

Delivering on our promise

THE NORTH WEST COMPANY INC.

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

APRIL 9, 2012





April 9, 2012

Dear Shareholder:

You are invited to attend an annual meeting (the “**Meeting**”) of the shareholders of the common shares of The North West Company Inc. (“**North West**”) to be held in the Grand Ballroom, The Fort Garry Hotel, 222 Broadway, Winnipeg, Manitoba on Wednesday, June 6, 2012 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 online, or by completing and sending in your proxy, or in person at the Meeting.

The Meeting also presents an opportunity for you to meet and ask questions of the Board of 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 MEETING OF SHAREHOLDERS

An annual meeting (the “**Meeting**”) of shareholders of the common shares of The North West Company Inc. (“**North West**”) will be held in the Grand Ballroom, The Fort Garry Hotel, 222 Broadway, Winnipeg, Manitoba on Wednesday, June 6, 2012 at 11:30 a.m. (Central Time).

The following business will be conducted at the Meeting:

1. to receive the financial statements of North West for the year ended January 31, 2012, and the auditors’ report on those statements;
2. election of the Directors of North West;
3. re-appointment of PricewaterhouseCoopers LLP as auditors of North West and authorizing the audit committee of the Board of Directors of North West to fix the remuneration of the auditors;
4. to consider an advisory resolution on North West’s approach to executive compensation; and
5. transaction of any other business that is properly brought before the Meeting.

The Circular provides additional information relating to the matters to be considered at the Meeting. You are urged to read the Circular carefully in evaluating the matters for consideration at the Meeting. The 2011 Annual Report, which includes the Management’s Discussion and Analysis of financial condition and results of operations, the consolidated financial statements of North West, and the auditor’s report to the Shareholders for the financial year ended January 31, 2012, accompany this Notice of Meeting, and are also posted on SEDAR at www.sedar.com and at www.northwest.ca.

As a shareholder, you have a right to attend and vote at the Meeting. For those shareholders who cannot attend the Meeting in person, 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, 2012

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 INFORMATION CIRCULAR
PART I — VOTING INFORMATION

Unless stated otherwise, information contained in this Management Information Circular is given as of April 9, 2012.

What Matters Will I Be Voting Upon?

Shareholders will be voting upon:

- the election of the Directors of North West;
- the re-appointment of PricewaterhouseCoopers LLP as auditors of North West and authorizing the audit committee of the Board of Directors of North West to fix the remuneration of the auditors;
- an advisory resolution on North West’s approach to executive compensation; and
- transaction of any other business that is properly brought before the Meeting.

Who Can Vote?

You are entitled to one vote for each common share you own as of the record date (the “**Share**” or “**Shares**”). The Board of Directors of North West (the “**Board**”) have set April 27, 2012 as the record date.

Registered Shareholders

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

Non-Registered Beneficial Shareholders

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

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How Do I Vote If I Am A Registered Shareholder?

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

By Proxy

There are five ways that you can vote by proxy:

By Telephone:

Call 1-866-243-5324 from your touch-tone phone and follow the instructions (only available to Registered Shareholders resident in Canada or the United States). You will need the control number located on the enclosed proxy form. You do not need to return your proxy form.

On the Internet:

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

At any time, Canadian Stock Transfer Company, who acts as the Administrative Agent for CIBC Mellon Trust Company (“**CIBC Mellon**”), the transfer agent for the Shares, may cease to provide telephone and Internet voting, in which case Shareholders can elect to vote by mail, by delivery by hand, by fax or by attending the Meeting in person, as described below.

By Mail:

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

By Hand:

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

By Fax:

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

Voting In Person

If you attend the Meeting on June 6, 2012, 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. This includes the election of Directors, the re-appointment of auditors, the advisory vote on executive compensation, and any other business that may arise at the Meeting. **If you do not wish to vote in favour of any matter proposed at the Meeting you may withhold your vote from, or vote your Shares against, any resolution at the Meeting, depending on the specific resolution.**

Voting By Proxy 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 CIBC Mellon, and have left the line for the proxyholder's name blank, then the Chairman (or his alternate) will automatically become your proxyholder.

Depositing Your Proxy

To be valid, the Form of Proxy must be filled out, correctly signed (exactly as your name appears on the Form of Proxy), and returned to the transfer agent for the Shares, CIBC Mellon, by no later than 4:30 p.m. (Central Time) on June 4, 2012 (or at least 24 hours prior to the commencement of any reconvened meeting in the event of any adjournment or postponement of the Meeting). Your proxyholder may then vote on your behalf at the Meeting.

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

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

- **"FOR" the election of the 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; and**
- **"FOR" the advisory resolution on North West's approach to executive compensation.**

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, 2012.

Can I Change My Vote?

If you want to change your vote or revoke your proxy after you have signed and delivered it to CIBC Mellon, you may do so by delivering another properly executed Form of Proxy bearing a later date and delivering it as set out above under the heading “— Depositing Your Proxy” by no later than 4:30 p.m. (Central Time) on June 4, 2012 (or at least 24 hours prior to any reconvened meeting in the event of any adjournment(s) or postponement(s) of the Meeting), or in any other manner permitted by law.

If you revoke your proxy and do not replace it with another Form of Proxy that is deposited with CIBC Mellon on or before the deadline at 4:30 p.m. (Central Time) on June 4, 2012, 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 the North West as at April 27, 2012.

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 by mail or facsimile. 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, CIBC Mellon. The transfer agent will also act as the Meeting's scrutineers and will count the proxies and tabulate and verify the results. The transfer agent will refer a proxy to 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, 2012, 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, 2012, there were 48,378,000 Shares issued and outstanding. Each Shareholder is entitled to one vote per Share on all matters to be voted on at Shareholder meetings.

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

Are There any Principal Holders of Shares?

As at April 9, 2012, based on publicly available filings, to the knowledge of the Directors and the officers of North West, no person beneficially owns, or controls or directs, directly or indirectly, voting securities of North West carrying 10% or more of the voting rights attached to any class of voting securities of North West.

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? — Voting By Proxy 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 CIBC Mellon, may also ask for proxies to be returned, but will not be paid any additional compensation for doing so.

How Is A Vote Passed?

The matters scheduled to be voted upon at the Meeting consist of 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, 2012, management and the Directors do not know of any matters to be brought before the Meeting other than those set forth in the Notice of Meeting accompanying this Circular.

PART II — BUSINESS OF THE MEETING

1. FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The financial statements of North West for the year ended January 31, 2012 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</u>	<u>Fiscal 2011</u>	<u>Fiscal 2010</u>
Audit Fees	\$412,721	\$373,000
Audit-Related Fees	30,230	114,899
Tax Fees	534,286	218,921
All other Fees	7,140	20,970
Total	<u>\$984,377</u>	<u>\$727,790</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 financial statements or services provided in connection with statutory and regulatory filings or engagements, and the review of the North West's interim financial statements.

Audit-Related Fees

Audit related fees related to professional services for store audit procedures, review of procedures for North West, confirmation on compliance with debt covenants, and assistance with IFRS implementation plan.

Tax-Related Fees

Tax related fees include professional services for tax compliance services and advice, trust conversion, acquisition and other tax-related matters.

All Other Fees

All other fees related to professional services for Canadian Public Accountability Board and 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, North West's policy requires that the audit committee also pre-approve all engagements of the auditors for non-audit related services. All non-audit related engagements must also be reported to the Audit Committee on a quarterly basis.

3. ELECTION OF DIRECTORS OF NORTH WEST

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 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
- Edward S. Kennedy
- Frank J. Coleman
- Wendy F. Evans
- Robert J. Kennedy
- Gary J. Lukassen
- Gary Merasty
- Annette M. Verschuren
- Eric L. Stefanson

All nominated Directors are currently Directors of North West. See "Part III — ABOUT THE NOMINATED DIRECTORS" for further information on nominated Directors. Mr. David Broadhurst and Mr. Jim Osborne are not standing for re-election as a Director, as they have reached the mandatory retirement age of 70 years.

Directors require a plurality of votes to be elected. However, if a Director receives more "withheld" votes than "for" votes, he or she must offer to resign. The Governance and Nominating Committee will review the matter and then recommend to the Board whether or not to accept the resignation. The Director will not participate in any Board or Board committee deliberations on the matter.

The Board will announce its decision as soon as practically possible after the Meeting. If it rejects the resignation, it will disclose the reasons why. If the Board accepts the resignation, it may appoint a new Director to fill the vacancy. The Board believes this practice reflects good governance.

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 2012 annual 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 a 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 2012 annual meeting voting results.


5. 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 (9). At least 25% of Directors must be residents of Canada. The mandatory retirement age for Directors is 70.

 H. Sanford Riley Winnipeg, Manitoba Canada Age: 61 Director Since: 2003 Independent	Mr. Riley was appointed Chairman of North West in June, 2008. Mr. Riley has been President and CEO of Richardson Financial Group Limited since 2003. He held the positions of Chairman of Investors Group Inc. from 2001 to 2002, and President and CEO of Investors Group Inc. from 1992 to 2001. He currently holds the positions of Director for Molson Coors Brewing Company, Richardson GMP Limited, GMP Capital Inc., The Canada West Foundation, Canadian Western Bank, Winnipeg Airport Authority and MTS Allstream. He is the Chairman of the University of Winnipeg Foundation. Mr. Riley was appointed to the Order of Canada in July, 2002.						
	Board/Committee Membership		Attendance			Attendance (Total)	
	Board of Directors (Chair) ⁽¹⁾		5 of 5	100%	5 of 5	100%	
	Equity Ownership ⁽⁶⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁴⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target	
2011	11,000	35,313	46,313	1,030,927			
2010	11,000	29,981	40,981	795,031	90,000	Yes	
Net Change	—	5,332	5,332	235,896			

 Edward S. Kennedy Winnipeg, Manitoba Canada Age: 52 Director Since: 1996 Non-Independent	Mr. Kennedy, who joined North West in 1989, was appointed President & Chief Executive Officer of North West in 1996. He is currently a Director for United Grocers Inc. and Retail Council of Canada, and is a member of the Advisory Boards of the Richard Ivey School of Business (University of Western Ontario) and of the University of Alberta School of Retailing. Mr. Kennedy is a member of the Young Presidents' Organization, the Associates of the Asper School of Business (Faculty of Management, University of Manitoba), the Board of Governors of Saint John's Ravenscourt School, Canadian Council of Chief Executive Officers, member and past officer of the Business Council of Manitoba, and was the Chairperson of the 2011 Winnipeg United Way Campaign.						
	Mr. Kennedy has also been presented with the following awards:						
	<ul style="list-style-type: none"> • 2006 — Retail Council of Canada's "Distinguished Canadian Retailer of the Year"; • 2007 — University of Alberta School of Retailing's "Henry Singer Award" for exceptional leadership in the retail sector; • 2009 — Canadian Business Magazine's "All-Star Retail Executive" award; and • 2011 — University of Winnipeg's "Duff Roblin Award" in recognition of his leadership and lifelong commitment to Manitoba communities. 						
	Board/Committee Membership		Attendance			Attendance (Total)	
Board of Directors ⁽²⁾		5 of 5	100%	5 of 5	100%		
Equity Ownership ⁽⁶⁾							
Year	Shares	Deferred Share Units (DSU's) ⁽⁵⁾	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁴⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target	
2011	263,816	—	263,816	5,872,544			
2010	263,719	—	263,719	5,116,149	90,000	Yes	
Net Change	97	—	97	756,395			



Frank J. Coleman
 Corner Brook,
 Newfoundland and
 Labrador
 Canada
 Age: 58
 Director Since: 1999
Independent

Mr. Coleman has been the President and Chief Executive Officer of the Coleman Group of Companies since 1991. He is the Chair of the Board of Directors of Rocky Mountain Liquor Inc., the President and Chief Executive Officer of Humber Valley Paving Ltd. and Humber Valley Aggregates and Asphalt Ltd.. Mr. Coleman is a Director of the Distribution Council of the Canadian Federation of Independent Grocers, and of Emera Newfoundland & Labrador Holdings Incorporated.

Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors	5 of 5	100%	13 of 13	100%		
Governance Committee (Chair)	5 of 5	100%				
Audit ⁽³⁾	3 of 3	100%				
Equity Ownership ⁽⁶⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁴⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2011	72,500	6,611	79,111	1,761,011		
2010	72,500	4,901	77,401	1,501,579	90,000	Yes
Net Change	—	1,710	1,710	259,432		



Wendy F. Evans
 Toronto, Ontario
 Canada
 Age: 61
 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, a Member of the Dean's Advisory Council and Adjunct Professor, Ted Rogers School of Management, Ryerson University, a Director of City Living Foundation, and author of "Border Crossings, Doing Business in the U.S". Ms. Evans served as a Director for Sun Life Financial Trust and the Canadian Cancer Society, and was on the Advisory Board of the Ontario Retail Sector Strategy. She is also the past President and Chair of Granite Ltd.

Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors	5 of 5	100%	24 of 24	100%		
Audit Committee ⁽⁸⁾	3 of 3	100%				
Compensation Committee	13 of 13	100%				
Governance Committee ⁽⁸⁾	3 of 3	100%				
Equity Ownership ⁽⁶⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁴⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2011	5,300	15,656	20,956	466,481		
2010	5,300	15,430	20,730	402,162	90,000	Yes
Net Change	—	226	226	64,319		

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Robert J. Kennedy
Winnipeg, Manitoba
Canada
Age: 62
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		5 of 5	100%	23 of 23	100%	
Compensation Committee (Chair)		13 of 13	100%			
Audit		5 of 5	100%			
Equity Ownership ⁽⁶⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁴⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2011	3,000	21,123	24,123	536,978	90,000	Yes
2010	3,000	17,124	20,124	390,406		
Net Change	—	3,999	3,999	146,572		



Gary J. Lukassen
Mississauga, Ontario
Canada
Age: 68
Director Since: 1987
Independent

Mr. Lukassen was the Executive Vice-President and Chief Financial Officer of the Hudson's Bay Company from 1989 until his retirement in 2001. He was a Director of the Hudson's Bay Company from 1987 to 2001 and the Senior Vice-President, Finance and Administration of the Hudson Bay Company from 1987 to 1989. He is a former Director of AbitibiBowater Inc. and Stelco Inc.

Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors		5 of 5	100%	10 of 10	100%	
Audit Committee (Chair)		5 of 5	100%			
Equity Ownership ⁽⁶⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁴⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2011	15,250	13,549	28,799	641,066	90,000	Yes
2010	15,250	12,435	27,685	537,089		
Net Change	—	1,114	1,114	103,977		



Annette M. Verschuren
Toronto, Ontario
Canada
Age: 55
Independent

Ms. Verschuren was appointed the Executive Chair of NRStor Incorporated on March 8, 2012. 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, and the Conference Board of Canada, and a former board member of Sobeys. She is the co-chair of the June, 2012 Governor General Leadership Conference.

Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors ⁽⁹⁾		—	—	—	—	
Audit Committee		—	—			
Compensation Committee		—	—			
Equity Ownership ⁽⁶⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁴⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2011	3,500	—	3,500	77,910	90,000	No ⁽⁷⁾



Gary Merasty
Saskatoon,
Saskatchewan
Canada
Age: 47

Independent

Mr. Merasty is the Vice President, Corporate Social Responsibility for Cameco Corporation. He previously held the positions of Member of Parliament for the Desnethe Missinippi Churchill River Riding, the Grand Chief for the Federation of Saskatchewan Indian Nation, and the Educational Coordinator for Peter Ballantyne Cree Nation. Mr. Merasty is presently a Director for the Canada West Foundation, the Children's Hospital Foundation of Saskatchewan, and for Enterprise Saskatchewan. He is the Chairperson for the Credenda Virtual High School. Mr. Merasty is the former Chairman and Director for the Saskatchewan Indian Gaming Authority, former Director for Westwind Aviation Ltd., and the Saskatoon Airport Authority. He is also the former Chairman and Director of the Saskatchewan Indian Institute of Technology, the Northern Lights Community Development, and the former Co-Chairman and Director of the Northern Development Board. Mr. Merasty has received the following awards:

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

Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors ⁽¹⁰⁾		2 of 2	100%	7 of 7	100%	
Audit Committee		2 of 2	100%			
Compensation Committee		3 of 3	100%			
Equity Ownership ⁽⁶⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁴⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2011	—	1,440	1,440	32,054	90,000	No ⁽⁷⁾



Eric L. Stefanson
Winnipeg, Manitoba
Canada
Age: 61

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 Committee), Health Sciences Centre Foundation (Chair), FWS Holdings Ltd. (Chair of Audit Committee), Paragon Pharmacies Limited, 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.

Board/Committee Membership		Attendance		Attendance (Total)		
Board of Directors ⁽¹¹⁾		—	—			
Audit Committee		—	—	—	—	
Compensation Committee		—	—			
Equity Ownership ⁽⁶⁾						
Year	Shares	Deferred Share Units (DSU's)	Total # Shares & DSU's	Total \$ Value of Common Shares and DSU's ⁽⁴⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
—	—	—	—	—	90,000	No ⁽⁷⁾

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) Mr. Coleman was appointed to the Audit Committee on June 14, 2011.
- (4) The table shows the number and value of Shares and DSU's as at January 31, 2011, valued at the closing price of the Shares at January 31, 2011 for 2010 (\$19.40). The table also shows the number and value of Shares and DSU's as at March 30, 2012, valued at the closing price as at March 30, 2012 for 2011 (\$22.26).
- (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) The new Directors will have three years from his/her date of initial election to the Board to meet the minimum shareholding requirement.
- (8) Ms. Evans was appointed to the Governance and Nominating Committee on June 14, 2011, and left the Audit Committee on June 14, 2011.
- (9) Ms. Verschuren was appointed to the Board on December 23, 2011.
- (10) Mr. Merasty was appointed to the Board on June 14, 2011.
- (11) Mr. Stefanson was appointed to the Board on January 25, 2012.

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, 2012, and the number of meetings attended by each Director.

Director Name	Board (5 Meetings)		Audit Committee (5 Meetings)		Governance and Nominating Committee (5 Meetings)		Human Resources, Compensation and Pension Committee (13 Meetings)	
	#	%	#	%	#	%	#	%
H. Sanford Riley ⁽¹⁾	5	100	—	—	—	—	—	—
Edward S. Kennedy ⁽²⁾	5	100	—	—	—	—	—	—
David G. Broadhurst ⁽³⁾	5	100	5	100	5	100	—	—
Frank J. Coleman ⁽⁶⁾	5	100	3	100	5	100	—	—
Wendy F. Evans ⁽⁷⁾	5	100	3	100	3	100	13	100
Robert J. Kennedy	5	100	5	100	—	—	13	100
Gary J. Lukassen	5	100	5	100	—	—	—	—
James G. Osborne ⁽³⁾	5	100	—	—	5	100	13	100
Gary Merasty ⁽⁴⁾	2	100	2	100	—	—	3	100
Annette Verschuren ⁽⁵⁾	—	—	—	—	—	—	—	—
Eric Stefanson ⁽⁵⁾	—	—	—	—	—	—	—	—
Average/Percentage		100	—	100	—	100	—	100

Notes:

- (1) The Chairman of the Board is an ex-officio member of all Board committees.
- (2) The President and Chief Executive Officer attends all Board committee meetings as an invited guest.
- (3) Mr. Osborne and Mr. Broadhurst are not standing for re-election as a Director.
- (4) Mr. Merasty joined the Board on June 14, 2011.
- (5) Ms. Verschuren joined the Board on December 23, 2011 and Mr. Stefanson joined the Board on January 20, 2012.
- (6) Mr. Coleman was appointed to the Audit Committee on June 14, 2011.
- (7) Ms. Evans was appointed to the Governance and Nominating Committee on June 14, 2011, and left the Audit Committee on June 14, 2011.

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.

Director Fees

The Governance and Nominating Committee (the “**Governance Committee**”) retained Towers Watson during 2010 as a consultant to assess the market competitiveness of the Directors’ compensation. North West paid Towers Watson a retainer of \$25,420 for this compensation review.

Towers Watson assisted the Governance Committee to develop a peer group of sixteen Canadian companies who are primarily in the food and retail sector with market capitalization between \$250 million and \$5 billion, and revenue between \$500 million and \$11 billion. The core group of 12 retail companies was supplemented by 4 similarly sized organizations in other industries to reflect the broader employment market for North West’s Directors. This group of companies is listed below:

Company	Industry Classification
BMTC Group	Retailing
Colabor Group Inc.	Food and Staples Retailing
Davis Henderson Income Fund	Finance
Dollarama Inc.	Retailing
Fortis Inc.	Utilities
Forzani Group Ltd.	Retailing
Indigo Books and Music Inc.	Retailing
Laurentian Bank of Canada	Finance
Leon’s Furniture Ltd.	Retailing
Metro Inc.	Food and Staples Retailing
Reitmans Canada Ltd.	Retailing
Rona Inc.	Retailing
Sears Canada Inc.	Retailing
The Jean Coutu Group (PJC) Inc.	Retailing
Uni-Select Inc.	Retailing
Viterra, Inc.	Food, Beverage and Tobacco

The following are the retainer and meeting fees approved by the Board for its Directors as at April 9, 2012.

Annual Retainer ⁽¹⁾	Fees (\$)
Chairperson of the Board ⁽²⁾	145,000
Board Members ⁽³⁾	42,500
Audit Committee Chairperson ⁽⁴⁾	12,000
Governance and Nominating Committee Chairperson ⁽⁴⁾	8,000
Human Resources, Compensation and Pension Committee Chairperson ⁽⁴⁾	8,000
Meeting Attendance Fees ⁽¹⁾	
Board meeting (in person or by conference call)	1,500
Any Committee meeting of the Board (in person or by conference call)	1,500

Notes:

- (1) The grant for deferred Share units to any Director cannot exceed \$100,000 per year.
- (2) The Board Chairperson is not paid any meeting attendance fees. This Annual Retainer is paid in the sum of \$30,000 per fiscal quarter (either by cash or the grant of deferred Share units at the discretion of the Chairperson), and by the grant of deferred Share units in June of each year in the sum of \$25,000.
- (3) This Annual Retainer is paid in the sum of \$7,500 per fiscal quarter (either by cash or the grant of deferred Share units at the discretion of the Director), to each Director (other than the Board Chairperson), and by the grant of deferred Share units in June of each year in the sum of \$12,500.
- (4) The Chairpersons of each Board committee are entitled to meeting attendance fees of \$1,500 per Board committee, in addition to their annual committee Chairperson retainer. These fees are paid either by cash or the grant of deferred Share units at the discretion of the Director.

Deferred Share Unit Plan

North West offers a deferred share unit plan for independent Directors (the “**Director Deferred Share Unit Plan**”). The purpose of the Director Deferred Share Unit 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. Participants are credited with deferred share units based on the portion of Director fees each participant elects to allocate to the Director Deferred Share Unit Plan. Each deferred share unit entitles the holder to receive one Share.

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

The deferred share units, which vest immediately on the grant date, can be exercised by the holder at any time, 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.

The total number of deferred Shares outstanding as at April 9, 2012 was 118,262. There were no deferred share units exercised during the period February 1, 2011 to January 31, 2012, other than Ian Sutherland, who exercised all of his outstanding deferred share units and received a cash payment following his retirement from the Board on June 11, 2011.

Director Fees Paid for the Year Ended January 31, 2012

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, 2012 are reflected in the following chart. The Directors are also reimbursed for reasonable traveling and other expenses properly incurred by them in attending Board or Board committee meetings in connection with their services as Directors.

Name	Fees Earned (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
H. Sanford Riley	45,000	100,000	—	—	—	—	145,000
David Broadhurst	52,500	12,500	—	—	—	—	65,000
Frank Coleman	36,750	33,250	—	—	—	—	70,000
Wendy Evans	66,000	12,500	—	—	—	—	78,500
Robert Kennedy	2,000	83,000	—	—	—	—	85,000
Gary Lukassen	57,000	12,500	—	—	—	—	69,500
James Osborne	51,000	27,500	—	—	—	—	78,500
Gary Merasty	10,500	15,000	—	—	—	—	25,500
Annette Verschuren	—	—	—	—	—	—	—
Eric Stefanson	—	—	—	—	—	—	—

Note:

(1) Represents awards under the Director Deferred Share Unit Plan.

Director 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 with value equivalent to \$90,000, or three times the value of the annual cash retainer of \$30,000. The value of the Share is calculated at market value. Directors have five years from the date of initial appointment to comply. All Directors seeking re-election met these requirements as at the date of this Circular. See “Part III — ABOUT THE NOMINATED DIRECTORS”.

Corporate Cease Trade Orders or Bankruptcies

Mr. James G. Osborne

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

Mr. Osborne was a Director of Jazz Golf Equipment Inc. prior to it being a reporting issuer until October 6, 2006, at which time he resigned due to a disagreement as to corporate strategy being directed by the major shareholder’s representatives on the Board of Directors. On October 27, 2006, the Board issued a press release announcing approval of the sale of assets to a subsidiary of Ensis Growth Company Inc., the largest shareholder and creditor of Jazz, under the *Bankruptcy and Insolvency Act* (Canada) (the “Bankruptcy Act”). This was subsequently approved by the Court approved on November 22, 2006. The shares ceased trading on January 5, 2007.

Mr. Gary J. Lukassen

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

Mr. Lukassen was a Director of Abitibi Consolidated Inc. from April 2003 to October 2007, and a Director of AbitibiBowater Inc. from October 2007 until December 9, 2010. On April 16, 2009 AbitibiBowater Inc. filed for relief under the provisions of Chapter 11 of the United States Bankruptcy Code, and on April 17, 2009 filed for protection under the CCAA in Canada. AbitibiBowater Inc. emerged from Court protection under CCAA and Chapter 11 on December 9, 2010.

Mr. Robert J. Kennedy

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

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

PART IV — COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Discussion and Analysis (“**CD&A**”) provides information regarding all significant elements of compensation paid, payable, awarded, granted, given or otherwise provided by North West to its executives, and more specifically to its named executive officers which include North West’s President and Chief Executive Officer, its Chief Financial Officer, and the three other most highly compensated officers for the most recently completed fiscal year (collectively, the “**NEOs**”).

COMPENSATION GOVERNANCE

The Human Resources, Compensation and Pension Committee (the “**Compensation Committee**”) assists the Board of Directors (the “**Board**”) in establishing North West’s compensation philosophy and structure, and in discharging its oversight responsibilities relating to the compensation and retention of key senior management employees, and in particular, the President and Chief Executive Officer. The Compensation Committee is comprised of six independent Directors: Robert Kennedy, who serves as Chairperson; James Osborne; Wendy Evans; Gary Merasty; Annette Verschuren and Eric Stefanson. 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 “**C**” to this Circular.

The Compensation Committee held five regularly scheduled meetings and eight special meetings in fiscal 2011. The President and Chief Executive Officer, Executive Vice President and Chief Corporate Officer, Chief Financial Officer, Vice President, Human Resources and Vice President Legal and Corporate Secretary attend meetings of the Compensation Committee, but do not have the right to vote on any matter. Other senior officers may also attend for 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 responsibilities. These practices include:

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

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

EXECUTIVE COMPENSATION PHILOSOPHY

Since its formation 25 years ago, North West has embraced an organization-wide 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. At the executive level, North West’s total compensation objective is to pay in the upper quartile of the market when sustainable upper quartile performance is achieved.

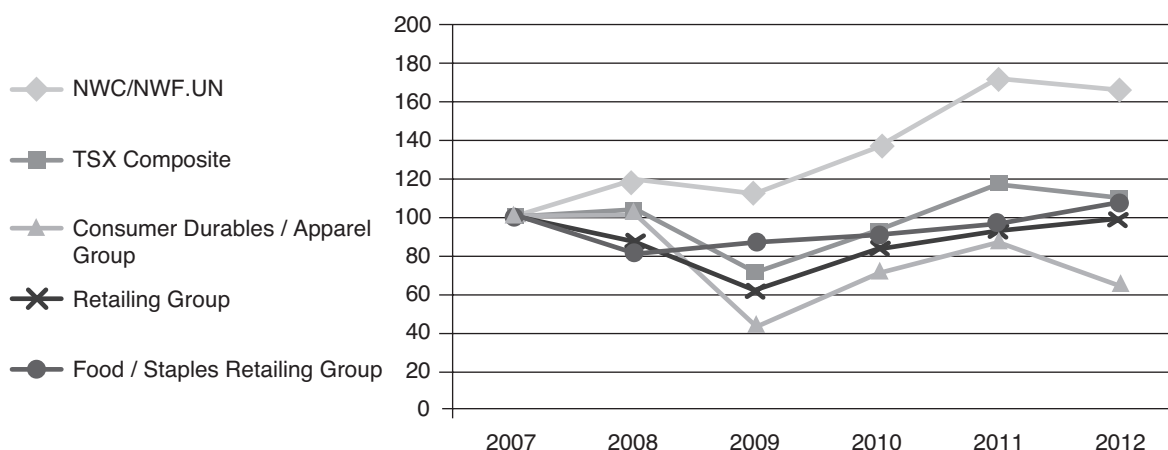
The total compensation for North West's NEOs is linked to a combination of the achievement of organization goals and Share price performance. This mix of incentive awards is aligned to the planning horizon associated with the executive's role. For the NEOs, 33% to 53% of total compensation is tied to longer term performance through performance share unit grants (time-based and performance-based components) and through stock options.

In addition to this philosophy, North West's executive compensation program is designed to:

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

North West Share Performance and Relationship with Executive Compensation

Below is a comparison of the cumulative total return between North West and the TSX Composite, Consumer Durables/Apparel Group, Retailing Group, and Food/ Staples Retailing Group from January 31, 2007 to January 31, 2012. This comparison assumes \$100 was invested on January 31, 2007 and all distributions/dividends were reinvested. The table below the graph also shows the value of total compensation for North West's NEOs for the same period, as disclosed in North West's management information circulars for those periods. 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.



	2007	2008	2009	2010	2011	2012
NWF/NWC	100	119	113	136	172	166
TSX Composite	100	103	71	93	117	110
Consumer Durables/Apparel Group	100	101	43	71	87	65
Retailing Group	100	87	62	83	93	99
Food/Staples Retailing Group	100	80	85	89	95	106
Value of Total Compensation for NEOs (in \$ million)	3.3	3.6	5.9	5.3	4.0 ⁽²⁾	5.8 ⁽¹⁾⁽²⁾

Notes:

- (1) Does not include the special grant of RSUs to the President and CEO on February 1, 2011.
- (2) 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 2011 and 2012.

As shown in the graph and table above, while the general trend in annual returns to North West Shareholders generally followed the trend of the TSX Composite Index from 2007 to 2012, North West Shares consistently outperformed the TSX Composite Index during this five year period. Shares in North West produced a return of -3.6% in 2011 and a compound annual return of 10.7% over the past 5 years, reflecting North West's focus on growth and yield.

Over the five-year period from 2007 to 2012, the percentage change in total compensation paid to NEOs (an increase of 77%) was somewhat higher than the percentage change in cumulative total return to North West Shareholders (an increase of 66%), but generally followed the same trend. The larger increase in total compensation was partly due to the transition to RSUs and PSUs from unit and share purchase loans offered to NEOs under prior long-term incentive plans. The loan programs were generally less expensive to North West and delivered comparable benefits to NEOs, but were assessed as being incompatible with current best practices for executive compensation. A second factor was the addition of a newly-created executive vice president position in March, 2010.

The new compensation program adopted by North West in 2011 is designed to more directly follow the performance drivers that should cause related changes in Shareholder return. This will be accomplished by the direct linkage between the various elements of performance and at-risk pay calculations, the significant weightings of share-based incentives in the executive compensation mix, and the methodology for determining PSU awards (see PART IV — COMPENSATION DISCUSSION AND ANALYSIS — DESIGN OF COMPENSATION PROGRAM AND ROLE OF COMPENSATION CONSULTANTS/ELEMENTS OF 2011 EXECUTIVE COMPENSATION).

DESIGN OF COMPENSATION PROGRAM AND ROLE OF COMPENSATION CONSULTANTS

An in-depth market review is conducted every three years to ensure base pay, incentives and total compensation is competitive and aligned with North West's performance goals. Hewitt Associates (“**Hewitt**”) was retained by the Compensation Committee for the years 2007 to 2010. In the fall of 2010, the Compensation Committee initiated a search for an independent compensation consultant to undertake this review for 2011. As a result of this search, Mercer (Canada) Limited (“**Mercer**”) was retained by the Compensation Committee to provide consulting/advisory services 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 and executive benefit arrangements, pay-for-performance analysis, incentive plan review, and performance calibration. During its review, Mercer compared North West's executive compensation levels relative to market for each of the following elements:

- base salary;
- annual incentives;
- total cash compensation (the sum of base salary and annual incentives);
- expected value of long term incentives at time of grant; and
- total direct compensation (the sum of total cash compensation and the expected value of long-term incentives).

No single comparator group could provide the necessary information to establish appropriate compensation levels for North West's executives. Accordingly, Mercer created three views of the market to collectively enable the Compensation Committee to determine the appropriate compensation for its executives.

The lists below include the companies comprising the three peer groups used in benchmarking compensation in 2011 by the Compensation Committee:

North American Retail Companies

This group serves to provide a view of compensation for companies of similar size and complexity to North West, but not necessarily in the food industry.

American Eagle Outfitters	Abercrombie & Fitch	Borders Group Inc.
Forzanis Group Ltd.	Rent-A-Centre	Tiffany & Co.
Sally Beauty Holdings Inc.	Cabelas Inc.	Saks Inc.
Spartan Shores Inc.	Church & Dwight Inc.	Ascena Retail
Brown Shoe Co. Inc.	Aeropostale Inc.	Charming Shoppes Inc.
Jo-Ann Stores Inc.	Urban Outfitters Inc.	Mens Warehouse Inc.
Ann Taylor Stores Corp.	Freds Inc.	Chicos Fas Inc.
Childrens Place Retail Strs	Carter's Inc.	Zale Corp.
Genesco Inc.	hhgregg Inc.	Stages Stores Inc.
Jos A Bank Clothiers Inc.	Pier 1 Imports Inc.	Talbots Inc.
Hot Topic Inc.	Ulta Salon Cosmetics and Frag	Stein Mart Inc.
Colabor Group Inc.	Finish Line Inc.	Wolverine World Wide
Pacific Sunwear Calif Inc.	Gymboree Corp.	New York & Co. Inc.
Chapters/Indigo	Big 5 Sporting Goods Corp.	Cost Plus Inc.
Conn's Inc.	Tuesday Morning Corp.	Dollarama Inc.
Brick Ltd.		

Canadian Retail Organizations

This group provides perspective for compensation in the Canadian market. Although it includes some organizations that are significantly larger than North West, the group captures retailers (including food retailers) that otherwise would have fallen outside the size scope. This group is skewed with very large and very small companies relative to North West, but provides valuable information about pay practices and design.

Loblaws Companies Ltd.	Alimentation Couche-Tard	Empire Company
Metro Inc.	Shoppers Drug Mart	Canadian Tire Corp.
Sears Canada Inc.	RONA Inc.	Jean Coutu Group
Forzani Group Ltd.	The Brick Group	Reichmans Canada
Chapters/Indigo	Leons Furniture Ltd.	Richelieu Hardware Ltd.
Le Chateau	Hart Stores Inc.	EasyHome Ltd.
Danier Leather Inc.		

US Food Retail Organizations

Similar to the Canadian retail group, this group provides perspective about pay practices and design, specifically in the food space. Several companies are significantly larger than North West.

Kroger	Safeway	Supervalu
Sysco Corp	Publix Super Markets	Whole Foods Market
A&P Inc.	Winn-Dixie Stores Inc.	Pantry Inc.
Nash Finch Co.	Ruddick Corp.	Casey's General Store Inc.
United Natural Foods Inc.	Susser Holdings Corp.	Ingles Markets Inc.
Andersons Inc.	Spartan Stores Inc.	Weis Markets Inc.
Village Super Market		

The Compensation Committee determined as a result of their review, that the total compensation for North West's NEOs and other senior executives was generally positioned competitively relative to the comparator

groups set out above. The following summarizes the changes made to total compensation levels as a result of the Board's review of total compensation in 2011 for North West's NEOs and other senior executives:

- Minor adjustments were made to International operating roles to achieve internal equity;
- The maximum award for short term incentive awards, as a percentage of the target award for the President and CEO, Executive Vice Presidents, and Chief Financial Officer was increased from 150% to 200%; and
- The long term incentive award for the Executive Vice President, Northern Canada Retail; Chief Financial Officer; and President and Chief Operating Officer (International) was increased from 60% to 80% of base salary.

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

In addition, after considering Mercer's recommendations and upon the recommendation of the Compensation Committee, the Board approved a number of changes to the design of North West's short and long term incentive programs in July, 2011 which are described below. These changes were made 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 Board does not anticipate making any significant changes to compensation practices in North West's 2012 fiscal year.

North West has not engaged Mercer to provide any services other than executive compensation advisory services to the Compensation Committee in 2011. 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 in 2010 and 2011:

Advisor	Fiscal Year	Fees (\$)
Mercer	2011	209,205
Hewitt	2010	1,584

ELEMENTS OF 2011 EXECUTIVE COMPENSATION

The changes to the design of North West's long-term incentive programs ("LTIP") approved by the Board in July, 2011 were implemented for North West's 2011 fiscal year. However, with respect to the design of the short term incentive plan ("STIP"), since the 2011 fiscal year STIP measures were not finalized until mid-year, and the budgeting process had already been completed for 2011 at the time the Board approved the changes to the STIP design, the Board determined that 2011 would be used as a transition year in order to establish and test setting the STIP performance measures, and to introduce North West employees to the new STIP plan design. As a result, the existing STIP design (the "2010 STIP Design") was used for the payment of 2011 STIP awards for NEOs. Effective in the 2012 fiscal year, the new STIP design (the "2012 STIP Design") will be used to measure and provide all North West employees with their annual STIP awards.

The key elements included in determining the total compensation of executives during 2011 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 compensation framework is designed to provide executives with the opportunity for a competitive level of total remuneration based on North West's performance.

The following table illustrates, as a percentage for each element, each NEOs target total compensation mix for 2011, 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%
Michael McMullen, Executive Vice President, Northern Canada Retail	42%	25%	16.5%	16.5%	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%

Notes:

(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%
Michael McMullen, Executive Vice President, Northern Canada Retail	60%	40%	40%
Rex Wilhelm, President and Chief Operating Officer (International)	60%	40%	40%
Vice Presidents	50%	35%	15%

Notes:

(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 a 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 2011.

NEO	2010 Base Salary (\$)	2011 Base Salary (\$)	Base Salary Increase
Edward Kennedy	672,000	692,200	3.0%
John King ⁽¹⁾	235,000	260,000	10.6%
Craig Gilpin	335,000	345,100	3.0%
Michael McMullen	276,000	284,300	3.0%
Rex Wilhelm ⁽²⁾	262,500	270,000	3.0%

Notes:

- (1) Mr. King was promoted to Chief Financial Officer in 2010. His base salary is being adjusted over a 3 year period to competitive levels for his new role, based on the comparator groups as described above.
- (2) Mr. Wilhelm’s base salary is expressed in \$U.S.

Short Term Incentive Plan (“STIP”)

The STIP consists of an annual cash payment. The value of the STIP is based on a percentage of the executive’s base salary.

2010 STIP Design and Basis of STIP Awards in 2011

In fiscal 2011, the President and CEO and other executives were eligible to receive annual incentive plan awards in the ranges and based on the performance objectives as set out below:

Payment levels based on performance (% of base salary)				
	Below last year	Last year	Target ⁽¹⁾	Maximum ⁽²⁾
Edward Kennedy	0	40%	75%	150%
John King	0	30%	60%	120%
Craig Gilpin	0	30%	60%	120%
Michael McMullen	0	30%	60%	120%
Rex Wilhelm	0	30%	60%	120%
Vice Presidents	0	25%	50%	75%

Notes:

- (1) Target incentives are based on achieving 5% comparable business EBIT growth from 2010 (adjusted for normalizing factors), plus cost of capital adjustments, tied to the source or use of working capital, all over the 2010 fiscal year. Added to this target is the planned contribution from new growth investments. For the President and CEO, Executive Vice President and Chief Corporate Officer, and the Chief Financial Officer, this performance measurement is based entirely on consolidated results. For the Executive Vice President, Northern Canada Retail, this performance measurement is based on both consolidated results and results from the Northern Canada retail division. For the President, International Operations, this performance measurement is based on both consolidated results and results from North West’s International Operations.
- (2) To achieve upper quartile pay-for-performance, the maximum incentive is set at 10% comparable business EBIT growth from 2010 (adjusted for normalizing factors), plus cost of capital adjustments, tied to source or use of working capital, all over the 2010 fiscal year.

Refer to the “2011 PERFORMANCE AND COMPENSATION — 2011 STIP Awards” for actual STIP awards earned by each NEO for 2011 performance.

2012 STIP Design

The Board approved the 2012 STIP Design in July, 2011. The 2012 STIP Design shifted from a performance sharing model based on overall organizational and business unit results to an accountability model based on delivered results on specific key performance initiatives, while retaining a weighting on corporate and business unit performance. The following is a summary of plan design changes from the 2010 STIP Design:

- Shift from a fixed financial growth target to an annual target setting process to ensure consistent performance stretch in business circumstances;
- Introduction of explicit weighted corporate, business unit, and key initiative objectives;
- All positions are measured on results and may be reduced if leadership behaviours and core principles and values are not demonstrated by the executive;
- Lower payouts for threshold performance;
- No automatic award for key initiative objectives if corporate performance is less than 80% of target, compared to no award for performance below the previous year under the previous STIP plan; and

- Board discretion to provide adhoc adjustments as appropriate.

The 2012 STIP Design costs, at target performance, remain relatively the same from the 2010 STIP Design.

The following describes the STIP target awards each NEO and executive are eligible to receive under the 2012 STIP Design compared to the 2010 STIP Design, as a percentage of base salary:

NEO/Position	2010 STIP Design (STIP target as a % of base salary)	2012 STIP Design (STIP target as a % of base salary)
Edward Kennedy, President and CEO	80%	75%
John King, Chief Financial Officer	60%	60%
Craig Gilpin, Executive Vice President and Chief Corporate Officer	60%	60%
Michael McMullen, Executive Vice President, Northern Canada Retail	60%	60%
Rex Wilhelm, President and Chief Operating Officer (International)	60%	60%
Vice Presidents	50%	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%
Michael McMullen ⁽¹⁾	0%	100%	200%
Rex Wilhelm ⁽¹⁾	0%	100%	200%
Vice Presidents ⁽²⁾	35%	100%	150%

Notes:

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

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	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 Component:** Objectives unique to function, but aligned with corporate or business unit objectives.
- (4) If the maximum STIP weightings for Business Unit Performance or Individual Performance are not applied to any NEO in any given year, the unallocated balance must be applied to Corporate Performance.

The earned STIP award may be reduced by 5% to 10% if leadership behaviours and values are not demonstrated by the executive.

Long Term Incentive Plans (“LTIP”)

The LTIP is designed to motivate and reward officers for creating mid and long-term Shareholder value and is comprised of performance share units (“PSUs”) and Share options. North West will no longer grant restricted share units as part of its LTIP plan after the 2010 fiscal year, however 1/3 of each PSU grant is time based, as described below.

The following describes the LTIP awards each NEO and executive are entitled to receive under the new program compared to the LTIP program that was in place prior to 2011, expressed as a percentage of base salary:

NEO/Position	Former LTIP program (as a % of base salary)	New LTIP Program (as a % of base salary)
Edward Kennedy, President and CEO	200%	200%
John King, Chief Financial Officer	60%	80%
Craig Gilpin, Executive Vice President and Chief Corporate Officer	80%	80%
Michael McMullen, Executive Vice President, Northern Canada Retail	60%	80%
Rex Wilhelm, President and Chief Operating Officer (International)	60%	80%
Vice Presidents	50%	50%

Performance Share Units (PSUs)

The Board implemented a new design for PSUs in 2011. 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 Presidents, 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 annual average STIP performance achievement for each individual; 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 annual average STIP performance. 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 average STIP performance is less than 85% of target;
- All PSUs will fully vest if 3 year average STIP performance is 95% of target; and
- The maximum award pays 200% for the President and Chief Executive Officer, Executive Vice Presidents and the Chief Financial Officer, and 150% for all Vice Presidents if 3 year average STIP performance achieves top quartile performance.

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

	0% of Target PSU at Threshold	100% of Target PSU at Target Performance	200% of Target PSU at Maximum Performance
Edward Kennedy	85% of 3 year STIP Performance	95% of 3 year STIP Performance	150% of 3 year STIP Performance
John King	85% of 3 year STIP Performance	95% of 3 year STIP Performance	150% of 3 year STIP Performance
Craig Gilpin	85% of 3 year STIP Performance	95% of 3 year STIP Performance	150% of 3 year STIP Performance
Michael McMullen	85% of 3 year STIP Performance	95% of 3 year STIP Performance	150% of 3 year STIP Performance
Rex Wilhelm	85% of 3 year STIP Performance	95% of 3 year STIP Performance	150% of 3 year STIP Performance
Vice Presidents ⁽¹⁾	85% of 3 year STIP Performance	95% of 3 year STIP Performance	125% of 3 year STIP Performance

Notes:

- (1) Linear curve between points, starting at 0% when 3 year STIP performance achieves 85% of Target.

The Board determined the following TSR comparator group would be used to determine the relative portion of each PSU grant (collectively, the “**TSR Group**”), based on the companies within the TSR Group either having a growth and yield, total return, or performance objective similar to North West, or being 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 actual PSU relative portion of the award will be 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⁾

Notes

- (1) Payout starts after North West’s historical 3-year performance reaches 25th quartile of 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 remained at 3 years, and dividend equivalents continue to be paid for the 3 year period at the time the PSU's vest.

PSU Transition

Within the previous PSU plan and design, there were two outstanding PSU grants in 2011 at the time the Board approved the new PSU design:

- One year remained in the 2009 - 2011 cycle; and
- Two years remained in the 2010 - 2012 cycle.

The following chart sets out the corporate 2009 - 2011, and 2010 - 2012 performance cycle targets for the outstanding PSU grants.

Corporate Earnings per Share⁽¹⁾	PSU Vesting (%)
Less than 7.7%	PSUs will be forfeited
7.7%	25% of target
15.8%	50% of target
24.2%	100% of target

Notes:

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

Given the changes in the new PSU plan design, the Board aligned all of North West's cash based awards accordingly, including those granted in the past. The changes are not retroactive, and the maximum payouts remain the same as under the old PSU plan.

For the portion of awards where the years are completed, the PSUs continue to vest on prorated corporate earnings per Share, to hold participants accountable for the period already completed. For the 2009 - 2011 cycle, and specifically for the one-year portion of the PSU cycle that was not completed in 2011, the remaining PSUs will vest tied to STIP performance in 2011. For the 2010 - 2012 cycle, and specifically for the two year portion of the PSU cycle that was not completed in 2011, the remaining PSUs will vest tied to average STIP performance in 2011 and 2012.

The Board also retained discretion, within the parameters of the new PSU plan, to evaluate TSR performance in considering making any necessary discretionary adjustments to either performance cycle awards.

Share Option Plan

North West currently has two share option plan designs in place. The Original Option Plan (as defined below) was implemented in 2009, and options granted in 2009 and 2010 were granted 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 (as defined below), which includes a partially declining strike price option for Canadian executives. This feature was added to recognize that a significant portion of North West's long-term total return value 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.

During the course of Mercer's work with the Compensation Committee in 2011, consideration was given to long-term compensation models that would better reinforce North West's performance goal of delivering superior total shareholder returns, consisting of higher than average, sustainable dividends and earnings growth. The Compensation Committee determined that the existing option plan did not optimally align management's long-term compensation with the dividend yield component of this performance goal. As a result, the Board presented their recommendation to North West's Shareholders that North West replace its existing stock option plan that was effective January 1, 2011 (a unit option plan was originally put into place in June, 2009, which was amended effective January 1, 2011 to reflect the conversion from an income fund to a share corporation) ("**Original Option Plan**") with a stock option plan that would provide for the granting of options to purchase common Shares issued from treasury having a seven year term. 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 of no less than the fair market value (as defined below) 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 Board determined the exercise price per option for the Partially Declining Exercise Price Option feature granted for 2011 and 2012 will be 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.

Refer to the "2011 PERFORMANCE AND COMPENSATION — Summary Compensation Table/Outstanding Equity Based Awards" for information on actual LTIP awards granted to each NEO in 2011.

Other Elements of 2011 Compensation

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

All current executives in Canada participate in a non-contributory Defined Benefit Pension Plan. The annual benefit payable is based on a range of 1.4% to 1.7% per year of service of the average of the final three years of remuneration. Remuneration includes base earnings plus STIP. Upon death, reduced payments continue to the spouse, if applicable. Executives may elect to contribute to the plan to provide for ancillary benefits. The benefit is not reduced for early retirement at age 60 if the member has 10 years of service as an executive of 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 "Present Value of Accumulated Pension Benefits" table for additional information regarding the value of these pension benefits.

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 provide that executives 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.

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.

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2011 PERFORMANCE AND COMPENSATION

Summary Compensation Table

The following table summarizes the aggregate compensation paid or payable by North West to the President and Chief Executive Officer, the Chief Financial Officer, and the next three most highly compensated executives of North West, whose total compensation, excluding pension received or to be received, in respect of the fiscal year ended January 31, 2012 was greater than \$150,000.

Name/Principal Position	Year	Salary (\$)	Share Based Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation		Pension Value (\$) ⁽⁴⁾	All Other Compensation (\$) ⁽⁵⁾	Total Annual Compensation (\$)
					Annual Incentive Plans (\$) ⁽³⁾	Long Term Incentive Plans (\$)			
Edward Kennedy ⁽⁶⁾ President and Chief Executive Officer	2011	686,762	3,095,360	830,640	655,319	—	-234,800	71,146	5,104,427
	2010	666,831	848,640	456,960	—	—	-833,500	98,080	1,237,011
	2009	649,354	832,000	456,960	318,938	—	346,000	106,925	2,700,177
John King ⁽⁷⁾ Chief Financial Officer	2011	253,269	104,000	104,000	196,918	—	41,800	31,392	731,379
	2010	201,000	93,348	48,385	—	—	24,600	26,751	394,084
	2009	152,192	48,750	26,775	46,719	—	38,000	25,367	337,803
Craig Gilpin ⁽⁸⁾ Executive Vice President, and Chief Corporate Officer	2011	342,381	138,040	138,040	261,371	—	-10,000	36,231	906,063
	2010	286,039	165,973	93,235	201,000	—	83,300	29,842	859,389
	2009	—	—	—	—	—	—	—	—
Michael McMullen Executive Vice President, Northern Canadian Retail	2011	282,065	113,720	113,720	165,993	—	93,400	35,079	803,977
	2010	273,846	106,456	57,322	117,780	—	-15,900	41,263	580,767
	2009	266,519	104,271	57,322	88,270	—	158,200	47,518	722,100
Rex Wilhelm ⁽⁹⁾ President and Chief Operating Officer (International)	2011	267,665	108,160	103,909	300,543	—	—	—	780,277
	2010	260,480	101,924	56,178	—	41,200	—	—	459,782
	2009	244,038	99,306	62,723	86,106	39,936	—	—	532,109

Notes:

- (1) Represents the dollar amount based on the grant date fair value of the award for the fiscal year under North West's RSU and PSU plans multiplied by the number of Shares granted. The grant date fair market value was calculated by using the volume weighted average closing market price for the five days prior to and including the grant date. In order to approximate the relative value compared to a freely traded unit, a discount factor of 10% was assigned to RSUs and 25% for PSUs for 2009 and 2010 to determine the number of RSUs and PSUs awarded to each participant. The targeted LTI compensation for each type of award was divided by this discounted value to determine the number of Shares to be awarded in 2009 and 2010. During 2009, 2010, and 2011 the total RSUs and PSUs granted to each NEO were as follows. The RSUs granted in 2009 vested and were paid out in 2012. All other RSU and PSU grants have not vested to date.

	2009 RSU Grant	2009 PSU Grant	2010 RSU Grant	2010 PSU Grant	2011 RSU Grant	2011 PSU Grant
Edward Kennedy	13,571	54,283	12,109	48,436	120,000 ^(A)	26,146
John King	795	3,181	1,236	4,942	—	4,911
Craig Gilpin	—	—	2,368	9,473	—	6,518
Michael McMullen	1,701	6,803	1,519	6,076	—	5,370
Rex Wilhelm	1,620	6,479	1,445	5,781	—	5,107

Notes:

- (A) Represents the special grant of RSUs paid to the President and CEO on February 1, 2011 pursuant to the terms of his employment contract.
- (2) Represents the dollar amount based on the grant date fair value. Grant date fair value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the grant date. No options have vested to date.
- (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) Mr. King was appointed Chief Financial Officer on June 28, 2010. Prior to his appointment to CFO, he held the position of Vice President, Finance.
- (8) Mr. Gilpin commenced his employment with North West in March, 2010.
- (9) All amounts paid to the President and Chief Operating Officer for the International Division are expressed in U.S. Dollars.

All Other Compensation

The following table shows the breakdown of “All Other Compensation” in the Summary Compensation Table for 2009 to 2011. These amounts reflect the aggregate incremental costs to North West.

Name	Year	Flexible Benefits (\$)	Interest Subsidy/Commission on UPLP Loan (\$)	Life Insurance Premium (\$)	Executive Medical/Health (\$)	Employee Ownership Plan Contribution (\$)	Total All Other Compensation (\$)
Edward Kennedy	2011	68,599	—	2,274	100	173	71,146
	2010	66,683	27,903	3,221	100	173	98,080
	2009	64,935	38,771	2,416	—	173	106,295
John King	2011	25,230	—	783	—	5,279	31,292
	2010	20,100	894	807	—	4,950	26,751
	2009	16,131	4,224	550	1,312	3,150	25,367
Craig Gilpin	2011	34,199	—	1,165	—	867	36,231
	2010	26,604	—	1,238	—	—	29,842
	2009	—	—	—	—	—	—
Michael McMullen	2011	28,175	—	1,171	100	5,634	35,080
	2010	27,384	7,185	1,218	—	5,476	41,263
	2009	26,652	14,202	1,027	—	5,637	47,518
Rex Wilhelm	2011	—	—	—	—	—	—
	2010	—	—	—	—	—	—
	2009	—	—	—	—	—	—

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, 2012.

Name	Share-based Awards		Option-based Awards			
	# of Shares that have not vested (rounded to nearest Share) ⁽¹⁾	Market or payout value of Share-based awards that have not vested (\$) ⁽²⁾	# of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽³⁾
Edward Kennedy	221,497	2,883,674	176,515 140,600 106,700	20.62 15.25 19.11	July 21, 2018 June 26, 2019 April 16, 2020	614,433
John King	12,059	60,121	22,101 8,200 6,300 5,000	20.62 15.25 19.11 19.74	July 21, 2018 June 26, 2019 April 16, 2020 June 28, 2020	35,857
Craig Gilpin	20,177	95,952	29,335 21,800	20.62 19.11	July 21, 2018 April 16, 2020	6,322
Michael McMullen	14,189	69,607	24,166 17,600 13,400	20.62 15.25 19.11	July 21, 2018 June 26, 2019 April 16, 2020	76,926
Rex Wilhelm	13,497	66,212	29,021 19,300 13,100	20.62 15.25 19.11	July 21, 2018 June 26, 2019 April 16, 2020	83,894

Notes:

- (1) Includes both RSUs and PSUs that have not vested as at January 31, 2012. Also includes the payment of notional dividends as if they were Shares, which are automatically credited to the RSU and PSU balance at the time the dividends are paid on Shares. Holders of RSUs and PSUs are entitled to receive this dividend entitlement when the RSUs and PSUs vest.
- (2) The market value of Share-based awards that have not vested is calculated by multiplying the number of RSUs granted to the NEO by the January 31, 2012 common Share closing price of \$19.40. The final amounts in the table include dividends earned up to January 31, 2012 on granted RSUs. No assumption is made for future dividends. PSU grants for 2010 are subject to performance conditions and are valued at the minimum possible payout of zero on this table. $\frac{1}{3}$ of PSU grants for 2011 (time based portion) are included and are calculated using the same method as the RSUs. The remaining $\frac{2}{3}$ of PSU grants for 2011 are subject to performance conditions and are valued at the minimum possible payout of zero on this table.
- (3) The market value of unexercised in-the-money original options granted in 2009 and 2010, and the options granted to Mr. Wilhelm in 2011 are calculated based on the difference between \$19.40, the closing price of a common Share on January 31, 2012, and the exercise price of the option. The market value of unexercised in-the-money declining strike price options granted in 2011 are calculated based on the difference between the revised strike price of \$20.34 and the exercise price of the option. 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 grant, on a per Share basis, that exceed a dividend yield of 2% for North West, is deducted from the strike price.

Incentive Plan Awards

The table below shows the incentive awards that were vested or earned by each NEO during the fiscal year ended January 31, 2012.

Name	Option-Based Awards/Value Vested During the Year (\$)	Share-Based-Awards/Value Vested During the Year (\$) ⁽¹⁾	Non-Equity incentive plan Compensation/Value earned during the Year (\$)
Edward Kennedy	—	731,280	655,319
John King	—	42,848	196,918
Craig Gilpin	—	—	261,371
Michael McMullen	—	84,454	165,993
Rex Wilhelm	—	90,357	300,543

Notes:

- (1) Based on a Share price of \$19.57, which is the volume weighted average trading price of the Shares for the five trading days immediately preceding the vesting date.

Annual STIP Awards

Since the 2011 year measures were not finalized until mid-year and the budgeting process had already been completed for 2011, the Board determined that 2011 would be used as a transition year in order to establish and test setting the performance measures, and to introduce North West employees to the 2012 STIP Design. As a result, the 2010 STIP Design was used for the payment of 2011 STIP awards for NEOs. The Board did not exercise any discretion when awarding the 2011 STIP awards to the NEOs. Effective in the 2012 fiscal year, the 2012 STIP Design will be used to measure and provide all North West employees with their annual STIP awards (see “ELEMENTS OF 2011 COMPENSATION”).

Under the 2010 STIP Design, the 2011 performance measurement for all NEOs is based on achieving a target 5% comparable EBIT growth from 2010 (adjusted for normalizing factors), plus cost of capital adjustments, tied to the net source or use of working capital, all over the 2010 fiscal year. Added to this target is the planned contribution from new growth investments (the “STIP Earnings”). For the President and CEO, Executive Vice President and Chief Corporate Officer, and the Chief Financial Officer, this performance measurement is based entirely on consolidated results. For the Executive Vice President, Northern Canada Retail, this performance measurement is based on both consolidated results and results from the Northern Canada retail division. For the President, International Operations, this performance measurement is based on both consolidated results and results from North West’s International Operations.

The following highlights North West’s performance against the STIP targets for NEOs for the 2011 fiscal year.

Performance Targets	Met Target	2011 Results
Consolidated STIP Earnings of \$105,188,000	Yes	Consolidated STIP Earnings of \$108,283,000
Northern Canada STIP Earnings of 5% above 2010 comparable STIP Earnings ⁽¹⁾	No	Northern Canada STIP Earnings of 4.4% above 2010 comparable STIP Earnings
International Operations STIP Earnings of \$20,707,000	Yes	International Operations STIP Earnings of \$23,853,000

Notes

- (1) North West does not provide specific numbers for Northern Canada Retail EBIT, as it believes the disclosure of this information could seriously prejudice its interests as it constitutes strategic confidential information. North West does not publicly disclose EBIT results for its Northern Canada retail banners.

The following sets out the individual STIP awards in 2011 for each NEO.

	Performance Measure	% Weight of Measure	% of Base Salary Target	% of Base Salary Paid	Earned STIP \$
Edward Kennedy	Consolidated STIP Earnings	100%	75%	94.7%	655,319
John King	Consolidated STIP Earnings	100%	60%	75.7%	196,918
Craig Gilpin	Consolidated STIP Earnings	100%	60%	75.7%	261,371
Michael McMullen	Consolidated STIP Earnings	20%	20%	15.2%	43,064
	Northern Canada STIP Earnings	80%	40%	43.2%	122,928
				Total	165,993
Rex Wilhelm	Consolidated STIP Earnings	20%	20%	15.2%	40,959
	International Operations STIP Earnings	80%	40%	96.0%	259,584
				Total	300,543

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 2011 Compensation" for information regarding the terms and conditions of payments and benefits under the plan, including the formula for determining benefits.

Name	# of Years of credited service	Annual benefits payable at year end (\$)	Annual benefits payable at age 65 (\$)	Accrued obligation at start of year (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Accrued Obligation at year end (\$)
Edward Kennedy	17.17	346,900	600,000	2,965,000	- 234,800	1,103,900	3,834,100
John King	5.58	22,400	100,400	184,100	41,800	106,800	332,700
Craig Gilpin	1.83	14,400	152,400	83,300	- 10,000	76,200	149,500
Michael McMullen . . .	4.92	34,300	86,300	288,500	93,400	101,900	483,800

Name	Accumulated Value At Start of Year (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Accumulated Value at End of Year (\$)
Rex Wilhelm ⁽¹⁾	323,879	—	—	327,314

Termination and Change of Control Benefits

Mr. Edward Kennedy has a formal employment agreement in place which provides for termination and change of control benefits. Mr. Craig Gilpin's offer of employment also contains specific provisions relating to termination and change of control benefits. The specific terms relating to termination and change of control benefits included in the employment agreement with Mr. Kennedy and in the offer of employment with Mr. Gilpin are set out below. The terms and conditions of the remaining NEOs for termination and change of control benefits are governed by North West's compensation policies and practices that generally apply to all executive officers, and by the specific provisions contained in the plan documents for the RSU/PSU plans and in the Original Option Plan and Amended and Restated Option Plan.

The following table summarizes the payments that would be received by each NEO in each circumstance where the executive ceases to be employed by North West. The amounts calculated are based on positions and compensation as at January 31, 2012. Amounts received for any RSU, PSU and option awards granted in 2009, 2010 and 2011 are based on a January 31, 2012 closing price of \$19.40.

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.

	For Cause (\$)	Without Cause (\$)	Change of control (\$) ⁽⁷⁾	Retirement (\$) ⁽²⁾	Death or Disability (\$)	Resignation (\$)
Edward Kennedy⁽¹⁾						
Base/Bonus/Perquisite	—	3,541,848	3,541,848	—	—	—
Accelerated RSU/PSU Vesting	—	4,296,072	4,296,072	4,296,072	4,296,072	—
Accelerated Option Vesting	—	614,433	614,433	614,433	614,433	—
Benefits	—	—	—	—	—	—
Total	—	<u>8,452,353</u>	<u>8,452,353</u>	<u>4,910,505</u>	<u>4,910,505</u>	—
John King						
Base/Bonus/Perquisite ⁽³⁾	—	390,000	471,212	—	—	—
Accelerated RSU/PSU Vesting ⁽⁴⁾	—	60,121	233,945	233,945	233,945	—
Accelerated Option Vesting ⁽⁵⁾	—	—	35,857	35,857	—	—
Benefits	—	—	—	—	—	—
Total	—	<u>450,121</u>	<u>741,014</u>	<u>269,802</u>	<u>233,945</u>	—
Craig Gilpin						
Base/Bonus/Perquisite ⁽⁶⁾	—	569,415	748,836	—	—	—
Accelerated RSU/PSU Vesting ⁽⁴⁾	—	95,052	391,434	391,434	391,434	—
Accelerated Option Vesting ⁽⁵⁾	—	—	6,322	6,322	—	—
Benefits	—	—	—	—	—	—
Total	—	<u>664,467</u>	<u>1,146,592</u>	<u>397,756</u>	<u>391,434</u>	—
Michael McMullen						
Base/Bonus/Perquisite ⁽³⁾	—	426,450	550,464	—	—	—
Accelerated RSU/PSU Vesting ⁽⁴⁾	—	69,607	275,267	275,267	275,267	—
Accelerated Option Vesting ⁽⁵⁾	—	—	76,926	76,926	—	—
Benefits	—	—	—	—	—	—
Total	—	<u>496,057</u>	<u>902,657</u>	<u>352,193</u>	<u>275,267</u>	—
Rex Wilhelm						
Base/Bonus/Perquisite ⁽³⁾	—	405,600	534,483	—	—	—
Accelerated RSU/PSU Vesting ⁽⁴⁾	—	66,212	261,842	261,842	261,842	—
Accelerated Option Vesting ⁽⁵⁾	—	—	83,894	83,894	—	—
Benefits	—	—	—	—	—	—
Total	—	<u>471,812</u>	<u>880,219</u>	<u>345,736</u>	<u>261,842</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) This amount reflects the amounts payable under North West's general policy regarding termination and change of control benefits for its executives. Under this policy, executives are entitled to 1 times base salary plus perquisite allowance for up to 5 years of service, and 1.5 times base salary and perquisite thereafter for termination without cause. For change of control, executives are entitled to 1 times base salary plus the average of the last 3 years of STIP for up to 5 years of service, and 1.5 times base salary plus the average of the last 3 years of STIP thereafter.

- (4) This amount reflects the amounts payable under the plan documents for North West's RSU/PSU plan. The value of the RSUs and PSUs is calculated by multiplying the number of qualified Share units by the January 31, 2012 closing Share price of \$19.40. With respect to death or disability, for the NEOs other than Mr. Kennedy, the assumption has been used that all NEOs will either die or incur their disability at the end of the fiscal year, so these amounts are not prorated.
- (5) This amount reflects the amounts payable under the Original Option Plan and Amended and Restated Option Plan, and assumes the Board exercised its discretion pursuant to those plans and authorized vesting of all options upon the change of control. 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, 2012 closing Share price of \$19.40, and subtracting from that amount the number of qualified options multiplied by the exercise 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 agreement as set out in this Circular.
- (7) Change of control (for all NEOs other than Mr. Kennedy and Mr. Gilpin) is defined in NEOs general policy regarding termination and change of control benefits as occurring 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, the NEO must be terminated following the change of control other than for cause, death, retirement, permanent disability, or if the NEO 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 affects the NEOs position in the corporate hierarchy. The NEO must exercise his right to terminate his employment within 12 months following the actual change of control event.

Employment Agreements/Offers of Employment

President and Chief Executive Officer Employment Agreement

Mr. Kennedy, who is 52 years of age, has been the President and Chief Executive Officer of North West for the past 16 years, and an executive of North West for the past 23 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")⁽¹⁾ Effective February 1, 2011, Mr. Kennedy was granted 120,000 restricted share units⁽¹⁾ as a special grant, which vest one third on January 31, 2012; one third on January 31, 2013; and one third on January 31, 2014.

(1) The amount of special restricted share units was incorrectly stated as \$120,000 in North West's 2011 Circular.

UPLP Loan⁽²⁾ 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.

(2) 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 RSUs, 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.

Share Ownership Guidelines

The Board has established Share ownership guidelines outlining the minimum levels of Share ownership for executives who are members of the executive committee of 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.

Any Shares purchased through the open market, and up to 50% of after-tax RSUs are included in the number of Shares reported for each executive. PSUs 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. 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 vested RSUs or PSUs 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, 2012, based on the closing price of North West on the TSX on January 31, 2012 and the actual ownership as a multiple of their respective base salary.

Name	Market Value of Shares (\$) ⁽¹⁾	Net Ownership as a multiple of base salary	Minimum Ownership as multiple of salary
Edward Kennedy	6,559,868	9.5	4.0
John King	1,157,375	4.6	2.0
Craig Gilpin	201,944	0.5	2.0
Michael McMullen	1,594,453	5.4	2.0
Rex Wilhelm	130,921	0.5	2.0

Notes:

(1) Includes any Shares purchased through the open market, and up to 50% of the after-tax RSUs; all multiplied by the January 31, 2012 closing price of \$19.40.

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 Director Deferred Share Unit Plan and all other equity compensation plans of North West will not exceed 10% of the issued and outstanding Shares at the date of the grant of the option. Grants under the Deferred Share Unit 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 Director Deferred Unit Plan and options under the share option plans.

Number of underlying Shares reserved for issuance upon exercise of all Director deferred share units under North West Deferred Share Unit Plan	118,262
Number of underlying Shares reserved for issuance upon exercise of all options under the share option plans	805,920
Total Shares issued and outstanding as at January 31, 2012	48,378,000
% of Shares reserved under the Deferred Share Unit Plan as a % of total Shares issued and outstanding as at January 31, 2012	0.24%
% of Shares reserved under all equity compensation plans as a % of total Shares issued and outstanding as at January 31, 2012	1.9%

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, 2011, 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 \$30 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, 2011 to June 1, 2012 was approximately \$158,750. Directors and officers do not pay premiums, and no indemnity claims were made or paid in 2011.

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 Appendix “A” 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, 2012.

“Paulina Hiebert”

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

APPENDIX “A”

STATEMENT OF NORTH WEST GOVERNANCE PRACTICES

North West is committed to high standards of corporate governance. The Governance and Nominating Committee (the “**Governance Committee**”) undertook a comprehensive review of North West’s governance policies and processes in 2010, both to align with its conversion to a share corporation legal structure, and to generally improve the disclosure of the sound and ingrained principles of good governance North West follows. Our work was focused on processes that truly matter in creating and sustaining investor value and the long-term health of our enterprise, as we reinforced North West’s good governance practices.

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 11 Directors. Two Directors will be retiring from the Board effective June 6, 2012. North West will be recruiting additional Directors in 2012 to replace the retiring Directors. North West believes that 10 - 12 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 9 nominee Directors, eight are independent within the meaning of NI 58-101. Each of H. Sanford Riley, Frank Coleman, Wendy Evans, Robert Kennedy, Gary Lukassen, 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 trustee 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 Appendix “B” 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 is adopting a formal orientation process for new Directors in 2012. 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 (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 2011 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 four Directors, namely Frank Coleman (Chairperson), David Broadhurst, Wendy Evans and James Osborne, all of whom are independent.

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

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

The Compensation Committee is composed of six Directors, namely Robert Kennedy (Chairperson), Wendy Evans, James Osborne, Gary Merasty, Annette Verschuren and Eric Stefanson, 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 seven Directors, namely Gary Lukassen (Chairperson), David Broadhurst, Robert Kennedy, Frank Coleman, Gary Merasty, Annette Verschuren and Eric Stefanson, all of whom are independent.

The Audit Committee is responsible for overseeing the integrity of North West's financial reporting process. In this regard, the primary duties of the Audit Committee involve reviewing North West's disclosure control

systems, overseeing the audits conducted by North West's external auditors and the reports of the internal audit function.

The Audit Committee is also responsible for overseeing North West's processes for identifying and assessing major financial risk exposures and the steps taken to monitor and control such exposures; evaluating the qualifications and performance of North West's external auditors and implementing practices to preserve their independence; reviewing the engagements to be provided by the external auditors; and reviewing all significant auditing and accounting practices and policies and any proposed changes with respect thereto.

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

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

APPENDIX “B”

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 January 1, 2011

APPENDIX “C”

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 8, 2011.



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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