More For Our Customers

THE NORTH WEST COMPANY INC. 2013

Annual Information Form

YEAR ENDED JANUARY 31, 2014

APRIL 9, 2014

THE NORTH WEST COMPANY

Annual Information Form

Unless otherwise indicated, all information provided in this Annual Information Form ("AIF") is as at January 31, 2014.

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Glossary of Terms and Abbreviations

The following terms in this Annual Information Form have the meanings set forth below:

TERMS

"AC" means the Alaska Commercial Company banner;

"AIF" means the Annual Information Form;

"Basis Point" means unit of measure that is equal to 1/100th of one percent;

"Board" or "Board of Directors" means the Board of Directors of The North West Company Inc.;

"CBCA" means the *Canada Business Corporations Act*;

"Canadian Operations" means retail stores offering food and everyday consumer goods and services to rural communities and urban neighbourhoods in northern and western Canada;

"CCAA" means the *Companies' Creditors Arrangement Act (Canada)*;

"CUL" means the Cost-U-Less banner;

"Company" and **"North West","we"**, **"us"** and **"our"** refers to The North West Company Inc. and/or its subsidiaries, and where such references are made prior to January 1, 2011, our predecessors the Fund and/or its subsidiaries;

"Debt Covenants" means restrictions written into banking facilities and senior notes and loan agreements that prohibit the Company from taking certain actions that may negatively impact the interest of its lenders;

"Earnings From Operations" or **"EBIT"** means net earnings before interest and income taxes. It provides an indication of the Company's performance prior to interest expense and income taxes;

"Fair Value" is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act;

"Fund" means North West Company Fund, and/or its subsidiaries;

"Gross Profit" means sales less cost of goods sold and inventory shrinkage;

"Gross Profit Rate" means gross profit divided by sales;

"Hedge" is a risk management technique used to manage interest rates, foreign currency exchange or other exposures arising from business transactions;

"IFRS" means International Financial Reporting Standards, as issued by the International Accounting Standards Board. For the 2011 fiscal year, the consolidated financial statements were prepared in accordance with IFRS. Comparative financial information for the year ended January 31, 2011 ("2010") previously reported in the consolidated financial statements and prepared in accordance with Canadian GAAP, was restated to IFRS;

"International Operations" means the Company's retail stores which offer food and everyday consumer goods and services to rural communities and urban neighbourhoods in Alaska, the South Pacific islands and the Caribbean;

"Nutrition North" or **"NN"** means a Canadian federal subsidy program for nutritious perishable food sold in northern Canada;

"Plan of Arrangement" has the meaning set out in "Reorganizations: Conversion of the Fund into a Corporation";

"Senior Notes" has the meaning set out in "Capital Structure: Debt - Canadian Operations";

"Trading profit" or "**EBITDA"** means net earnings before interest, income taxes, depreciation and amortization. It provides an indication of the Company's operating performance before allocating the cost of interest, income tax and capital investments;

"Working Capital" means total current assets less total current liabilities; and

"Year" means the Company's fiscal year which ends on January 31. The years ended January 31, 2013 and January 31, 2009 respectively had 366 days due to the February 29 leap year. All other fiscal years referenced herein have 365 days.

ABBREVIATIONS

"ATM" - Automated Teller Machine

"LIBOR" - London Interbank Offered Rate

"LRP" - Long-Range Plans

"MD&A" - Management Discussion & Analysis

"SEDAR" - refers to the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators

"TMS" Transportation Management System

"TSX" refers to the Toronto Stock Exchange

"US$" United States dollars

Presentation of our Financial Information

Financial information in this Annual Information Form ("AIF") has been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. All financial information is presented in Canadian dollars, unless otherwise stated, and has been rounded to the nearest thousand.

Additional financial information is provided in the 2013 Annual Financial Report available on SEDAR at *www.sedar.com* or on the Company's website *at www.northwest.ca*.

Forward-looking Statements

This AIF contains forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects","anticipates","plans","believes","estimates","intends","targets","projects",forecasts" or negative versions thereof and other similar expressions, or future or conditional future financial performance (including sales, earnings, growth rates, dividends, debt levels, financial capacity, access to capital, and liquidity), ongoing business strategies or prospects, and possible future action by the Company.

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

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

The North West Company Inc.

The North West Company Inc. ("NWC" or the "Company") is a corporation amalgamated under the Canada Business Corporations Act ("CBCA") and governed by the laws of Canada. Operations commenced in 1987 when the Company purchased 178 stores comprising the Northern Stores Division of the Hudson's Bay Company. It has grown into a leading retailer to underserved rural communities and urban neighborhood markets in northern Canada, western Canada, rural Alaska, the South Pacific islands and the Caribbean.

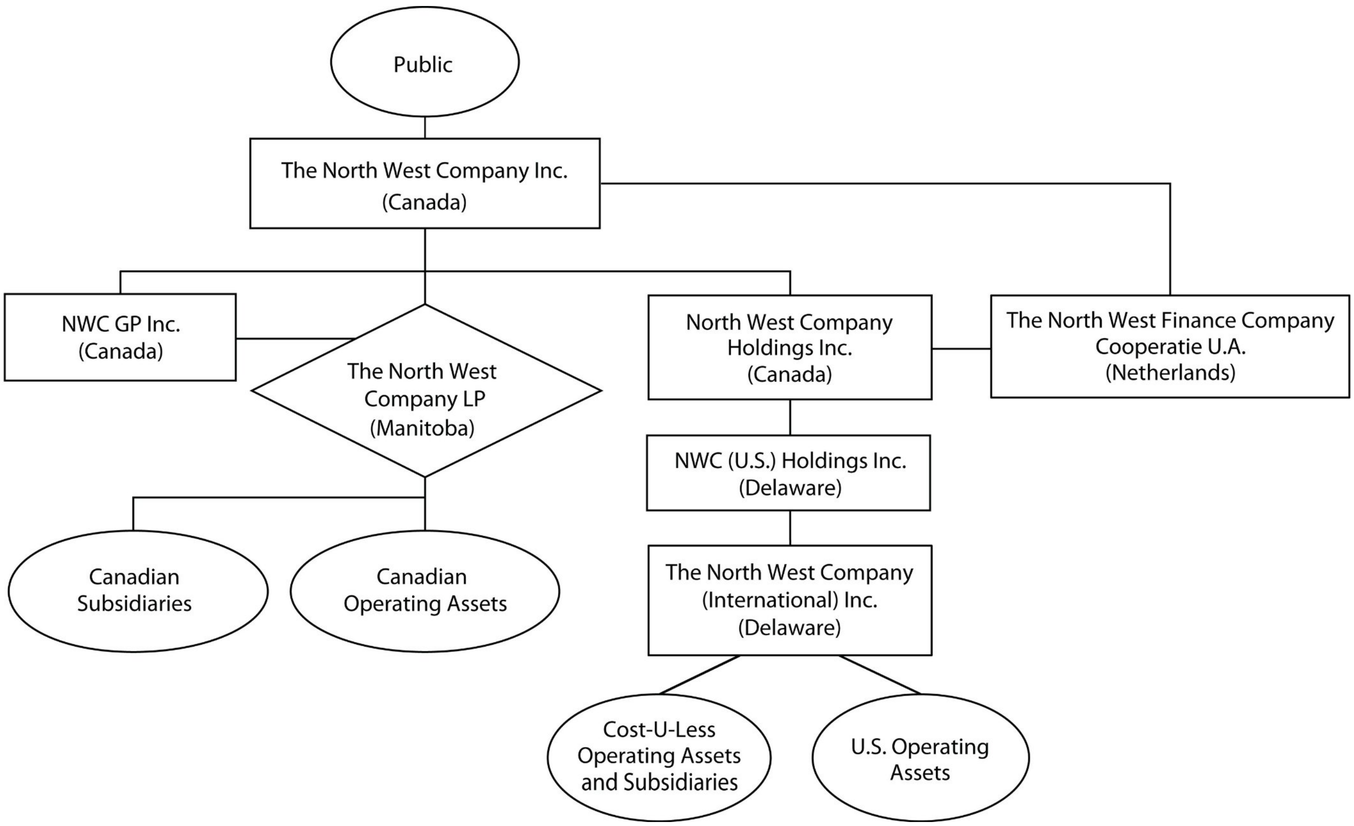
NWC is the successor to the North West Company Fund (the "Fund"), following the completion of the reorganization of the Fund from an income trust structure to a corporate structure by way of a court-approved plan of arrangement under section 192 of the CBCA (the "Plan of Arrangement"). Under the Plan of Arrangement unitholders of the Fund received one common share of the Company for each trust unit held. Consequently, unitholders of the Fund became the common shareholders of the Company and the Fund and NWC Trust were liquidated and dissolved. Accordingly, references to The North West Company Inc. or the Company in this AIF for the periods prior to January 1, 2011 are references to the Fund and/or its subsidiaries. See "Reorganization - Conversion of the Fund into a Corporation".

The head office of the Company is located at Gibraltar House, 77 Main Street, Winnipeg, Manitoba, R3C 2R1.

Copies of the AIF, as well as the Company's 2013 Annual Report can be obtained at *www.sedar.com* or on the Company's corporate website at *www.northwest.ca.*

Intercorporate Relationships

The chart below illustrates on a simplified basis, the corporate structure of the Company as at January 31, 2014. In each case the Company owns 100% of the voting securities of each subsidiary listed below, either directly or indirectly.



General Development of the Business - Overview

The North West Company is a leading retailer to underserved rural communities and urban neighborhood markets in northern Canada, western Canada, rural Alaska, the South Pacific islands and the Caribbean. Its stores offer a broad range of products and services with an emphasis on food. The Company's value offer is to be the best local shopping choice for everyday household and local lifestyle needs.

The strategies at North West are aligned with a total return approach to investment performance. The delivery of top-quartile total returns through an equal emphasis on growth and dividend yield is a key long-term objective of the Company, just as it has been a key feature of the Company's performance over the past 27 years.

The Company has a rich enterprising legacy as one of the longest continuing retail enterprises in the world. The history of the Company dates back to 1668 with the establishment of one of North America's early trading posts at Waskaganish on James Bay. This store was the first of many fur-trading outlets established by the Hudson's Bay Company throughout what is now northern Canada. In 1821, the Hudson's Bay Company merged with its rival, The North West Company. Over time, the original fur-trading outlets diversified their product lines and operated as the Northern Stores Division of the Hudson's Bay Company. In1987 a group of private investors partnered with management and employees to purchase the Northern Stores Division of the Hudson's Bay Company and operate it as Northern Stores Inc. The Company's name was subsequently changed to The North West Company, Inc., and its shares were listed on the Winnipeg and Toronto Stock Exchanges and a public offering was made in 1992.

In 1992, the Company acquired Alaska Commercial Company which served remote markets in rural Alaska. Alaska Commercial Company traces its roots back to the Russian-American Company, a semi-official colonial trading company chartered by Tsar Paul in 1799.

In 1997, the Company was reorganized into an income trust pursuant to a Plan of Arrangement whereby the outstanding shares of The North West Company, Inc. were exchanged on a one-for-one basis for trust units of North West Company Fund.

In 2002, the Company signed a 30-year Master Franchise Agreement with Giant Tiger Stores Limited, granting it the right to open Giant Tiger stores in western Canada. Under the agreement, Giant Tiger Stores Limited provides product sourcing, merchandising, systems and administration support in return for a royalty based on sales. The Company is responsible for opening, owning, operating and providing food buying and distribution services to these stores.

In 2007, the Company acquired Cost-U-Less, Inc., a U.S. public company traded on the Nasdaq Capital Market. Through this acquisition, the Company operates a chain of mid-size warehouse format stores serving the South Pacific and Caribbean.

On January 1, 2011, the North West Company Fund converted from an income trust to a corporation called The North West Company, Inc. pursuant to a Plan of Arrangement. See "Reorganizations: Conversion to a Share Corporation".

General Development of the Business - Three Year History

The Company's long-range plans ("LRP") are developed in multi-year cycles and are reviewed and adjusted on an annual basis, or as required at the senior management and Board levels. 2009 was the start of an LRP cycle and included an in-depth assessment of North West's past performance, opportunity gaps within each business segment, and new business growth potential. The outcome of this assessment identified operational excellence as the first priority within its existing retail network, themed as "More Growth in Store". This finding and subsequent direction-setting was based on gaps that were identified in the current store base which, if effectively addressed, were expected to deliver attractive financial returns and set the foundation for accelerated new market, product and service growth over the long-term. In addition to the "More Growth in Store" emphasis, the Company began an in-depth strategy assessment in 2013 to determine possible work directions over the following three to five years.

The strategic planning work in 2013 identified that further gains in operating standards and efficiency were still attractive for North West. A rigorous review of our business also reinforced the importance of our physical store network, local selling capability and community relations as fundamental competencies. The review also identified the logistics and data links to our stores as secondary, but still important competencies that could be further leveraged. In total, these findings supported a continued focus on "More Growth in Store" as the best path to optimizing our existing and future business potential.

The strategic priorities over the medium term are now focused on achievable, higher performance levels within our existing store base. This includes the following areas:

- Investing in markets that can drive above average sales and profit growth through new, larger stores, highly capable store teams and strong community relations;
- Completing the investment in Transportation Management Systems ("TMS") that will deliver a competitive advantage on the cost, quality and reliability of moving products, services and information to the remote markets we serve;
- Delivering greater returns from merchandise categories that will benefit from better inventory control practices, building on the successes from 2010 to 2013;
- Renewing our Giant Tiger store base through a stronger partnership with our Master Franchisor, Giant Tiger Stores Limited ("GTSL"), so store growth accelerates in western Canada and both companies achieve more cost and scale synergies from working together;
- Improving returns from our Cost-U-Less stores by continuing to build a highly capable regional buying and store operations structure in the South Pacific and Caribbean; and
- Ensuring that how we work at North West - what we refer to as our "Management System" - is store and customer centered.

The following is an update on the long-range plan initiatives and key business developments over the past three fiscal years ending January 31:

DEVELOPMENTS FOR 2013 - LONG RANGE PLAN INITIATIVES

(1) Improve perishable food performance gaps

The emphasis in 2013 was on fresh meat, chilled and tobacco categories. The key drivers continue to be more controlled assortments, updated plan-o-grams, centralized pricing, simplified ordering processes and tools, enhanced inventory and margin management tools and training certification programs.

(2) Ensure store teams stability

In 2013, six best practice stores were established in Canada to seek input and feedback as store structures and work practices were evaluated. The best practice stores were used to test better operating practices prior to full implementation. A workforce planning review was completed to determine where talent gaps exist, define recruitment needs and create development plans for existing managers. Recruitment continues to be a major focus to ensure that key role vacant days are minimized and that highly capable and fully trained employees are available. The number of stores with stable key role staffing in both northern Canada and Alaska met our objective for the year.

(3) Be "priced right"

In 2013, the Company continued to invest savings generated through supply chain efficiencies that further reduced our cost of business, helping our customers realize even more value for their dollar and attract more local shopping.

(4) Build supply chain advantage

In 2013, the Company continued the development of the transportation management system ("TMS") platform including a customized application to be used to track and trace cases and pallets moving through our supply chain. The deployment of the TMS solution is six months behind schedule as the complexity of our supply chain posed unique challenges. Once fully deployed in 2014 the TMS solution will provide all the functionality originally planned; including load planning, case/pallet tracking, and carrier management which includes freight settlement and inbound freight management. Outbound freight savings were achieved through improved freight rates as contracts with carriers were negotiated and new arrangements were entered into.

The Company expects to have all phases of the project fully deployed in 2014 and estimate that, within 24 months following the roll-out, we will be able to further reduce our annual supply chain costs by approximately $5 million. The net savings from the TMS will be strategically reinvested to continue to bring greater value to our customers.

(5) Cascade leadership principles into practices

In 2013, the Company continued working on cascading our management system practices throughout the organization with a particular emphasis on our store operations and procurement and marketing. A key component of this work is driving efficiencies and a customer centric focus through all of our store operations and merchandise buying processes. A comprehensive employee engagement survey has also been developed to measure the effectiveness of the management system practices, specifically applied to effective store support across the organization.

DEVELOPMENTS FOR 2013 - OTHER BUSINESS HIGHLIGHTS

In the Canadian operations, a new Northern store opened in York Landing, Manitoba, an expanded replacement store opened in Albany, Ontario and a new store opened in Kasabonika, Ontario replacing a temporary facility in use since fire destroyed the original store on April 22, 2011. North West was also awarded the pharmacy contract for HealthLink BC, a 1-811 public access health information line. North West tele-pharmacists will be providing medication information and advice to the residents of British Columbia and the Yukon Territory.

In the International operations, a new Cost-U-Less store opened in Welches St. Thomas, Barbados and a convenience and liquor store opened in Nome, Alaska.

On December 9th, 2013, the Company completed the refinancing of its $170 million loan facilities in its Canadian Operations. The new, increased committed Canadian loan facilities, which are being provided by the lenders of the existing facilities, provide North West with a combined $200 million revolving loan facility for working capital requirements and general corporate purposes. These facilities mature December 31, 2018, bear a floating rate of interest, and are secured by a floating charge against the assets of North West ranking *pari passu* with its other senior debt.

The Company also completed the refinancing of the US$52.0 million loan facility in the International Operations. The new, committed, International loan facilities, which are being provided by the lenders of the existing facilities, provide North West with a US$52 million revolving loan facility for working capital and general corporate purposes. The new facilities mature on December 31, 2018, bear a floating rate of interest, and are secured by a floating charge against the assets of North West ranking *pari passu* with its other senior debt.

DEVELOPMENTS FOR 2012 - LRP INITIATIVES

(1) Improve perishable food performance gaps

The emphasis in 2012 was on produce and fresh meat categories. Findings from this work were also applied to commercial bakery, fuel and tobacco. The key drivers of improvement continue to be more controlled assortments, increased use of pre-packaged product, daily company-wide visibility on product waste, simplified ordering processes, enhanced inventory and margin management tools and training certification programs. After a slower start in 2011 because of the shift in discipline and attention that was required, 2012 moved at a faster, more productive pace. The financial impact has been very positive with Alaskan and northern Canada produce and fresh meat gross profit dollars up 26.0% or $11.0 million over the three years ending January 2013.

(2) Ensure store teams stability

In 2012, a record number of managers were trained and placed in rewarding roles. The Company's search for talented managers goes across Canada and the international markets the Company operates in. A new recruitment platform was implemented in 2012 to reduce the time and cost to hire candidates. The movement of management between stores to fill critical vacancies was a barrier to achievement of overall stability. To reduce the need to transfer employees, improved recruitment planning was implemented, store level succession planning was established and a pool of ready trained managers is being created. The Company's staff housing upgrade program, which provides a higher-standard housing benefit for store personnel recruited into northern communities, included capital spending of $4.3 million in 2012. Work continued on success profiles for all store manager and district manager positions with the development of coaching guides and specific competency training to develop skills that are key drivers of success for the Company.

(3) Be "priced right"

2012 built on the success of major price reductions on nutritious perishable foods qualifying for Nutrition North freight subsidies that took effect in 2011. Air freight routing changes in mid-2012 achieved a significant savings in transportation costs to Baffin Island. Similar to the Nutrition North price reductions, these savings were fully and transparently passed on in the form of price reductions on key volume items.

Work was also completed across all food categories to ensure correct "landed" costs and prices that reflected the optimal relationship between like items and between national and store brands. The net effect of this work was to improve both sales tonnage and margins.

(4) Build supply chain advantage

In 2012, $1.7 million in outbound freight savings and distribution centre efficiencies were achieved through improved routing and freight rates across the Company's supply chain network and the implementation of productivity tools in its Winnipeg Distribution Centre. A dedicated cross functional team continued to work on the implementation of the $7.0 million, transportation management system ("TMS"). The deployment of TMS at the Company will utilize 40% more functionality than typical TMS implementations which speaks to the complexity of its diverse network of freight modes and carriers. For outbound shipments the TMS solution required the development of a custom track and trace system, smart-labeling of all warehouse and cross dock merchandise, enhanced warehouse management systems to facilitate load building in one system and the ability for air carriers to plan, execute and provide shipment status updates on shipments processed at their hubs.

(5) Cascade leadership principles into practices

2012 started and ended with a focus on its store management levels. In the first half of the year, progress was slower than expected due to personnel changes within the Company's Human Resources team including a vacancy at the Vice-President, Human Resources position for most of 2012. CEO-led leadership sessions were a key part of the Company's second half work and continued into 2013 with a greater time commitment from the entire senior management team.

(6) Optimize in-stock position

The average in-stock performance at the Company's Alaskan and northern Canada stores improved by 470 basis points compared to the average in-stock rate in 2011. During the year, the Company also implemented the processes and tracking from its in-stock initiative in its Cost-U-Less stores which resulted in an 820 basis point improvement in its in-stock performance over 2011. Combined with a wider range of products now being measured under this initiative, the Company's in-stock rate has generated an estimated annualized sales gain of $9.0 million or 1.1% of the food sales base of these divisions.

DEVELOPMENTS FOR 2012 - OTHER BUSINESS HIGHLIGHTS

In its Canadian operations, a new QuickStop store was opened in Rankin Inlet, Nunavut and a Giant Tiger store was opened in Swift Current, Saskatchewan. New Northern stores were opened in Taloyoak, Nunavut and Oxford House, Manitoba, replacing existing facilities. Two Northern stores and six underperforming Giant Tiger stores were closed during the year.

The Company announced on September 5, 2012 that it has begun to air freight products directly to Baffin Island from its main Winnipeg Distribution Centre. The savings from this initiative were passed on to its customers through price reductions of 15% or more on 175 key products sold in the Company's Baffin Island Northern and NorthMart stores.

In its International Operations, the Company opened a newly expanded AC Value Center store in Emmonak, Alaska.

On October 25, 2012, the Company completed the refinancing of its US$20.0 million loan facility in the International Operations. The new, increased, committed, revolving loan facility provides the Company with a US$30.0 million revolving loan facility for working capital requirements and general business purposes. This facility, which matures October 31, 2015, is secured by certain accounts receivable and inventories of the International Operations.

DEVELOPMENTS FOR 2011 - LRP INITIATIVES

(1) Improve perishable food performance gaps

The emphasis in 2011 continued to be on the produce category and initial work was launched on fresh meat. The key elements were more tightly controlled assortments, increased use of prepackaged product, daily company-wide visibility on product waste, simplified ordering processes and learning certification programs. The time to put these elements in place was longer than initially expected but has been a worthwhile investment and culture shift for the organization in preparation for additional product categories. The financial impact of this initiative has been very positive with Alaskan and northern Canada produce gross profit dollars up 20% or $3.0 million over the two years ending January 31, 2012.

(2) Ensure store teams stability

Similar to other "More Growth in Store" work, 2011 was an important year for putting plans into action and specifically, to achieve desired stability levels in two thirds of its stores by year-end. All of the targeted stores were on track to meet the stability criteria established for them. A key accomplishment was the recruitment of a record 37 store manager candidates, setting the stage for successful results in 2012 when the final third of its stores were targeted for completion. Capital spending on new and refurbished housing was $7.0 million in 2011 as part of an $18.0 million three-year investment to provide a higher-standard housing benefit for store management personnel recruited into the communities. Work was also completed on success role profiles for all store manager positions, providing a solid, practical reference for future development and recruitment.

(3) Be "priced right"

A major project under this initiative was to establish and deliver price reductions on nutritious perishable foods qualifying for higher freight subsidies under a new Canadian federal government program ("Nutrition North") that took effect on April 1, 2011. The price changes that directly resulted from this program, additional reductions from lower negotiated freight costs and a second round of lower prices under Nutrition North in October 2011 were all passed directly onto our customers.

Food tonnage and sales gains from stores serving Nutrition North eligible markets were significant in 2011, as were sales gains in other product categories. This demonstrates local shopping spillover from customers with lower living costs and more spending power created by both Nutrition North items and the Company's passing on of transportation cost efficiencies.

(4) Build supply chain advantage

In 2011, $4.0 million in outbound freight savings were achieved by consolidating freight that was previously shipped through the Canada Post system under the Canadian federal government's previous food mail system and by negotiating new routing and freight rates across the remainder of the Company's distribution network in Canada. During the year, work was completed on the scope, design and selection of a technology provider for a $7.0 million transportation management system investment. The TMS will track merchandise throughout the Company's outbound Canadian supply chain and provide management with the necessary tools to proactively manage its diverse network of freight modes and carriers to achieve optimal load and routing configurations.

(5) Cascade leadership principles into practices

Throughout 2011, leadership principles and practices continued to be cascaded through to managers, supervisors and store management. Training sessions included 267 participants with on-going coaching and follow-up on usage and effectiveness of the practices. The Company has found that the practices are valued as practical, effective management tools that help people work better, based on understood principles.

(6) Optimize in-stock position

This initiative focuses on improving in-stock rates through technology-enabled tracking and ordering processes that were launched in the second half of 2010 and further refined in 2011 by adjusting product space allocations.

In-stock performance at the Company's Alaskan and northern Canada stores improved by 580 basis points, on top of a significant basis point improvement achieved in 2010. Combined with a wider range of products now being measured under this initiative, the estimated annualized sales gain is $5.0 million or 1% of the food sales base of these divisions.

DEVELOPMENTS FOR 2011 - OTHER BUSINESS HIGHLIGHTS

The Company's trading symbol was changed to "NWC" in 2011, which is more reflective of the Company's corporate identity and is consistent with the trading symbol of the Company prior to converting to an income trust in 1997. In its Canadian Operations, two Giant Tiger stores were opened and two smaller Northern stores were closed in Obedjiwan, Quebec and Fort Ware, British Columbia. Store leases were not renewed in these markets because satisfactory lease renewal terms could not be reached. During the year, three Northern stores, one of which was leased, were destroyed by fire. These fire losses were insured. Operations were resumed in temporary facilities in two communities during the year. In its International Operations, a new AC Value Center was opened in Kotlik, Alaska replacing an existing facility. Construction began on a new Cost-U-Less store in Barbados.

On December 5, 2011, the Company completed the refinancing of its $140.0 million loan facilities in the Canadian Operations. The new committed, extendible, revolving loan facilities provided the Company with a $170.0 million revolving loan facility for working capital requirements and general business purposes. These facilities, which mature on December 31, 2015, are secured by a floating charge on the assets of the Company and rank pari passu with the US$70.0 million senior notes and the US$52.0 million loan facilities in International Operations.

Description of the Business - General

The Company's operations are grouped into either Canadian or International Operations. It is a leading retailer of food and everyday consumer goods and services to rural communities and urban neighborhoods in Canada, Alaska, the South Pacific islands and the Caribbean.

The Company believes in a strong local identity. Local assortment is tailored to the size and need of the individual market. Food offerings consist of perishable and non-perishable products including groceries, dairy, produce, meat, convenience foods, health and beauty aids, paper products and cleaning supplies. Our general merchandise assortment is broad, and includes family apparel, housewares, sporting goods, toys, furniture, appliances, home entertainment, snowmobiles, all-terrain vehicles (ATVs), boats and outboard motors. The Company also offers other everyday products and services such as gasoline, pharmacy and financial services such as cheque cashing, ATMs and prepaid card products. Our business is about developing efficient sustainable processes to source products and services our customers require, and to be depended upon to deliver them when needed.

Additional financial information on the Company's Canadian and International Operations is provided in the Company's 2013 annual MD&A, which is incorporated by reference.

CANADIAN OPERATIONS

The Canadian Operations operate retail stores primarily through its Canadian subsidiary, The North West Company LP. With 66% of total revenue, Canada is the largest market for the Company. Its network of stores generated $1.0 billion in revenues and $111.2 million in Trading Profit (EBITDA) for the year ended January 31, 2014. The banners and formats that comprise our Canadian Operations are described below.

NORTHERN CANADA

Banner	# of Locations	Format
Northern	122	Combination of food, financial services and general merchandise stores in remote communities
Quickstop	13	Convenience stores offering extended hours, ready-to-eat foods, fuel and related services
NorthMart	7	Expanded fresh foods, fashion and health products and services in large northern markets
NorthMart Drug Store	1	Stand-alone pharmacy and convenience store

These stores are located across the Canadian north. Communities vary in size from small remote settlements to larger regional centres. Populations may range from approximately 300 to 8,000 people. The average store has approximately 6,500 square feet of selling space and features a broad assortment of food, general merchandise and services, including financial services, proprietary credit programs and income tax preparation.

Selected Northern and NorthMart stores feature an expanded assortment of products and services that include convenience foods such as a Pizza Hut, Burger King, KFC, A&W or Tim Hortons outlet. Expanded Services may include pharmacies, fuel sales and post offices.

WESTERN CANADA

Banner	# of Locations	Format
Giant Tiger	31	Junior discount stores offering food, family fashion and household products

In 2002, the Company signed a 30 year Master Franchise Agreement with Giant Tiger Stores Limited, granting the Company the exclusive right to open Giant Tiger stores in western Canada. These stores are located in urban neighborhoods and larger rural centres and have on average, 16,000 square feet of selling space. Giant Tiger stores offer a selection of food, family apparel, trend-rite fashion apparel and general merchandise in a convenient, easy-to-shop environment.

Under the agreement, Giant Tiger Stores Limited provides product sourcing, merchandising, systems and administration support to the Company's Giant Tiger stores in return for a royalty based on sales. The Company is responsible for opening, owning, operating and providing food buying and distribution services to these stores. As a result of the closure of six stores during 2012, the Company has fallen below the minimum number of stores required to maintain its exclusive right to open Giant Tiger stores in western Canada. The loss of exclusivity does not constitute an event of default under the Company's master franchise rights and will not prevent the Company from continuing to operate its existing stores or open new stores.

OTHER - CANADA

Banner	# of Locations	Format
Fur Marketing	2	Purchases furs from trappers and sells Aboriginal crafts and authentic Canadian heritage products.
Valu Lots	1	Discount center and direct-to-customer food distribution outlet for remote Communities in Canada
Solo Market	1	Full service grocery and pharmacy serving a road accessible community

The Company also operates complementary businesses that apply its unique heritage and knowledge of the north. These include:

- Crescent Multi foods, a full line produce and fresh meat distributor, serving the Company's stores and third-party customers in Manitoba and northwestern Ontario;
- An Inuit art marketing service which procures and markets carvings from aboriginal artisans. This is the largest such service in Canada;
- Amdocs, a physician services provider to remote northern communities; and
- North West Telepharmacy Solutions, a leading provider of contract telepharmacist services across Canada.

INTERNATIONAL OPERATIONS

The Company's International Operations operate primarily through its U.S. subsidiary The North West Company (International) Inc. and its CUL operating subsidiaries. The International Operations comprise 34% of total revenue. Its network of 48 stores together with its wholesale operations generated $520.1 million in revenues and $27.1 million in Trading Profit (EBITDA) for the year-ended January 31, 2014. The banners and formats that comprise our International Operations are described below.

RURAL ALASKA

Banner	# of Locations	Format
AC Value Center	30	Combination of food and general merchandise offered to remote and rural regions
Quickstop	4	Convenience stores offering ready-to-eat foods and related services

These retail stores are located in the remote and rural regions of Alaska whose populations range from approximately 400 to 9,000 people. The average selling square footage of the AC Value Center stores is approximately 10,000 square feet. These stores offer a broad assortment of food and general merchandise similar to the Northern and NorthMart stores in Canada.

The Company's International Operations also operate Pacific Alaska Wholesale, a complimentary business that provides wholesale bulk food service to independent grocery stores, commercial accounts and households in rural Alaska.

SOUTH PACIFIC ISLANDS AND CARIBBEAN

Banner	# of Locations	Format
Cost-U-Less ("CUL")	13	Mid-size warehouse format stores offering discount food and general merchandise
Island Fresh IGA	1	Convenient neighbourhood food store emphasizing fresh and prepared food

The CUL stores are mid-sized warehouse club style retail stores located in the South Pacific and Caribbean serving communities ranging from 37,000 to 276,000 people. CUL stores offer a variety of U.S. branded food and general merchandise in addition to merchandise purchased locally. The average selling square footage of the CUL stores is approximately 28,400 square feet. Island Fresh IGA is a neighbourhood store in Guam offering convenience with an emphasis on fresh and prepared foods.

DISTRIBUTION AND INFRASTRUCTURE

The Company operates a distribution centre in Winnipeg, Manitoba and has a third party managed distribution facility in Edmonton, Alberta. AC operates a distribution centre in the Port of Tacoma, Washington and a distribution centre in Anchorage, Alaska. CUL operates a distribution centre in San Leandro, California, and uses other third party facilities in both Florida and California.

Due to the vast geography of the store network, transportation is an important element of operations. In Canada, 97 stores are inaccessible by all-weather roads. All of the AC Value Center stores are serviced by air or water transportation. Twelve CUL stores and the Island Fresh IGA rely on air and long haul water transportation. All available modes of transportation including sealift, long haul water transportation, barge, trucks including via winter roads, rail and air are used. The Company also owns a 50% interest in Transport Nanuk Inc. ("TNI"), a Canadian shipping company servicing the eastern Arctic and purchases freight handling and shipping services from TNI and its subsidiaries.

The Company operates 226 stores. 130 of these facilities are owned and the remaining stores are located in leased facilities. The Company also has a significant investment in staff housing in northern Canada which is required due to the limited availability of third party rental units and low vacancy rates across the north.

The Company's Canadian Operations source both food and general merchandise through its head office in Winnipeg, Manitoba from distributors and manufacturers located primarily in Canada and the United States. In the International Operations, the Company's buying office in Bellevue, Washington sources food and general merchandise predominantly from U.S. distributors and manufacturers. In addition to suppliers in Canada and the United States, the Company also sources a portion of its general merchandise from China and some merchandise is purchased from regional or local suppliers serving the Cost-U-Less markets.

REAL ESTATE AND STORE DEVELOPMENT

Real estate and store development services required to support North West's network of retail, distribution and administrative facilities is managed by Company employees. The Company uses both internal and external resources in the construction, development and maintenance of its properties.

FINANCIAL SERVICES

Customers are offered convenient, local access to a wide variety of financial services . Northern, NorthMart and AC Value Center stores each offer a proprietary, revolving credit card for day-to-day purchases within its stores, similar to those offered by major department store chains. An extended payment program is also available to finance larger purchases at the stores. In addition to revolving credit, these stores also offer financial services such as prepaid card products, ATMs, cheque cashing, debit card cash withdrawal, cash transfer, bill payment, personal income tax preparation, money order and gift card services.

Most of the day-to-day credit decisions are centralized at the Company's head office, freeing up the store manager's time for the marketing of products and services. The store manager's knowledge of the local economic conditions and their personal acquaintances with their customers continue to provide valuable input into the credit decision process. A central credit management system helps ensure consistency in the application of credit verification procedures, including policies governing: credit approvals, limits, collections and fraud prevention. It also allows continuous monitoring of account activity and balances at the head office so that credit specialists can provide advice to store managers. The Company provides an impairment allowance for potentially uncollectible accounts receivable.

CUSTOMERS

The Company operates the majority of its stores in remote Canadian and Alaskan communities. The Company's largest customer segment in these remote markets is primarily dependent on government transfer payments in the form of social assistance, child tax benefits and old age security and government infrastructure spending. A major source of employment income in these remote markets is generated from local government and spending on public infrastructure. This includes housing, schools, health care facilities, military facilities, roads and sewers. Income levels are also influenced by activities such as fishing, resource exploration, pipeline construction, tourism and hydroelectricity development and related construction activity. Income levels of CUL customers range from lower-income to affluent. In several CUL markets, the economy is dependent on tourism, resource development and government subsidies.

The Company also operates stores in urban and less remote communities. The economies of these communities are more diverse and income levels are generally higher than those of the more remote locations. Major sources of employment are in manufacturing, government services, transportation, health care, tourism and natural resources.

STORES AND OTHER FACILITIES

The table below sets out the number of stores, location of stores by region and whether the stores are owned or leased as at January 31, 2014.

	Owned	Leased	Total
CANADA			
Alberta	3	9	12
British Columbia	1	—	1
Newfoundland/Labrador	5	—	5
Manitoba	20	22	42
Northwest Territories	17	3	20
Nunavut	24	6	30
Ontario	11	14	25
Quebec	14	2	16
Saskatchewan	14	12	26
Yukon	—	1	1
Total Canada	**109**	**69**	**178**
INTERNATIONAL			
Alaska	17	17	34
California	—	1	1
Caribbean	3	3	6
South Pacific	1	6	7
Total International	**21**	**27**	**48**
Total	**130**	**96**	**226**

The table below sets out the number of stores and selling square footage under our various retail formats as at January 31, 2014.

	Number of Stores			Selling SQF
Banner	**2013**	2012	**2013**	2012
Northern	**122**	121	**693,306**	681,456
Quickstop	**13**	13	**18,109**	18,342
NorthMart	**7**	7	**147,725**	148,306
Giant Tiger	**31**	31	**494,057**	494,057
Other formats	**5**	5	**32,486**	32,486
Total Canada	**178**	177	**1,385,683**	1,374,647
AC Value Center	**30**	30	**301,314**	300,882
Quickstop	**4**	3	**12,059**	9,657
Cost-U-Less	**13**	12	**369,281**	336,138
Other formats	**1**	1	**13,230**	13,230
Total International	**48**	46	**695,884**	659,907
Total	**226**	223	**2,081,567**	2,034,554

Selling areas of stores in remote communities in Canada and Alaska range in size from 900 square feet to 14,600 square feet. In regional and urban communities in Canada and Alaska, selling areas range from 3,000 square feet to 35,000 square feet. In the CUL stores, selling areas range from 19,500 square feet to 35,500 square feet. The Company owns employee residences and staff houses, which are typically located adjacent to the more remote store locations.

COMPETITION

In the vast majority of the northern and remote communities that it serves, the Company's stores are the dominant providers of food, every day and seasonal general merchandise and financial services. It has established a leading competitive position supported by high barriers to entry. Local competition consists of stores operated by independent store owners and local co-operatives, some of which are associated with regional or national buying groups. Many of the Company's stores enjoy strong loyalties through established customer relationships. The strength of independent store competition varies considerably depending on the management skills, financial strength and scale of local operators. Additionally, the commitment of local staff to the store and to customer relationships, and the ability to maintain consistent standards are other key factors influencing their success. In Canada, all of the communities in which the Company operates have access to mail order catalogue and direct mail services such as those provided by Amazon, Wal-Mart, Costco, Sears Canada and smaller regional and specialized competitors. In the International Operations, this type of competition is more intense and includes catalogues and direct sales material from retailers such as Amazon, Safeway, Wal-Mart, Sears and Costco. The CUL stores face equally highly competitive discount and grocery retailers such as Wal-Mart, Costco and Kmart.

The stores also face competition from non-independent stores in varying degrees, depending on the specific market location. These include traditional department stores, big box retailers, discount department stores and specialty stores. AC Value Center competes directly with Safeway or its subsidiaries in two markets and Wal-Mart in one market. Giant Tiger stores are located in larger rural and urban Canadian markets and compete against major discount chains, food stores and department store formats. The competitive intensity in Canadian urban markets is continuing to increase, particularly as U.S. retailers such as Target Corp., Wal-Mart Supercentres and Dollar Tree continue to expand their presence in Canada. CUL'scompetition includes local, national and international grocery store chains and other warehouse clubs and discount retailers.

INVESTING ACTIVITIES

Net cash used in investing activities was $42.4 million compared to $48.8 million in 2012 and $45.9 million in 2011. Net investing in Canadian Operations was $28.0 million compared to $31.7 million in 2012 and $34.3 million in 2011 and net investing in International Operations as $14.4 million compared to $17.1 million in 2012 and $11.6 million in 2011.

Additional information on the Company's capital expenditures is included in the Company's MD&A and Consolidated Annual Audited Financial Statements for the fiscal year ended January 31, 2014, which are filed on SEDAR at *www.sedar.com* and on the Company's website at *www.northwest.ca* .

MANAGEMENT SALES AND OPERATIONS

Each store employs a full-time manager who has the primary accountability to monitor daily operations, maximize selling opportunities and safeguard the Company's assets. All stores have direct access to sales and operations support, procurement and marketing, logistics, accounting, finance, legal, human resources, information technology, store development and real estate services provided by its support offices located in Winnipeg, Manitoba; Anchorage, Alaska; and Bellevue, Washington.

The Company's Canadian Operations in northern Canada operating under the Northern, NorthMart, and Quickstop banners are managed under the leadership of the Vice-President, Canadian Sales & Operations who is accountable for the execution of corporate strategies, policies and programs at store level through general managers, district managers and operations support personnel.

Giant Tiger stores are also managed under the leadership of the Vice-President, Canadian Sales and Operations, along with specialist support teams and assistance from Giant Tiger Stores Limited. International Operations are under the leadership of the President and COO who is based out of Anchorage, Alaska. The retail sales and operations personnel of AC Value Centers and CUL both report to a Vice-President and General Manager.

EMPLOYEES

At January 31, 2014, the Company employed 6,692 people, including 1,853 in its International Operations. Of these, approximately one third are aboriginal and of the aboriginal employees, approximately 205 hold managerial positions. The Company is active in the recruitment of aboriginal and indigenous peoples for positions in stores, corporate offices and distribution centres.

Training and development of employees is a major focus of the Company with a particular emphasis on building highly capable, thoroughly trained store teams. The sales and operations teams for Canada and International Operations are accountable for providing training on best practices to the store managers and their teams and for ensuring compliance with operational standards. The Company is continuing to invest in developing training programs and is building greater store level capability and execution through the Manager-In-Training and the Department Manager-in-Training programs. These programs provide training to potential store managers and department managers on store operating processes, standards and policies, community relations, and the Company's management system prior to them managing a store or a department within a store.

INTANGIBLE PROPERTIES

The Company protects its trademarks and the design presentations associated with the trademarks which are material to the business.

SEASONALITY

The Company's business follows a seasonal pattern where historically the first quarter sales are the lowest and the fourth quarter sales are the highest, reflecting consumer buying patterns. Net earnings generally follow higher sales but can be dependent on markdown activity in key sales periods to reduce excess inventories. Net earnings are historically lower in the first quarter due to lower sales and fixed costs such as rent and overhead that apply uniformly throughout the year. Due to the remote location of many of the Company's stores, weather conditions are often more extreme compared to other retailers and can affect sales in any quarter.

The following table is a summary of selected quarterly financial information for the past two fiscal years:

	Fiscal 2013				**Fiscal 2012**			
($ in millions)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Sales	$ 402.9	$ 387.2	$ 388.6	$ 364.5	$ 386.6	$ 377.7	$ 383.8	$ 365.5
Trading profit	34.4	36.5	37.4	30.0	31.9	35.6	36.4	29.8
Net earnings	15.9	17.4	18.1	12.9	15.5	17.2	18.0	13.2
Basic EPS	0.33	0.36	0.37	0.27	0.32	0.36	0.37	0.27
Diluted EPS	0.32	0.36	0.37	0.27	0.32	0.36	0.37	0.27

REORGANIZATIONS

CONVERSION TO A SHARE CORPORATION

Effective January 2011, the Fund completed a Plan of Arrangement which resulted in the conversion of the Fund's income trust structure into a dividend paying publicly traded corporation named The North West Company Inc. Unitholders of the Fund received, for each unit of the Fund held, one common share of The North West Company Inc. On the same date, units of the Fund were delisted from the Toronto Stock Exchange and trading of the common shares of the Company on the Toronto Stock Exchange commenced under the symbol "NWF". On May 2, 2011, the Company commenced trading its common shares under the symbol "NWC". This symbol is more reflective of the Company's corporate identity and is consistent with the trading symbol of the Company prior to converting to an income trust in 1997.

Further details respecting the nature of this reorganization are set forth in the Company's Management Information Circular dated April 29, 2010, and in the Company's AIF for the years ended January 31, 2011, January 31, 2012 and January 31, 2013, all of which are filed on SEDAR at *www.sedar.com* and on the Company's website at *www.northwest.ca*.

LIMITED PARTNERSHIP STRUCTURE

In 2007, the Company completed a two-step reorganization amending the Company's structure from a "trust on corporation" structure to a "trust on trust on partnership" structure. Details respecting the nature of this reorganization are set forth in the Company's AIF for the years ended January 31, 2006, January 31, 2007 and January 31, 2008, and Management's Information Circular dated April 21, 2006, all of which are filed on SEDAR at *www.sedar.com* and on the Company's website at *www.northwest.ca*.

ENVIRONMENT

The Company is subject to environmental regulations pursuant to federal, provincial and state legislation. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances handled. A breach of such legislation may result in the imposition of fines and penalties. To ensure that compliance is in accordance with applicable environmental laws, the Company retains environmental consulting engineers.

The Company is committed to meeting its responsibilities to protect the environment wherever it operates and annually budgets expenditures of both a capital and expense nature to meet the increasingly stringent laws relating to the protection of the environment. The Company believes it is in substantial compliance with applicable environmental laws and regulations and does not believe the expenditures will have a material effect on capital expenditures, earnings or its competitive position.

Description of the Business - Risk Factors

The Company has an Enterprise Risk Management ("ERM") program which assists in identifying, evaluating and managing risks that may reasonably have an impact on the Company. An annual ERM assessment is completed to evaluate risks and the potential impact that the risks may have on the Company's ability to execute its strategies and achieve its objectives. The results of this assessment are presented to the Board of Directors who are accountable for providing oversight of the ERM program.

The Company is exposed to a number of risks in its business. The descriptions of risks below are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the business, financial condition, liquidity and financial performance of the Company could be materially adversely affected. While the Company employs strategies to minimize these risks, these strategies do not guarantee that events or circumstances will not occur that could negatively impact the Company's financial condition and performance. Readers of this AIF are also encouraged to refer to the Company's Annual Management's Discussion and Analysis which provides further information on the risk factors facing the Company and our most recent consolidated financial statements, management information circular, quarterly reports, material change reports and news releases.

BUSINESS MODEL

The Company serves geographically diverse markets and sells a very wide range of products and services. Operational scale can be difficult to achieve and the complexity of the Company's business model is higher compared to more narrowly-focused or larger retailers. Management continuously assesses the strength of its customer value offer to ensure that specific markets, products and services are financially attractive. Considerable attention is also given to streamlining processes to simplify work across the Company. To the extent the Company is not successful in developing and executing its strategies, it could have an adverse effect on the financial condition and performance of the Company.

EMPLOYEE DEVELOPMENT AND RETENTION

Attracting, retaining and developing high caliber employees is essential to effectively managing our business, executing our strategies and meeting our objectives. Due to the vast geography and remoteness of the Company's markets, there is significant competition for talent and a limited number of qualified personnel, particularly at the store management level. The degree to which the Company is not successful in retaining and developing employees and establishing appropriate succession plans could lead to a lack of knowledge, skills and experience required to effectively run our operations and execute our strategies and could negatively affect financial performance. The Company's overall priority on building and sustaining store competency reflects the importance of mitigating against this risk. In addition to compensation programs and investments in staff housing that are designed to attract and retain qualified personnel, the Company also continues to implement and refine initiatives such as comprehensive store-based manager-in-training programs and the Company's in-depth leadership development program.

COMPETITION

The Company has a leading market position in a large percentage of the markets it serves. Sustaining and growing this position depends on our ability to continually improve customer satisfaction while identifying and pursuing new sales opportunities. We actively monitor competitive activity and we are proactive in enhancing our value offer elements, ranging from in-stock position to service and pricing. To the extent that the Company is not effective in responding to consumer trends or enhancing its value offer, it could have a negative impact on financial performance. Furthermore, the entrance of new competitors, an increase in competition, both local and outside the community, or the introduction of new products and services in the Company's markets could also negatively affect the Company's financial performance.

COMMUNITY RELATIONS

A portion of the Company's sales are derived from communities and regions that restrict commercial land ownership and usage by non-indigenous or non-local owned businesses or which have enacted policies and regulations to support locally-owned businesses. We successfully operate within these environments through initiatives that promote positive community and customer relations. These include store lease arrangements with community-based development organizations and initiatives to recruit local residents into management positions and to incorporate community stakeholder advice into our business at all levels. To the extent the Company is not successful in maintaining these relations, or is unable to renew lease agreements with community-based organizations, or is subject to punitive fees or operating restrictions, it could have an adverse effect on the Company's reputation and financial performance.

ECONOMIC ENVIRONMENT

External factors which affect customer demand and personal disposable income, and over which the Company exercises no influence, include government fiscal health, general economic growth, changes in commodity prices, inflation, unemployment rates, personal debt levels, levels of personal disposable income, interest rates and foreign exchange rates. Changes in the inflation rate and foreign exchange rate are unpredictable and may impact the cost of merchandise and the prices charged to consumers which in turn could negatively impact sales and net earnings.

Our largest customer segments derive most of their income directly or indirectly from government infrastructure spending or direct payment to individuals in the form of social assistance, child tax benefits and old age security. While these tend to be stable sources of income, independent of economic cycles, a decrease in government income transfer payments to individuals, a recession, or a significant and prolonged decline in consumer spending could have an adverse effect on the Company's operations and financial performance.

Furthermore, customers in many of the Company's markets benefit from product cost subsidies through programs such as Nutrition North Canada ("NNC"), the U.S. Supplemental Nutrition Assistance Program ("SNAP") and the by-pass mail system in Alaska which contribute to lower living costs for eligible customers. A change in government policy could result in a reduction in financial support for these programs which would have a significant impact on the price of merchandise and consumer demand.

A major source of employment income in the remote markets the Company operates is generated from local government and spending on public infrastructure. This includes housing, schools, health care facilities, military facilities, roads and sewers. Local employment levels will fluctuate from year-to-year depending on the degree of infrastructure activity and a community's overall fiscal health. A similar fluctuating source of income is employment related to tourism and natural resource development. A significant or prolonged reduction in government transfers, spending on infrastructure projects, natural resource development and tourism spending would have a negative impact on consumer income which in turn could result in a decrease in sales and gross profit, particularly for more discretionary general merchandise items.

Management regularly monitors economic conditions and considers factors which can affect customer demand in making operating decisions and the development of strategic initiatives and long-range plans.

INFORMATION TECHNOLOGY

The Company relies on information technology ("IT") to support the current and future requirements of the business. A significant loss of data or an impairment of data integrity, a failure or prolonged disruption in IT systems, or the failure to successfully upgrade legacy systems or implement new systems could have an adverse effect on the Company's operations , reputation and financial performance.

In 2014, the Company will implement the final phases of a transportation management system ("TMS"). Failure by the Company to successfully implement this system could cause disruption in the flow of merchandise to the stores, which could negatively affect the reputation and financial performance of the Company. Furthermore, the failure to integrate the TMS with other IT systems and implement appropriate processes to support the TMS may result in failing to capture planned efficiency and effectiveness gains. To help mitigate these risks, the Company engaged an implementation partner and instilled a strong governance structure and disciplined project management.

FUEL AND UTILITY COSTS

Compared to other retailers, the Company is more exposed to fluctuations in the price of energy, particularly oil. Due to the vast geography and remoteness of the store network, expenses related to aviation fuel, diesel-generated electricity, and heating fuel costs are a more significant component of the Company's and its customers' expenses. To the extent that escalating fuel and utility costs cannot be offset by alternative energy sources, energy conservation practices or offsetting productivity gains, this may result in higher retail prices or lower operating margins which may affect the Company's financial performance. In this scenario, consumer retail spending will also be affected by higher household energy-related expenses.

INCOME TAXES

In the ordinary course of business, the Company is routinely subject to audits by tax authorities. The Company regularly reviews its compliance with tax legislation, filing positions, the adequacy of its tax provisions and the potential for adverse outcomes. While the Company believes that its tax filing positions are appropriate and supportable, the possibility exists that certain matters may be reviewed and challenged by the tax authorities. If the final outcome differs materially from the tax provisions, the Company's income tax expense and its earnings could be affected positively or negatively in the period in which the outcome is determined.

LAWS, REGULATIONS, AND STANDARDS

The Company is subject to various laws, regulations and standards administered by federal, provincial and foreign regulatory authorities, including but not limited to income, commodity and other taxes, duties, currency repatriation, health and safety, employment standards, licensing requirements, product packaging and labeling regulations and zoning. New accounting standards and pronouncements or changes in accounting standards may also impact the Company's financial results.

These laws, regulations and standards and their interpretation by various courts and agencies are subject to change. In the course of complying with such changes, the Company may incur significant costs. Failure by the Company to fully comply with applicable laws, regulations and standards could result in financial penalties, assessments, sanctions or legal action that could have an adverse effect on the reputation and the financial performance of the Company.

The Company is also subject to various privacy laws and regulations regarding the protection of personal information of its customers and employees. Any failure in the protection of this information or non-compliance with laws or regulations could negatively affect the Company's reputation and financial performance.

ENVIRONMENTAL

The Company owns a large number of facilities and real estate, particularly in remote locations, and is subject to environmental risks associated with the contamination of such facilities and properties. The Company operates retail fuel outlets and uses fuel to heat stores and housing. Contamination resulting from gasoline and heating fuel is possible. The Company employs operating, training, monitoring and testing procedures to minimize the risk of contamination. The Company also operates refrigeration equipment in its stores and distribution centers which, if the equipment fails, could release gases that may be harmful to the environment. The Company has monitoring and preventative maintenance procedures to reduce the risk of this contamination occurring. Even with these risk mitigation policies and procedures, the Company could incur increased or unexpected costs related to environmental incidents and remediation activities, including litigation and regulatory compliance costs, all of which could have an adverse effect on the reputation and financial performance of the Company.

FINANCIAL SERVICES BUSINESS

The financial services operations are a part of the business of the Company. There is a risk of customer defaults on credit accounts, particularly following deterioration in the economy. The credit card industry is highly competitive and other credit card issuers may seek to expand or to enter the Company's markets. New federal, provincial and state laws, and amendments to existing laws, may be enacted to further regulate the credit card industry or to reduce finance charges or other fees or charges applicable to credit card accounts. Deterioration in the financial services business could have an adverse effect on the financial performance of the Company.

FOOD AND PRODUCT SAFETY

The Company is exposed to risks associated with food safety, product handling and general merchandise product defects. Food sales represent approximately 77% of total Company sales. A significant outbreak of a food-borne illness or increased public concerns with certain food products could have an adverse effect on the reputation and financial performance of the Company. The Company has food preparation, handling and storage procedures which help mitigate these risks. The Company also has product recall procedures in place in the event of a food-borne illness outbreak or product defect. The existence of these procedures does not eliminate the underlying risks and the ability of these procedures to mitigate risk in the event of a food-borne illness or product recall is dependent on their successful execution.

VENDOR AND THIRD PARTY SERVICE PARTNER MANAGEMENT

The Company relies on a broad base of manufacturers, suppliers, logistics service providers and operators of distribution facilities to provide goods and services. Events or disruptions affecting these suppliers outside of the Company's control could in turn result in delays in the delivery of merchandise to the stores and therefore negatively impact the Company's reputation and financial performance. A portion of the merchandise the Company sells is purchased offshore. Offshore sourcing could provide products that contain harmful or banned substances or do not meet the required standards. The Company uses offshore consolidators and sourcing agents to monitor product quality and reduce the risk of sub-standard products however, there is no certainty that these risks can be completely mitigated in all circumstances.

MANAGEMENT OF INVENTORY

Success in the retail industry depends on being able to select the right merchandise, in the correct quantities in proportion to the demand for such merchandise. A miscalculation of consumer demand for merchandise could result in having excess inventory for some products and missed sales opportunities for others which could have an adverse effect on operations and financial performance. Excess inventory may also result in higher markdowns or inventory shrinkage all of which could have an adverse effect on the financial performance of the Company.

LITIGATION

In the normal course of business, the Company is subject to a number of claims and legal actions that may be made by its customers, suppliers and others. The Company records a provision for litigation claims if management believes the Company has liability for such claim or legal action. If management's assessment of liability or the amount of any such claim is incorrect, or the Company is unsuccessful in defending its position, any difference between the judgment or penalty amount and the provision would become an expense or a recovery in the period such claim was resolved.

POST-EMPLOYMENT BENEFITS

The Company engages professional investment advisors to manage the assets in the defined benefit pension plans. The performance of the Company's pension plans and the plan funding requirements are impacted by the returns on plan assets, changes in the discount rate and regulatory funding requirements. If capital market returns are below the level estimated by management, or if the discount rate used to value the liabilities of the plans decreases, the Company may be required to make contributions to its defined benefit pension plans in excess of those currently contemplated, which may have an adverse effect on the Company's financial condition and performance.

The Company regularly monitors and assesses the performance of the pension plan assets and the impact of changes in capital markets, changes in plan member demographics, and other economic factors that may impact funding requirements, benefit plan expenses and actuarial assumptions. The Company makes cash contributions to the pension plan as required and also uses letters of credit to satisfy a portion of its funding obligations. Effective January 1, 2011, the Company entered into an amended and restated staff pension plan and added a defined contribution plan. Under the amended pension plan, all members who did not meet a qualifying threshold based on number of years in the pension plan and age were transitioned to the defined contribution pension plan effective January 1, 2011 and no longer accumulate years of service under the defined benefit pension plan. Further information on post-employment benefits is provided in Note 12 to the annual consolidated financial statements.

INSURANCE

The Company manages its exposure to certain risks through an integrated insurance program which combines an appropriate level of self-insurance and the purchase of various insurance policies. The Company's insurance program is based on various lines and limits of coverage. Insurance is arranged with financially stable insurance companies as rated by the professional rating agencies. There is no guarantee that any given risk will be mitigated in all circumstances or that the Company will be able to continue to purchase this insurance coverage at reasonable rates.

CLIMATE

The Company's operations are exposed to extreme weather conditions ranging from blizzards to hurricanes, typhoons, cyclones and tsunamis which can cause loss of life, damage to or destruction of key stores and facilities, or temporary business disruptions. The stores located in the South Pacific, Caribbean and coastal areas of Alaska are also at risk of earthquakes which can result in loss of life and destruction of assets. Such losses could have an adverse effect on the operations and financial performance of the Company. Global warming conditions would also have a more pronounced effect, both positive and negative, on the Company's most northern latitude stores.

DEPENDENCE ON KEY FACILITIES

There are six major distribution centres which are located in Winnipeg, Manitoba; Anchorage, Alaska; San Leandro, California; Port of Tacoma, Washington; and third party managed facilities in Edmonton, Alberta and Miami, Florida. In addition, the Company's Canadian Operations support office is located in Winnipeg, Manitoba and the International Operations has support offices in Anchorage, Alaska and Bellevue, Washington. A significant or prolonged disruption at any of these facilities due to fire, inclement weather or otherwise could have a material adverse effect on the financial performance of the Company.

GEOPOLITICAL

Changes in the domestic or international political environment may impact the Company's ability to source and provide products and services. Acts of terrorism, riots, and political instability, especially in less developed markets, could have an adverse effect on the financial performance of the Company.

ETHICAL BUSINESS CONDUCT

The Company has a Code of Business Conduct and Ethics policy which governs both employees and Directors. The Business Ethics Committee monitors compliance with the Code of Business Conduct and Ethics. The Company also has a Whistleblower Policy that provides direct access to members of the Board of Directors. Unethical business conduct could negatively impact the Company's reputation and relationship with its customers, investors and employees, which in turn could have an adverse effect on the financial performance of the Company.

FINANCIAL RISKS

In the normal course of business, the Company is exposed to financial risks that have the potential to negatively impact its financial performance. The Company manages financial risk with oversight provided by the Board of Directors, who also approve specific financial transactions. The Company uses derivative financial instruments only to hedge exposures arising in respect of underlying business requirements and not for speculative purposes. These risks and the actions taken to minimize the risks are described below. Further information on the Company's financial instruments and associated risks are provided in Note 14 to the consolidated financial statements.

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily in relation to individual and commercial accounts receivable. The Company manages credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable. The Company does not have any individual customer accounts greater than 10% of total accounts receivable.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company manages liquidity risk by maintaining adequate credit facilities to fund operating requirements and both planned sustaining and growth-related capital expenditures and regularly monitoring actual and forecasted cash flow and debt levels. At January 31, 2014, the Company had undrawn committed revolving loan facilities available of $172.5 million (January 31, 2013 - $144.1 million).

The Company has US$70.0 million senior notes that mature on June 15, 2014. The Company has begun the process of refinancing the senior notes and does not anticipate any difficulty in completing the refinancing however, global economic conditions can change which may negatively impact the availability of credit, interest rates and covenants for companies seeking to refinance debt. To the extent that the Company cannot meet its obligations or refinance its debt when it comes due, or can only do so at an excessive cost, this may have a material adverse effect on the financial performance of the Company. For further information on loan facilities, see Note 11 to the consolidated financial statements.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk, primarily the U.S. dollar, through its net investment in International Operations and its U.S. dollar denominated borrowings. The Company manages its exposure to currency risk by hedging the net investment in foreign operations with a portion of U.S. dollar denominated borrowings. At January 31, 2014, the Company had US$107.4 million in U.S. denominated debt compared to US$111.3 million at January 31, 2013.

The Company is also exposed to currency risk relating to the translation of International Operations earnings from U.S. dollars to Canadian dollars. In 2013, the average exchange rate used to translate U.S. denominated earnings from the International Operations was 1.0389 compared to 0.9976 last year. The Canadian dollar's depreciation in 2013 compared to the U.S. dollar in 2012 positively impacted consolidated net earnings by $0.4 million. In 2012, the average exchange rate of 0.9976 was slightly higher than the 0.9911 average exchange rate in 2011 which increased 2012 consolidated net earnings by $0.1 million compared to 2011.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its long-term borrowings. The Company manages exposure to interest rate risk by using a combination of interest rate swaps and a mixture of fixed and floating interest rate debt. Additional information regarding interest rate swaps is provided in Note 11 and Note 14 to the consolidated financial statements.

Dividends and Distributions

GENERAL

Past dividend practices at the Company are aligned with a total return approach to investment performance. We aim to deliver top quartile returns through an equal emphasis on growth and income yield. The Company has paid quarterly dividends or distributions for 26 consecutive years. The Company anticipates paying dividends of approximately $1.16 annually or $0.29 per quarter in 2014, compared to $1.12 annually or $0.28 per quarter in 2013.

The Company currently pays quarterly dividends to our shareholders on the 15th day of April, July, September and January or the first business day following the 15th. The record date for any dividend is on or about the last business day of the month preceding the dividend date, or such other day as may be determined by our Board. In accordance with stock exchange rules, an ex-dividend date occurs two trading days prior to the record date to permit time for settlement of trades of securities and dividends must be declared a minimum of seven trading days before the record date.

DIVIDEND HISTORY

The payment of dividends on the Company's common shares is subject to the discretion of the Board, and will vary based on, among other factors, the financial performance of the Company, its current and anticipated future business needs and the satisfaction of solvency tests imposed by the CBCA for the declaration of dividends and other conditions existing at such future time.

The following table shows the quarterly cash dividend per common share declared by the Company for the past three fiscal years.

QUARTER	2013 ($/share)	2012 ($/share)	2011 ($/share)
First Quarter	$ 0.28	$ 0.26	$ 0.24
Second Quarter	0.28	0.26	0.24
Third Quarter	0.28	0.26	0.24
Fourth Quarter	0.28	0.26	0.24
Special Distribution(1)	—	—	0.09
Total	**$ 1.12**	**$ 1.04**	**$ 1.05**

(1) From March 27, 1997 through December 31, 2010 the Company was organized as an unincorporated open-ended mutual fund trust, governed by the laws of the Province of Manitoba. On January 1, 2011, the Fund converted from an income trust structure into a dividend paying publicly traded corporation. In addition to the quarterly distributions, a special year-end distribution was declared to unitholders if the taxable income of the Fund exceeded the cumulative distributions for the year. The Fund's obligation to pay the special distribution was assumed by the Company.

See "Reorganizations: Conversion To a Share Corporation" for additional information.

Capital Structure

DESCRIPTION

The Company's objectives in managing capital are to deploy capital to provide an appropriate total return to shareholders while maintaining a capital structure that provides the flexibility to take advantage of the growth opportunities of the business, maintain existing assets, meet obligations and financial covenants and enhance shareholder value. The capital structure of the Company consists of debt and shareholders' equity.

DEBT - CANADIAN OPERATIONS

The Canadian Operations have available, committed, extendible, revolving loan facilities of $200.0 million for working capital requirements and general business purposes that mature on December 31, 2018. These facilities are secured by a floating charge on the assets of the Company and rank *pari passu* with the US$70.0 million senior notes and the US$52.0 million loan facilities in International Operations. These loan facilities bear a floating interest rate based on Banker's Acceptances' rates plus stamping fees or the Canadian prime interest rate. At January 31, 2014, the Company had drawn $63.6 million on these facilities (January 31, 2013 - $52.5 million)

At January 31, 2014, the Canadian Operations also have outstanding US$70.0 million senior notes (January 31, 2013 - US$70.0 million) that mature on June 15, 2014. The senior notes are secured by a floating charge on the assets of the Company and rank *pari passu* with the $200.0 million loan facilities and the US$52.0 million loan facilities. The US$70.0 million senior notes have been designated as a hedge against the U.S. dollar investment in the International Operations. Of this amount, US$42.0 million of the senior notes are at a fixed interest rate of 6.55%. Interest on US$28.0 million has been converted by an interest rate swap from fixed to floating rates at the three-month London Interbank Offered Rate ("LIBOR") plus a spread.

DEBT - INTERNATIONAL OPERATIONS

The Company's International Operations have available committed, revolving loan facilities of US$52.0 million that mature on December 31, 2018. These facilities are secured by a floating charge against the assets of the Company and rank *pari passu* with the US$70.0 million senior notes and the $200.0 million loan facilities. These facilities bear interest at LIBOR plus a spread. At January 31, 2014, the Company had drawn US$36.0 million (January 31, 2013 - US$40.0 million).

At January 31, 2014, the International Operations also have a US$30.0 committed, revolving loan facility for working capital requirements and other general business purposes. This facility, which matures October 31, 2015, is secured by certain accounts receivable and inventories of the International Operations and bears a floating interest rate based on LIBOR plus a spread. At January 31, 2014, the Company had drawn US$1.2 million on these facilities (January 31, 2013 - US$0.7 million).

SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares. As at January 31, 2014, there were 48,425,787 common shares issued and outstanding, an increase of 37,066 common shares from January 31, 2013. The rights, privileges, restrictions and conditions attached to the common shares of the Company are listed below.

(i) Voting Rights - The holders of the Company's common shares are entitled to one vote per share at all meetings of the shareholders of the Company.

(ii) Dividends - The holders of the Company's common shares are entitled to receive any dividend declared by the Board on common shares. See "Dividends and Distributions".

(iii) Rights Upon Dissolution - In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the Company's common shares are entitled to receive, after payment of all liabilities of the Company, the remaining assets and property of the Company.

The Company has a Share Option Plan that provides for the granting of options to certain officers and senior management. Options confer upon the holder a right to purchase one common share at a specific price described when the option is issued. The maximum number of shares available for issuance is a fixed number set at 4,354,020, representing approximately 9% of the Company's issued and outstanding shares at January 31, 2014.

During fiscal 2013, 98,132 options were exercised resulting in the issuance of 37,066 common shares. As at January 31, 2014 there were 1,423,074 options outstanding, an increase of 286,127 options from January 31, 2013.

Market for Securities

DESCRIPTION

The Company's common shares are listed and posted for trading on the TSX under the symbol "NWC". The following table provides trading information for the common shares for the period from February 1, 2013 to January 31, 2014 as reported by the TSX.

Month	High ($)	Low ($)	Volume
February	24.00	22.56	961,066
March	24.46	22.77	959,089
April	25.50	22.35	1,535,593
May	26.45	24.90	1,335,737
June	26.06	22.83	1,326,905
July	24.71	22.82	1,052,564
August	24.33	22.98	735,536
September	24.36	22.34	1,396,712
October	26.81	23.50	1,056,949
November	27.09	25.20	832,172
December	29.00	25.26	819,636
January	25.95	24.87	719,482

ESCROWED SECURITIES

To the Company's knowledge, no securities of the Company were held in escrow as at January 31, 2014.

Directors and Executives of the Company

The name, jurisdiction of residence, position held at April 9, 2014 and principal occupation for each of our directors and executives are set out below. The term of office of each director expires at the next annual meeting of the Company.

DIRECTORS

Name and Jurisdiction of Residence	Position with NWC [5]	Principal Occupation
H. Sanford Riley[1] Winnipeg, Manitoba, Canada	Chairman of the Board & Director (Director since 2003)	President and Chief Executive Officer, Richardson Financial Group Limited
Frank J. Coleman[2][3] Corner Brook, Newfoundland and Labrador, Canada	Chairman, Governance and Nominating Committee and Director (Director since 1999)	President and Chief Executive Officer, Coleman Group of Companies
Wendy F. Evans[2][4] Toronto,Ontario, Canada	Director (Director since 2005)	President, Evans and Company Consultants Inc.
Edward S. Kennedy[1] Winnipeg, Manitoba, Canada	President & CEO (Director since 1996)	President & Chief Executive Officer, The North West Company Inc.
Robert J. Kennedy[3][4] Winnipeg, Manitoba, Canada	Chairman, Human Resources, Compensation and Pension Committee and Director (Director since 2003)	Chief Executive Officer, WiBand Communications Corporation
Violet (Vi) A.M. Konkle[2][4] Edmonton, Alberta ,Canada	Director (Director since 2014)	Corporate Director
Gary J. Lukassen, CA, CPA[2][3] Mississauga, Ontario, Canada	Chairman, Audit Committee and Director (Director since 1987)	Corporate Director
Gary Merasty[3][4] Saskatoon, Saskatchewan, Canada	Director (Director since 2011)	President and Chief Operating Officer Des Nedhe Development
Eric L. Stefanson, FCA[2][3] Winnipeg, Manitoba, Canada	Director (Director since 2012)	Corporate Director
Annette M. Verschuren O.C.[2][4] Toronto, Ontario, Canada	Director (Director since 2011)	Chair and Chief Executive Officer, NRStor Incorporated

(1) The Chairman of the Board is not a member of any Board Committee, but attends all meetings in an ex-officio capacity. The President and Chief Executive Officer is not a member of any Board Committee, but attends these meetings as an invited guest.
(2) Member of the Audit Committee.
(3) Member of the Governance and Nominating Committee.
(4) Member of the Human Resources, Compensation and Pension Committee.
(5) Due to the various reorganizations of the Company as described in this AIF.

Each of the directors listed have held their respective positions and offices with the same, predecessor or associated firms or organizations as their principal occupation for the past five years, except as follows:

Gary Merasty was appointed the President and Chief Operating Officer of Des Nedhe Development, in 2013. He was previously the Vice-President, Corporate Social Responsibility and Communication for Cameco Corporation, Member of Parliament for the Desnethe Missinippi Churchill River Riding, the Grand Chief for the Prince Albert Grand Chief Council in Northern Saskatchewan, Chief of Staff for the Federation of Saskatchewan Indian Nation and the Educational Coorindinator for Peter Ballantyne Cree Nation.

Violet (Vi) A.M. Konkle held the position of President and Chief Executive Officer of The Brick Ltd. ("The Brick") from January 2012 to March 2013, at which time Leon's Furniture Limited ("Leons") purchased The Brick. She held the position of President, Brick Division of Leon's from March 2013 to September 2013. Prior to joining The Brick in 2010 as President, Business Support, she held a number of positions with Walmart Canada, including Chief Operating Officer and Chief Customer Officer. Ms. Konkle also held a number of senior management positions with Loblaw Companies Ltd., including Executive Vice President, Atlantic Wholesale Division.

Annette M. Verschuren was appointed the Chair and CEO of NRStor Incorporated, in 2012. She was the President of Home Depot Canada from 1986 to 2011. Prior to Home Depot, she was the President and co-owner of Michaels of Canada.

EXECUTIVES

Name and Jurisdiction of Residence	Principal Occupation with NWC
Edward S. Kennedy Winnipeg, Manitoba, Canada	President and Chief Executive Officer (Executive since 1989)
John D. King Winnipeg, Manitoba, Canada	Chief Financial Officer (Executive since 2006)
Craig T. Gilpin Winnipeg, Manitoba, Canada	Executive Vice-President and Chief Corporate Officer (Executive since 2010)
Rex A. Wilhelm Anchorage, Alaska, USA	President and Chief Operating Officer, The North West Company (International) Inc. (Executive since 1993)
Michael T. Beaulieu Winnipeg, Manitoba, Canada	Vice-President, NWC Services (Executive since 2013)
J. Robert Cain Seattle, Washington, USA	Vice-President, Logistics and Supply Chain Services, The North West Company (International) Inc. (Executive since 2000)
David M. Chatyrbok Winnipeg, Manitoba, Canada	Vice-President, Procurement and Marketing (Executive since 2009)
Leanne Flewitt Winnipeg, Manitoba, Canada	Vice-President, Merchandise Performance Services (Executive since 2013)
Craig A. Foster Winnipeg, Manitoba, Canada	Vice-President, Human Resources (Executive since 2013)
Christie Frazier-Coleman Bellevue, Washington, USA	Vice-President, Food Procurement and Marketing The North West Company (International) Inc. (Executive since 2010)
Debbie A. Gillis Winnipeg, Manitoba, Canada	Vice-President, Information Services (Executive since 2013)
Paulina Hiebert Edmonton, Alberta, Canada	Vice-President, Legal and Corporate Secretary (Executive since 2009)
Thomas M. Kallio Renton, Washington, USA	Vice-President and General Manager, Cost-U-Less The North West Company (International) Inc. (Executive since 2008)

Name and Jurisdiction of Residence	Principal Occupation with NWC
Daniel G. McConnell Winnipeg, Manitoba, Canada	Vice-President, Real Estate & Store Development (Executive since 2008)
Scott A. McKay Sammamish, Washington, USA	Vice-President, General Merchandise Procurement & Marketing The North West Company (International) Inc. (Executive since 2004)
Walter E. Pickett Eagle River, Alaska, USA	Vice-President and General Manager, Alaska Commercial Company The North West Company (International) Inc. (Executive since 2005)
Christine Reimer Winnipeg, Manitoba, Canada	Vice-President, Canadian Sales and Operations (Executive since 2011)
Michael E. Sorobey Winnipeg, Manitoba, Canada	Vice-President, Logistics and Supply Chain Services (Executive since 2010)
Jim W. Walker Anchorage, Alaska, USA	Vice-President and General Manager, Wholesale Operations The North West Company (International) Inc. (Executive since 2008)

All of the executives have held their present positions with the Company during the past five years, except as follows:

Craig T. Gilpin joined the Company in March 2010 as Executive Vice-President and Chief Corporate Officer. Prior to joining the Company, Mr. Gilpin held the position of President, Operations, Sobeys Ontario since 2004. Prior to joining Sobeys, Mr. Gilpin worked for 17 years in various senior roles with A&P Canada.

John D. King joined the Company in 1994. Mr. King was promoted to the position of Chief Financial Officer on June 28, 2010. He previously held the positions of Vice-President, Finance and Vice-President, Finance and Secretary. Prior to these appointments, Mr. King held the positions of Director of Finance and Stores Controller.

Michael T. Beaulieu joined the Company in 1993 as a Management Associate. He advanced to Store Manager and to Regional Store Management positions before joining Procurement and Marketing as a Director. Mr. Beaulieu was instrumental in leading the product profitability and in-stock long range planning initiatives and store performance support for northern Canada. In January, 2013, Mr. Beaulieu was promoted to Vice-President, NWC Services.

Leanne Flewitt joined the Company in May 1993 as Associate Buyer in the Food Marketing group. Ms. Flewitt progressed through roles in Procurement and Marketing and Supply Chain, holding the positions of Inventory Manager, Category Manager, Senior Category Manager, Project Business Lead and Director of Supply Chain Services. In January 2013, Ms. Flewitt was promoted to Vice-President, Merchandise Performance Services.

Craig A. Foster joined the Company in April 2013 as Vice-President, Human Resources. Mr. Foster was previously with Canadian Tire where he held progressive Human Resources Executive roles with Canadian Tire Financial Services, Mark's Work Wearhouse and Canadian Tire Corporation.

Christie Frazier-Coleman joined The North West Company (International) Inc. as Vice-President of Procurement and Marketing in January 2010. Ms. Frazier-Coleman worked for over 20 years at Bashas' Supermarkets, a US$2.0 billion privately held grocery chain in Arizona starting as a Category Manager and moving into various senior roles in Loyalty Marketing, Brand Marketing, then Sales and Merchandising. She then worked at Revionics a lifecycle pricing software company as Vice-President of Business Consulting, working with many different retailers implementing business and pricing strategies.

Debbie A. Gillis joined the Company in January 2013 as Vice-President, Information Services, bringing with her over 20 years of broad IT experience to her role. Ms. Gillis has held a number of progressively senior IT roles with various retailers including Chief Information Officer for the past 10 years and has also held leadership roles with IT consulting companies.

Paulina Hiebert joined the Company in November 2009 after being employed as Vice-President, Legal and Corporate Secretary of The Brick Group Income Fund since 2002. Prior to joining The Brick, she was Corporate Counsel for Alberta Treasury Branches, and an Associate with the law firm of Milner Fenerty in Edmonton. Ms. Hiebert has also held various senior management positions with a venture capital company and several chartered banks in Canada. Ms. Hiebert has been a director of several privately held companies. She is a member of the Law Societies of Alberta and Manitoba.

Scott A. MacKay joined the Company in 2004 as Vice-President and General Manager of Giant Tiger, West Store Division. In 2011 he became the Vice President, General Merchandise Procurement and Marketing for The North West Company (International) Inc. He brings many years of retail experience from Eaton's, Toys R Us Canada, Plug-Ins Electronix in Dubai, UAE and Intrawest Retail Group Inc. in Denver, Colorado.

Christine Reimer joined the Company in August 2001, when she opened the second Giant Tiger store as Store Manager. Ms. Reimer was appointed Vice-President and General Manager, Giant Tiger, West Store Division in 2011 and Vice-President, Canadian Sales and Operations in January 2013. She held several management positions with Giant Tiger West Store Division, including Merchandising Specialist and Director of Stores. Prior to joining the Company, Ms. Reimer held management positions with GAP Inc., Old Navy Canada, Suzy Shier and Smart Set.

Michael E. Sorobey joined the Company in March 2010 as Vice-President, Logistics and Supply Chain. Prior to joining the Company, Mr. Sorobey held the position of Vice President of GES Exposition Services. Prior to joining GES Exposition Services, Mr. Sorobey held various senior roles with Tibbett & Britten Group PLC for nine years, and spent seven years at Westfair Foods Limited in various warehouse management roles.

As at April 9, 2014, the foregoing directors and officers, as a group, beneficially owned, directly or indirectly, or exercise control or direction over 524,544 common shares or approximately 1.1% of the issued and outstanding common shares of the Company . The information as to shares beneficially owned, not being with our knowledge, has been furnished by the respective individuals.

As at January 31, 2014, based on public filings, Franklin Templeton Investments Corp., on behalf of Bissett Investment Management, beneficially owned, or controlled or directed, directly or indirectly, 7,238,935 or 14.95% of the Company's issued and outstanding common shares.

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Other than as noted in the declarations set forth below, no Director or executive of the Company is, or has been within the past 10 years, a director or executive officer or promoter of any other company that, while such person was acting in that capacity:

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

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

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

Mr. Gary Lukassen and Mr. Robert Kennedy have made the following declarations.

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. 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.

Audit Committee

DESCRIPTION

The Audit Committee is appointed annually by the Company's Board of Directors. The responsibilities and duties of the Audit Committee are set out in the Audit Committee Mandate attached hereto as Appendix A. The following table sets out the name of each of the current members of our Audit Committee, whether such member is independent and financially literate, as those terms are defined in National Instrument 52-110 *Audit Committees*. It also summarizes the relevant education and experience of each member.

Name	Independent	Financially Literate	Relevant Education and Experience
Gary J. Lukassen, CA, CPA Chairman, Audit Committee	✓	✓	Corporate Director; retired as Executive Vice-President and Chief Financial Officer and Director of The Hudson's Bay Company in March 2001. Mr. Lukassen was also a member of the Audit Committee of Abitibi Bowater Inc. from October 2007 to December 9, 2010.
Frank J. Coleman	✓	✓	President and Chief Executive Officer of the Coleman Group of Companies since 1991. Chair of the Board of Directors of Rocky Mountain Liquor Inc.; Director of Distribution Council of the Canadian Federation of Independent Grocers; and Emera Newfoundland and Labrador Holdings Incorporated. Former President and Chief Executive Officer of Humber Valley Paving Ltd. and Humber Valley Aggregates and Asphalt Ltd.
Wendy F. Evans	✓	✓	President of Evans and Company Consultants Inc. since 1987, providing international marketing, financial and management services. Associate of Cambridge Corporate Development, an Adjunct Professor, and a member of the Dean's Council in Ted Rogers School of Management, Ryerson University. A Director of the City Living Foundation, the Canadian Executive Service Organization, and author of "Border Crossings, Doing Business in the U.S". Served as a Director of Sun Life Financial trust, the Canadian Cancer Society, and the Ontario Retail Sector Strategy Advisory Board. Past President and Chair of Granite Ltd.
Violet (Vi) A.M. Konkle	✓	✓	Past President and Chief Executive Officer of The Brick Ltd. Prior to joining The Brick in 2010 as President, Business Support, held a number of positions with Walmart Canada, including Chief Operating Officer and Chief Customer Officer. Also held a number of senior executive positions with Loblaw Companies Ltd., including Executive Vice President, Atlantic Wholesale Division. A board member of Dare Foods, a privately held Canadian based snack food manufacturer, and a past director of The Brick Ltd., Trans Global Insurance, and the Canadian Chamber of Commerce.
Eric L. Stefanson, FCA	✓	✓	Managing partner of the Central Canada Region for BDO Canada LLP from 2004 to 2009. Also held various positions with Assante Canada, including the position of Chief Financial Officer from 2001 to 2004. 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. A board member of Via Rail Canada (Vice Chairman and Chair of Audit, Risk and Finance Committee), FWS Holdings Ltd. (Chair of Audit Committee), PGNX Capital Corp., as well as chair of the Investment Committee of the Winnipeg Civic Employee's Benefit Program. A member of the Board of Directors and Chair of the Audit Committee for the Winnipeg Foundation from 2005 to 2011. Recipient of the Lifetime Achievement Award from the Institute of Chartered Accountants in Manitoba.
Annette M. Verschuren O.C.	✓	✓	Chair and CEO of Executive Chair of NRStor Incorporated. The President of Home Depot Canada from 1986 to January 2011., and former President and co-owner of Michaels of Canada. A board member of Liberty Mutual Group, Air Canada, Saputo Inc.; the Conference Board of Canada (Vice Chair);. Former board member of Sobeys Inc.

EXTERNAL AUDIT SERVICES

Fees paid to the external auditors, PricewaterhouseCoopers LLP ("PWC") by the Company and its subsidiaries for professional services rendered during fiscal 2013 and 2012 are summarized in the table below.

Fee type ($ in thousands)		2013		2012
Audit Fees	$	448	$	472
Audit-Related Fees		61		19
Tax Fees		61		240
All Other Fees		—		4
Total	**$**	**570**	$	735

AUDIT FEES

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

AUDIT-RELATED FEES

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

TAX FEES

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

ALL OTHER FEES

Generally these fees include professional services for business consulting.

PRE-APPROVAL POLICIES AND PROCEDURES

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

Interest of Experts

The only persons who are named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, under National Instrument 51-102, *Continuous Disclosure* by the Company during, or relating to, the Company's most recently completed financial year, and whose profession or business gives authority to the statement, report or valuation made by the person or the Company, is PricewaterhouseCoopers LLP, the auditors of the Company, who prepared a report on the audited annual financial statements of the Company.

To the knowledge of the Company, at the time that PricewaterhouseCoopers LLP prepared its report on the audited consolidated financial statements of the Company, the partners of PricewaterhouseCoopers LLP had no registered or beneficial interest in the securities of the Company.

Conflicts of Interest

No director or officer of the Company, or any associate or affiliate of the foregoing persons, has any substantial interest, direct or indirect, in any material transaction with the Company for the period February 1, 2013 to January 31, 2014.

Legal Proceedings

Management is not aware of any litigation outstanding, threatened or pending as of the date hereof by or against the Company or its respective subsidiaries which would be material to a purchaser of common shares, see "Risk Factors - Litigation".

Interest of Management and Others in Material Transactions

Management is not aware of any Director or executive of the Company, or other insider of the Company, or any associate or affiliate of the foregoing persons who has any substantial interest, direct or indirect, in any material transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction.

Transfer Agent and Registrar

The transfer agent and registrar of the Company is CT Trust Company. Its principal office is located at 2001 University Street, Suite 1600, Montreal QC H3A 2A6, and its mailing address is P.O.Box 700, Station B, Montreal, QC H3B 3K3.

Material Contracts

There were no material contracts entered into by the Company during the most recently completed financial year, other than those entered into in the ordinary course of business. The Company has entered into the following agreement before the most recently completed financial year that is still in effect:

- Fourth Amended and Restated Partnership Limited Partnership Agreement of The North West Company LP, dated January 1, 2011, as the same may be amended, supplemented or restated from time to time.

A copy of the foregoing documents may be examined during normal business hours at the office of the Company located at Gibraltar House, 77 Main Street, Winnipeg, Manitoba, R3C 2R1 and are available on SEDAR at *www.sedar.com*.

Additional Information

Additional information, including Director and executive remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, is contained in the Company's Management Information Circular to be issued in connection with the Annual General Meeting of Shareholders to be held on June 11, 2014 in Winnipeg, Manitoba.

Additional information relating to the Company and additional financial information is provided in the Company's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended January 31, 2014 and the Company's 2013 Annual Report, all of which are available on SEDAR at *www.sedar.com* and at *www.northwest.ca*.

Copies of the information referred to in this section, and well as the AIF, can be obtained by writing to the Corporate Secretary, The North West Company Inc., Gibraltar House, 77 Main Street, Winnipeg, Manitoba, R3C 2R1.

Appendix A - Audit Committee Mandate

The Audit Committee (the "Committee") of The North West Company Inc. ("North West") is established in order to assist the Board of Directors of North West (the "Board") in its oversight activities, including overseeing the work of North West's external auditor as set out below.

1. Purpose

The primary purpose of the Committee is to assist the Board in fulfilling its responsibilities of oversight and supervision of:

(a) the integrity of North West's accounting and financial reporting practices and procedures;

(b) the adequacy of North West's internal accounting and disclosure controls and procedures;

(c) the quality and integrity of North West's consolidated annual and quarterly financial statements;

(d) the independence and performance of North West's external auditor;

(e) compliance by North West with legal and regulatory requirements in regard to financial reporting and disclosure that North West is subject to; and

(f) the performance of the internal audit function and ensuring processes are in place to ensure the independence of the internal audit function.

2. Composition

(a) The Committee will be comprised of a minimum of three directors who are "independent" directors within the meaning of Multilateral Instrument 52-110 Audit Committee (the "Policy"). Any Committee member, who, for any reason, is no longer independent, immediately ceases to be a Committee member;

(b) All Committee members will be "financially literate" or will become financially literate within the time limits as set out in the Policy. "Financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by North West's consolidated financial statements; and

(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 prior to the public disclosure by North West of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to the quality or integrity of North West's consolidated financial statements, its compliance with legal and regulatory requirements, and the performance and independence of North West's external auditor.

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. Financial Statements and Other Financial Information

The Committee shall:

(a) review North West's consolidated interim unaudited financial statements and annual audited financial statements and related documents, prior to any public disclosure of such information;

(b) following a review with management and the external auditor of such annual and interim consolidated financial statements and related documents including the auditor's report thereon, recommend to the Board the approval of such financial statements and related documents;

(c) review with management and/or the external auditor all critical accounting policies and practices used as well as significant management estimates and judgments and any changes in accounting policies or financial reporting requirements that may affect North West's consolidated financial statements;

(d) review with management and/or the external auditor the treatment in the financial statements of any significant transactions, and other potentially difficult matters;

(e) review with management and the external auditor all matters required to be communicated to the Committee under generally accepted auditing standards;

(f) review and recommend to the Board for approval, other annual and quarterly financial reporting documents, including management's discussion and analysis, earnings press releases, Annual Information Form, and Annual Report of North West prior to any disclosure to the public;

(g) review with management and the external auditor any material off-balance sheet financing mechanisms, transactions or obligations of North West;

(h) review a summary provided by North West's management, of the status of any material existing, pending or threatened litigation, claims and assessments respecting North West and its subsidiaries;

(i) review with management and the external auditor any correspondence with securities regulators or commissions which raise material issues regarding North West's financial statements or accounting policies; and

(j) review in advance and approve, any communications regarding material financial matters between North West and any applicable securities regulators or commissions.

B. Financial Reporting Control Systems

The Committee shall:

(a) in consultation with management, the external auditor and the officer or employee responsible for the internal audit function, review, evaluate and assess the adequacy, integrity and effectiveness of North West's consolidated financial reporting processes, management information systems, and internal controls and discuss significant financial risk, exposures and the steps management has taken to monitor, control and report such exposures;

(b) review guidelines and policies with respect to identifying and managing the principle financial risks inherent in North West's business and operations, and review the processes that are implemented by management to manage and monitor those risks;

(c) submit to the Board, any recommendations that the Committee may have from time to time (through its own inquiries or through those of advisors retained by the Committee) with respect to financial reporting, accounting procedures and policies and internal controls;

(d) ensure that due diligence processes and controls in connection with certification of North West's annual and interim filings are in place, monitoring their continued effectiveness, and ensure that such filings are in a form that permits their certification;

(e) review any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls made to the Committee by the CEO and CFO during their certification process for forms filed with applicable securities regulators;

(f) review with management and/or the external auditor any related party transactions (as defined under International Financial Reporting Standards);

(g) review the management representation letter to the external auditor;

(h) review reports obtained from the external auditor regarding the overall control environment and the adequacy of accounting system controls;

(i) review any new appointments to Vice President positions of North West and its subsidiaries with financial reporting responsibilities;

(j) satisfy itself that adequate procedures are in place for the review of North West's disclosure of North West's financial information extracted or derived from North West's consolidated financial statements, and periodically assess the adequacy of those procedures;

(k) establish procedures for the receipt, retention, and treatment of confidential, anonymous concerns received from employees of North West or its subsidiaries regarding questionable accounting, internal accounting controls, or auditing matters;

(l) review and approve North West's (and its respective subsidiaries) hiring policies regarding employees and former employees of the present and former external auditor of North West; and

(m) review annually North West's property and liability insurance policies (other than Director and Officer Liability Insurance), and satisfy itself that adequate insurance programs are in place.

C. Disclosure Controls

The Committee shall:

(a) satisfy itself that management has developed and implemented a system of disclosure controls to ensure that North West meets its continuous disclosure obligations;

(b) receive regular reports from management on the functioning of the disclosure compliance system, including any significant instances of non-compliance with such system, in order to satisfy itself that such system may be reasonably relied upon; and

(c) review any disclosures concerning any weaknesses or any deficiencies in the design or operation of disclosure controls made to the Committee by the CEO and CFO during their certification process for forms filed with applicable securities regulators.

D. Internal Audit

The Committee shall:

(a) review and concur with any appointment or dismissal of the senior internal audit officer or employee;

(b) review the performance and ensure processes are in place for the independence of the internal audit function;

(c) meet separately with the senior internal audit officer or employee to discuss any matters that the Committee or auditor believe should be discussed in private;

(d) review and approve the proposed annual corporate internal audit plan, including assessment of major risks, areas of focus, responsibilities and objectives, and staffing; and

(e) receive quarterly reports from internal audit on (i) the progress on the internal audit plan, including any significant changes to it; (ii) significant internal audit findings, including issues as to the adequacy of internal control over financial reporting and any procedures implemented in light of significant control deficiencies; and (iii) any significant internal fraud issues.

E. External Auditor

The Committee shall:

(a) obtain confirmation from the external auditor that it will be accountable to, and report directly to, the Committee;

(b) review and approve the external auditor's annual audit plan;

(c) meet with North West's external auditor on a regular basis in the absence of management, and discuss in private with the external auditor matters affecting the conduct of their audit and other corporate matters;

(d) review regularly the performance, qualifications, independence and remuneration of North West's external auditor, as well as the competence and responsiveness of the individual partners assigned to North West's account;

(e) recommend to the Board each year the remuneration of, and the retention or replacement of the external auditor to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for North West, and annually approve the terms of such engagement;

(f) if there is a plan to change the external auditor, review all issues related to the change and the steps planned for an orderly transition;

(g) oversee the work of the external auditor engaged for the purpose of preparing or issuing an audit report or performing other services;

(h) discuss with North West's external auditor the quality and not just the acceptability of North West's accounting principles and policies;

(i) relay its expectations to North West's external auditor from time to time including its expectation that (i) any disagreements of a material nature with management be brought to the attention of the Committee, (ii) any irregularities in the financial information be reported to the Committee; and (iii) the external auditor discloses any conflict of interest that may arise in their engagement; and

(j) pre-approve all non-audit services to be provided to North West or its subsidiary entities by its external auditor to obtain assurance that the performance of such services will not compromise the independence of the external auditor. The Committee may delegate to the Chairperson of the Committee authority to pre-approve non-audit services in satisfaction of this requirement. The pre-approval of non-audit services by the Chairperson of the Committee must be presented to the full Committee at its first scheduled meeting following such pre-approval.

F. Other

The Committee shall assess the performance of the CFO and report their views to the CEO, in conjunction with the CEO's annual performance review of the CFO.

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, the external auditor of North West or 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 external auditor of North West shall be entitled to receive notice of every meeting of the Committee to attend and be heard thereat.

(g) 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.

(h) 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

In discharging its mandate, the Committee shall have the authority to retain and receive advice from independent legal, accounting or other advisors at the expense of North West, as required to fulfill its duties, and to set and pay the compensation for such advisors.

8. Evaluation

The Committee shall:

(a) regularly review and assess the adequacy of its Mandate, and recommend any proposed changes to the Governance and Nominating Committee, for recommendation to the Board for approval; and

(b) participate in a regular performance evaluation of the Committee, the results of which will be reviewed by the Governance and Nominating Committee, and the Board.

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

Nor'Westers are associated with the vision, perseverance, and enterprising spirit of the original North West Company and Canada's early 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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