	2013	72,500	13,193	85,693	2,178,316		
	2012	72,500	9,262	81,762	1,891,972	225,000	Yes
	Net Change	—	3,931	3,931	286,344		



Wendy F. Evans
 Toronto, Ontario
 Canada
 Age: 63
 Director Since: 2005

Independent

Ms. Evans has been the President of Evans and Company Consultants Inc. since 1987, providing international marketing, financial and management services. She is an Associate of Cambridge Corporate Development, an Adjunct Professor since 1992, and a member of the Dean's Council in Ted Rogers School of Management, Ryerson University. She is also a Director of the City Living Foundation, the Canadian Executive Service Organization, and author of "Border Crossings, Doing Business in the U.S.". Ms. Evans served as a Director of Sun Life Financial Trust, the Canadian Cancer Society, and the Ontario Retail Sector Strategy Advisory Board. She is also the past President and Chair of Granite Ltd.

Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors		12 of 12	100%	23 of 23	100%	
Audit Committee		5 of 5	100%			
Compensation Committee		6 of 6	100%			
Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁶⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2013	5,300	20,861	26,161	665,013	225,000	Yes
2012	5,300	18,061	23,361	540,573		
Net Change	—	2,800	2,800	124,440		



Edward S. Kennedy
 Winnipeg, Manitoba
 Canada
 Age: 54
 Director Since: 1996

Non-Independent

Mr. Kennedy, who joined North West in 1989, was appointed President & Chief Executive Officer of North West in 1997. He is currently a Director for United Grocers Inc. and Retail Council of Canada. Mr. Kennedy is a member of the World Presidents' Organization, the Associates of the Asper School of Business (Faculty of Management, University of Manitoba), the Board of Governors of St. John's Ravenscourt School, and the Canadian Council of Chief Executives. Mr. Kennedy has received several retail industry and community leadership recognitions, both locally and internationally.

Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors ⁽²⁾		12 of 12	100%	12 of 12	100%	
Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's) ⁽⁵⁾	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁶⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2013	264,170	—	264,170	6,715,201	225,000	Yes
2012	263,816	—	263,816	5,872,544		
Net Change	354	—	354	842,657		



Robert J. Kennedy
Winnipeg, Manitoba
Canada
Age: 64
Director Since: 2003
Independent

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

Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors		12 of 12	100%	23 of 23	100%	
Compensation Committee (Chair)		6 of 6	100%			
Governance Committee		5 of 5	100%			
Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁶⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2013	3,000	30,518	33,518	852,028	225,000	Yes
2012	3,000	25,642	28,642	662,776		
Net Change	—	4,876	4,876	189,516		



Violet (Vi) A.M. Konkle
Edmonton, Alberta,
Canada
Age: 60
Director Since: 2014
Independent

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

Board/Committee Membership ⁽⁸⁾		Attendance		Attendance (Total)		
Board of Directors		—	—	—	—	
Audit Committee		—	—			
Compensation		—	—			
Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁶⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
—	—	—	—	—	225,000	No ⁽⁷⁾



Gary Merasty
Saskatoon,
Saskatchewan
Canada
Age: 49
Director Since: 2011

Independent

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

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

Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors		11 of 12	92%	21 of 23	91%	
Compensation Committee		5 of 6	83%			
Governance Committee		5 of 5	100%			
Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁶⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2013	—	6,809	6,809	173,084		
2012	—	3,479	3,479	80,504	225,000	No ⁽⁷⁾
Net Change	—	3,330	3,330	92,581		



Eric L. Stefanson,
FCA
Winnipeg, Manitoba
Canada
Age: 63
Director Since: 2012

Independent

Mr. Stefanson was the managing partner of the Central Canada Region for BDO Canada LLP from 2004 to 2009. He also held various positions with Assante Canada, including the position of Chief Financial Officer from 2001 to 2004. Mr. Stefanson was a member of the Legislative Assembly of Manitoba from 1990 to 2000, and held various portfolios, including the position of Finance Minister and Chair of the Treasury Board from 1993 to 1999. He is a board member of Via Rail Canada (Vice Chairman and Chair of Audit, Risk and Finance Committee), FWS Holdings Ltd. (Chair of Audit Committee), PGNX Capital Corp., as well as chair of the Investment Committee of the Winnipeg Civic Employee's Benefit Program. He was a member of the Board of Directors and Chair of the Audit Committee for the Winnipeg Foundation from 2005 to 2011. In 2000, Mr. Stefanson received the Icelandic Order of the Falcon from the President of Iceland. In 2013, Mr. Stefanson was the recipient of the Lifetime Achievement Award from the Institute of Chartered Accountants in Manitoba.

Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors		12 of 12	100%			
Audit Committee		5 of 5	100%	100%	22 of 22	
Governance Committee		5 of 5	100%			
Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁶⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2013	1,329	4,152	5,481	139,327	225,000	No ⁽⁷⁾
2012	900	1,491	2,391	55,328		
Net Change	429	2,661	3,090	83,999		



Ms. Verschuren is the Chair and CEO of Executive Chair of NRStor Incorporated. She was the President of Home Depot Canada from 1986 to January, 2011. Prior to Home Depot, she was the President and co-owner of Michaels of Canada. She is a board member of Liberty Mutual Group, Air Canada, Saputo Inc., the Conference Board of Canada (Vice Chair), and a former board member of Sobeys Inc. She is the Chair, Venture Capital Expert Panel for the Department of Finance, Canada.

Board/Committee Membership	Attendance		Attendance (Total)	
Board of Directors	12 of 12	100%	21 of 23	91%
Audit Committee	4 of 5	80%		
Compensation Committee	5 of 6	83%		

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁶⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2013	3,500	4,903	8,403	213,604	225,000	No ⁽⁷⁾
2012	3,500	2,260	5,760	133,286		
Net Change	—	2,643	2,643	80,318		

Annette M. Verschuren O.C.
 Toronto, Ontario
 Canada
 Age: 57
 Director Since: 2011
Independent

Notes:

- (1) The Chairman of the Board is an ex-officio member of all Board committees.
- (2) The President and Chief Executive Officer attends Board committee meetings as an invited guest.
- (3) The table shows the number and value of Shares and DSU's as at January 31, 2014, valued at the closing price of the Shares at January 31, 2014 of \$25.42. The table also shows the number of and value of Shares and DSU's as at January 31, 2013, valued at the closing price as at January 31, 2013 of \$23.14.
- (4) Mr. Coleman was unable to attend one Board meeting due to the same day notice provided for the meeting. Mr. Coleman provided a waiver of notice so the meeting was properly constituted.
- (5) Mr. Edward Kennedy is not eligible to participate in the Director Deferred Share Unit Plan, as he is an employee of North West.
- (6) Indicates Shares owned either directly or subject to the Director's control and direction.
- (7) Directors have five years from his/her date of initial appointment to the Board to meet the minimum shareholding requirement. The minimum share ownership requirement for Directors was increased from \$90,000 to \$225,000 in 2013. Ms. Konkle was appointed to the Board in March, 2014, Mr. Merasty was appointed to the Board in June, 2011, Mr. Stefanson was appointed to the Board in January, 2012, and Ms. Verschuren was appointed to the Board in December, 2011.
- (8) Ms. Konkle was appointed to the Board in March, 2014.

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Attendance of Directors at Board and Committee Meetings

The table below sets forth the number of Board meetings and Board committee meetings held during the twelve month period ended January 31, 2014, and the number of meetings attended by each Director.

Director Name	Full Board (12 Meetings)		Audit Committee (5 Meetings)		Governance and Nominating Committee (5 Meetings)		Human Resources, Compensation and Pension Committee (6 Meetings)		Total Attendance	
	#	%	#	%	#	%	#	%	#	%
H. Sanford Riley ⁽¹⁾	12/12	100	—	—	—	—	—	—	12/12	100
Frank Coleman ⁽²⁾	11/12	92	5/5	100	5/5	100	—	—	21/22	95
Wendy Evans	12/12	100	5/5	100	—	—	6/6	100	23/23	100
Edward Kennedy ⁽³⁾	12/12	100	—	—	—	—	—	—	12/12	100
Robert Kennedy	12/12	100	—	—	5/5	100	6/6	100	23/23	100
Violet (Vi) Konkle ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—
Gary Lukassen ⁽⁵⁾	12/12	100	5/5	100	5/5	100	—	—	22/22	100
Gary Merasty	11/12	92	—	—	5/5	100	5/6	83	21/23	91
Eric Stefanson	12/12	100	5/5	100	5/5	100	—	—	22/22	100
Annette Verschuren	12/12	100	4/5	80	—	—	5/6	83	21/23	91
Average Percentage	94/96	98	19/20	95	20/20	100	22/24	92	155/160	97

Notes:

- (1) The Chairman of the Board is an ex-officio member of all Board committees.
- (2) Mr. Coleman was unable to attend one Board meeting due to the same day notice provided for the meeting. Mr. Coleman provided a waiver of notice so the meeting was properly constituted.
- (3) The President and Chief Executive Officer attends all Board committee meetings as an invited guest.
- (4) Ms. Konkle joined the Board in March, 2014.
- (5) Mr. Lukassen is retiring from the Board effective June 11, 2014.

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

Expertise and Composition of the Board

A board of directors is most effective when it can draw from a variety of skills and experience. The Board looks for the following skills and experience when recruiting new Directors: corporate governance experience; retail experience; operations experience; human resources and executive compensation experience; community affairs/government relations experience; financial literacy; risk management experience; information technology experience; international experience; and aboriginal experience. Each Director completed a self-assessment of their skills and experience in 2013, based on the criteria set out above. The Board concluded that it has the appropriate diversity of experience and expertise on the Board required to perform effectively, and to act in the best interests of North West and its Shareholders.

Statement of Corporate Governance Practices

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

Director Fees

The Governance and Nominating Committee (the “**Governance Committee**”) retained Towers Watson during 2013 as a consultant to assess the market competitiveness of Director compensation, including share ownership requirements. North West paid Towers Watson a retainer of \$41,896 for this review.

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

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

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

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

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

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

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The Governance Committee concluded that North West’s Director compensation was not competitive, as total Director compensation was below the 25th percentile of the Primary Comparator Group, and below the 40th percentile for the Chairman of the Board (the data point that is higher than 25% and 40% respectively, of all other data in the sample when ranked low to high). As a result, the Board increased Director compensation for non-management Directors in 2013 as set out below.

Annual Cash Retainer	2013 (\$)	2012 (\$)
Chairperson of the Board ⁽¹⁾	132,500	120,000
Board Members ⁽²⁾	30,000	30,000
Audit Committee Chairperson ⁽²⁾	15,000	12,000
Governance and Nominating Committee Chairperson ⁽²⁾	8,000	8,000
Human Resources, Compensation and Pension Committee Chairperson ⁽²⁾	12,000	8,000
Annual Equity Retainer⁽³⁾		
Chairperson of the Board	67,500	25,000
Board Members	45,000	12,500
Meeting Attendance Fees⁽⁴⁾		
Board meeting (in person or by conference call)	1,500	1,500
Any Committee meeting of the Board (in person or by conference call)	1,500	1,500

Notes:

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

Director Share Ownership Requirements

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

North West’s share ownership requirements were increased in 2013 to align with current market practice, and as a result of the increases to Director compensation, minimum share ownership requirements for Directors was increased to \$225,000 (3 times the annual cash and equity retainer) from \$90,000 (3 times the cash retainer), and to \$292,500 for the Chairman of the Board (3 times the annual cash retainer for all Directors and the Chairman’s equity retainer). Directors have five years from their initial appointment to the Board to comply with these minimum Share ownership requirements (previously three years).

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

Deferred Share Unit Plan

North West offers a deferred Share unit plan for independent Directors (the “**DSU Plan**”). The purpose of the DSU Plan is to enhance the ability of North West to attract and retain independent Directors whose training, experience and ability will contribute to the effective governance of North West, and to directly align their interests with the interests of Shareholders by providing compensation for services to North West in the form of deferred Share units. In addition to the annual equity retainer which is paid in the form of a grant under the DSU Plan, participants are entitled to elect each year the amount credited with deferred Share units based on

the portion of Director fees each participant elects to allocate to the DSU Plan. Each deferred Share unit entitles the holder to receive one Share. The grant for deferred Share units cannot exceed \$100,000 per calendar year for any Director.

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

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

There were 145,799 deferred Shares units outstanding as at April 9, 2014. See "Part III — ABOUT THE NOMINATED DIRECTORS" for current deferred Share units held by individual Directors. There were 20,629 deferred Share Units exercised during the year ended January 31, 2014, all by retired directors. These units were settled in cash.

Director Fees Paid for the Year Ended January 31, 2014

The retainer and meeting fees earned by each Director who is not an officer or employee of North West or any of its subsidiaries for the fiscal year ended January 31, 2014 are reflected in the following chart. The Directors are also reimbursed for reasonable traveling and other expenses properly incurred by them in attending Board or Board committee meetings in connection with their service as a Director.

Name	Fees Earned (\$) ⁽¹⁾	Share-based awards (\$) ⁽²⁾	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation	Total (\$)
H. Sanford Riley	94,922	101,953	—	—	—	—	196,875
Frank Coleman	28,500	83,000	—	—	—	—	111,500
Wendy Evans	63,000	45,000	—	—	—	—	108,000
Robert Kennedy	33,000	86,000	—	—	—	—	119,000
Violet (Vi) Konkle ⁽³⁾	—	—	—	—	—	—	—
Gary Lukassen ⁽⁴⁾	75,750	45,000	—	—	—	—	120,750
Gary Merasty	30,000	75,000	—	—	—	—	105,000
Eric Stefanson	45,750	60,750	—	—	—	—	106,500
Annette Verschuren	43,875	59,625	—	—	—	—	103,500

Notes:

- (1) Represents fees paid to the Director in cash.
- (2) Represents fees paid through awards under the DSU Plan.
- (3) Ms. Konkle was appointed to the Board in March, 2014 so she did not receive any Director fees for the fiscal year ended January 31, 2014.
- (4) Mr. Lukassen is retiring from the Board effective June 11, 2014.

Corporate Cease Trade Orders or Bankruptcies

Mr. Robert J. Kennedy

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

PART IV — COMPENSATION DISCUSSION AND ANALYSIS

LETTER TO OUR SHAREHOLDERS

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

Overall, the Board believes the performance of its senior executive team has made a significant contribution to the growth and success of North West. Over the past five year period, North West Shares have produced a compounded annual return of 16.2%, and trading profit (“**EBITDA**”) has grown from \$122.3 million to a record \$138.3 million. During this same 5-year period, North West’s Share price has increased from \$16.14 to \$25.42, and \$291.3 million has been returned to Shareholders in the form of dividend or distribution payments. Shareholder returns remained strong at 15.1% for 2013, despite continued global economic instability and an increase in competition within the retail sector.

2013 was a demanding year for North West that challenged management to deliver more ongoing “In Store” improvements. While our financial results were mixed, 2013 was very productive on setting priorities and getting our business back to delivering superior returns. Senior management time was also invested in pursuing investment opportunities that arose over the past six months, as part of what turned out to be a very active financial transaction period within the Canadian retail sector. Please see our Annual Report filed on www.sedar.com and on www.northwest.ca for further details on “*More for our Customers*” and North West’s financial performance.

We believe our approach to executive compensation in 2013 is working as intended. Notwithstanding the strong returns North West continued to deliver to its Shareholders in 2013, it did not meet all of its financial, long range plan (“**LRP**”) and individual performance objectives, which resulted in decreased compensation for its named executive officers. The specific, individual measures of performance that factored into North West’s compensation program for 2013 are outlined in the following pages.

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

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

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

Sincerely,

“*Bob Kennedy*”

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

“*Sandy Riley*”

H.R. Sanford Riley
Chairman of the Board

INTRODUCTION

The following Compensation Discussion and Analysis (“CD&A”) is intended to provide North West’s Shareholders with a description of the processes and decisions involved in the design, oversight and payout of our compensation programs for the named executive officers (“NEOs”) for the fiscal year ended January 31, 2014. Although the CD&A focuses on the compensation policies and practices for NEOs, these programs generally apply to North West’s entire executive team.

The NEOs during fiscal 2013 were as follows:

- Edward Kennedy, President and Chief Executive Officer;
- John King, Chief Financial Officer;
- Craig Gilpin, Executive Vice President and Chief Corporate Officer;
- Paulina Hiebert, Vice President, Legal and Corporate Secretary; and
- Rex Wilhelm, President and Chief Operating Officer (International Operations).

COMPENSATION GOVERNANCE

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

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

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

The Compensation Committee held five regularly scheduled meetings in fiscal 2013. The President and Chief Executive Officer, Executive Vice President and Chief Corporate Officer, Chief Financial Officer, and Vice President Legal and Corporate Secretary attend meetings of the Compensation Committee, but do not have the right to vote on any matter. Other senior officers may also attend parts of a meeting for presentation purposes. No officer, including the President and Chief Executive Officer, is present when his or her compensation is discussed.

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

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

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

EXECUTIVE COMPENSATION PHILOSOPHY

Since its formation 27 years ago, North West has embraced an organization wide and market competitive pay-for-performance compensation philosophy linked to the delivery of superior total returns to its Shareholders through a focus on both earnings growth and annual cash dividend yield. North West's total compensation objective for executives is to pay in the upper quartile of the market when sustainable upper quartile performance is achieved. A significant portion of each executive's compensation is also "at risk" in order to motivate executives and align their interests with the creation of long-term Shareholder value.

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

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

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

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

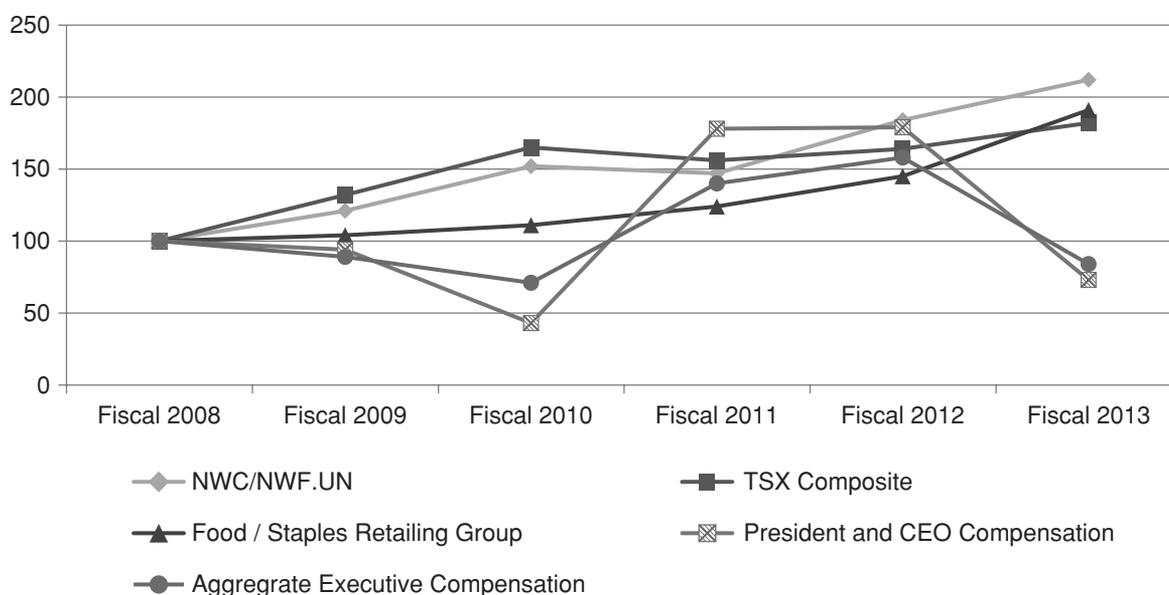
Compensation planning in the context of the short term or annual incentive ("STIP") is integrated with the annual business planning and budgeting process, and 100% of this award is "at risk" if corporate performance is not met for the year. Annual corporate performance, business unit performance and individual performance targets for executives are set based on the overall strategic plan and business priorities for the year. For executives above the Vice President level, if the executive does not meet at least 90% of his or her performance target for the year, the executive does not receive any payment under the STIP. In addition, if the corporate performance achieved is less than 80% of target for the year, the Board retains the discretion to not pay any award, even if business unit and individual performance targets were achieved by the executive for that year. SEE ELEMENTS OF 2013 COMPENSATION — 2013 Short Term Incentive Plan for more details on the short term incentive plan.

Performance in the context of the long-term incentive is based on value creation for its Shareholders and is designed to encourage executives to remain with North West over the long term. A significant portion of the long-term incentive is also "at risk". $\frac{1}{3}$ of the payment of performance share units at the end of each 3-year vesting cycle is based on the 3-year actual average STIP performance and $\frac{1}{3}$ of the payment is based on the relative total shareholder return to a defined peer group for the 3 year period. The remaining $\frac{1}{3}$ of the payment is time-based. North West's share option plan is specifically designed to reinforce North West's performance goal of delivering superior total shareholder returns, consisting of higher than average sustainable dividends and earnings growth. SEE ELEMENTS OF 2013 COMPENSATION — Performance Share Units and Share Option Plan for more details.

Shareholder Return and Executive Compensation

Below is a comparison of the cumulative total return between North West and the TSX Composite Index and Food/Staples Retailing Group Index for the fiscal years ended January 31, 2009 (“Fiscal 2008”) to January 31, 2014 (“Fiscal 2013”). This comparison assumes \$100 was invested on January 31, 2009 and all distributions/dividends were reinvested. The table and graph below also shows the trend in total compensation earned by the President and CEO for the fiscal years 2008 to 2013, and the compensation earned by all of North West’s NEOs for the same period, and compares this compensation to North West’s return to Shareholders over this same period, as well as returns under the TSX Composite Index and the Food/Staples Retailing Group Index.

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



	Fiscal 2008	Fiscal 2009	Fiscal 2010 ⁽¹⁾	Fiscal 2011 ⁽²⁾	Fiscal 2012 ⁽³⁾	Fiscal 2013	1 year annual return (2012 - 2013)	5 year compounded annual return
NWF/NWC	100	121	152	147	184	212	15.1%	16.2%
TSX Composite	100	132	165	156	164	182	11.4%	12.8%
Food/Staples Retailing Group	100	104	111	124	145	191	31.3%	13.8%
President & CEO Compensation	100	94	43	178	179	73		
Aggregate Executive Compensation ⁽⁴⁾⁽⁵⁾⁽⁶⁾	100	89	71	140	158	84		

Notes:

- (1) For fiscal 2010, the Total Compensation was impacted by the fact that no STIP was earned by the President and CEO, and only a nominal amount was earned in aggregate for the remaining NEOs.
- (2) For fiscal 2011, the Total Compensation for the President and CEO and all NEOs was impacted by the one-time special grant of 120,000 RSUs to the President and CEO on February 1, 2011, which had a market value at the time of grant of approximately \$2.5 million. This one-time grant was provided in recognition of Mr. Kennedy’s 16 year tenure as President and CEO of North West at that time, during which time North West had consistently delivered total returns to Shareholders which significantly exceeded the

performance of the TSX Composite Index and various retail groups. In recognition of this, and in order to incent Mr. Kennedy, who was 52 years of age at that time, to continue with the leadership of North West until he reached normal retirement age, North West entered into an employment agreement with Mr. Kennedy, effective February 1, 2011. (See “PART IV — COMPENSATION DISCUSSION AND ANALYSIS — Termination and Change of Control Benefits — Employment Agreements/Others of Employment”).

- (3) For fiscal 2012, the Total Compensation for all NEOs was impacted by the significant increase in Pension Value. The year-end Pension Value is determined by projecting the previous calendar year pensionable earnings to age 60 (retirement age) for each NEO. Pensionable earnings in fiscal 2012 for NEOs were over 50% higher compared to fiscal 2011 due to the nominal STIP paid in fiscal 2010. See PART IV — COMPENSATION DISCUSSION AND ANALYSIS — Summary Compensation Table — Note 4 for more details on how the Pension Value is calculated.
- (4) The newly created Executive Vice President and Chief Corporate Officer position was added in March, 2010, and is included in the total compensation numbers for the Fiscal years 2010, 2011, 2012 and 2013.
- (5) Does not include the termination payment made to the Executive Vice President, Northern Canada Retail for Fiscal 2012, when his employment ended on January 11, 2013.
- (6) Does not include Rex Wilhelm for fiscal 2012, as only 5 NEOs are included for the comparison of the trend in North West’s compensation to executive officers to the total return to North West Shareholders.

As shown in the graph and table above, over the past 5 year period, North West Shares have generally outperformed the TSX Composite Index as well as the Food/Staples Retailing Index. Over the same period, North West Shares produced a compound annual return of 16.2% compared to the TSX Composite Index return of 12.8% and the Food/Staples Retailing Group return of 13.8%. In Fiscal 2013, total return to North West’s Shareholders was 15.1%, outperforming the TSX Composite Index return of 11.4%, but below the 31.3% return of the Food/Staples Retailing Group, which was impacted by various significant transactions completed during the year by several major retailers (Shoppers Drug Mart acquired by Loblaws Companies Limited; Canada Safeway acquired by Empire Company Limited; and the creation of CT Real Estate Trust by Canadian Tire).

Compared to Fiscal 2008, the Total Compensation awarded in Fiscal 2013 to (i) the President and CEO decreased by 26.7%; and (ii) the NEOs (including the President and CEO) decreased 15.6% compared to: (iii) compounded Shareholder annual return of 16.2% over the same five years; (iv) growth in market capitalization of 60.4% (\$770 million in 2008 to \$1.2 billion in 2013); and (v) growth in EBITDA of 13.2% (\$122 million in 2008 to \$138 million in 2013).

DESIGN OF COMPENSATION PROGRAM AND ROLE OF COMPENSATION CONSULTANTS

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

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

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

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

Canadian Retail Organizations

This group provided perspective for compensation in the Canadian market, and was the core group used by the Committee to benchmark executive compensation. Although it includes some organizations that are significantly larger than North West, the group captures retailers (specifically food retailers) that otherwise would have fallen outside the size scope but are important as key competitors for talent. This group is skewed with very large and very small companies relative to North West, but provides valuable information about pay practices and design. North West's revenue is positioned slightly above the 75th percentile relative to this peer group (the data point that is higher than 75% of all other data in the sample when ranked low to high).

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

North American Retail Companies

This group served to provide a view of compensation for companies of similar size and complexity to North West, but not necessarily in the food industry. North West's revenue is positioned between the 25th percentile (the data point that is higher than 25% of all other data in the sample when ranked from low to high) and the 50th percentile relative to this peer group (the data point that is higher than 50% of all other data in the sample when ranked from low to high).

Bon-Ton Stores Inc.	DSW Inc.	Reitmans Canada
Guess Inc.	Express Inc.	Vitamin Shoppe Inc.
GNC Holdings Inc.	Buckle Inc.	Cato Corp
Spartan Stores Inc.	Church & Dwight Inc.	Shoe Carnival Inc.
Brown Shoe Co. Inc.	Aeropostale Inc.	Hibbett Sports Inc.
Rue 21 Inc.	Urban Outfitters Inc.	Mens Warehouse Inc.
Ann Inc.	Freds Inc.	Chicos Fas Inc.
Childrens Place Retail Strs	Carter's Inc.	Zale Corp.
Genesco Inc.	Tuesday Morning Corp.	Stages Stores Inc.
Jos A Bank Clothiers Inc.	Pier 1 Imports Inc.	Dollarama Inc.
Conn's Inc.	Ulta Salon Cosmetics and Frag	Stein Mart Inc.
Colabor Group Inc.	Finish Line Inc.	Wolverine World Wide Inc.
Pacific Sunwear Calif Inc.	Big 5 Sporting Goods Corp.	New York & Co. Inc.
Indigo Books & Music Inc.		.

US Food Retail and Distributor Organizations

Similar to the Canadian retail group, this group provided perspective about pay practices and design, specifically in the food space. Several companies are significantly larger than North West, however all companies with revenues in excess of \$6 billion were excluded. North West's revenue is positioned below the 25th percentile relative to this peer group (the data point that is higher than 25% of all other data in the sample when ranked from low to high).

Roundy's Inc.	Fresh Market Inc.	Ingles Markets Inc.
Nash Finch Co.	Village Super Market Inc.	Weis Markets Inc.
United Natural Foods Inc.	Susser Holdings Corp.	Spartan Stores Inc.
Andersons Inc.	Harris Teeter Supermarkets	

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

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

The Compensation Committee concluded as a result of the review, that total remuneration and the compensation design for North West's executives are positioned competitively relative to the comparator groups. As a result, the Board did not make any significant changes to compensation practices in North West's 2013 fiscal year, nor does it anticipate making any significant changes to compensation practices in North West's 2014 fiscal year.

North West has not engaged Mercer to provide any services other than executive compensation advisory services to the Compensation Committee in 2012 or 2013. The pre-approval of the Compensation Committee is required prior to engaging Mercer to provide any other services to North West. The following presents the aggregate fees billed for executive compensation services by external consultants to the Compensation Committee for its fiscal years ended January 31, 2013 and 2014:

Advisor	Fiscal Year	Fees (\$ in Thousands)
Mercer	2013	117
Mercer	2012	22

ELEMENTS OF 2013 EXECUTIVE COMPENSATION

The key elements included in determining the total compensation of executives during 2013 were (i) annual base salary; (ii) short term incentive awards; and (iii) long term incentive awards (performance share units and options). Other elements of executive compensation include group benefits, pension benefits and perquisites.

The following table illustrates, as a percentage for each element, each NEOs target total compensation mix for 2013, as well as the mix for the other senior executives of North West. This mix reflects the proportionate amount of influence and focus each level has on decision making and business results within the respective planning horizon, while reinforcing the pay-for-performance link and alignment with Shareholder interests.

NEO/Position	Base Salary	STIP	Performance Share Units	Options ⁽¹⁾	Total
Edward Kennedy, President and CEO	27%	20%	21.0%	32.0%	100%
John King, Chief Financial Officer	42%	25%	16.5%	16.5%	100%
Craig Gilpin, Executive Vice President and Chief Corporate Officer	42%	25%	16.5%	16.5%	100%
Paulina Hiebert, Vice President Legal and Corporate Secretary	50%	25%	17.5%	7.5%	100%
Rex Wilhelm, President and Chief Operating Officer (International)	42%	25%	16.5%	16.5%	100%
Vice Presidents	50%	25%	17.5%	7.5%	100%

Note:

(1) Options are not granted to positions below the Vice President level.

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

NEO/Position	STIP target (as a % of base salary)	Performance Share Units (as a % of base salary)	Options (as a % of base salary) ⁽¹⁾
Edward Kennedy, President and CEO	75%	80%	120%
John King, Chief Financial Officer	60%	40%	40%
Craig Gilpin, Executive Vice President and Chief Corporate Officer	60%	40%	40%
Paulina Hiebert, Vice President Legal and Corporate Secretary	50%	35%	15%
Rex Wilhelm, President and Chief Operating Officer (International)	60%	40%	40%
Vice Presidents	50%	35%	15%

Note:

(1) Options are not granted to positions below the Vice President level.

Annual Base Salary

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

Consistent with North West's approach to salary increases described above, the following base salaries were approved by the Board in 2013, which became effective in May, 2013.

NEO	2012 Base Salary (\$)	2013 Base Salary (\$)	Base Salary Increase
Edward Kennedy	713,000	734,400	3.0%
John King	285,000	293,600	3.0%
Craig Gilpin	355,500	366,200	3.0%
Paulina Hiebert	250,000	257,500	3.0%
Rex Wilhelm ⁽¹⁾	278,500	286,900	3.0%

Note:

(1) Mr. Wilhelm's base salary is expressed in U.S \$.

Short Term Incentive Plan ("STIP")

The STIP consists of an annual cash payment, and is made to recognize achievement against operational and strategic performance initiatives and targets set by the Board on an annual basis. The value of the STIP is

based on a percentage of the executive's base salary. The following describes the STIP target awards each NEO and executive is eligible to receive as a percentage of base salary:

NEO/Position	STIP Design (STIP target as a % of base salary)
Edward Kennedy	75%
John King	60%
Craig Gilpin	60%
Paulina Hiebert	50%
Rex Wilhelm	60%
Vice Presidents	50%

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

	90% of Target STIP Performance (Threshold)	Target STIP Performance	110% of Target STIP Performance (Maximum)
Edward Kennedy ⁽¹⁾	0%	100%	200%
John King ⁽¹⁾	0%	100%	200%
Craig Gilpin ⁽¹⁾	0%	100%	200%
Paulina Hiebert ⁽²⁾	35%	100%	150%
Rex Wilhelm ⁽¹⁾	0%	100%	200%
Vice Presidents ⁽²⁾	35%	100%	150%

Notes:

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

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

	Corporate Performance ⁽¹⁾⁽⁴⁾	Business Unit Performance ⁽²⁾	Individual Performance ⁽³⁾
President and CEO	80%	—	20%
Executive Vice Presidents (Corporate)/Chief Financial Officer	60%	—	40%
Executive Vice Presidents (Business Unit)	20%	80%	—
Vice Presidents (Operating Business Units)	20%	80%	—
Vice Presidents (Corporate)	50%	—	50%

Notes:

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

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

Refer to the “2013 PERFORMANCE AND COMPENSATION — 2013 STIP AWARDS” for actual STIP awards earned by each NEO for 2013 performance.

Long Term Incentive Plans (“LTIP”)

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

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

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

Performance Share Units (PSUs)

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

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

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

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

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

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

Note:

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

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

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

The Compensation Committee retains the discretion to add entities to the TSR Comparator Group to replace any entities that are delisted as a publicly traded issuer, or if the Compensation Committee determines for any other reason that any entity is no longer an appropriate entity to be included in the TSR Comparator Group.

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

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

Note:

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

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

Refer to the “2013 PERFORMANCE AND COMPENSATION — Summary Compensation Table/STIP AND LTIP AWARDS” for information on actual PSU awards granted to each NEO in 2013 and for amounts paid out under existing PSU grants in 2013.

Share Option Plan

North West currently has two Share option plan designs in place. The Original Option Plan was implemented in 2009, and options were granted in 2009 and 2010 under this plan. Options granted under the Original Option Plan to North West executives are time vested awards that vest one-third per year at the end of years three, four and five, with expiry of options at the end of year 10. The purpose of this plan was to promote long-term shareholder value creation by fostering greater alignment of interests between the executives and Shareholders of North West.

In June, 2011 the Shareholders approved an Amended and Restated Option Plan to include a partially declining strike price option for Canadian executives with a seven year term. This feature was added to recognize that a significant portion of North West’s long-term total return to Shareholders will continue to depend on its

dividend performance and that this element should accordingly be part of the long-term incentive award to North West executives. Apart from this feature, the purpose of this Amended and Restated Option Plan is similar to that of the Original Option Plan, namely:

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

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

The exercise price for all options granted under the Partially Declining Exercise Price Option is calculated by deducting from the exercise price applicable to the Standard Option, the portion of all quarterly dividends paid, on a per Share basis, that exceed a dividend yield of 2% for North West. The Board has determined that it will use the same calculation for those options granted in 2014.

Refer to the “2013 PERFORMANCE AND COMPENSATION — Summary Compensation Table/ Outstanding Equity Based Awards” for information on actual LTIP awards granted to each NEO in 2013.

Other Elements of 2013 Compensation

Benefits

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

Pension Plan

All current executives in Canada participate in a non-contributory Defined Benefit Pension Plan. The annual benefit payable is based on a range of 1.4% to 1.7% per year of service of the final average earnings (base salary and STIP) prior to retirement (based on highest 3 consecutive years of annual earnings in the 10 year period preceding retirement). Upon death, reduced payments continue to the spouse, if applicable. Executives may elect to contribute to the plan to provide for ancillary benefits. With the consent of the Board, the benefit is not reduced for early retirement at age 60 if the member has 10 years of service as an executive of North West. 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 North West's International division have the option to participate in the North West's International 401(k) Plan, a defined contribution plan qualified under sections 401(a) and 401(k) of the Internal Revenue Code. Eligible employees may elect to contribute a portion of their salary to the plan, and the North West provides 50% matching contributions on the employee's contributions up to 6% of base salary.

See the "2013 PERFORMANCE AND COMPENSATION — Summary Compensation Table/Present Value of Accumulated Pension Benefits" for additional information regarding the value of these pension benefits.

Employee Share Ownership Plan

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

Risk Management

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

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

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

Executive Compensation Clawback Policy

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

Insider Trading Policy

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

2013 PERFORMANCE AND COMPENSATION

Summary Compensation Table

The following table summarizes the base salary, incentive-based awards, and other compensation awarded to the NEOs for the fiscal year ended January 31, 2014.

Name/Principal Position	Year	Salary (\$)	Share Based Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation		Pension Value (\$) ⁽⁴⁾	All Other Compensation (\$) ⁽⁵⁾	Total Annual Compensation (\$)
					Annual Incentive Plans (\$) ⁽³⁾	Long Term Incentive Plans (\$)			
Edward Kennedy ⁽⁶⁾	2013	729,461	587,520	881,280	384,459	—	—556,200	77,925	2,104,446
President and Chief Executive Officer	2012	734,823	570,400	855,600	840,422	—	2,072,600	77,919	5,151,764
	2011	686,762	3,095,360	830,640	655,319	—	—234,800	71,146	5,104,427
John King	2013	291,615	117,440	117,440	147,346	—	47,000	36,948	757,790
Chief Financial Officer	2012	289,231	114,000	114,000	269,567	—	413,100	37,482	1,237,380
	2011	253,269	104,000	104,000	196,918	—	41,800	31,392	731,379
Craig Gilpin	2013	363,731	146,480	146,480	170,964	—	89,700	44,008	961,362
Executive Vice President, and Chief Corporate Officer	2012	366,373	142,200	142,200	316,839	—	267,200	40,527	1,275,339
	2011	342,381	138,040	138,040	261,371	—	—10,000	36,231	906,063
Paulina Hiebert	2013	255,769	90,125	38,625	100,865	—	77,600	32,153	595,136
Vice President, Legal and Corporate Secretary	2012	255,577	87,500	37,500	168,877	—	137,400	31,674	718,528
	2011	231,365	82,250	35,250	132,910	—	61,500	28,498	571,773
Rex Wilhelm ⁽⁷⁾	2013	290,225	114,760	114,760	55,445	—	—	4,950	580,140
President and Chief Operating Officer (International)	2012	276,319	111,400	111,400	94,646	—	—	—	593,765
	2011	268,273	108,160	103,909	300,543	—	—	—	780,277

Notes:

- (1) Represents the dollar amount based on the fair value on the grant date of the award for the fiscal year under North West's RSU and PSU plans multiplied by the number of Shares granted. The fair market value at the grant date was calculated by using the volume weighted average closing market price for the five days prior to February 1 of the grant year. The total RSUs and PSUs granted in 2011, 2012 and 2013 to each NEO are summarized below. The RSUs and PSUs granted in 2011 vested on January 31, 2014 and will be paid out in April, 2014.

	2011 RSU Grant	2011 PSU Grant	2012 PSU Grant	2013 PSU Grant
Edward Kennedy	120,000 ^(A)	26,146	29,147	25,478
John King	—	4,911	5,826	5,093
Craig Gilpin	—	6,518	7,267	6,352
Paulina Hiebert	—	3,884	4,472	3,908
Rex Wilhelm	—	5,107	5,693	4,977

Note:

- (A) Represents the special grant of 120,000 RSUs granted to Mr. Kennedy on February 1, 2011 pursuant to the terms of his employment contract. 1/3 vested on January 31, 2012; 1/3 vested on January 31, 2013; and 1/3 vested on January 31, 2014. See "Employment Agreements/Offers of Employment" below.
- (2) Represents the dollar amount based on the fair value on the grant date. Fair value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the grant date. See "Outstanding Equity Based Awards" for details.
- (3) Represents the dollar value of all amounts earned for services performed during the fiscal year that are related to awards under non-equity incentive plans and all earnings on any such outstanding awards. See "Annual STIP Awards" for details.
- (4) See table called "Present Value of Accumulated Pension Benefits" for details.
- (5) See table called "All Other Compensation" for details.
- (6) Mr. Kennedy does not receive compensation in his capacity as a Director.
- (7) All amounts paid to the President and Chief Operating Officer for the International Division are expressed in U.S. Dollars.

STIP AND LTIP AWARDS

The table below shows the STIP and LTIP awards by each NEO that were vested or earned during the fiscal year ended January 31, 2014.

Name	Option-Based Awards/Value Vested During the Year (\$) ⁽¹⁾	Share-Based-Awards/Value Vested During the Year (\$) ⁽²⁾	Non-Equity incentive plan Compensation/Value earned during the Year (\$) ⁽³⁾
Edward Kennedy ⁽⁴⁾	696,086	2,032,841	384,459
John King	60,273	165,645	147,346
Craig Gilpin	44,835	216,703	170,964
Paulina Hiebert	18,099	130,435	100,865
Rex Wilhelm	92,368	161,506	55,445

Notes:

(1) The value of the option-based awards is calculated as follows:

- (a) 2009 grant — \$10.17 per option based on the difference between the fair value of the option as at January 31, 2014 of \$25.28 and the exercise price of \$15.11.
- (b) 2010 grant — \$6.17 per option based on the difference between the fair value of the option as at January 31, 2014 of \$25.28 and the exercise price of \$19.11.

Fair value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding February 1, 2014.

(2) The value of the Share based awards that vested during the year was calculated by the number of PSUs that vested by \$25.28, which is the fair market value of North West Shares at January 31, 2014. Fair market value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the vesting date of February 1, 2014. The value also includes the equivalent of dividends earned up to January 31, 2014 on vested RSUs and PSUs. For the Share based awards for Mr. Kennedy that vested during the year, please also refer to Note 4 below.

Please refer to “See “2013 PERFORMANCE AND COMPENSATION — PSUs Vested in 2013” for information on the methodology for calculating the number of the PSU awards that vested during the year.

(3) Please refer to “2013 PERFORMANCE AND COMPENSATION — 2013 STIP Awards” for information on the calculation of the STIP awards.

(4) The value of the Share based awards for Mr. Kennedy includes the RSUs that vested on January 31, 2014 under the special grant provided to Mr. Kennedy on February 1, 2011. Under the terms of Mr. Kennedy’s employment agreement, the value of any vested RSUs under this special grant is calculated as the number of vested RSUs multiplied by the Fair Market Value (the volume-weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the redemption date). The value also includes the equivalent of dividends earned up to January 31, 2014. See “Employment Agreements/Offer of Employment” for more information on this special grant.

2013 STIP Awards

The following summarizes North West's performance against the STIP targets set for NEOs for the 2013 fiscal year.

2013 STIP Performance Measure	Met STIP Target	Edward Kennedy	John King	Craig Gilpin	Paulina Hiebert	Rex Wilhelm
Consolidated STIP Earnings: 2013 Consolidated EBIT Target (adjusted for normalizing factors and cost of capital) • Target STIP Earnings: \$124,932 • Actual STIP Earnings: \$120,131	Partially Met at 96%	✓	✓	✓	✓	✓
International Operations STIP Earnings: 2013 International EBIT Target (adjusted for normalizing factors and cost of capital) • Target STIP Earnings: \$24,009 • Actual STIP Earnings: \$21,608	Partially Met at 90%					✓
Actual Performance versus Target on Combined IP Targets for each NEO		100.3%	100.3%	101.6%	98.7%	100.0%
Improve Perishable Food Performance Gaps: The goal is to improve the performance of categories that attract higher activity costs and are more complex executions. ⁽¹⁾		✓	✓	✓	✓	✓
Optimize In-Stock Position: The goal is to improve business readiness through technology and ordering process. ⁽¹⁾		✓	✓	✓	✓	✓
Ensure Store Teams Stability: The goal is to drive store execution through the attraction, placement and retention of capable store teams. ⁽¹⁾		✓	✓	✓	✓	✓
Build Our Supply Chain Advantage: The outcomes expected from this initiative are improved product visibility and delivery service within a more productive and lower cost transportation and distribution network. ⁽¹⁾		✓	✓	✓	✓	
Cascade Our Leadership Principles into Practice: North West considers its leadership principles in action to be the foundation for effective management across all levels of the organization and as such, continues to cascade and reinforce those principles throughout the organization. ⁽¹⁾		✓	✓	✓	✓	✓
Giant Tiger Performance Improvement: The goal is to improve EBITDA performance for the Giant Tiger banner. ⁽¹⁾		✓	✓	✓	✓	
Cost-U-Less Performance Improvement: The goal is to improve EBITDA performance for the Cost-U-Less banner. ⁽¹⁾		✓	✓	✓	✓	✓
Financial Services: This initiative focuses on the rebranding of North West's financial services platform to "We Financial" and the successful conversion of North West's prepaid card program to a new provider. ⁽¹⁾		✓	✓	✓	✓	
Leading Community Retailer: North West is committed to being a trusted community store and bringing to communities, products and services that help people live better. This initiative is designed to improve North West's localized strategies through a better understanding of North West's existing and future customers and communities. ⁽¹⁾		✓	✓	✓	✓	
Individual Objectives/Targets						
Refinancing of North West's Loan Facilities: This initiative was to refinance North West's Canadian and International loan facilities, which was completed successfully. ⁽¹⁾			✓			

Note:

- (1) North West will not provide further details about these IP Targets or Individual Objectives as it believes the disclosure of this information could seriously prejudice its interests as it constitutes strategic confidential information. These targets and objectives are aligned with North West's main priorities, and constitute targets and ongoing projects which are highly strategic, and which disclosure could jeopardize their completion. A check mark in a box indicates the inclusion of the NEO in the specific IP target or Individual Objective and is not an indication of performance versus target for the specific measure. Please refer to the "Strategies" section on page 6 of North West's 2013 Annual Report for more details on these initiatives, which can be found at www.northwest.ca or at www.sedar.com.

The following sets out the individual STIP awards in fiscal 2013 for each NEO. No discretionary adjustment was used in determining individual NEO awards.

NEO	2013 STIP Performance Measure	% Weight of Measure	% of Base Salary Target	% of Base Salary Paid	Earned STIP \$
Edward Kennedy	Consolidated STIP Earnings	80%	60%	36.9%	271,307
	Combined IP Targets	20%	15%	15.4%	113,152
	TOTAL	100%	75%	52.35%	384,459
John King	Consolidated STIP Earnings	70%	42%	25.9%	75,925
	Combined IP and Individual Targets	30%	18%	24.3%	71,421
	TOTAL	100%	60%	50.2%	147,346
Craig Gilpin	Consolidated STIP Earnings	70%	42%	25.9%	94,699
	Combined IP Targets	30%	18%	20.8%	76,265
	TOTAL	100%	60%	46.7%	170,964
Paulina Hiebert	Consolidated STIP Earnings	80%	40%	30.0%	77,272
	Combined IP Targets	20%	10%	9.2%	23,593
	TOTAL	100%	50%	39.2%	100,865
Rex Wilhelm	Consolidated STIP Earnings	20%	12%	7.4%	56,881
	International Operations STIP Earnings	60%	36%	0%	0
	Combined IP Targets	20%	12%	11.9%	37,765
	TOTAL	100%	60%	19.3%	55,445

PSUs Vested in 2013

The following sets out the calculation of the individual PSUs earned or vested during the fiscal year ended January 31, 2014 for each NEO. These PSUs vested on January 31, 2014, and will be paid out in April 2014. No discretionary adjustment was used by the Board in determining individual PSU payments.

NEO	Retention ⁽¹⁾	Operating ⁽¹⁾		Relative ⁽¹⁾		Amount of PSU Paid (\$) ⁽³⁾
	Vesting %	Average of 2011-2013 STIP Performance	Vesting %	TSR ⁽²⁾ Performance	Vesting %	
Edward Kennedy	100%	101.32%	163.2%	P40	80%	869,784
John King	100%	101.80%	168.0%	P40	80%	165,645
Craig Gilpin	100%	101.30%	163.0%	P40	80%	216,703
Paulina Hiebert	100%	101.65%	166.5%	P40	80%	130,453
Rex Wilhelm	100%	99.63%	146.3%	P40	80%	161,506

Notes:

- (1) See “ELEMENTS OF 2013 COMPENSATION — Performance Share Units” for further details on the methodology used to calculate the number of PSUs that vested.
- (2) TSR relative performance is calculated by Mercer, and represents the data point that is higher than 40% of all other data in the sample when ranked from low to high. North West’s TSR performance was impacted by various significant transactions (acquisitions, divestitures, spin-offs, other financial engineering transactions) that occurred within the TSR Comparator Group in 2013. If Shoppers Drug Mart (acquired by Loblaw’s), Safeway (Canada Safeway acquired by Empire Company), and Canadian Tire (created CT Real Estate Trust) are excluded from the Comparator Group, North West’s TSR performance would be at P54.
- (3) The value of the PSU awards was calculated by multiplying the number of PSUs that vested by \$25.28, which is the fair market value of North West Shares. Fair market value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the vesting date. The value also includes the equivalent of dividends earned up to January 31, 2014 on vested PSUs.

Present Value of Accumulated Pension Benefits

The following is a summary of the North West's present value of accumulated pension benefits for each of its NEOs. Please refer to "Other Elements of 2013 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 (\$) ⁽²⁾
Edward Kennedy	19.17	392,000	608,500	6,284,900	- 556,200	93,900	5,822,600
John King	7.58	55,700	184,100	789,700	47,000	- 6,300	830,400
Craig Gilpin	3.83	35,800	181,100	441,200	89,700	- 3,800	527,100
Paulina Hiebert	4.17	25,800	100,700	304,800	77,600	800	383,200

Name	Accumulated Value At Start of Year (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Accumulated Value at End of Year (\$)
Rex Wilhelm ⁽¹⁾	373,073	—	—	452,307

Notes:

- (1) Amounts are stated in \$U.S.
- (2) Pensionable earnings are determined on a calendar-year basis, and include base salary and STIP. The estimated future benefits payable under the defined benefit pension plan are calculated by North West's independent actuaries based on the same valuation method and significant assumptions used in determining the present value of the defined benefit obligations as disclosed in Note 12 to North West's audited Consolidated Financial Statements for the year-ended January 31, 2014. The underlying assumption used by the actuary is a 4% annual increase in pensionable earnings. Pensionable earnings in excess of 4% are allocated into the compensatory amount which comprises the Pension Value as shown in this table (the reverse also applies in the event pensionable earnings grow less than 4%, which results in a negative amount for the year). The year-end Pension Value is determined by projecting the previous calendar year pensionable earnings to age 60 (retirement age) for each NEO. The actuary determines the highest 3 calendar years of pensionable earnings to determine the accrued pension and obligation. In most situations this is the last or final three years.

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All Other Compensation

The following table shows the breakdown of “All Other Compensation” in the Summary Compensation Table for 2011 to 2013. These amounts reflect the aggregate incremental costs to North West.

Name	Year	Flexible Benefits (\$)	Interest Subsidy on Loan (\$)	Life Insurance/ Executive Medical/ Other Health (\$)	Employee Ownership/401K Plan Contribution (\$)	Total All Other Compensation (\$)
Edward Kennedy	2013	72,947	1,345	3,460	173	77,925
	2012	73,482	1,169	3,088	180	77,919
	2011	68,599	—	2,374	173	71,146
John King	2013	29,162	—	2,067	5,719	36,948
	2012	28,923	—	2,620	5,939	37,482
	2011	25,230	—	783	5,279	31,292
Craig Gilpin	2013	36,373	—	2,298	5,337	44,008
	2012	36,637	—	2,990	890	40,527
	2011	34,199	—	1,165	867	36,231
Paulina Hiebert	2013	25,576	—	1,426	5,150	32,153
	2012	25,568	—	1,106	5,000	31,674
	2011	22,980	—	818	4,700	28,498
Rex Wilhelm	2013	—	—	—	4,950	4,950
	2012	—	—	—	—	—
	2011	—	—	—	—	—

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Outstanding Equity Based Awards

The following are the total unexercised Share-based awards and option-based awards granted to North West's NEOs as of January 31, 2014.

Share-based Awards				Option-based Awards			
Name	# of Shares that have not vested (rounded to nearest Share) ⁽¹⁾	Market or payout value of Share-based awards that have not vested (\$) ⁽²⁾	Market or payout value of vested Share-based awards not paid out or distributed ⁽³⁾	# of securities underlying unexercised options	Option exercise price/(\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽⁴⁾
Edward Kennedy	54,625	460,307	2,032,841	176,515	20.62	July 21, 2018	4,135,387
				182,484	21.86	April 12, 2019	
				93,734	15.25	June 26, 2019	
				197,468	23.21	April 11, 2020	
				106,700	19.11	April 16, 2020	
John King	10,918	92,010	165,645	22,101	20.62	July 21, 2018	421,226
				24,315	21.86	April 12, 2019	
				2,733	15.25	June 26, 2019	
				26,315	23.21	April 11, 2020	
				6,300	19.11	April 16, 2020	
				5,000	19.74	June 28, 2020	
Craig Gilpin	13,619	114,763	216,703	29,335	20.62	July 21, 2018	554,523
				30,329	21.86	April 12, 2019	
				32,822	23.21	April 11, 2020	
				21,800	19.11	April 16, 2020	
Paulina Hiebert	8,380	70,615	130,453	7,491	20.62	July 21, 2018	163,932
				7,999	21.86	April 12, 2019	
				8,655	23.21	April 11, 2020	
				8,800	19.11	April 16, 2020	
Rex Wilhelm	10,670	89,913	161,506	29,021	20.62	July 21, 2018	546,615
				32,712	21.86	April 12, 2019	
				12,867	15.25	June 26, 2019	
				34,996	23.21	April 11, 2020	
				13,100	19.11	April 16, 2020	

Notes:

- (1) Includes the number of unvested PSUs outstanding as at January 31, 2014.
- (2) The market value of the unvested Share-based awards is calculated by multiplying the portion of the outstanding PSUs which are time based ($\frac{1}{3}$ of the PSU grants for 2012 and 2013) granted to the NEO by the fair market value of the Shares as at February 1, 2014 (\$25.28). Fair market value is calculated based on the volume-weighted average closing price of the Shares on the TSX for the five trading days immediately preceding February 1, 2014. The $\frac{2}{3}$ portion of the outstanding PSU grants for 2012 and 2013 which are subject to performance conditions are valued at the minimum possible payout of zero on this table. The final amounts in the table include dividends earned up to January 31, 2014 on granted PSUs. No assumption is made for future dividends.
- (3) Includes the PSUs granted in 2011 that vested on January 31, 2014 and which will be paid out in April, 2014. For Mr. Kennedy, this also includes $\frac{1}{3}$ of the RSUs under the special RSU grant provided to Mr. Kennedy in February, 2011, and which vested on January 31, 2014. See "Employment Agreements/Offers of Employment" for more information on this special RSU grant.
- (4) The market value of all unexercised in-the-money original options granted in 2009 and 2010, and the options granted to Mr. Wilhelm in 2011, 2012 and 2013 are calculated based on the difference between \$25.42, the closing price of a common Share on January 31, 2014, and the option exercise price. The market value of unexercised in-the-money declining strike price options for Canadian NEOs granted in 2011, 2012 and 2013 are calculated based on the difference between the \$25.42, the closing price of a common Share on January 31, 2014, and the revised strike price of \$19.06 for 2011, the revised strike price of \$20.74 for 2012, and the revised strike price of \$22.72 for 2013. A rolling 365 day volume weighted average yield calculation was used for the calculation of the revised strike price. The portion of all quarterly dividends paid since the 2011, 2012 and 2013 grants, on a per Share basis, that exceed a dividend yield of 2% for North West, is also deducted from the strike price.

TERMINATION AND CHANGE OF CONTROL BENEFITS

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

The following table summarizes the payments that would be received by each NEO pursuant to contractual provisions where the executive ceases to be employed by North West. The amounts calculated are based on compensation as at January 31, 2014.

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

	For Cause (\$)	Without Cause (\$)	Change of control (\$)	Retirement (\$) ⁽²⁾	Death or Disability (\$)	Resignation (\$)
Edward Kennedy⁽¹⁾						
Base/Bonus/Perquisite	—	3,555,588	3,555,588	—	—	—
PSUs	—	1,380,920	1,380,920	1,380,920	1,380,920	—
Options ⁽⁵⁾	—	4,135,387	4,135,387	4,135,387	4,135,387	—
Total	—	9,071,895	9,071,895	5,516,307	5,516,307	—
John King						
Base/Bonus/Perquisite ⁽³⁾	—	—	—	—	—	—
PSUs ⁽⁴⁾	—	135,831	276,732	276,732	276,732	—
Options ⁽⁵⁾	—	—	424,376	424,376	—	—
Total	—	135,831	701,108	701,108	276,732	—
Craig Gilpin						
Base/Bonus/Perquisite ⁽³⁾⁽⁶⁾	—	604,230	978,817	—	—	—
PSUs ⁽⁴⁾	—	148,032	344,288	344,288	344,288	—
Options ⁽⁵⁾	—	—	554,523	554,523	—	—
Total	—	752,262	1,877,628	898,811	344,288	—
Paulina Hiebert						
Base/Bonus/Perquisite ⁽³⁾⁽⁷⁾	—	302,563	655,170	—	—	—
PSUs ⁽⁴⁾	—	104,253	211,846	211,846	211,846	—
Options ⁽⁵⁾	—	—	163,932	163,932	—	—
Total	—	406,816	1,030,948	375,778	211,846	—

	For Cause (\$)	Without Cause (\$)	Change of control (\$)	Retirement (\$) ⁽²⁾	Death or Disability (\$)	Resignation (\$)
Rex Wilhelm						
Base/Bonus/Perquisite ⁽³⁾	—	—	—	—	—	—
PSUs ⁽⁴⁾	—	132,732	269,738	269,738	269,738	—
Options ⁽⁵⁾	—	—	546,615	546,615	—	—
Total	<u>—</u>	<u>132,732</u>	<u>816,353</u>	<u>816,353</u>	<u>269,738</u>	<u>—</u>

Notes:

- (1) The amounts for Mr. Kennedy for termination without cause reflect his entitlement if he is terminated prior to July 29, 2014. Details of his entitlement in the event the termination takes place after July 29, 2014 are included in the summary of Mr. Kennedy's employment agreement as set out in this Circular. The amounts for Mr. Kennedy's retirement reflect his entitlement after he reaches 55 years of age. Details of his entitlement in the event of retirement prior to age 55 are included in the summary of Mr. Kennedy's employment agreement as set out in this Circular.
- (2) The amounts for all NEOs (other than Mr. Kennedy) for retirement assume the NEO retires on or after the age of 55, and that they have been approved as a "Qualified Retirement" by the Board pursuant to the terms of these incentive plans.
- (3) Does not include any amounts for base salary, perquisite or STIP that may be payable under common law or civil law.
- (4) This amount reflects the amounts payable under the plan document for North West's PSU plan. The value of the PSUs is calculated by multiplying the number of qualified Share units by the fair market value as determined under the PSU plans (\$25.28) as at February 1, 2014. With respect to death or disability, the assumption used is that all NEOs will either die or incur their disability at the end of the fiscal year, so these amounts are not prorated.
- (5) These amounts reflect the amounts payable under the Original Option Plan and Amended and Restated Option Plan. With respect to the amounts payable upon Retirement, the amounts payable assume that all NEOs were approved for "Qualified Retirement under the Original Option Plan and Amended and Restated Option Plan. The value of the options is calculated by multiplying the number of qualified options by the January 31, 2014 closing Share price of \$25.42, and subtracting from that amount the number of qualified options multiplied by the exercise price or revised strike price of each option.
- (6) The amounts for Mr. Gilpin's termination without cause assume he is terminated within the first 5 years of his employment. Details of his entitlement after 5 years are included in the summary of Mr. Gilpin's employment offer as set out in this Circular.
- (7) The amounts for Ms. Hiebert's termination without cause assume she is terminated within the first 5 years of her employment. Details of her entitlement after 5 years are included in the summary of Ms. Hiebert's employment offer as set out in this Circular.

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Employment Agreements/Offers of Employment

President and Chief Executive Officer Employment Agreement

Mr. Kennedy, who is 54 years of age, has been the President and Chief Executive Officer of North West for the past 18 years, and an executive of North West for the past 25 years. During his tenure as President and Chief Executive Officer, North West has consistently delivered total returns to Shareholders which have significantly exceeded the performance of the TSX Composite index and various retail groups. See “PART IV — COMPENSATION DISCUSSION AND ANALYSIS — How North West Shares Have Performed and Relationship with Executive Compensation”.

In recognition of Mr. Kennedy’s tenure with North West, combined with his significant contributions to North West’s performance, and in order to encourage the continued leadership of North West until he reaches his normal retirement age, North West entered into an employment agreement with Mr. Kennedy effective February 1, 2011. The key terms of the agreement relating to termination and change of control are as follows:

Special Grant of Restricted Share Units (“Special RSUs) Effective February 1, 2011, Mr. Kennedy was granted 120,000 restricted share units as a special grant, which vested one third on January 31, 2012; one third on January 31, 2013; and one third on January 31, 2014.

UPLP Loan⁽¹⁾ North West provided a loan Mr. Kennedy in the sum of \$107,450 without interest, to reimburse Mr. Kennedy for the net cost incurred by Mr. Kennedy for terminating his participation in North West’s former UPLP program, which terminated effective December, 31, 2011. This loan is repayable upon the termination of Mr. Kennedy’s employment with North West.

⁽¹⁾ North West’s policy is not to grant loans to executives, however this UPLP loan is intended to reimburse Mr. Kennedy for the actual loss he incurred as a result of the requirement to sell the Shares he owned pursuant to the termination of the UPLP program in order to repay the loan that had been extended to Mr. Kennedy for the purpose of purchasing Shares through the open market under this program.

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

Termination Without Cause prior to July 29, 2014; Resignation for “Good Reason” as defined in the Employment Agreement; or “Change of Control” Mr. Kennedy is entitled to the equivalent of 2.5 times the annual average of his base salary, perquisite allowance and STIP paid to Mr. Kennedy in the three years in which Mr. Kennedy was paid the greatest base salary, perquisite allowance and STIP. In addition, all RSUs and PSUs (including all Special RSUs) granted to Mr. Kennedy shall be deemed to be earned and shall vest at the time of termination. Mr. Kennedy is also entitled to any unvested options, and North West shall pay Mr. Kennedy an amount equal to the Share value of all unvested options as of the date the “termination” occurs. For any vested options, the expiry of these options accelerate to the earlier of 90 days after termination or until all vested options expire in accordance with the option plan. (collectively, the “**Termination Payment**”).

Change of Control Definition Change of control occurs if: a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions occurs where existing Shareholders then hold less than 50% of the voting Shares; b) the sale, lease, exchange or other disposition of assets, rights, or properties of North West which have an aggregate book value of greater than 60% of the book value of North West on a consolidated basis; c) a resolution to windup, dissolve or liquidate North West; d) any person or entity, acting jointly or in concert, acquires control or direction over the voting Shares, which, when added to

the voting Shares over which the acquirer exercises control or direction over, would entitle the acquirer to cast a vote of 50% or more of the votes attached to all of the voting securities; e) as a result of or in connection with the contested election of Directors of North West, the nominees named in the most recent management information circular shall not constitute a majority of Directors of North West immediately prior to such an event; f) any person or entity acting jointly or in concert with each other, acquired beneficial ownership acquires ownership by way of takeover bid provisions of more than 50% of the voting Shares; or g) the Board adopts a resolution to the effect that a change of control as defined in this paragraph has occurred or is imminent.

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

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

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

**Resignation prior to
July 29, 2014**

Mr. Kennedy is required to provide 3 months' notice, and upon the expiry of such notice, any unvested RSUs, Special RSUs, PSUs and Share options are forfeited with no further value. Mr. Kennedy is entitled to the benefit of any vested RSUs, Special RSUs, PSUs and Share options. However, the expiry dates of any vested options accelerate to the earlier of 90 days after termination or until all vested options expire in accordance with the option plan.

**Resignation after
July 29, 2014**

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

Death or Disability

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

**Retirement Before
July 29, 2014**

Any unvested RSUs, Special RSUs, PSUs and Share options are forfeited with no further value. Mr. Kennedy is entitled to the benefit of any vested RSUs, Special RSUs, PSUs and Share options, however, the expiry of any vested options accelerate to the earlier of 90 days after termination or until all vested options expire in accordance with the option plan.

**Retirement After
July 29, 2014**

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

Non-Competition/Non-Solicit

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

Executive Vice President and Chief Corporate Officer Offer of Employment

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

Termination For Cause

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

Termination Without Cause

For service less than 5 years with North West, Mr. Gilpin is entitled to a payment equal to 1.5 times base salary plus his perquisite allowance. This increases to 2 times his base salary and perquisite allowance for service of 5 years or greater. In addition for any length of service, if Mr. Gilpin has worked six months or more during the year of his termination, he is also entitled to his STIP payment on a prorata basis, determined by averaging STIP payout percentage for the preceding three years. In addition, Mr. Gilpin is entitled to any vested and unvested, RSUs, PSUs and options as set out in the respective incentive plan documents.

Change of Control

For service less than 5 years with North West, Mr. Gilpin is entitled to a payment equal to 1.5 times base salary and the average STIP payment paid to Mr. Gilpin for the 3 years prior to the change of control. This increases to 2 times for service of 5 years or greater.

In addition, Mr. Gilpin is entitled to any unvested and vested PSUs and options as set out in the respective incentive plan documents.

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

Vice President Legal and Corporate Secretary Offer of Employment

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

Termination For Cause	North West may immediately terminate Ms. Hiebert's employment contract for cause. In the event of termination for cause, North West is obligated to pay base salary and expenses owing at the termination date. All vested and unvested options, and any vested and unvested RSUs and PSUs are forfeited with no further value.
Termination Without Cause	For service less than 5 years with North West, Ms. Hiebert is entitled to a payment equal to 1.0 times base salary plus a perquisite allowance of 17.5%. This increases to 1.5 times her base salary and perquisite allowance of 17.5% for service of 5 years or greater. In addition for any length of service, if Ms. Hiebert has worked six months or more during the year of her termination, she is also entitled to his STIP payment on a prorata basis, determined by averaging STIP payout percentage for the preceding three years. In addition, Ms. Hiebert is entitled to any vested and unvested PSUs and options as set out in the respective incentive plan documents.
Change of Control	<p>Ms. Hiebert is entitled to a payment equal to 1.5 times base salary and the average STIP payment paid to Ms. Hiebert for the 3 years prior to the change of control. In addition, Ms. Hiebert is entitled to any unvested and vested PSUs and options as set out in the respective incentive plan documents.</p> <p>In order to receive severance payments for base salary and STIP as set out above, change of control is defined if one or both of the following events occur: a) the majority of all assets of North West are sold; and/or b) a third party acquires more than 50% of North West's voting Shares. In addition to the above criteria, Ms. Hiebert must be terminated following the change of control other than for cause, death, retirement, permanent disability, or if Ms. Hiebert resigns for "Good Reason", which includes unilateral reductions in cash compensation or benefits, forced geographical locations, reductions in levels of responsibility or title/function, or changes to North West's corporate structure that negatively effects Ms. Hiebert's position in the corporate hierarchy. Ms. Hiebert must exercise her right to terminate her employment within 12 months following the actual change of control event.</p>

SHARE OWNERSHIP GUIDELINES

The Board has established Share ownership guidelines outlining the minimum levels of Share ownership for all of its executive management. These guidelines are designed to align the interests of those executives with the interests of Shareholders, to demonstrate financial commitment to North West through personal Share ownership, and to promote North West's long term commitment to sound corporate governance.

Mercer completed a comprehensive review of North West's Share ownership guidelines as part of its executive compensation review in 2014. As a result of this review, the Board concluded that current guidelines were consistent with good market practice. See "PART IV — DESIGN OF COMPENSATION PROGRAM AND ROLE OF COMPENSATION CONSULTANTS" for additional information regarding Mercer's 2013/2014 review of executive compensation.

Any Shares purchased through the open market and 100% of the time based portion of PSUs is included in the number of Shares reported for each executive. Any PSUs that are not time-based are only included on vesting if converted into Shares. Options are not included.

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

Executives are expected to maintain ownership levels that meet or exceed the guidelines within five years of being appointed to the position. North West believes that given the short and long term incentive programs in place for executives, that there are sufficient mechanisms available to assist an executive to reach expected ownership levels. If the guidelines have not been met, the executive is encouraged to retain any Shares acquired through the exercise of options, less the portion required to be sold to cover the tax cost associated with the option exercise. The executive is also encouraged to convert any STIP awards and vested PSUs (on an after tax basis) to Shares until such time as the guidelines have been met.

The table below shows the market value of Shares held by each of the NEOs as of January 31, 2014, based on the closing price of North West on the TSX on January 31, 2014 and the actual ownership as a multiple of their respective base salary.

<u>Name</u>	<u>Market Value of Shares (\$)⁽¹⁾</u>	<u>Net Ownership as a multiple of base salary</u>	<u>Minimum Ownership as multiple of salary</u>
Edward Kennedy	8,628,658	11.75	4.0
John King	1,652,757	5.63	2.0
Craig Gilpin ⁽²⁾	222,231	0.61	2.0
Paulina Hiebert ⁽³⁾	212,902	0.83	1.0
Rex Wilhelm ⁽⁴⁾	146,788	0.51	2.0

Notes:

- (1) Includes any Shares purchased through the open market, and 100% of outstanding time based portion of PSUs; all multiplied by the January 31, 2014 closing price of \$25.42.
- (2) Mr. Gilpin commenced his employment with North West in March, 2010.
- (3) Ms. Hiebert commenced her employment with North West in November, 2009.
- (4) Mr. Wilhelm, who is a resident of the United States, was not eligible to participate in North West's long term incentive plans that were in place prior to 2009 for Canadian executives, due to regulatory restrictions. Mr. Wilhelm will transition from his current position of President, The North West Company (International) Inc. ("NWCI") to a part time role as Vice Chair, NWCI effective May 1, 2014.

SUMMARY OF SECURITIES REMAINING FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS

The total number of underlying Shares issuable to any participant pursuant to the North West's share option plans and the DSU Plan and all other equity compensation plans of North West will not exceed 10% of the issued and outstanding Shares at the date of any grants. The maximum number of shares available for issuance under the share option plans is a fixed number set at 4,354,020. Grants under the DSU Plan cannot

exceed 1% of the issued and outstanding Shares as at the date of the grant. The following chart outlines the number of Shares to be issued upon exercise of the deferred Share units under the DSU Plan and options under the share option plans.

Number of underlying Shares reserved for issuance upon exercise of all Director deferred share units under the North West DSU Plan	145,799
Number of underlying Shares reserved for issuance upon exercise of all options under the share option plans	1,423,074
Total Shares issued and outstanding as at January 31, 2014	48,425,787
% of Shares reserved under the DSU Plan as a % of total Shares issued and outstanding as at January 31, 2014	0.30%
% of Shares reserved under the share options plans as a % of total Shares issued and outstanding as at January 31, 2014	2.9%
% of Shares reserved under all equity compensation plans as a % of total Shares issued and outstanding as at January 31, 2014	3.2%

INDEBTEDNESS OF DIRECTORS AND EXECUTIVES

None of the Directors or executives of North West or its affiliated entities, nor any associate or affiliate of any of them, is or was indebted, directly or indirectly, to North West or any of its affiliated entities at any time since February 1, 2013, the beginning of the most recently completed financial year, other than as set out below.

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

DIRECTOR AND OFFICER LIABILITY INSURANCE

North West maintains a Director and Officer liability insurance policy. The policy covers costs to defend and settle claims against North West’s Directors and officers to an annual limit of \$40 million, with additional \$15 million coverage in Side A DIC coverage. The policy includes a \$100,000 deductible for an indemnifiable occurrence with no deductible for a non-indemnifiable occurrence. The cost of coverage for the period June 1, 2013 to June 1, 2014 was approximately \$162,115. Directors and officers do not pay premiums, and no indemnity claims were made or paid in 2013.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

PART V — GOVERNANCE DISCLOSURE

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

PART VI — ADDITIONAL INFORMATION

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

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

PART VII — DIRECTORS’ APPROVAL

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

DATED at Winnipeg, Manitoba, on April 9, 2014.

“Paulina Hiebert”

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

SCHEDULE A
SHAREHOLDER PROPOSALS

The following five proposals have been made by Montrusco Bolton Investments (“**Montrusco**”) of 1501 McGill College Avenue, Suite 1200, Montreal, Quebec H3A 3M8, for consideration at the 2014 Annual General Meeting of common shareholders (the “**Shareholders**”) of The North West Company Inc. (“**North West**”). On the date Montrusco submitted its proposals, it held 1,639,061 shares, which represents 3.4% of North West’s issued and outstanding common shares. These proposals represent the views of Montrusco, and are set out in this Circular as required by the *Canada Business Corporations Act*.

The five proposals put forward by Montrusco, if approved, would fetter the decision making authority of the Board of Directors (the “**Board**”), and the first four proposals, if approved, would also harm North West’s ability to attract and retain executive talent. The Board believes it is important to retain its ability to exercise active discretions and business judgment in performing its oversight role of North West. North West’s strong returns to Shareholders over the long term support this view.

The Board is accountable for approving the strategic direction of North West and for overseeing the execution of these strategic plans by management. The strategies at North West are based on a total return approach to investment performance through an equal emphasis on growth and yield. The development and execution of these strategies and North West’s balanced approach to investing for growth, and providing Shareholders with an annual dividend, has resulted in total returns to Shareholders on a compounded annual basis of 16.2% over the past five years and 19.6% over the past 10 years. Over the past 10 years, North West has paid \$511 million in dividends and distributions to its Shareholders, while investing \$472 million in capital expenditures and business acquisitions to sustain and grow its business. The returns realized by Shareholders have been achieved despite significant global economic instability and heightened competition within the retail sector, particularly over the past five years.

North West Shareholders are able to vote on executive pay practices, by voting for or against the say-on-pay advisory resolution. The Board believes that a substantial majority of Shareholders support North West’s executive compensation practices, based on the voting results on this resolution during the past three years (2011 — 93.9% in favor; 2012 — 94.7% in favor; 2013 — 96.4% in favor). This is a strong indication of Shareholder approval of the discretion and business judgment used by the Board in overseeing executive compensation.

Based on the foregoing and as set out in greater detail below, the Board recommends that Shareholders vote against the five proposals submitted by Montrusco.

Proposal No. 1: Amend bylaws to limit executive severance arrangements

Montrusco’s Wording: *The shareholders of the Company formally request that the Company take all necessary steps to amend its bylaws, to add the following:*

Any severance arrangements entered into with the CEO providing for total severance benefits exceeding 2.50 times the sum of the executive’s current base salary plus the value of the most recent Short Term Incentive Plan (STIP) award shall be subject to approval by the Shareholders of the Company.

“Severance Arrangements” include any agreements, undertakings or provisions of arrangements entered into after the effective date of this by-law amendment, that provide for payments, awards or shares or rights in respect of shares, inactive payroll salary, increased pension benefits or fringe benefits in connection with the termination for any reason of a senior executive’s employment with the Company.

Montrusco’s Argument in Support of its Proposal: *Shareholders should be consulted before the Company enters into any new severance arrangements that provide for benefits exceeding 2.50 times base salary and the value of the most recent STIP award. The implementation of this proposed policy would leave the Company with sufficient freedom to enter into appropriate severance arrangements.*

We are also of the view that it is improper to use the 3 best years of an executive's total compensation to set a severance arrangement as is currently the case.

We do not believe that it will be inappropriately onerous for the Company to require a Shareholder approval for severance arrangements providing for benefits exceeding the proposed maximum. In any such situation, the Company should be prepared to make a case to convince the Shareholders.

THE BOARD RECOMMENDS VOTING AGAINST THE PROPOSAL FOR THE FOLLOWING REASONS:

The Board believes that Shareholders should not be directly involved in setting executive severance arrangements. Executive employment agreements, which include severance arrangements, are generally entered into at the time an executive is hired, which is often mid-career to late-career for the executive. These arrangements are usually influenced by a wide range of complex factors, including the common law severance rights of longer-service executives such as the current President and Chief Executive Officer and the compensation practices of competing employers. The Compensation Committee requires the authority and discretion to consider these elements and to negotiate and structure executive employment agreements under its stewardship, so North West can effectively recruit and retain executive talent for its business. North West's Shareholders are able to vote on executive pay practices, by voting for or against the say-on-pay advisory ballot item. The Compensation Committee can then appropriately respond to any concerns raised.

The severance arrangements for North West's named executive officers ("NEOs") are fully disclosed starting at page 38 of this Circular. With the exception of the severance arrangement for Mr. Kennedy, the President and Chief Executive Officer, the contractual severance arrangements for the NEOs fall within one to two times base salary plus perquisite allowance, which is below the threshold proposed. In line with market practice, amounts owed under any performance share unit grants ("PSUs") granted prior to termination are prorated for active service during the performance period. For those NEOs without employment agreements, severance obligations are determined by the amounts negotiated upon termination, or as determined by the common law or civil law.

The severance arrangement included in Mr. Kennedy's employment agreement was agreed to by the Board on an individual basis, and as can be noted from the severance arrangements disclosed for the other NEOs, is not indicative of the typical severance arrangement entered into for executives. The terms of the employment agreement, which was entered into in 2011, reflected Mr. Kennedy's future potential contribution and his performance over his 21 years as a senior executive at North West at the time of entering into the agreement, including 15 years as the President and Chief Executive Officer. During this time, North West consistently delivered total returns to Shareholders which had significantly exceeded the performance of the TSX Composite index and various retail groups. In addition, the Board wanted to encourage Mr. Kennedy's continued leadership with North West.

It is also important to note that the severance provision cited by Montrusco is only one element of a broader, integrated employment agreement. For example, Mr. Kennedy's severance arrangement includes a declining severance obligation which starts at age 58 and reduces to one time base salary upon reaching age 60. While this declining payment would be considered "below market" compared to other executive arrangements, it more accurately indicates the need to consider the entirety of his agreement and it reinforces the Board's need to have authority to oversee the structuring of executive employment arrangements.

The Board believes it has exercised good stewardship of Shareholder's interests with respect to severance arrangements. Given the forgoing, we do not believe this proposal is appropriate or in the best interests of North West or its Shareholders.

Proposal No. 2: Adopt a policy setting a normal retirement age of 65 years for executives

Montrusco's Wording: *The Shareholders of the Company formally request that the Company adopt a policy stating that the normal retirement age for senior executives is 65 years, and that no senior executive may receive full retirement benefits before that age.*

Montrusco's Argument in Support of its Proposal: *The Company's current guidelines state that, with the consent of the Board, the retirement benefits are not reduced for early retirement (as young as age 60) if the individual has ten years of service as an executive of the Company.*

We believe that giving a senior executive an option to receive full retirement benefits at 60 instead of 65 sends an unhealthy message to employees and shareholders and could create unnecessary weaknesses on the Company leadership.

The Company has a generous pension plan for its NEOs and any such early retirement possibility makes what is already very generous actually quite onerous to shareholders.

THE BOARD RECOMMENDS VOTING AGAINST THE PROPOSAL FOR THE FOLLOWING REASONS:

A key objective of North West's compensation policies is to provide market-competitive compensation to its executives in order to attract and retain skilled and committed executives, and our pension arrangements have been designed to meet this objective.

North West helps its executives plan for retirement by sponsoring, administering and governing an executive pension plan. The oversight and decision making for this pension plan rests with the Compensation Committee. The Compensation Committee regularly monitors plan structure, design, investment policy, industry competitiveness, affordability and administration. North West's executive pension plan is funded according to regulatory requirements and actuarial standards to meet the obligations of the plan.

The Board does not believe the executive pension plan is onerous to Shareholders or overly generous to executives. Average tenure in the executive plan at retirement or termination is less than 10 years. As a result, the annual cost of the plan is less than 10% of total executive compensation.

While the cost of this provision is low it does provide important flexibility in managing executive end-of-career transitions by avoiding higher direct and indirect expense from outright termination.

This includes enabling phased retirements under which former executives continue to contribute valuable skills to North West as they transition to retirement. Our external compensation consultant has confirmed that many Canadian pension plans include provisions for unreduced early retirement pensions before age 65 with the employer's consent, as is the case with North West's executive pension plan. On balance, we believe that this provision is very reasonable in that the Board may exercise its discretion to support retention or replacement of an executive as deemed appropriate in varying circumstances.

Based on the above, the Board believes this proposal would reduce the flexibility it needs in managing executive compensation, and would not provide incremental value to Shareholders.

Proposal No. 3: Modify executive share ownership guidelines

Montrusco's Wording: *The Shareholders of the Company formally request that the Company modify its share ownership guidelines so as to require each senior executive annually to retain a number of shares representing at least 75% of the net after-tax value of the shares acquired through equity compensation programs in each year. This policy modification shall supplement any other share ownership requirements that have been established for senior executives and should be implemented so as not to violate the Company's pre-existing contractual obligations or non-modifiable terms of any compensation or benefit plan currently in effect.*

Montrusco's Argument in Support of its Proposal: *Equity based compensation is understood as being an important component of the Company's executive compensation. However, the Company's current share ownership guidelines for its senior executives refer only to base salary and do not go far enough to ensure the Company's equity compensation plans continue to build sufficient share ownership by senior executives over the long-term.*

In 2012 the total compensation of the top five senior executives was three to seven times higher than their base salary. Nevertheless, the same senior executives are currently only required to hold as a minimum, shares valued at one to four times their base salary. Furthermore, this requirement is currently not cumulative and does not require the number of retained shares to increase over time unless there is an increase in base salary.

We find it to be arbitrary that base salary be used for share ownership guidelines when it is not used for pension benefits and termination bonuses, i.e. as total compensation is used for pension benefits and termination bonuses but not for share ownership. It is only fair to require an amendment which creates symmetry in the base reference point for all of these compensation matters.

We believe that "hold-through-retirement" requirements such as the cumulative requirement we are proposing give executives an every growing incentive to focus on long-term stock price performance as their equity ownership under the policy increases. Concurrently, requiring senior executives only to hold shares equal to a set static target loses effectiveness over time, as senior executives are free to sell all additional shares they receive in equity compensation once the minimum target has been satisfied.

THE BOARD RECOMMENDS VOTING AGAINST THE PROPOSAL FOR THE FOLLOWING REASONS:

North West strongly believes that Share ownership is important at both management and executive levels. It encourages share ownership for all of its employees through its Share Ownership Plan, which is described in detail on page 30 of this Circular.

In order to encourage Share ownership for its executives, the Board has also established Share ownership guidelines outlining the minimum levels of Share ownership for all of its executive management. A complete description of these Share ownership guidelines is set out on page 44 of this Circular. Executives are expected to maintain ownership levels that meet or exceed the guidelines within five years of being appointed to the position. North West believes that given the short and long term incentive programs in place for executives, that there are sufficient mechanisms available to assist an executive to reach expected ownership levels.

As at April 9, 2014, executives owned 412,665 Shares or approximately 0.85% of North West's total Shares. Many executives own Shares in excess of the Share Ownership Guideline while others are building their ownership positions. The Board actively monitors ownership attainment levels to ensure that the Share Ownership Guidelines are met over time, while recognizing that new executives do not receive any long term incentive payments which can be applied to Share purchases until after three years of starting their employment.

Mercer completed a comprehensive review of North West's Share ownership guidelines as part of its executive compensation review in 2014. As a result of this review, the Board believes that the current guidelines are consistent with good market practice, and that the proposal put forward by Montrusco is far outside the norm for these types of programs. As such the Board believes that the proposal is against the best interests of North West with respect to executive talent attraction and retention.

Given the foregoing, the Board does not believe this proposal is appropriate or in the best interests of North West or its Shareholders.

Proposal No. 4: Amend Key Performance Indicators used for short term incentive plan for executives

Montrusco's Wording: *The Shareholders of the Company formally request the executive compensation practices of the Company be amended so that the Key Performance Indicators "KPIs" used for the Short Term Incentive Plan (STIP) and the Long Term Incentive Plan (LTIP) ensure the prevalence of Earnings per Share (EPS), Dividend sustainability, Return on Invested Capital (ROIC), Return on Equity (ROE) and Total Shareholder Return (TSR).*

Montrusco's Argument in Support of its Proposal: *Senior Management objectives must be aligned with the interests of shareholders. A significant portion of the current STIP and LTIP KPIs are based on non-IRFS compliant "adjusted EBIT" and discretionary or arbitrary individual targets. This can result in large bonus allocations without any significant financial improvement. Significant bonuses have been paid to the top senior executives of the Company in the last four years, yet the EBIT of the Company has gone from \$95.1M in Fiscal 2010 to \$97.2M in Fiscal 2013.*

Moreover, it is crucial for the Company to ensure that executives be financially rewarded for creating sustainable value in terms of operational performance and not only from a rerating of capital market for dividend paying stocks.

We believe that the use of short and long term KPI's inferred from EPS growth, Dividend sustainability, ROIC, ROE and TSR is in the best interests of shareholders and that these KPI's are the most closely aligned with these interests. EPS growth, Dividend sustainability, ROIC, ROE and TSR are universally recognized performance indicators by equity investors and organizations such as the CFA Institute. We do, however, recognize that other KPIs can be valuable for LTIP and STIP and therefore the intent of this proposal is not to exclude them.

THE BOARD RECOMMENDS VOTING AGAINST THE PROPOSAL FOR THE FOLLOWING REASONS:

The Board believes that the structure of North West's compensation program, which was designed by the Compensation Committee after consultation with an independent external compensation consultant, provides a strong link to North West's total return to Shareholders. This is accomplished by the direct relationship between the various financial drivers of North West's performance and performance-based pay, the significant weightings of Share-based incentives in the executive's compensation mix and the methodology used to determine performance share unit ("PSU") awards. See page 24 of the Circular for a detailed description of the elements included in North West's 2013 executive compensation.

The current short term incentive plan ("STIP"), which uses a combination of corporate, business unit, and individual performance components, is aligned with market best practices for executive level positions, including a heavier weighting toward corporate and business unit performance versus defined individual components. The program is not arbitrary as suggested by Montrusco, but follows a structured process in terms of defining metrics and assessing performance that is consistent with sustainable top quartile returns. As examples, operating margin targets and capital investment criteria include a significant cost of capital allocation to ensure superior asset efficiency. North West's average return on average equity of 22.6% and average return on net assets of 18.8% over the past ten years demonstrates the alignment of this performance factor with actual results.

The long term compensation models used by North West through PSUs and share options are aligned with total Shareholder return ("TSR") and dividend sustainability and growth, using a combination of time vested and performance based vehicles. The "relative" element of the vesting condition for PSUs is focused entirely on TSR relative to a defined peer group. In addition to the PSU plan, the "partially declining exercise price option" reinforces North West's goal of delivering superior TSR and higher than average dividends and earnings per share. This option plan directly supports TSR objectives, and it rewards both share price increases and dividend yield.

With respect to Montrusco's comment regarding North West's earnings before interest and taxes ("EBIT"), as noted in North West's 2010 Annual Report, the EBIT decreased from \$95.1 million in 2009 to \$89.9 million in 2010, largely due to lower International Operations' earnings and higher Canadian Operations' costs associated with North West's conversion to a share corporation. As a result of this decrease in EBIT, the minimum earnings threshold for STIP payments was not met for both the consolidated and International incentive earnings measures, and as a result, there were no STIP payments to the President and Chief Executive Officer, the Chief Financial Officer and the President and Chief Operating Officer (International Operations) for that year. STIP payments were made in 2010 to the Canadian Operations executives based on year-over-year improvement in

the Canadian Operations. On a consolidated basis, EBIT has increased from \$89.9 million in 2010 to \$97.2 million in 2012 and to \$100.1 million in 2013.

Given the foregoing, the Board does not believe this proposal is appropriate or in the best interests of North West or its Shareholders.

Proposal No. 5: Cease to Deploy Capital in Geographic Areas Other Than Northern Canada and Alaska

Montrusco's Wording: *That the Company shall pursue new and different strategic business and ownership alternatives for all of its stores which are not located in Northern Canada or Alaska and that the Company forthwith shall cease to deploy any capital in connection with the further growth and development of such stores and their markets.*

Montrusco's Argument in Support of its Proposal: *The operations of NWC are currently composed of two main segments: (i) Legacy Northern Stores ("Northern Segment") located in Northern Canada and Alaska and (ii) Expansion Southern Stores ("Southern Segment") which were either purchased or opened Greenfield since 2001.*

The Company does not segregate these two radically different segments when reporting its periodic financial results. However, overwhelming evidence suggests that the high margins, high returns and high cash-flows of the Northern Segment stores are financing maintenance and expansion of the Southern Segment stores.

It has now been over 12 years since the Company launched into its foray into the Southern Segment. There has been no evidence of operational improvement in this segment, yet the Company continues to open new stores in the Southern Segment at a significant cost to NWC shareholders. In our view, this internal cannibalization is demonstrative of capital allocation practices which are not consistent with the creation of long-term shareholder value.

In the Southern Segment, players such as Costco, Walmart and others with significant scale advantages compete or are more likely to compete with the Company. Considering the significant differences in real estate, distribution, logistics, merchandising and customer segmentation skills required to operate in both segments, the Company incurs costly duplication of functions and achieves minimal synergies, perhaps even negative synergies, as a result of operating in both segments. Furthermore, the management distraction generated by the Company's excessive geographical spread and foray into the Southern Segment is costly.

There is no evidence whatsoever to suggest that the Company will ever deliver an attractive rate of return in the Southern Segment.

It is our view that the Board of directors of the Company must immediately review its entire portfolio of operations in the Southern Segment and pursue shareholder-value enhancing strategic alternatives for the business and assets that it encompasses. The alternatives to be considered should include closure and divestiture.

We understand the prospects for the Northern Segment are such that its stores may exhibit slower revenue growth than that which could be envisaged for the consolidated Northern and Southern Segments. However, we believe that this will be more than compensated by the benefits of a more focused and profitable Company with higher ROIC. We also believe that shareholders will be inclined to pay a higher multiple of earnings for the Company without the Southern Segment considering that Northern Segment returns would no longer be used to finance dilutive investments. It is also very likely that the proportionally higher free cash flows of the Company without the Southern Segment will allow for material dividends or increased share buybacks.

THE BOARD RECOMMENDS VOTING AGAINST THE PROPOSAL FOR THE FOLLOWING REASONS:

The "Northern Segment" referred to in Montrusco's argument are the stores North West operates in northern Canada and Alaska, and the "Southern Segment" referred to by Montrusco are the stores North West operates under the Giant Tiger and Cost-U-Less banners.

North West disagrees with Montrusco's argument in support of its proposal. Being able to cater to smaller, hard-to-access markets better than our competition, whether in the north or in the south, is a key capability and highly effective strategy for North West. We believe that continued enhancement of our localization skills, while

still ensuring we leverage our scale, is an essential component in meeting the unique customer needs within each market we serve.

While the stores in northern Canada and Alaska represent a substantial percentage of North West's profitability, its Giant Tiger stores and Cost-U-Less stores are also profitable and generate cash flow from operations using significantly lower assets per sales and profit dollar, compared to the stores in northern Canada and Alaska. Over the 12 year period cited by Montrusco, which includes the introduction of Giant Tiger stores and Cost-U-Less stores, North West's return on net assets ("**RONA**") improved from 12.7% in 2001 to 20.0% in 2013. Furthermore, the Giant Tiger and Cost-U-Less stores enable North West to achieve important cost efficiencies in buying, distribution, and general administration expense for the benefit of all store banners.

North West applies the same rigorous approach to investment to each of its store locations. If conditions are unfavorable in any market and cannot be improved through internal efforts, then investment is curtailed or divestitures are made. Examples are the reduction in Giant Tiger new store investment over the past five years, the sale of unprofitable Giant Tiger stores in late 2012, and the closure of select, unprofitable Northern stores over this same period.

Overall, the Giant Tiger and Cost-U-Less banners have played an important role in North West's ability to deliver superior total Shareholder returns and higher than average dividends and earnings per share. As conditions change by banner and locations, the opportunities for investment and growth will continue to be actively managed by North West's management, with oversight from the Board.

The Board therefore believes that the proposal to cease to deploy any capital in connection with the further growth and development of the "Southern Segment" as defined by Montrusco is not in the best interests of North West or its Shareholders.

SCHEDULE “B”

STATEMENT OF NORTH WEST GOVERNANCE PRACTICES

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

The corporate governance practices and structure of North West are set out below.

Composition of the Board of Directors

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

The Board currently consists of 10 Directors. Gary J. Lukassen, who is currently a Director, is retiring from the Board as he has reached the mandatory retirement age of 70 years. North West is currently recruiting an additional Director to replace Mr. Lukassen. North West believes that nine to twelve Directors is appropriate for an issuer of the size of North West and believes that the range of expertise and skills on its Board facilitate Board effectiveness.

Independence

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

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

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

Other Directorships

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

Board Meetings

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

Chairperson

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

Attendance Record

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

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 "C" to this Circular.

Position Descriptions:

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

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

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

Orientation and Continuing Education

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

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

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

Code of Ethical Conduct and Disclosure

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

North West has a written code of conduct for its Directors and employees (the "**Code of Conduct**"). A copy of the Code of Conduct can be found on www.sedar.com. Management is responsible to advise the Board on any compliance issues relating to the Code of Conduct. To the knowledge of the Board, there have been no departures from the Code of Conduct during fiscal 2013 that would have required the filing of a material change report.

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

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

Related Party Transactions

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

Assessments

In response to the Board's commitment to effective corporate governance, a regular evaluation process takes place. As part of this evaluation, Board members assess their effectiveness as a Board, as individual Directors, and the Board and committee Chairpersons. The Governance Committee 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 North West. The Chairperson of the Board is an ex-officio non-voting member of all committees of the Board. Board committees meet regularly without management. The President and CEO attends Board committee meetings as an invited guest.

Governance and Nominating Committee (“Governance Committee”)

The Governance Committee is composed of five Directors, namely Frank Coleman (Chairperson), Robert Kennedy, Gary Merasty, Gary Lukassen and Eric Stefanson, all of whom are independent. Mr. Lukassen will be retiring from the Governance Committee in June, 2014 upon his retirement from the Board.

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

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

The Compensation Committee is composed of four Directors, namely Robert Kennedy (Chairperson), Wendy Evans, Annette Verschuren and Gary Merasty, all of whom are independent.

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

Audit Committee

The Audit Committee is composed of five Directors, namely Gary Lukassen (Chairperson), Frank Coleman, Wendy Evans, Annette Verschuren and Eric Stefanson, all of whom are independent. Mr. Lukassen will be retiring as Chairperson in June, 2014 upon his retirement from the Board. The Board intends to appoint Mr. Stefanson as Chairperson of the Audit Committee in June, 2014, pending his election to the Board by the Shareholders.

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

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

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

Nomination of Directors

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

Compensation

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

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

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

SCHEDULE “C”

THE NORTH WEST COMPANY INC.

MANDATE OF THE BOARD OF DIRECTORS

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

A. COMPOSITION, BOARD ORGANIZATION, AND MEETINGS

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

B. DUTIES AND RESPONSIBILITIES

The Board’s duties include:

1. Strategic Planning

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

2. Identification and Management of Risks

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

3. Financial Performance and Internal Controls

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

4. Communications and Public Disclosure

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

5. Human Resources Management, Succession Planning and Executive Compensation

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

6. Governance

- Developing a set of corporate governance principles and guidelines.
- Establishing appropriate structures and procedures to allow the Board to function independently of management.
- Establishing Board committees and defining their mandates to assist the Board in carrying out its roles and responsibilities.
- Approving the compensation of the Directors and the Chairperson of the Board.
- Setting expectations and responsibilities of Directors, including attendance at, preparation for, and participation in meetings.

- Undertaking regular evaluations of the Board, its committees, its members, and reviewing its composition with a view to the effectiveness and independence of the Board and its members.
- Ensuring that each new Director engages in a comprehensive orientation process and that all Directors are provided with continuing education opportunities.
- Identifying competencies and skills necessary for the Board as a whole and for each individual Director.
- Identifying individuals qualified to become new Directors.
- Reviewing the Board mandate on a regular basis, or as a result of legislative or regulatory changes, to ensure it appropriately reflects the Board's stewardship responsibilities.

7. Integrity, Ethics and Social Responsibility

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

Approved by the Board of Directors effective December 14, 2012.

SCHEDULE “D”

THE NORTH WEST COMPANY INC.

HUMAN RESOURCES, COMPENSATION, AND PENSION COMMITTEE MANDATE

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

1. Purpose:

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

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

2. Committee Composition:

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

3. Reports

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

4. Responsibilities

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

(a) Appointment and Compensation of Key Personnel

The Committee:

- (i) shall review and recommend to the Board, the appointment and terms of employment of the CEO.

- (ii) shall review and approve the appointment and terms of employment of any members of senior management who report directly to the CEO, and who are also a member of the Executive Committee of Management (“Executives”),
- (iii) shall review and approve annually a salary grid level for senior management who are not Executives, and who hold the title of either “Vice President”, “Director” or “General Manager” for North West and its subsidiaries (“Senior Management”).
- (iv) may obtain compensation data as necessary concerning entities that would be comparable to North West, and other data deemed appropriate by the Committee, and to the extent possible, understand the basis upon which comparable entities compensate their Executive and Senior Management.
- (v) shall review and recommend to the Board the compensation and design of incentive plans for the CEO, Executives, and Senior Management. In its review the Committee will assess the linkage of its compensation philosophy and incentive plans to North West’s financial and non-financial performance, support for North West’s business strategy, and alignment with North West’s employee compensation philosophy;
- (vi) shall review and recommend to the Board, periodic changes to compensation guidelines and benefit plans;
- (vii) shall review and recommend to the Board:
 - payouts and grants pursuant to North West’s Share based incentive plans for the CEO, Executives and Senior Management;
 - the CEO’s annual short term incentive plan payment and measures;
 - any discretionary bonuses for the CEO; and
 - the adjudication of any matters impacting North West’s incentive plans relating to the CEO.
- (viii) shall review and approve, for Executives and Senior Management:
 - payouts and grants pursuant to North West’s Share based incentive plans;
 - any discretionary bonuses for Executives and Senior Management proposed by the CEO;
 - for Executives, the payments and measures under North West’s annual short term incentive plan; and
 - the adjudication of matters impacting North West’s incentive plans relating to Executives and Senior Management.
- (ix) shall annually review and recommend for approval to the Board, the Compensation Discussion and Analysis for inclusion in the Management Proxy Circular.

(b) Human Resource Leadership

The Committee shall:

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

Committee shall review as required the actual ownership position relative to ownership guidelines; and

- (iv) review the results of periodic employee opinion surveys.

(c) Chief Executive Officer (CEO)

The Committee shall:

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

(d) Succession and Development

The Committee shall:

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

(e) Executive Pension Plan

Plan Design

The Committee shall:

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

Valuation and Funding

The Committee Shall:

- (i) review and recommend to the Board for its approval on a regular basis, a funding policy which sets out guidelines with respect to the valuation and funding of the liabilities of the Executive Pension Plan;

- (ii) review and approve, at least annually, the major actuarial assumptions for the valuation and funding of the liabilities of the Executive Pension Plan, as recommended by the Chief Financial Officer of North West;
- (iii) review and approve, at least annually, the actuarial report of the Executive Pension Plan; and
- (iv) review and recommend for approval to the Board, at least annually, the contributions to the pension funds of the Executive Pension Plan, as recommended by the Chief Financial Officer of North West.

Risk Management

The Committee shall:

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

Communication and Education

The Committee shall:

- (i) review and approve the communications plan and any material individual communications to members of the Executive Pension Plan relating to the education of such members of the pension plan.

Operations and Implementation

The Committee shall:

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

(f) Staff Pension Plan

The Pension Benefits Act of Manitoba (“Act”) and The North West Company Staff Pension Plan (the “Plan”) provide that the Pension Committee established pursuant to the Act (the “Pension Committee”) may delegate all or part of its powers and responsibilities to the Board or the Committee.

Pursuant to the Delegation Agreement entered into between the Pension Committee and North West effective September 28, 2011, the Committee shall:

- (i) recommend to the Board for approval, the adoption, amendment, merger or consolidation, and windup of the Plan and related documentation, including changes requiring amendments related to Plan design, benefit structure, and membership eligibility;
- (ii) recommend to the Board for approval, the Plan's governance structure and the Plan's governance objectives;
- (iii) receive the report of the Plan's auditor;
- (iv) receive and approve the Plan's audited financial statements, and accounting policies;
- (v) approve, and at the Committee's discretion, delegate to the CEO, the appointment and removal of North West's representatives on the Pension Committee;
- (vi) recommend to the Board for approval, the Plan's funding policies;
- (vii) authorize Executives of North West to accept such delegation from the Pension Committee as they deem appropriate;
- (viii) provide a report to the Board on the Plan, at least on an annual basis, on relevant pension and compliance issues;
- (ix) generally oversee the administration of the Plan and the related fund;
- (x) approve the statement of investment policies and procedures for the Plan and to monitor compliance with such documents;
- (xi) appoint, retain, or terminate certain persons who provide goods or services in respect of the Plan, including but not limited to investment managers, trustee, custodian, auditor, actuary, advisors and DC record keeper with respect to the administration of the Plan;
- (xii) approve the asset mix structure and target and strategic ranges of asset class allocations for the defined benefit portion of the Plan;
- (xiii) make such regulations for itself as to the conduct of its activities as the Committee deems appropriate; and
- (xiv) provide a report to the Pension Committee of its activities, not less annually, in such form and content as the Pension Committee deems appropriate to fulfil its general duty of oversight of the Plan, and to meet its obligations as administrator of the Plan.

5. Structure

- (a) The Board shall appoint one of the Committee members to act as Chairperson of the Committee.
- (b) The Committee will appoint the Corporate Secretary of North West as secretary of the Committee, who will keep minutes of all meetings. In absence of the Corporate Secretary, the Committee will appoint an acting secretary who will keep minutes of the meeting.
- (c) The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than quarterly each year. Meetings will be at the call of the Chairperson. Notwithstanding the foregoing, any member of the Committee may call a meeting of the Committee. The Committee may hold a meeting by telephone conference call.
- (d) No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum.

- (e) Any member of the Committee may be removed or replaced at any time by the Board or shall cease to be a member of the Committee as soon as such member ceases to be a Director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders.
- (f) The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, unless otherwise provided for in North West's bylaws, or otherwise determined by resolution of the Board.
- (g) Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

6. Chairperson of the Committee

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

7. Independent Advice

The Committee shall:

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

8. Evaluation

The Committee shall:

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

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



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

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