

A Time to Invest

THE NORTH WEST COMPANY INC. 2014

Annual Information Form

YEAR ENDED JANUARY 31, 2015

APRIL 9, 2015



Annual Information Form

Unless otherwise indicated, all information provided in this Annual Information Form ("AIF") is as at January 31, 2015.

TABLE OF CONTENTS

Glossary of Terms and Abbreviations	3
Presentation of our Financial Information	5
Forward-looking Statements	5
The North West Company Inc.	5
Intercorporate Relationships	6
General Development of the Business - Overview	7
General Development of the Business - Three year History	7
Developments for 2014	8
Developments for 2013	9
Developments for 2012	10
Description of the Business - General	11
Canadian Operations	12
International Operations	13
Distribution and Infrastructure	13
Real Estate and Store Development	13
Financial Services	14
Customers	14
Stores and Other Facilities	14
Competition	15
Investing Activities	15
Management Sales and Operations	16
Employees	16
Intangible Properties	16
Seasonality	16
Reorganizations	17
Environment	17
Description of the Business - Risk Factors	17
Dividends and Distributions	22
Capital Structure	23
Market for Securities	24
Directors and Executives of the Company	25

Annual Information Form

Unless otherwise indicated, all information provided in this Annual Information Form ("AIF") is as at January 31, 2015.

TABLE OF CONTENTS (continued)

Audit Committee	29
Interest of Experts	30
Conflicts of Interest	30
Legal Proceedings	31
Interest of Management and Others in Material Transactions	31
Transfer Agent & Registrar	31
Material Contracts	31
Additional Information	31
Appendix A - Audit Committee Mandate	32

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;

"Basic Earnings per Share" or **"Basic EPS"** are calculated by dividing the net earnings by the weighted-average number of common shares outstanding during the period.

"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. It also includes the Company's wholesale and distribution operations;

"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, its 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;

"Diluted Earnings per Share" or **"Diluted EPS"** is determined by adjusting net earnings and the weighted-average number of common shares outstanding for the effects of all potentially dilutive shares, which comprise shares issued under the Share Option Plan and Deferred Share Unit Plan";

"Earnings Before Interest, Income Taxes, Depreciation and Amortization" or **"EBITDA"** means net earnings before interest, income taxes, depreciation and amortization. It provides an indication of the Company's performance before allocating the cost of interest, income tax and capital investments;

"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. See "Reorganizations: Conversion to a Share Corporation";

"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 and the Caribbean. It also includes the Company's wholesale and distribution operations.;

"Nutrition North" or **"NN"** is 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”;

“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 2014 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, capital expenditures, 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. ("North West" 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's predecessor 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 and the Caribbean.

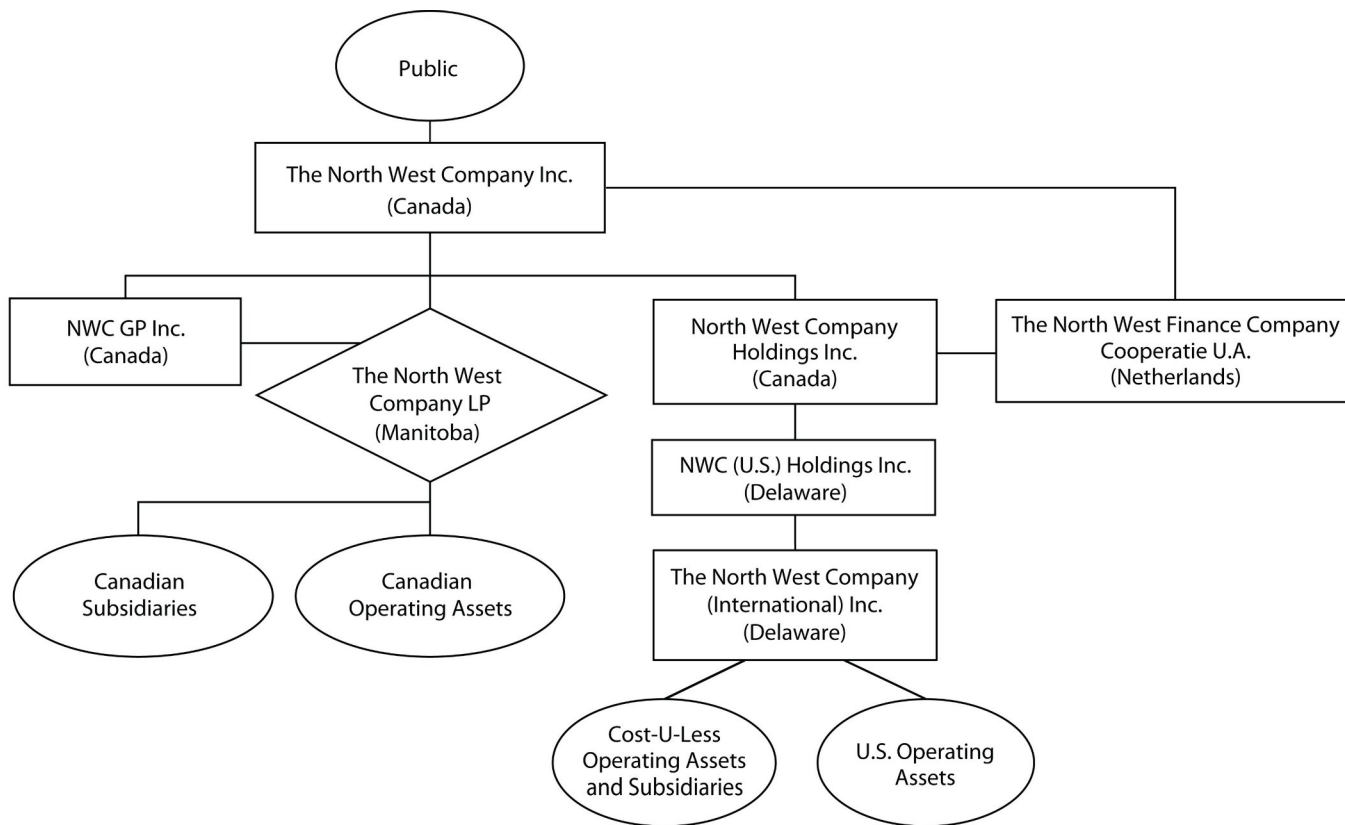
North West is the successor to the North West Company Fund (the "Fund"), following the completion of the reorganization of the Fund from an income trust structure to a corporate structure by way of a court-approved plan of arrangement under section 192 of the CBCA (the "Plan of Arrangement"). Under the 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 To A Share 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 2014 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, 2015. 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 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 28 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. In 1987, 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 as required at the senior management and Board levels. In 2014, the Company defined its current strategic priorities aimed at solidifying and growing market share within top markets and product and service categories.

Over the previous LRP cycle, the Company's focus related to being better at the basic elements of its value offer, including its in-stock performance and the profitability of its perishable and other high-convenience categories. The logistics side of our business was also an investment priority. The strategic planning work leading into 2014 identified that further gains in operating standards and efficiency were still attractive paths for North West. Even more important was our physical store network, local selling capability and community relations. Finally, we identified the logistics and data links to our stores as secondary, but still important competencies that could be further leveraged.

The Company's key priorities reflect these findings and are summarized below:

- **Top 40 Markets** Investing in our largest, highest potential markets to drive above average sales and profit growth through larger, updated store facilities with more room for growth categories supported by highly capable store teams and strong community relations;
- **Top Categories** Capture market share by focusing on existing and new product and service categories which offer the highest everyday convenience and service value to our customers and which can be delivered in a superior way by North West;
- **Complete the Implementation of a Transportation Management System ("TMS")** Complete the investment in TMS that will deliver a competitive advantage on the cost, quality and reliability of moving products to the remote markets we serve;

- **Building on our Relationship with Giant Tiger** 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;
- **Close Performance Gaps in Cost-U-Less Stores** 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
- **Customer Driven and Store Centric** Ensuring that how we work at North West, what we refer to as our "Management System," is customer driven and store 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 2014 - LONG RANGE PLAN INITIATIVES

(1) Top 40 Markets

The Top 40 Markets were identified in 2014 and a three to four year investment plan was created. Market strategies have been finalized for 12 communities in northern Canada with specific capital, product and people plans approved. Due to the remoteness of store locations, the construction completion dates for most projects will be in the second half of 2015 or early 2016. Performance measures will include time, quality and cost to complete compared to the approved plan as well as actual store results against budget.

(2) Top Categories

Work in 2014 focused on identifying general merchandise product categories in our Northern Canada markets that needed to be downsized to free up space and capital for Top Categories. In total, approximately 25% of existing general merchandise inventory was identified for reduction. The Company incurred \$3.8 million in costs over and above normal markdown activity related to the write-down and clearance of this inventory. This reduction in general merchandise inventory and the reallocation of selling space will continue through 2015.

On the Top Category growth side, plans were started and completed in Food Service and Pharmacy in 2014. Other Top Categories including Produce, Meat, Baby, Large-Pack Size, Grocery, Automotive, Outdoor Living, Core Basics, Furniture and Motorized, will be completed in the first half of 2015. These plans will be incorporated into all Top 40 Market plans and where cost effective, will be rolled out to all other applicable stores.

(3) Complete the Implementation of a Transportation Management System

The TMS project did not deliver the expected benefits in 2014 because key process and functions were too difficult to work with or adapt to, especially by our transportation partners. Modifications are being made to simplify TMS processes and functionality to enable product visibility and tracking throughout the logistics network. This in turn will fully enable payment, load planning and shrink reduction benefits to be realized.

(4) Building on our Relationship with Giant Tiger Stores Limited

North West and Giant Tiger Stores Limited ("GTSL") have established a stronger, mutually beneficial working relationship. This renewed relationship facilitated the conversion of a NorthMart store in La Ronge, Saskatchewan to a Giant Tiger format. This store featured the first Pharmacy and Financial Services offering in a Giant Tiger store, leveraging North West's experience in these areas. North West has plans to open three Giant Tiger stores in 2015 and will be working with GTSL on testing other new extensions of the Giant Tiger brand.

(5) Close Performance Gaps in Cost-U-Less Stores

CUL's 2014 performance exceeded plan, led by the Caribbean region stores. New regional buying programs were successful in reducing the cost of goods and aligning with customer preferences. Management changes were made at the store and regional levels to optimize market knowledge and increase execution capability. These changes provide a solid platform to build from in 2015 as this initiative continues under the Top 40 Markets and Top Categories work.

(6) Customer Driven and Store Centric

A new store service process called "Store Connect" was successfully launched in the fourth quarter of 2014. This process is enabled by a technology platform which tracks all customer and store issues, requests and ideas to their final resolution. Employee surveys were also conducted in 2014 to provide a baseline for measuring customer and store service levels.

DEVELOPMENTS FOR 2014 - OTHER BUSINESS HIGHLIGHTS

In the Canadian operations, a NorthMart store in La Ronge, Saskatchewan was converted to a Giant Tiger store and a small Northern store and a QuickStop were closed. Under other formats, the Company also acquired a store under the Price Chopper banner and opened a temporary clearance center in Winnipeg, Manitoba, acquired a Tim Hortons franchise restaurant in Thompson, Manitoba and closed the NorthMart Drug Store in La Ronge, Saskatchewan.

In the International operations, a major store expansion and renovation was completed on the AC store in Bethel Alaska and an AC Value Center in Kodiak, Alaska was closed.

During the year the Company completed the refinancing of the US\$70.0 million senior notes that matured June 15, 2014. The senior notes that matured had a fixed interest rate of 6.55% on US\$42.0 million and a floating interest rate based on the U.S. three-month London Interbank Offered Rate ("LIBOR") plus a spread on US\$28.0 million. The new senior notes, which mature June 16, 2021, have a fixed interest rate based of 3.27% on US\$55.0 million and a floating interest rate on US\$15.0 million based on LIBOR plus a spread payable semi-annually. For more information on the senior notes and financial instruments, see Note 11 and Note 14 to the consolidated financial statements.

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 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 was 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 charge against certain 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 charge against certain assets of North West ranking *pari passu* with its other senior debt.

DEVELOPMENTS FOR 2012 - LONG RANGE PLAN 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. 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.

Description of the Business - General

The North West Company is a leading retailer of food and everyday consumer goods and services to rural communities and urban neighborhoods in Canada, Alaska, the South Pacific and the Caribbean and the business is summarized under either Canadian Operations or International Operations.

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 2014 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 64% of total revenue, Canada is the largest market for the Company. Its network of stores generated \$1.0 billion in revenues and \$100.9 million in EBITDA for the year ended January 31, 2015. The banners and formats that comprise our Canadian Operations are described below.

NORTHERN CANADA STORES

Banner	# of Locations	Format
Northern	121	Combination of food, financial services and general merchandise stores in remote communities
Quickstop	12	Convenience stores offering extended hours, ready-to-eat foods, fuel and related services
NorthMart	6	Expanded fresh foods, fashion and health products and services in large northern markets

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 Tim Hortons, Pizza Hut, Burger King, KFC or A&W outlet. Expanded Services may include pharmacies, fuel sales and post offices.

WESTERN CANADA STORES

Banner	# of Locations	Format
Giant Tiger	32	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	2	Discount center and direct-to-customer food distribution outlet
Tim Hortons	1	Full service franchise restaurant located in a northern market
Solo Market	1	Full service grocery and pharmacy serving a road accessible community
Price Chopper	1	Discount food store offering a selection of fresh food and grocery

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;
- 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 Cost-U-Less ("CUL") operating subsidiaries. The International Operations comprise 36% of total revenue. Its network of 47 stores together with its wholesale operations generated \$582.2 million in revenues and \$36.9 million in EBITDA for the year-ended January 31, 2015. The banners and formats that comprise our International Operations are described below.

RURAL ALASKA

Banner	# of Locations	Format
AC Value Center	27	Combination of food and general merchandise offered to remote and rural regions
Quickstop	6	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 food and general merchandise 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 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 discount 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 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, 96 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 seallift, 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 225 stores of which 125 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.

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, 2015.

	Owned	Leased	Total
CANADA			
Alberta	3	9	12
British Columbia	1	—	1
Newfoundland/Labrador	5	—	5
Manitoba	19	25	44
Northwest Territories	16	4	20
Nunavut	24	6	30
Ontario	10	15	25
Quebec	14	2	16
Saskatchewan	13	12	25
Total Canada	105	73	178
INTERNATIONAL			
Alaska	16	17	33
California	—	1	1
Caribbean	3	3	6
South Pacific	1	6	7
Total International	20	27	47
Total	125	100	225

The table below sets out the number of stores and selling square footage under our various retail formats as at January 31, 2015.

Banner	Number of Stores		Selling SQF	
	2014	2013	2014	2013
Northern	121	122	693,338	693,306
Quickstop	12	13	17,112	18,109
NorthMart	6	7	130,919	147,725
Giant Tiger	32	31	510,474	494,057
Other formats	7	5	69,779	32,486
Total Canada	178	178	1,421,622	1,385,683
AC Value Center	27	28	278,742	299,005
Quickstop	6	6	14,368	14,368
Cost-U-Less	13	13	369,281	369,281
Other formats	1	1	13,230	13,230
Total International	47	48	675,621	695,884
Total	225	226	2,097,243	2,081,567

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. 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 Wal-Mart Supercentres and Dollar Tree continue to expand their presence in Canada. CUL's competition includes local, national and international grocery store chains and other warehouse clubs and discount retailers.

INVESTING ACTIVITIES

Net cash used in investing activities was \$50.3 million compared to \$42.4 million in 2013 and \$48.8 million in 2012. Net investing in Canadian Operations was \$39.5 million compared to \$28.0 million in 2013 and \$31.7 million in 2012. Net investing in International Operations was \$10.8 million compared to \$14.4 million in 2013 and \$17.1 million in 2012.

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, 2015, 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 and International retail operations report into the Executive Vice-President & Chief Operating Officer. A team of Vice-Presidents and Directors are accountable for the execution of corporate strategies, policies and programs at store level along with supporting specialist teams.

EMPLOYEES

At January 31, 2015, the Company employed 6,647 people, including 1,726 in its International Operations. Of these, approximately one third are aboriginal and of the aboriginal employees, approximately 220 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, together with support from Human Resources Training and Development, 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 2014				Fiscal 2013			
(\$ in millions)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	\$ 433.5	\$ 413.5	\$ 401.1	\$ 376.3	\$ 402.9	\$ 387.2	\$ 388.6	\$ 364.5
EBITDA	33.4	37.8	36.4	30.2	34.4	36.5	37.4	30.0
Net earnings	15.0	18.4	16.9	12.7	15.9	17.4	18.1	12.9
Basic EPS	0.31	0.38	0.35	0.26	0.33	0.36	0.37	0.27
Diluted EPS	0.31	0.37	0.35	0.26	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 from an 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. The Company has operating, training, monitoring and testing procedures and also retains environmental consulting engineers to help ensure compliance with applicable environmental laws. 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 annual assessment and regular updates 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.

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 where 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 or prolonged disruption in the Company's current IT systems could negatively impact day-to-day operations of the business which could adversely affect the Company's financial performance and reputation.

The failure to successfully upgrade legacy systems or implement new systems could also have an adverse effect on the Company's operations, reputation and financial performance. There is also a risk that the anticipated benefits, cost savings or operating efficiencies related to upgrading or implementing new IT systems may not be realized, which could affect the Company's financial performance or reputation. To help mitigate these risks, the Company uses a combination of specialized internal and external IT resources as well as a strong governance structure and disciplined project management.

The Company relies on the integrity and continuous availability of its IT systems. IT systems are exposed to the risks of "cyber attack", including viruses that can paralyze IT systems or unauthorized access to confidential Company information or customer information. Any failure relating to its system availability or security, or a significant loss of data or an impairment of data integrity, could adversely affect the financial performance and reputation of the Company.

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 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 78% 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, 2015, the Company had undrawn committed revolving loan facilities available of \$180.5 million (January 31, 2014 - \$172.5 million).

The Company has a US\$30.0 million revolving loan facility that matures on October 31, 2015. At January 31, 2015, there was US\$4.8 million drawn on this facility. The Company has begun the process of refinancing this facility 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, 2015, the Company had US\$96.9 million in U.S. denominated debt compared to US\$107.4 million at January 31, 2014.

The Company is also exposed to currency risk relating to the translation of International Operations earnings to Canadian dollars. In 2014, the average exchange rate used to translate U.S. denominated earnings from the International Operations was 1.1148 compared to 1.0389 last year. The Canadian dollar's depreciation in 2014 compared to the U.S. dollar in 2013 positively impacted consolidated net earnings by \$1.1 million. In 2013, the average exchange rate of 1.0389 was higher than the 0.9976 average exchange rate in 2012 which increased 2013 consolidated net earnings by \$0.4 million compared to 2012.

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 fixed and floating rate debt and may use interest rate swaps. Additional information regarding interest rate swaps is provided in 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 dividends or distributions for 27 consecutive years. The Company anticipates paying dividends of approximately \$1.16 annually or \$0.29 per quarter in 2015, compared to \$1.16 annually or \$0.29 per quarter in 2014.

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	2014 (\$/share)	2013 (\$/share)	2012 (\$/share)
First Quarter	\$ 0.29	\$ 0.28	\$ 0.26
Second Quarter	0.29	0.28	0.26
Third Quarter	0.29	0.28	0.26
Fourth Quarter	0.29	0.28	0.26
Total	\$ 1.16	\$ 1.12	\$ 1.04

The dividends paid were designated as eligible dividends in accordance with the provisions of the Canadian Income Tax Act.

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, 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 certain 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, 2015, the Company had drawn \$78.4 million on these facilities (January 31, 2014 - \$63.6 million)

The Company refinanced the US\$70,000 senior notes that matured on June 15, 2014 and as at January 31, 2015 have US\$70.0 million senior notes outstanding that mature on June 16, 2021. The maturing senior notes had a fixed interest rate of 6.55% on US\$42,000 and a floating interest rate based on US LIBOR plus a spread on US\$28,000. The new US\$70,000 senior notes have a fixed interest rate of 3.27% on US\$55,000 and a floating interest rate on US\$15,000 based on US LIBOR plus a spread. The senior notes are secured by certain 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.

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 certain 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, 2015, the Company had drawn US\$22.0 million (January 31, 2014 - US\$36.0 million).

At January 31, 2015, 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 a charge against certain accounts receivable and inventories of the International Operations and bears a floating interest rate based on LIBOR plus a spread. At January 31, 2015, the Company had drawn US\$4.8 million on these facilities (January 31, 2014 - US\$1.2 million). The Company has begun the process of refinancing this facility 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.

SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares. As at January 31, 2015, there were 48,497,199 common shares issued and outstanding, an increase of 71,412 common shares from January 31, 2014. 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, 2015.

During fiscal 2014, 190,063 options were exercised resulting in the issuance of 71,412 common shares. As at January 31, 2015 there were 1,599,871 options outstanding, an increase of 176,797 options from January 31, 2014.

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, 2014 to January 31, 2015 as reported by the TSX.

Month	High (\$)	Low (\$)	Volume
February	25.84	24.26	1,254,138
March	26.24	24.21	1,427,854
April	25.40	23.55	1,660,216
May	25.82	23.80	1,625,459
June	24.93	23.23	2,253,827
July	24.45	23.51	1,613,311
August	24.99	23.48	1,527,800
September	25.27	21.93	3,207,763
October	23.63	22.29	2,976,922
November	24.69	22.54	1,927,685
December	26.43	23.31	2,379,315
January	26.74	24.96	2,225,672

ESCROWED SECURITIES

To the Company's knowledge, no securities of the Company were held in escrow as at January 31, 2015.

Directors and Executives of the Company

The name, jurisdiction of residence, position held at April 9, 2015 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 North West	Principal Occupation
H. Sanford Riley ⁽¹⁾ Winnipeg, Manitoba, Canada	Chair 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	Director (Director since 1999)	President and Chief Executive Officer, Coleman Group of Companies
Wendy F. Evans ⁽³⁾⁽⁴⁾ Toronto, Ontario, Canada	Chair, Governance and Nominating Committee and Director (Director since 2005)	President, Evans and Company Consultants Inc.
Stewart Glendinning ⁽²⁾⁽⁴⁾ Toronto, Ontario, Canada	Director (Director since 2014)	President and Chief Executive Officer Molson Coors Canada
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	Chair, Human Resources, Compensation and Pension Committee and Director (Director since 2003)	Chief Executive Officer, WiBand Communications Corporation
Annalisa King ⁽²⁾⁽⁴⁾ Vancouver, British Columbia, Canada	Director (Director since 2014)	Senior Vice President and Chief Financial Officer, Best Buy Canada Ltd
Violet (Vi) A.M. Konkle ⁽²⁾⁽⁴⁾ Milton, Ontario, Canada	Director (Director since 2014)	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	Chair, Audit Committee and Director (Director since 2012)	Corporate Director

(1) The Chair 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.

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:

Stewart Glendinning President and Chief Executive Officer of Molson Coors Canada since 2013. Since joining Molson Coors in 2005, he has also held the positions of Chief Financial Officer, Molson Coors UK, Global Chief Financial Officer, Molson Coors Brewing Company and President and Chief Executive Officer, Molson Coors UK. Before joining Molson Coors, Mr. Glendinning worked with KPMG and The Hackett Group, both professional services companies where he held various senior audit and consulting roles, working with a broad array of multinational clients. He has also served with various organizations within the U.S. Naval Reserve.

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 Mississippi 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 Coordinator for Peter Ballantyne Cree Nation.

Violet (Vi) A.M. Konkle Ms. Konkle is the past President and Chief Executive Officer of The Brick Ltd. Prior to joining The Brick in 2010 as President, Business Support; she held a number of positions with Walmart Canada, including Chief Operating Officer and Chief Customer Officer. Ms. Konkle also held a number of senior executive positions with Loblaw Companies Ltd., including Executive Vice President, Atlantic Wholesale Division. Ms. Konkle is a director of Dare Foods, a privately held Canadian based food manufacturer, the National Board of Habitat for Humanity, and a past director of The Brick Ltd., Trans Global Insurance, and the Canadian Chamber of Commerce.

EXECUTIVES

Name and Jurisdiction of Residence	Principal Occupation with North West
Edward S. Kennedy Winnipeg, Manitoba, Canada	President and Chief Executive Officer (Executive since 1989)
Christie Frazier-Coleman Winnipeg, Manitoba, Canada	Executive Vice-President and Chief Merchandising Officer (Executive since 2010)
Craig T. Gilpin Winnipeg, Manitoba, Canada	Executive Vice-President and Chief Operating Officer (Executive since 2010)
John D. King Winnipeg, Manitoba, Canada	Executive Vice-President and Chief Financial Officer (Executive since 2006)
Daniel G. McConnell Winnipeg, Manitoba, Canada	Executive Vice-President and Chief Development Officer (Executive since 2008)
Denise S. Allen Toronto, Ontario, Canada	Interim Vice-President, Logistics & Distribution (Canadian Operations) (Executive since 2014)
Michael T. Beaulieu Winnipeg, Manitoba, Canada	Vice-President, NWC Services (Executive since 2013)
J. Robert Cain Seattle, Washington, USA	Vice-President, Logistics and Distribution (International Operations) (Executive since 2000)
David M. Chatyrbok Winnipeg, Manitoba, Canada	Vice-President, Grocery, Procurement & Marketing (Executive since 2009)
Leanne G. 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)
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)
Matt D. Johnson Winnipeg, Manitoba, Canada	Vice-President, Fresh/Food Service Procurement & Marketing (Executive since 2014)

Name and Jurisdiction of Residence	Principal Occupation with North West
Laurie J. Kaminsky Winnipeg, Manitoba, Canada	Vice-President, NWC Health Products & Services (Executive since 2014)
Scott A. McKay Sammamish, Washington, USA	Vice-President, General Merchandise Procurement & Marketing (Executive since 2004)
Walter E. Pickett Eagle River, Alaska, USA	Vice-President and General Manager, Alaska Commercial Company (Executive since 2005)
Christine D. Reimer Winnipeg, Manitoba, Canada	Vice-President, Canadian Sales and Operations (Executive since 2011)
Glenn R. Revet Winnipeg, Manitoba, Canada	Vice-President, Sales and Operations, Giant Tiger (Executive since 2015)
Jim W. Walker Anchorage, Alaska, USA	Vice-President and General Manager, Wholesale Operations (International Operations) (Executive since 2008)
Rex A. Wilhelm Anchorage, Alaska, USA	Vice-Chair, NWCI (International Operations) (Executive since 1993)

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

Christie Frazier-Coleman joined the Company as Vice-President of Procurement and Marketing (International Operations) in January 2010 and was promoted to Executive Vice-President and Chief Merchandising Officer in September 2014. Prior to joining the Company 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.

Craig T. Gilpin joined the Company in March 2010 as Executive Vice-President and Chief Corporate Officer. He was promoted to the position of Executive Vice-President and Chief Corporate Officer in May 2014. 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 Executive Vice-President and Chief Financial Officer in May 2014. He had been the Company's Chief Financial Officer since June 2010 and had previously held the positions of Vice-President, Finance and Vice-President, Finance and Secretary.

Denise S. Allen joined the Company in October 2014. Prior to joining the Company, Ms. Allen held the position of CMO & SVP Supply Chain Operations at Liquidation World. She is a seasoned retail executive with a breadth of experience across a number of Canadian retailers including Sobeys, Sears and most recently Liquidation World.

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 G. 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.

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.

Matt D. Johnson returned to the Company in 2014 as Vice-President, Fresh/Food Service Procurement & Marketing. Mr. Johnson had previously been with the Company as a Meat Assistant Category Manager and over six years progressed to Category Manager Meat/Seafood/Deli/Food Service. In 2010 Mr. Johnson joined Price Chopper in upstate New York and was promoted to the position of Vice-President, Meat Merchandising. Prior to joining the Company Mr. Johnson had most recently been with Ahold USA.

Laurie J. Kaminsky joined the Company 2010 as Senior Manager Retail Pharmacy. In 2011, she became Director, Pharmacy Retail and Hospital. She brings to her expanded role a track record of pharmacy innovation and insight into the health services delivered to our markets. Prior to joining the Company, Ms. Kaminsky has 20 years of experience in retail pharmacy management, most recently with Walmart Canada. In September 2014, Ms. Kaminsky was promoted to Vice-President, NWC Health Products & Services.

Scott A. MacKay joined the Company in 2004 as Vice-President and General Manager of Giant Tiger, West Store Division. In May 2014, he became the Vice-President, General Merchandise Procurement & Marketing for the Company. Prior to this appointment Mr. MacKay had been the Vice-President, General Merchandise Procurement and Marketing for The North West Company (International) Inc. since 2011. He has 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 D. 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.

Glenn R. Revet joined the Company in February 2015 as Vice-President, Sales and Operations, Giant Tiger. Prior to joining the Company Mr. Revet held progressively senior roles with Wal-Mart Canada and most recently Loblaw Companies Ltd. where he was a Senior Director supporting Real Canadian Superstores.

As at January 31, 2015, the foregoing directors and officers, as a group, beneficially owned, directly or indirectly, or exercise control or direction over 521,460 common shares or approximately 1.08% 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, 2015, based on public filings, Franklin Templeton Investments Corp., on behalf of Bissett Investment Management, beneficially owned, or controlled or directed, directly or indirectly, 4,918,786 or 10.16% 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. Robert Kennedy has made the following declarations.

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
Eric L. Stefanson, FCA	✓	✓	Mr. Stefanson was the managing partner of the Central Canada Region for BDO Canada LLP Chartered Accountants and Advisors, from 2004 to 2009. He also held various positions with Assante Canada, including the position of Chief Financial Officer from 2001 to 2004. Mr. Stefanson was a member of the Legislative Assembly of Manitoba from 1990 to 2000, and held various portfolios, including the position of Finance Minister and Chair of the Treasury Board from 1993 to 1999. Mr. Stefanson was a Winnipeg City councillor from 1982 to 1989 and served as Deputy Mayor. He is currently a director of Via Rail Canada (Interim Chairman), FWS Holdings Ltd. (Chair of Audit Committee), People Corporation, and Chair of the Investment Committee of the Winnipeg Civic Employee's Benefit Program. He was a member of the Board of Directors and Chair of the Audit Committee for the Winnipeg Foundation from 2005 to 2011, and a past member and Chair of the Board for the Health Sciences Centre Foundation from 2009 to 2012. In 2000, Mr. Stefanson received the Icelandic Order of the Falcon from the President of Iceland. In 2013, Mr. Stefanson was the recipient of the Lifetime Achievement Award from the Institute of Chartered Accountants in Manitoba.
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.; past 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. He also has served as a director of Newfoundland Power, a subsidiary of Fortis and Fishery Products Ltd.
Stewart Glendinning	✓	✓	President and Chief Executive Officer of Molson Coors Canada since 2013. Since joining Molson Coors in 2005, he has also held the positions of Chief Financial Officer, Molson Coors UK, Global Chief Financial Officer, Molson Coors Brewing Company and President and Chief Executive Officer, Molson Coors UK. Before joining Molson Coors, Mr. Glendinning worked with KPMG and The Hackett Group, both professional services companies where he held various senior audit and consulting roles, working with a broad array of multinational clients. He has also served with various organizations within the U.S. Naval Reserve.
Annalisa King	✓	✓	Senior Vice-President and Chief Financial Officer of Best Buy Canada Ltd. since 2008. Prior to her current position, Ms. King was Senior Vice-President of Business Transformation for Maple Leaf Foods Inc. She has also held senior positions, primarily in finance, throughout her career at consumer packaged goods companies, Kraft and Pillsbury Canada. Ms. King is a director of Saputo Inc.
Violet (Vi) A.M. Konkle	✓	✓	Ms. Konkle is the past President and Chief Executive Officer of The Brick Ltd. Prior to joining The Brick in 2010 as President, Business Support; she held a number of positions with Walmart Canada, including Chief Operating Officer and Chief Customer Officer. Ms. Konkle also held a number of senior executive positions with Loblaw Companies Ltd., including Executive Vice President, Atlantic Wholesale Division. Ms. Konkle is a director of Dare Foods, a privately held Canadian based food manufacturer, the National Board of Habitat for Humanity, and a past director of The Brick Ltd., Trans Global Insurance, and the Canadian Chamber of Commerce.

EXTERNAL AUDIT SERVICES

Fees paid to the external auditors, PricewaterhouseCoopers LLP by the Company and its subsidiaries for professional services rendered during fiscal 2014 and 2013 are summarized in the table below.

Fee type (\$ in thousands)	2014	2013
Audit Fees	\$ 388	\$ 448
Audit-Related Fees	13	61
Tax Fees	52	61
Total	\$ 453	\$ 570

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, 2014 to January 31, 2015.

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 and Special Meeting of Shareholders to be held on June 10, 2015 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, 2015 and the Company's 2014 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;
- (f) the performance of the internal audit function and ensuring processes are in place to ensure the independence of the internal audit function; and
- (g) the implementation of appropriate systems and processes to identify and manage North West's principle risks.

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 (a) the progress on the internal audit plan, including any significant changes to it; (b) 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 (c) 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. Enterprise Risk Management

The Committee shall:

- (a) review North West's processes for identifying, assessing and managing risk and North West's external and internal risk exposures;
- (b) at least annually, obtain from management a report identifying and addressing North West's exposure to principle risks, and the steps management has taken to monitor and control such exposures;
- (c) oversee risks that may have a material impact on North West's financial statements; and
- (d) provide regular reports and recommendations to the Board with respect to any outcomes, findings and issues arising in connection therewith.

G. 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 March 12, 2015.



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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