



THE NORTH WEST COMPANY INC.

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

APRIL 10, 2019



The North West Company Inc.



April 10, 2019

Dear Shareholder:

You are invited to attend an annual general and special meeting (the “**Meeting**”) of the shareholders of the common voting shares and variable voting shares of The North West Company Inc. (“**North West**”) to be held in the Muriel Richardson Auditorium, Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba on Wednesday, June 12, 2019 at 11:30 a.m. (Central Time).

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

You can find our 2018 Annual Report, which includes our consolidated financial statements and the auditor’s report to shareholders for the financial year ended January 31, 2019, and the Management’s Discussion and Analysis, on our website at www.northwest.ca or on SEDAR at www.sedar.com.

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

At the Meeting, you will also be asked to consider and vote upon:

- a special resolution to approve a plan of arrangement under section 192 of the *Canada Business Corporations Act* to effect amendments to our articles of arrangement relating to the voting rights of North West’s variable voting shares and to North West’s Amended and Restated By-Law No. 1;
- the election of the directors of North West, who will serve until the next annual general meeting of shareholders;
- the appointment of PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual general meeting of shareholders, and to authorize the directors to set the auditor’s compensation; and
- an advisory resolution on North West’s approach to executive compensation.

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

Sincerely,

“H. Sanford Riley”

H. Sanford Riley
Chairman of the Board

“Edward S. Kennedy”

Edward Kennedy
President and Chief Executive Officer

Notice of Annual General and Special Meeting of Shareholders

You are invited to the 2019 Annual General and Special Meeting of common and variable voting shareholders (the "**Meeting**") of The North West Company Inc. ("**North West**").

Date: Wednesday, June 12, 2019

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

Place: Muriel Richardson Auditorium
Winnipeg Art Gallery
300 Memorial Boulevard
Winnipeg, Manitoba

The Meeting will have the following purposes:

1. to receive North West's consolidated annual financial statements for the year ended January 31, 2019, including the external auditor's report;
2. to consider and, if deemed appropriate, to approve, with or without variation, a special resolution to approve a plan of arrangement under section 192 of the *Canada Business Corporations Act* to effect amendments to North West's articles of arrangement relating to the voting rights of North West's variable voting shares and to North West's Amended and Restated By-Law No. 1;
3. to elect the directors of North West, who will serve until the next annual general meeting of shareholders;
4. to appoint PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual general meeting of shareholders, and to authorize the directors to set the auditor's compensation;
5. to consider an advisory resolution on North West's approach to executive compensation disclosed in the Management Information Circular dated April 10, 2019 (the "**Circular**"); and
6. to consider any other business which may be properly brought before the Meeting, and any and all adjournments thereof.

The accompanying Circular provides detailed information relating to the above matters. You have the right to vote at the Meeting as set out in the Circular if you are a holder of North West common voting shares or variable voting shares as of the close of business on May 8, 2019. For those shareholders who cannot attend the Meeting, North West has made arrangements to provide a live webcast of the Meeting. Details on how shareholders may view the webcast can be found at www.northwest.ca and will also be provided in a media release prior to the Meeting. Shareholders viewing the webcast will not be permitted to vote through the webcast facilities.

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

"Amanda Sutton"

Winnipeg, Manitoba
April 10, 2019

Amanda Sutton
Vice President, Legal and Corporate Secretary
The North West Company Inc.

Management Information Circular

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Management Information Circular

FORWARD-LOOKING STATEMENTS

This management information circular contains forward-looking statements about North West, 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 North West.

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 North West, 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 North West 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, North West's ability to complete strategic transactions and integrate acquisitions and North West'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 North West's annual information form dated April 10, 2019, under the heading “Risk Management” in our Annual Report for the year ended January 31, 2019, 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, North West is under no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise. Additional information on North West can be found on SEDAR at www.sedar.com or on North West's website at www.northwest.ca.

NON-GAAP FINANCIAL MEASURES

This management information circular refers to “EBITDA”, which is not a recognized financial measure under International Financial Reporting Standards. North West's method of calculating EBITDA may differ from other companies and may not be comparable to measures used by other companies. See the “Non-GAAP” measures section of North West's Annual Report for the year ended January 31, 2019 for further information.

Part I — Voting Information

Unless stated otherwise, information contained in this Management Information Circular (the “**Circular**”) is given as of April 10, 2019.

WHAT MATTERS WILL I BE VOTING UPON?

Shareholders will be asked to vote upon the following matters:

1. to consider and, if deemed appropriate, to approve, with or without variation, a special resolution (the “**Arrangement Resolution**”) to approve a plan of arrangement (the “**Arrangement**”) under section 192 of the *Canada Business Corporations Act* (the “**CBCA**”) to effect amendments (the “**Amendments**”) to North West's articles of arrangement (the “**Articles**”) relating to the voting rights of North West's variable voting shares (the “**Variable Voting Shares**”) and to North West's Amended and Restated By-Law No. 1;
2. to elect the directors of North West, who will serve until the next annual general meeting of shareholders;
3. to appoint PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual general meeting of shareholders, and to authorize the directors to set the auditor's compensation;
4. to consider an advisory resolution on North West's approach to executive compensation disclosed in the Circular; and
5. to consider any other business which may be properly brought before the Meeting, and any and all adjournments thereof.

WHO CAN VOTE?

You are entitled to one vote for each North West common voting share (“**Common Voting Share**”) and North West Variable Voting Share (collectively, “**Shares**”) you own as of the record date (the “**Shareholder**” or “**Shareholders**”), subject to the voting restrictions and adjustments attached to the Variable Voting Shares, as discussed below under “*Restrictions on Voting*”. The Board of Directors of North West (the “**Board**” or the “**Directors**”) have set May 8, 2019 as the record date (the “**Record Date**”).

REGISTERED SHAREHOLDERS

You are a registered Shareholder if your name appears on your Share certificate (a “**Registered Shareholder**”). The enclosed form of proxy indicates whether you are a Registered Shareholder. Please also see “How Do I Vote If I Am a Registered Shareholder?” below.

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

NON-REGISTERED BENEFICIAL SHAREHOLDERS

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

HOW DO I VOTE IF I AM A REGISTERED SHAREHOLDER?

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

VOTING BY PROXY

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

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

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

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

Vote by mail. By completing, dating and signing the enclosed form of proxy and returning same in the envelope provided or send to AST Trust Company (Canada), PO Box 721, Agincourt, Ontario, Canada M1S 0A1.

VOTING IN PERSON

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

INSTRUCTIONS FOR REGISTERED SHAREHOLDERS

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

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

What Is a Proxy?

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

Appointing a Proxyholder

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

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

Depositing Your Proxy

To be valid, the form of proxy must be filled out, correctly signed (exactly as your name appears on the form of proxy), and returned to the transfer agent for the Shares, AST Trust Company (Canada), by no later than 11:30 a.m. (Central Time) on June 10, 2019 (or at least 24 hours prior to the commencement of any reconvened meeting in the event of any adjournment or postponement of the Meeting). Your proxyholder may then vote on your behalf at the Meeting.

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

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

- **"FOR"** the Arrangement Resolution;
- **"FOR"** the election of the thirteen nominees to the Board;
- **"FOR"** the re-appointment of PricewaterhouseCoopers LLP as auditors of North West and to authorize the audit committee of the Board to fix the auditor's remuneration;
- **"FOR"** the advisory resolution on North West's approach to executive compensation; and
- **"FOR"** management proposals generally.

For more information on these matters, please see "PART II — BUSINESS OF THE MEETING". If any other issues properly arise at the Meeting that are not described in the Notice of Meeting, or if any amendments or variations are proposed to the matters described in the Notice of Meeting, your proxyholder is entitled to vote your Shares as he or she sees fit. The Notice of Meeting sets out all the matters to be determined at the Meeting that are known to the Directors as of April 10, 2019.

Can I Change My Vote?

If you want to change your vote or revoke your proxy after you have signed and delivered it to AST Trust Company (Canada), you may do so by delivering another properly executed form of proxy bearing a later date and delivering it as set out above under the heading "Depositing Your Proxy" by no later than 11:30 a.m. (Central Time) on June 10, 2019 (or at least 24 hours prior to any reconvened meeting in the event of any adjournment(s) or postponement(s) of the Meeting), or in any other manner permitted by-law.

If you revoke your proxy and do not replace it with another form of proxy that is deposited with AST Trust Company (Canada) on or before the deadline at 11:30 a.m. (Central Time) on June 10, 2019, you may still vote your own Shares in person at the Meeting provided you are a Registered Shareholder whose name appeared on the Shareholders' register of North West as at May 8, 2019.

HOW DO I VOTE IF I AM A NON-REGISTERED BENEFICIAL SHAREHOLDER?

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

Holders who do not hold their Shares in their own name (“**Beneficial Shareholders**” collectively or “**Beneficial Shareholder**” individually) should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Shareholders whose names appear on the records maintained by or on behalf of North West as the registered holders of Shares on the Record Date. If such Shares are listed in an account statement provided to a Shareholder by a broker or other Intermediary, then in almost all cases those Shares will not be registered in that holder’s name on the records of North West. Such Shares will more likely be registered under the name of the holder’s broker, an agent or nominee of that broker or another intermediary. In Canada, the vast majority of such Shares are typically registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Shares held by brokers or their agents or nominees or another intermediary can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, the intermediaries are prohibited from voting the Shares for their clients. North West does not know for whose benefit Shares registered in the name of CDS & Co. are held.

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

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

IS MY VOTE CONFIDENTIAL?

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

HOW MANY SHARES ARE ENTITLED TO VOTE?

As of April 10, 2019, the Common Voting Shares and the Variable Voting Shares are the only classes of Shares of North West outstanding which entitle holders to vote at meetings of Shareholders.

As of January 31, 2019, 35,284,235 Common Voting Shares and 11,626,013 Variable Voting Shares were outstanding. Each Shareholder is entitled to one vote per Share on all matters to be voted on at Shareholder meetings, subject to the voting restrictions and adjustments attached to the Variable Voting Shares, as discussed below under “*Restrictions on Voting*”.

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

ARE THERE ANY PRINCIPAL HOLDERS OF SHARES?

As at April 10, 2019, based on publicly available filings, to the knowledge of the Board and the officers of North West, there are no principal holders of North West’s voting securities.

RESTRICTIONS ON VOTING

Why does North West have Common Voting Shares and Variable Voting Shares?

North West's Articles provide restrictions with respect to subscriptions, issues, transfers or purchases of Common Voting Shares which would cause North West to cease to be "Canadian" as defined in the *Canada Transportation Act* (the "CTA"). Prior to May 23, 2018, the CTA required that North West, as a corporation which holds a scheduled domestic license, be Canadian; that is, controlled in fact by Canadians and that at least 75% of its voting interests be owned and controlled by Canadians.

Effective June 15, 2017 the Common Voting Shares and the Variable Voting Shares commenced trading on the Toronto Stock Exchange ("TSX") under a single ticker designated "NWC", as if they were a single class of securities. The Common Voting Shares and Variable Voting Shares are designated, for the purposes of trading on the TSX and reporting in brokerage accounts, under the single designation of "Variable and Common Voting Shares" of North West. The trading of Common Voting Shares and Variable Voting Shares under a single ticker was made solely for the administration of trading of such shares on the TSX.

On May 23, 2018, Bill C-49, the *Transportation Modernization Act* was assented to by the Canadian Parliament. This act contained amendments to the CTA, replacing the prior definition of "Canadian" within the CTA, that prescribed a 25% limit on the voting interests owned and controlled by non-Canadians, instead prescribing a 49% limit on the voting interests owned and controlled by all non-Canadians. The amendments also include two new limitations on Non-Canadian ownership of voting rights, capping the voting interests owned by any single non-Canadian at 25%, and of non-Canadian air-carriers in aggregate at 25%.

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to approve a plan of arrangement under section 192 of the CBCA to effect amendments to North West's Articles relating to the voting rights of North West's Variable Voting Shares and to North West's Amended and Restated By-Law No. 1. The amendments will grant to the Board the powers necessary to give effect to the amended ownership restrictions and to allow North West to continue to qualify as "Canadian" within the meaning of the CTA. North West has adopted certain policies, procedures and processes in order to monitor the number of its Shares owned by Canadians to ensure that the provisions of its Articles, By-laws and the CTA are complied with. For a full description of the plan of arrangement, see "*Business of the Meeting — Plan of Arrangement to Amend North West's Articles and By-Law No. 1*".

Please note that regardless of how your Shares are held, you must complete the declaration on your instrument of proxy or voting instruction form regarding whether or not the Shares you represent are owned or controlled by a "Canadian" for the purposes of North West's ownership restrictions. If you do not complete such a declaration, or complete it improperly, the voting rights attached to the Shares you represent will not be counted.

Who can own or control Common Voting Shares?

Common Voting Shares may only be beneficially owned and controlled, directly or indirectly, by Canadians. Any Common Voting Shares beneficially owned or controlled, directly or indirectly, by a person who is not a Canadian is automatically converted to a Variable Voting Share.

What is the voting right attached to a Common Voting Share?

Each Common Voting Share confers the right to one vote at all meetings of North West's Shareholders.

Who can own or control Variable Voting Shares?

Variable Voting Shares may only be beneficially owned or controlled, directly or indirectly, by non-Canadians. Therefore, any Variable Voting Share owned or controlled, directly or indirectly, by a person who is Canadian is automatically converted to a Common Voting Share.

What is the voting right attached to a Variable Voting Share?

Variable Voting Shares carry one vote per Variable Voting Share held, except where (i) the number of issued and outstanding Variable Voting Shares exceeds 25% of the total number of all issued and outstanding Shares, including securities convertible into such Shares and currently exercisable options and rights to acquire such Shares or such convertible securities (or any greater percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA), or (ii) the total number of votes cast by or on behalf of the holders of Variable Voting Shares at any meeting exceeds 25% (or any greater percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA) of the total number of votes that may be cast at such meeting. If either of the above-noted thresholds is surpassed at any time, the number of votes attached to each Variable Voting Share will decrease automatically without further act or formality to equal the maximum permitted vote per Variable Voting Share.

Under the circumstances described in (i) the immediately preceding paragraph, the Variable Voting Shares as a class cannot carry more than 25% (or any greater percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA) of the total voting rights attached to the aggregate number of issued and outstanding Shares, including securities convertible into such Shares and currently exercisable options and rights to acquire such Shares or such convertible securities. Under the circumstances described in (ii) the immediately preceding paragraph, the Variable Voting Shares as a class cannot, for a given Shareholders' meeting, carry more than 25%

(or any greater percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA) of the total number of votes that can be exercised at the meeting.

If the total number of votes cast by or on behalf of the holders of Variable Voting Shares on any matter on which a vote is to be taken at the Meeting exceeds 25% (or any greater percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA) of the aggregate votes that may be cast on such matter, the number of votes attached to each Variable Voting Share will decrease automatically and proportionately such that the total votes attached to the Variable Voting Shares cast on the matter shall not exceed 25% of the aggregate votes.

The constraints described above do not apply to Variable Voting Shares held by a non-Canadian by way of security only, subject to compliance with certain requirements set forth in North West's Articles, or to Variable Voting Shares held by one or more underwriters solely for the purpose of distributing the Variable Voting Shares to the public, or by any person acting in relation to the Variable Voting Shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides centralized facilities for the clearing of trades in securities.

SOLICITATION OF PROXIES

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

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

HOW IS A VOTE PASSED?

The matters scheduled to be voted upon at the Meeting consist of special and ordinary resolutions. Special resolutions are passed by a majority of not less than two-thirds of the votes cast, meaning that if more than two-thirds of the votes that are cast are in favour, then the resolution passes. Ordinary resolutions are passed by a simple majority, meaning that if more than half of the votes that are cast are in favour, then the resolution passes.

WILL THERE BE ANY OTHER BUSINESS CONDUCTED AT THE MEETING?

As of April 10, 2019, management and the Directors do not know of any matters to be brought before the Meeting other than those set forth in the Notice of Meeting accompanying this Circular.

Part II — Business of the Meeting

RECEIVING OUR ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Our Annual Consolidated Financial Statements for the financial year ended January 31, 2019, including the external auditor's report, will be presented at the Meeting, and are included in our 2018 Annual Report. The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Our 2018 Annual Report has been mailed to registered and beneficial Shareholders who have requested that these materials be sent to them. These documents are also available on North West's website at www.northwest.ca and under North West's profile on SEDAR at www.sedar.com.

APPOINTING OUR AUDITOR

The Board proposes the appointment of PricewaterhouseCoopers LLP ("**PWC**") as our auditor until the next annual meeting of Shareholders. PWC have been the auditors of North West since January 1, 2011, and auditors of its predecessor companies since June 10, 1987. Representatives from PWC will be at the Meeting to answer any of your questions.

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

AUDIT FEES

Fees payable to PWC for the financial years ended January 31, 2019 and 2018 are set out in the table below.

Type of Fees (\$ in thousands)	% of		% of	
	Fiscal 2018	Total Fees	Fiscal 2017	Total Fees
Audit Fees	\$452	65.1	\$447	87.5
Audit-Related Fees	31	4.5	19	3.7
Tax Fees	211	30.4	44	8.6
All other Fees	–	–	–	–
Total	\$694	100	\$510	100

The nature of each category of fees is described below:

Audit Fees

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

Audit-Related Fees

Audit-related fees pertain to professional services for store audit procedures, review of procedures for North West, confirmation on compliance with debt covenants, due diligence, completion of procedures required by contract and advice on new accounting standards.

Tax-Related Fees

Tax-related fees include professional services for tax compliance services and advice, commodity tax consultation, reorganizations, acquisitions and other tax-related matters. The increase in tax fees in 2018 was due to a non-recurring engagement to provide tax advice and compliance services related to U.S. tax reform.

All Other Fees

Generally these fees include professional services for business consulting.

PRE-APPROVAL POLICIES AND PROCEDURES

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

PLAN OF ARRANGEMENT TO AMEND NORTH WEST'S ARTICLES AND BY-LAW NO. 1

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, the Arrangement Resolution to approve the Arrangement under section 192 of the CBCA to effect the Amendments to North West's Articles relating to the voting rights of the Variable Voting Shares and to North West's By-Law No. 1.

The full text of the Arrangement Resolution is set out in Schedule "C" to this Circular.

REASONS FOR AND BACKGROUND TO THE ARRANGEMENT

On June 15, 2017, North West acquired North Star Air Ltd. ("NSA"), a regional airline based in Thunder Bay, Ontario (the "Acquisition") to enable North West to better serve its customers within certain northern regions of Canada. As a result of the Acquisition, and in order to hold the licenses required for NSA to operate as an air carrier, North West is required to comply with the CTA. In accordance with the CTA, North West must be able to establish at all times that it is "Canadian" within the meaning of this act.

At North West's annual general and special meeting of shareholders held on May 5, 2017, the shareholders of North West approved amendments to the Articles and By-Law No. 1 of the company to introduce a variable voting structure. At the time, in order for North West to qualify as "Canadian" under the CTA, a maximum of 25% of the voting rights attached to shares of North West could be owned or controlled by Non-Canadians. Under this new structure, Variable Voting Shares and Common Voting Shares replaced existing North West Common Shares. The Variable Voting Shares are now owned or controlled by non-Canadians and carry one vote per share unless, notably, the number of issued and outstanding Variable Voting Shares represented at the relevant time exceed 25% of all of the issued and outstanding Common Shares, in which case the votes attached to the Variable Voting Shares decrease proportionately so that the Variable Voting Shares never collectively carry more than 25% of the vote at any shareholders' meeting. The Common Voting Shares

are now only owned and controlled by Canadians and always carry one vote per share. For both classes of shares, all the other rights, privileges, conditions and restrictions remain the same as the existing Common Shares.

North West proposes to make the Amendments to align the restrictions on the level of non-Canadian ownership and control within the Articles with those prescribed by the definition of "Canadian" in subsection 55(1) of the CTA, as amended by provisions of the *Transportation Modernization Act* (Canada) which became effective on June 27, 2018 (the "**CTA Amendments**").

Section 61(1)(a) of the CTA includes a condition that an applicant for a domestic service operating licence be a "Canadian", as defined in the statute. Prior to the CTA Amendments, "Canadian" was defined to include "a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 75%, or such lesser percentage as the Governor in Council may by regulation specify, of the voting interests are owned or controlled by Canadians".

The Government of Canada's stated purpose in proposing the CTA Amendments was to attract more foreign investment and encourage growth in the aviation sector by increasing the permitted level of foreign ownership allowed in respect of Canadian air service providers to 49% from 25%. At the same time, the CTA Amendments introduced two new limitations on voting control with respect to single non-Canadian holders and one or more non-Canadian holders authorized to provide air service, in each case either individually or in affiliation with any other person. The applicable definition of "Canadian" following the CTA Amendments is now as follows:

"A corporation or entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 51% of the voting interests are owned and controlled by Canadians and where

- (i) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another person, and
- (ii) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another person;"

As was the case prior to the CTA Amendments, there is nothing in the CTA that restricts non-Canadians from acquiring shares or voting interests. The CTA does not provide a statutory remedy to act against shareholders who exceed the applicable threshold. Rather, section 63(1) of the CTA provides that the Canadian Transportation Agency (the "**Agency**") shall suspend or cancel the domestic licence of an air service provider where the Agency determines that, in respect of the service for which the licence is issued, the person ceases to meet any of the requirements in the CTA requiring that the carrier meet the definition of "Canadian".

North West owns, directly or indirectly, all of the issued and outstanding shares in NSA, which is an air service provider that holds a domestic service licence pursuant to the CTA. As a result, and in order to maintain the domestic service licence of NSA, North West must meet the definition of "Canadian".

As described in more detail below under "*The Arrangement and Amendments — North West's Current Articles*", to address this issue as it applied in the CTA prior to the CTA Amendments, the Articles include provisions which require that only Canadians are to own and control Common Voting Shares, and only non-Canadians are to own and control Variable Voting Shares, as well as provisions which cause the automatic conversion of Common Voting Shares owned or controlled by non-Canadians into Variable Voting Shares (and vice versa). The Articles also include a provision which reduces the voting power of Variable Voting Shares (and therefore the voting power of non-Canadian holders in aggregate) to 25% of the aggregate votes attached to all outstanding Voting Shares, or any higher percentage that the Governor in Council may by regulation specify. Accordingly, even if non-Canadians acquire a number of shares in excess of the statutory threshold, the voting power of all non-Canadians will be limited to 25% or any higher percentage that the Governor in Council may by regulation specify.

Following the implementation of the CTA Amendments, management and the Board of North West considered appropriate measures to ensure that voting control by non-Canadians generally, while at the same time ensuring that voting control by single non-Canadian Shareholders and one or more non-Canadian holders authorized to provide an air service, in each case either individually or in affiliation with any other person, does not exceed the applicable 25% thresholds. Management of North West noted that while the aggregate 25% limitation on voting power of holders of Variable Voting Shares remains in place under North West's existing Articles, the existing Articles do not have a mechanism for addressing circumstances where a non-Canadian holder of Variable Voting Shares, in affiliation with any other person holding Common Voting Shares, hold in aggregate more than 25% of the voting interests. As noted, if any of the applicable thresholds is exceeded, North West may not be considered "Canadian" for the purposes of the CTA and the Agency would be required to suspend or cancel North West's domestic service licence for NSA.

After considering potential alternative approaches and after consulting with legal counsel, management and the Board determined that the most effective approach to address the changes to the new limitations on voting control by non-Canadians under the CTA Amendments would be to effect the Amendments to the Articles and By-Law No. 1 through the Arrangement. Specifically, amendments would be made to the Articles to align the voting limitations in the terms of the Variable Voting Shares to the voting limitations in the definition of "Canadian" in the revised subsection 55(1) of the CTA, together with amendments to By-Law No. 1 to align the authority of North West to require Shareholders to provide information contained therein with the amended Articles. The proposed amendments to the Articles are substantially the same as amendments to the articles which are being proposed by other publicly listed Canadian air

service providers or their holding companies, specifically Air Canada, WestJet Airlines Ltd., Chorus Aviation Inc. and Transat A.T. Inc. at their respective meetings of shareholders in 2019.

North West is consulting with the Agency to advise it of the Amendments to confirm that the Agency does not have any objections to the approach or concerns that such approach would not provide an effective mechanism for restricting non-Canadian ownership and control as contemplated by the amended definition of "Canadian" in the CTA.

At a meeting of the Board on April 10, 2019, the Board unanimously approved the Amendments and the Arrangement, determined that the Arrangement is in the best interests of North West and recommended that Shareholders vote in favour of the Arrangement Resolution.

THE ARRANGEMENT AND AMENDMENTS

North West intends to implement the Amendments by way of a court supervised and Shareholder approved Arrangement pursuant to section 192 of the CBCA. The full text of the Arrangement is set forth in Schedule "D" to this Circular. If adopted, the Amendments will enable North West to effectively regulate the ownership and voting control of Voting Shares in compliance with the Canadian ownership and control requirements in the CTA.

North West's Current Articles

The Articles currently provide for two classes of voting shares, the Common Voting Shares and the Variable Voting Shares.

Prior to the CTA Amendments, the definition of "Canadian" in the CTA prescribed a maximum 25% level of non-Canadian ownership and control. To address this limitation, North West's Articles currently provide as follows:

- the Common Voting Shares may only be beneficially owned and controlled, directly or indirectly, by Canadians;
- the Variable Voting Shares may only be beneficially owned or controlled, directly or indirectly by non-Canadians;
- each outstanding Common Voting Share automatically converts into a Variable Voting Share if such Common Voting Share is or becomes beneficially owned and controlled, directly or indirectly by a person who is not a Canadian;
- each outstanding Variable Voting Shares automatically converts into a Common Voting Share if such Variable Voting Share is or becomes beneficially owned and controlled, directly or indirectly, by a Canadian, or if the provisions in the CTA relating to foreign ownership restrictions are repealed and not replaced with similar provisions;
- each Common Voting Share always carries one vote per share; and
- each Variable Voting Share carries one vote per share unless either:
 - the number of issued and outstanding Variable Voting Shares exceeds 25% of the total number of all issued and outstanding Voting Shares; or
 - the total number of votes cast by or on behalf of the holders of Variable Voting Shares at any meeting exceeds 25% of the total number of votes that may be cast at such meeting,

in either of which case, the vote attached to each Variable Voting Share shall decrease automatically and proportionally so that the Variable Voting Shares as a class never carry more than 25% of the aggregate votes attached to all of the issued and outstanding Voting Shares, or of the votes which holders of Voting Shares may be entitled to exercise at any meeting of Shareholders.

Proposed Amendments to the Articles

The CTA Amendments increased the overall maximum level of non-Canadian ownership and control of voting interests in an air service provider to 49%, while also introducing and prescribing maximum ownership levels of 25% respectively for:

- any single non-Canadian, either individually or in affiliation with any other persons, and
- any one or more non-Canadian persons authorized to provide air service in any jurisdiction (in the aggregate), either individually or in affiliation with any other persons.

In response to these new legislative thresholds, the Amendments will:

- increase the current single 25% proportional voting limitation with respect to the Variable Voting Shares as a class to 49%;
- add a 25% voting limitation to any single non-Canadian owner, either individually or in affiliation with any other person; and
- add a 25% aggregate voting limitation to the all non-Canadian persons authorized to provide air service, either individually or in affiliation with any other persons.

The Amendments provide for automatic reduction of the voting rights attached to Variable Voting Shares in the event any of the applicable limits are exceeded. In such event, the votes attributable to Variable Voting Shares will be affected as follows:

- *first*, if required, a reduction of the voting rights of any single non-Canadian owner (inclusive of any single non-Canadian owner authorized to provide air service) carrying more than 25% of the votes (the “**Stage 1 Reduction**”) to ensure that such non-Canadian owners never carry more than 25% of the votes that holders of Voting Shares cast at any meeting of shareholders;
- *second*, if required and after giving effect to the Stage 1 Reduction, a further proportional reduction of the voting rights of all non-Canadian owners authorized to provide an air service to ensure that such non-Canadian owners authorized to provide an air service (the “**Stage 2 Reduction**”), in the aggregate, never carry more than 25% of the votes that holders of Voting Shares cast at any meeting of shareholders;
- *third*, if required and after giving effect to the Stage 1 Reduction and the Stage 2 Reduction if any, a proportional reduction of the voting rights for all non-Canadian owners as a class (the “**Stage 3 Reduction**”) to ensure that non-Canadians never carry, in aggregate, more than 49% of the votes that owners of Voting Shares cast at any meeting of shareholders.

A copy of the Articles, as amended by the Amendments, marked to show the changes to the current Articles, is attached as Schedule “E” to this Circular.

Proposed Amendments to By-Law No. 1

The amendments to By-Law No. 1 will harmonize the mechanisms with respect to identifying holders of Voting Shares that are held by non-Canadian Shareholders with the proposed amendments to the Articles.

By-Law No. 1 was amended in 2017 to assist in facilitating procedures with respect to the voting of the Variable Voting Shares. Among other things, By-Law No. 1 permits the Board to require declarations as to the residence of owners of Voting Shares in order to determine whether such holders properly hold Common Voting Shares or Variable Voting Shares.

The amendments to By-Law No. 1 will expand the nature of the declarations that may be requested to assist North West in identifying holders of Variable Voting Shares whose votes may need to be adjusted in accordance with amendments to the Articles. In particular, the amended By-Law No. 1 will specifically authorize North West to require Shareholders to provide information as to their status in respect of the categories of non-Canadian Shareholders, and persons in affiliation with such non-Canadian Shareholders, that may be subject to the 25% limits on voting control under the amended Articles.

A copy of By-Law No. 1, as amended by the Amendments, marked to show the changes to the current By-Law No. 1, is attached as Schedule “F” to this Circular.

Implementation of the Amendments by way of the Arrangement

The Amendments will be implemented by way of the Arrangement. North West determined that the use of a plan of arrangement under section 192 of the CBCA is the most effective way to achieve Parliament’s objectives for the CTA Amendments to increase foreign ownership in Canadian air service providers while simultaneously maintaining Canadian control of such carriers.

Using the amendment provisions of section 173 of the CBCA would import the requirement that dissent rights be provided to holders of Variable Voting Shares under section 190 of the CBCA. This is not appropriate or necessary in the circumstances of the proposed Amendments, which are required to address a legislative change and do not affect the economic interest of any holders of Variable Voting Shares, and accordingly such rights are not provided pursuant to the Arrangement. In accordance with the Interim Order, holders of Common Voting Shares and Variable Voting Shares will vote together as a single class in respect of the Arrangement Resolution.

In addition, the fact that the Arrangement must be approved by the Court of Queen’s Bench Manitoba (the “**Court**”), at both the interim and final stages (see “*Description of the Arrangement — Court Approval*” below) will allow the Court to ensure than an appropriate balancing of rights of all Shareholders, in view of the CTA Amendments, has been achieved.

The Board has unanimously concluded that the Arrangement is in the best interest of North West and is fair to all Shareholders and unanimously recommends that all Shareholders vote “FOR” the Arrangement Resolution and thereby approve the implementation of the Arrangement.

BOARD APPROVAL AND RECOMMENDATION

On April 10, 2019, the Board unanimously approved the Arrangement subject to the receipt of necessary Shareholder and Court approvals, and authorized submission of the Arrangement to the Shareholders for consideration and, following approval by the Shareholders, to the Court for consideration and approval.

The decision to approve the Arrangement was reached by the Board after consideration of many factors, including the following:

- The Amendments contemplated by the Arrangement will provide the most effective means to address the stated purpose of the CTA Amendments in increasing foreign investment in the Canadian air industry while maintaining Canadian control of Canadian air service providers.
- The Amendments contemplated by the Arrangement will provide North West with a necessary and effective mechanism for restricting non-resident ownership and control as contemplated by the definition of “Canadian” in the CTA.
- The approach taken in respect of the Amendments to the Articles is substantially the same as that being taken by other publicly listed air service providers, or their respective holding companies, in Canada.
- Management and the Board considered other potential alternatives to address the foreign ownership restrictions in the CTA and determined that the Amendments contemplated by the Arrangement represent the most effective approach.
- The fact that the implications of any single non-Canadian shareholder or any shareholders authorized to provide air service, individually or in affiliation with any other person, exceeding 25% voting control, without a means to proportionally limit such voting control, include the required suspension or cancellation of North West’s licences to operate a domestic air service.
- Completion of the Arrangement is subject to approval by 66 $\frac{2}{3}$ % of the votes cast by Shareholders.
- Completion of the Arrangement is subject to approval by the Court, which will consider, among other things, the fairness of the Arrangement to all Shareholders.

North West has been advised that the directors and officers of North West intend to vote all Shares held by them in favour of the Arrangement Resolution.

DESCRIPTION OF THE ARRANGEMENT

If the Arrangement Resolution is passed and the Arrangement is approved by the Court, the effective date of the Arrangement is expected to be June 17, 2019, but may be such other date as may be determined by North West. The Arrangement may, at any time before or after the holding of the Meeting and prior to filing the Articles of Arrangement under the CBCA to give effect to the Arrangement, be terminated by the Board without further notice to or action on the part of the Shareholders. Upon such termination, the Arrangement will not proceed.

Conditions to the Arrangement Becoming Effective

In order for the Arrangement to become effective, the following must occur:

- the required approval of the Shareholders shall have been obtained; and
- the final order of the Court (the “**Final Order**”) shall have been obtained in form and substance satisfactory to North West acting reasonably.

Neither of these conditions may be waived. If such conditions are not satisfied, the Arrangement will not be consummated.

Regulatory Matters

Approval of the Arrangement by the Agency is not required; however as discussed above, North West is consulting with the Agency regarding the Amendments.

Any amendment to the articles of a listed issuer must be pre-cleared with the TSX, and, accordingly, North West has provided notice to the TSX regarding the Amendments. On April 23, 2019, the TSX accepted notice of the Amendments, subject to the satisfaction of customary conditions, including its review of the final form of the Amendments and approval of the Amendments by Shareholders.

Required Shareholder Approval

The interim order of the Court dated April 30, 2019 (the “**Interim Order**”) provides that for the Arrangement to be implemented, the Arrangement Resolution must be passed, with or without variation, by at least 66 $\frac{2}{3}$ % of the votes cast by the holders of Common Voting Shares and Variable Voting Shares, voting together as a single class, present in person or represented by proxy in respect of the Arrangement Resolution at the Meeting.

The nominees named in the accompanying form of proxy will vote the shares representing thereby “FOR” the Arrangement Resolution, unless the Shareholder has given contrary instructions in such form of proxy.

Court Approval

Interim Order

On April 30, 2019, the Court granted the Interim Order facilitating the calling and holding of the Meeting and prescribing the conduct of the Meeting and other matters. The Interim Order is attached as Schedule "G" to this Circular.

Final Order

The CBCA provides that an arrangement requires Court approval. Subject to the terms of the Arrangement, and if the Arrangement Resolution is approved by Shareholders at the Meeting in the manner required by the Interim Order, North West will apply to the Court for the Final Order.

Pursuant to the Interim Order, the application for the Final Order approving the Arrangement is scheduled for June 17, 2019 at 9:00 a.m. (Central Time), or as soon thereafter as counsel may be heard, at the Court of Queen's Bench Manitoba in Winnipeg, 408 York Avenue, Winnipeg, Manitoba. At the hearing, any Shareholder and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving upon North West on or before 5:00 p.m. (Central Time) on June 13, 2019, a Notice of Appearance setting out their address for service and indicating whether such Shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such Shareholder or other interested party intends to advocate before the Court and any evidence or materials which such party intends to present to the Court. Service of such notice shall be effected by service upon the solicitors of North West: MLT Aikins LLP, 360 Main Street, 30th Floor, Winnipeg, Manitoba, R3C 4G1, Canada, Attention: Brent C. Ross and Goodmans LLP, 333 Bay Street, Suite 3400, Bay Adelaide Centre, Toronto, Ontario M5H 2S7, Canada, Attention: Tom Friedland/Peter Kolla. See the Notice of Application in respect of the Final Order attached as Schedule "H" to this Circular.

North West has been advised by its counsel that the Court has broad discretion under the CBCA when making orders with respect to the Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness and reasonableness of the Arrangement to the Shareholders and any other interested party as the Court determines appropriate, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit. Depending upon the nature of any required amendments, North West may determine not to proceed with the Arrangement.

ELECTING OUR BOARD OF DIRECTORS

Our Articles provide that the Board may consist of a minimum of three and a maximum of thirteen Directors. The Board has determined to nominate each of the thirteen persons listed below for election as a director at the Meeting. As of April 11, 2019, our Board is composed of thirteen Directors. The Board recommends that Shareholders vote "FOR" the election of each of the thirteen nominees as Directors.

You will vote on electing the following thirteen nominees to the Board:

- H. Sanford Riley
- Brock Bulbuck
- Deepak Chopra
- Frank Coleman
- Wendy Evans
- Stewart Glendinning
- Edward Kennedy
- Robert Kennedy
- Annalisa King
- Violet (Vi) Konkle
- Jennefer Nepinak
- Eric Stefanson
- Victor Tootoo

Each Director elected at the Meeting shall hold office until the close of the next annual meeting of Shareholders or until a successor has been elected or appointed in accordance with our Articles and By-laws.

North West does not contemplate that any of the nominees will be unable to serve as a Director, but if it should occur for any reason prior to the Meeting or any postponement or adjournment thereof it is intended that discretionary authority shall be exercised by the persons named in the accompanying form of proxy to vote any proxy for the election of the remaining nominees and any other person or persons in place of any nominee or nominees unable to serve.

All nominated Directors are currently Directors of North West. The Director profiles starting on page 14 of this Circular give you detailed information about each of these nominees.

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

ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION APPROACH

The Board, through the Human Resources, Compensation and Pension Committee (the “**Compensation Committee**”), is responsible for formulating and monitoring the effectiveness of North West’s executive compensation program. In creating North West’s executive compensation program, North West is guided by the goal of aligning the interests of North West’s executives with the long-term interests of the Shareholders. Please read our 2018 report on executive compensation, starting on page 37 of this Circular. We describe our compensation philosophy, the objectives and elements of each program, and the way we measure and assess the performance and make compensation decisions. We explain how and why a large portion of our executive’s compensation is linked to performance and earned over the longer term.

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

“RESOLVED on an advisory basis and not to diminish the role and responsibilities of the Board, that the Shareholders accept the approach to executive compensation disclosed in North West’s Circular delivered in advance of the 2019 annual general and special meeting of Shareholders.”

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

At the 2018 Annual General and Special Meeting, North West’s approach to executive compensation was approved by 89.58% of the Shares voted on the advisory vote.

North West encourages Shareholders with specific concerns to contact the Board directly by writing to the Chairman of the Board, 77 Main Street, Winnipeg, Manitoba R3C 2C1.

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

North West will disclose the results of the advisory vote in its report on the 2019 Annual General and Special Meeting voting results.

OTHER BUSINESS

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

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Part III — Director Information

DIRECTOR NOMINEES

The Articles of North West provide that the Board shall consist of a minimum of three directors and a maximum of thirteen Directors, with the actual number to be determined from time to time by the Board. The Board has determined that, at the present time, the appropriate number of Directors to be elected at the Meeting is thirteen.

The following biographies highlight the experience, attributes and qualifications of each Director nominee. Specifically, the following tables states their name and ages, a summary of their career experience, the period during which they have served as a Director of North West, their independence status, their non-public and public company board memberships, their meeting attendance, their equity ownership in North West, and the voting results for each incumbent Director from last year's election.

H. Sanford Riley

Independent



Mr. Riley was appointed Chairman of North West in June 2008. Mr. Riley has been President and Chief Executive Officer of Richardson Financial Group Limited since 2003. He held the positions of Chairman of Investors Group Inc. from 2001 to 2002, and President and Chief Executive Officer of Investors Group Inc. from 1992 to 2001. In addition to the public company directorships set out below, Mr. Riley is a director of Richardson GMP and Chairman of the University of Winnipeg Foundation. Mr. Riley was appointed to the Order of Canada in July 2002.

Winnipeg, Manitoba
Canada

Age: 68
Director Since: 2003

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors (Chair) ⁽¹⁾	6 of 6	6 of 6

Other Current Public Company Directorships

Molson Coors Brewing Company; Canadian Western Bank

Equity Ownership ⁽³⁾						
Year	Shares	Deferred Share Units (DSUs)	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	11,000	86,724	97,724	3,046,057		
2017	11,000	76,528	87,528	2,550,566	322,500	Yes
Net Change	–	10,196	10,196	495,491		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
22,922,469	94.40%	1,359,211	5.60%	24,281,680

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Mr. Bulbuck is the Chief Executive Officer of Boyd Group Income Fund. He has been Chief Executive Officer since 2010, but since joining Boyd in 1993, Mr. Bulbuck has served in many senior leadership roles and has played a leading role in the overall development and growth of Boyd Group's business. In his current leadership role at Boyd, he has overall responsibility for the affairs of Boyd, including strategy, operations and performance. In addition to his executive management position at Boyd, Mr. Bulbuck also serves on the Board of Trustees of Boyd Group Income Fund. He is also a past Chairperson of the Winnipeg Football Club Board of Directors, a past member of the Canadian Football League Board of Governors and a current Director of the Pan Am Clinic Foundation. Mr. Bulbuck has a Bachelor of Commerce (Honours) degree from the University of Manitoba and is a Chartered Professional Accountant.

Winnipeg, Manitoba
Canada

Age: 59
Director Since: 2018

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	6 of 6	100%
Audit Committee	4 of 4	100%
Compensation Committee	5 of 5	100%

Other Current Public Company Directorships

Boyd Group Income Fund

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	2,000	4,125	6,125	190,916		
2017	–	–	–	–	255,000	No ⁽⁶⁾
Net Change	2,000	4,125	6,125	190,916		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
23,877,270	98.33%	404,410	1.67%	24,281,680



Mr. Chopra most recently served as President and Chief Executive Officer of Canada Post Corporation from February 2011 to March 2018. Mr. Chopra has more than 30 years of global experience in the financial services, technology, retail and logistics and supply-chain industries. Prior to that he worked for Pitney Bowes Inc., a NYSE-traded technology company known for postage meters, mail automation and location intelligence services, for more than 20 years. He served as President of Pitney Bowes Canada and Latin America from 2006 to 2010. He held a number of increasingly senior executive roles in Europe, Asia Pacific and Middle East regions. He has previously served on the boards of Canada Post Corporation, Purolator Holdings Ltd., SCI Group, the Canada Post Community Foundation and the Toronto Region Board of Trade. Mr. Chopra is a Fellow of the Institute of Chartered Professional Accountants of Canada.

Toronto, Ontario
Canada

Age: 56
Director Since: 2018

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	4 of 4	100%
Audit Committee	3 of 3	100%
Compensation Committee	3 of 3	100%

Other Current Public Company Directorships

Celestica, Inc.

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	–	1,539	1,539	47,971	255,000	No ⁽⁶⁾
2017	–	–	–	–		
Net Change	–	1,539	1,539	47,971		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
24,203,340	99.68%	78,340	0.32%	24,281,680

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Mr. Coleman has been the President and Chief Executive Officer of the Coleman Group of Companies since 1991. This includes retail food, retail furniture and clothing operations throughout the Province of Newfoundland and Labrador. He is a past Director of the Distribution Council of Canada, The Canadian Federation of Independent Grocers, Emera Newfoundland & Labrador Holdings Inc., Fishery Products Ltd., and Newfoundland Power (a subsidiary of Fortis). He also served as the Honorary Lieutenant Col. of the Royal Newfoundland Regiment Battalion 2.

Corner Brook,
Newfoundland and Labrador
Canada

Age: 65
Director Since: 1999

Board/Committee Membership	Attendance		Attendance (Total)	
Board of Directors	6 of 6	100%		
Audit Committee	4 of 4	100%	17 of 17	100%
Governance Committee	7 of 7	100%		

Other Current Public Company Directorships

Rocky Mountain Liquor Inc. (Chairman)

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	24,500	33,387	57,887	1,804,338		
2017	24,500	28,827	53,327	1,553,949	255,000	Yes
Net Change	–	4,560	4,560	250,389		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
23,048,273	94.92%	1,233,407	5.08%	24,281,680



Toronto, Ontario
Canada

Age: 68
Director Since: 2005

Ms. Evans is President of Evans and Company Consultants Inc., which she founded in 1987. The company provides international expansion, strategic planning, marketing and research services to clients across North America. Previously she held executive positions with several national retailers. From 1992 to 2016 she also served as an Adjunct Professor in the Ted Rogers School of Retail Management at Ryerson University. Currently, she is a Director on the boards of the Canadian Executive Services Organization and the Toronto and Region Conservation Foundation. She is the author of "Border Crossings, Retailers Doing Business in the U.S." Ms. Evans has served as a Director on a number of boards, including Sun Life Financial Trust where she was Chair of the Conduct Review Committee, Chair of the Ontario Retail Sector Strategy Board, member of the Dean's Advisory Council in the Ted Rogers School of Management, and Director on the Canadian Cancer Society board. Ms. Evans obtained her ICD.D designation from the Institute of Corporate Directors in 2016.

Board/Committee Membership		Attendance	Attendance (Total)	
Board of Directors	6 of 6	100%		
Compensation Committee	6 of 6	100%	19 of 19	100%
Governance Committee (Chair)	7 of 7	100%		

Other Current Public Company Directorships

None

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	5,300	35,767	41,067	1,280,058		
2017	5,300	32,433	37,733	1,099,540	255,000	Yes
Net Change	0	3,334	3,334	180,518		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
23,044,355	94.90%	1,237,325	5.10%	24,281,680

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Mr. Glendinning has been the Executive Vice President and Chief Financial Officer of Tyson Foods since 2017. Prior to that he worked with Molson Coors Brewing Company beginning in 2005 where he held the positions of (i) Chief Financial Officer, Molson Coors UK, (ii) Global Chief Financial Officer, Molson Coors Brewing Company, (iii) President and Chief Executive Officer, Molson Coors UK, (iv) President and Chief Executive Officer, Molson Coors Canada, and (v) President and Chief Executive Officer of Molson Coors International. 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.

Ocean Ridge, Florida
United States

Age: 53
Director Since: 2014

Board/Committee Membership ⁽⁷⁾		Attendance		Attendance (Total)	
	Board of Directors	6 of 6	100%		
	Audit Committee	4 of 4	100%		
	Compensation Committee	4 of 4	100%	17 of 17	100%
	Governance Committee	3 of 3	100%		

Other Current Public Company Directorships

None

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	–	17,229	17,229	537,028		
2017	–	12,334	12,334	359,413	255,000	Yes
Net Change	–	4,895	4,895	177,615		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
23,793,995	97.99%	487,685	2.01%	24,281,680



Mr. Kennedy, who joined North West in 1989, was appointed President and Chief Executive Officer of North West in 1997. He is currently a Director of United Grocers Inc., the Canada West Foundation and Canada's History Society. Mr. Kennedy has served on several profit and not-for-profit boards and has received retail industry and community leadership recognitions, both locally and nationally.

Winnipeg, Manitoba
Canada

Age: 59
Director Since: 1996

Board/Committee Membership		Attendance		Attendance (Total)	
Board of Directors ⁽²⁾		6 of 6	100%	6 of 6	100%

Other Current Public Company Directorships

None

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs) ⁽⁴⁾	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	411,017	–	411,017	12,811,400		
2017	304,212	–	304,212	8,864,738	255,000	Yes
Net Change	106,805	–	106,805	3,946,662		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
22,939,088	94.47%	1,342,592	5.53%	24,281,680

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

Winnipeg, Manitoba
Canada

Age: 69
Director Since: 2003

Board/Committee Membership		Attendance	Attendance (Total)	
Board of Directors	6 of 6	100%		
Compensation Committee	6 of 6	100%	19 of 19	100%
Governance Committee	7 of 7	100%		

Other Current Public Company Directorships

None

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	3,000	47,030	50,030	1,559,435		
2017	3,000	43,553	46,553	1,356,554	255,000	Yes
Net Change	–	3,477	3,477	202,881		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
22,984,614	94.66%	1,297,066	5.34%	24,281,680



Ms. King is the former Senior Vice President and Chief Financial Officer of Best Buy Canada Ltd., serving in this position from 2008 through 2016. Prior to that, 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. In addition to the public company directorship set out below, Ms. King is a director, and Chair of the Governance Committee for the Vancouver Airport Authority and a director of the Templeton DOC General Partnership Ltd. Ms. King obtained her ICD.D designation from the Institute of Corporate Directors in 2013, and obtained fellowship from the National Association of Corporate Directors in 2018.

Vancouver, British
Columbia
Canada

Age: 52
Director Since: 2014

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	6 of 6	100%
Audit Committee	3 of 4	75%
Compensation Committee	5 of 6	83%
		14 of 16
		88%

Other Current Public Company Directorships

Saputo Inc.; First Capital Realty Inc.

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	4,946	6,650	11,596	361,447		
2017	4,946	4,910	9,856	287,204	255,000	Yes
Net Change	–	1,740	1,740	74,273		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
24,224,090	99.76%	57,590	0.24%	24,281,680

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Ms. Konkle is the past President and Chief Executive Officer of The Brick Ltd. Prior to joining The Brick in 2010 as President of 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 Boyd Group Income Fund, Bailey Metal Products and Elswood Investment Corporation. She is also on the advisory Board of Longo's Fruit Markets Inc. and the advisory Board of Abarta (a privately held Pittsburgh-based company). She is a past director of Dare Foods, The Brick Ltd., Trans Global Insurance, the Canadian Chamber of Commerce and Habitat for Humanity. Ms. Konkle obtained her ICD.D designation from the Institute of Corporate Directors in 2014.

Fenwick, Ontario
Canada

Age: 65
Director Since: 2014

Board/Committee Membership ⁽⁸⁾	Attendance	Attendance (Total)
Board of Directors	6 of 6	100%
Audit Committee	2 of 2	100%
Compensation Committee (Chair)	6 of 6	17 of 17
Governance Committee	3 of 3	100%

Other Current Public Company Directorships

Boyd Group Income Fund

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	3,650	15,567	19,217	598,994		
2017	3,650	12,097	15,747	458,868	255,000	Yes
Net Change	–	3,470	3,470	140,126		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
24,222,504	99.76%	59,176	0.24%	24,281,680



Winnipeg, Manitoba
Canada

Age: 47
Director Since: 2019

Ms. Nepinak is the Senior Advisor to the President, Indigenous Relations at the Canadian Museum for Human Rights. She has over 25 years of political, government and business experience and is skilled at initiating collaborative processes that involve numerous cross-sector partners and stakeholders. Her past roles include Executive Director of the Treaty Relations Commission of Manitoba, leadership within both federal and provincial government departments, First Nations governments and in-house counsel for the West Region Tribal Council. A citizen of the Anishinaabe Nation in Treaty 4 territory and a member of the Minegozhiibe Anishinaabe Nation (Pine Creek First Nation), Ms. Nepinak is fluent in Ojibwe and is a strong and passionate leader firmly rooted in the Indigenous community. Her work is founded in the belief of a balanced approach and focused on ensuring that Indigenous ways of knowing and being are recognized and incorporated. Ms. Nepinak holds a Bachelor of Arts in Sociology and Justice (1997), a Bachelor of Laws (2000), a Certificate in the Directors Education Program (2018) and is in the process of completing a Master's Degree in Indigenous Governance. She also sits on and chairs various boards and committees and is an active member of the Manitoba Law Society.

Board/Committee Membership	Attendance	Attendance (Total)
n/a	n/a	n/a

Other Current Public Company Directorships

None

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	–	–	–	–	255,000	No ⁽⁶⁾
2017	–	–	–	–		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
n/a	n/a	n/a	n/a	n/a

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Winnipeg, Manitoba
Canada

Age: 68

Director Since: 2012

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 was a member of the Board of Directors of Via Rail Canada from 2007 to 2016 (serving as Chair of the Audit Committee and as Interim Chairman). Mr. Stefanson is the former Chair of the Audit Committee for FWS Holdings Ltd., the former Chair of the Investment Committee of the Winnipeg Civic Employees' Benefits Program, the former Chair of the Audit Committee for the Winnipeg Foundation and the former Chair of the Board for the Health Sciences Centre Foundation. In 2000, Mr. Stefanson received the Icelandic Order of the Falcon from the President of Iceland. In 2013, Mr. Stefanson was the recipient of the Lifetime Achievement Award from the Institute of Chartered Accountants in Manitoba.

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	6 of 6	100%
Audit Committee (Chair)	4 of 4	100%
Governance Committee	7 of 7	100%

Other Current Public Company Directorships

People Corporation (Chair of Audit and Risk Committee)

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	3,977	16,478	20,455	637,582		
2017	3,653	12,730	16,383	477,401	255,000	Yes
Net Change	324	3,748	4,072	160,181		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
23,192,318	95.51%	1,089,362	4.49%	24,281,680



Iqaluit, Nunavut
Canada

Age: 54

Director Since: 2015

Mr. Tootoo is the President of NVision Insight Group, which specializes in empowering Indigenous communities and works with all levels of government and Inuit organizations in Northern Canada. He is also President of Northern Allied Nunavut Travel Inc., a travel management company which caters to corporations in Northern Canada; President of AV Nunavut Fuels Inc., which purchases and distributes fuel to Northern Canada; President of Kivallingmiut and Auyuitiq Aviation, which provides helicopter and charter services in Northern Canada; and President of Nahanni Nunavut Construction, which provides civil project management and general contractor services. Prior to launching his commercial career, Mr. Tootoo held numerous positions with various governments in the North. Mr. Tootoo holds a Chartered Professional Accountants designation, and also attended Assiniboine Community College where he obtained a Diploma in Business Administration.

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	6 of 6	100%
Audit Committee	3 of 4	75%
Compensation Committee	4 of 6	67%
		13 of 16
		81%

Other Current Public Company Directorships

None

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares & DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2018	–	6,792	6,792	211,707		
2017	–	5,111	5,111	148,935	255,000	No ⁽⁶⁾
Net Change	–	1,681	1,681	62,772		

Voting Results for 2018 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
24,201,356	99.67%	80,324	0.33%	24,281,680

Notes

- (1) The Chairman of the Board is an ex-officio member of all Board committees.
- (2) The President and Chief Executive Officer attends Board committee meetings as an invited guest.
- (3) The table shows the number and value of Shares and DSUs as at January 31, 2019, valued at the closing price of the Shares at January 31, 2019 of \$31.17. The table also shows the number of and value of Shares and DSUs as at January 31, 2018, valued at the closing price as at January 31, 2018 of \$29.14.
- (4) Mr. Edward Kennedy is not eligible to participate in the Director Deferred Share Unit Plan, as he is an employee of North West.
- (5) Indicates Shares owned either directly or subject to the Director's control and direction.
- (6) Directors have five years from his/her date of initial appointment to the Board to meet the minimum shareholding requirement. The minimum share ownership requirement for Directors was increased from \$225,000 to \$255,000 in 2016. Mr. Tootoo was appointed to the Board in July 2015, Mr. Bulbuck was appointed to the Board in March 2018, Mr. Chopra was appointed to the Board in April 2018, and Ms. Nepinak was appointed to the Board in April 2019.
- (7) Mr. Glendinning transferred from the Compensation Committee to the Governance Committee in 2018.
- (8) Ms. Konkle transferred from the Audit Committee to the Governance Committee in 2018.

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DIRECTOR COMPENSATION

DIRECTOR FEES

The Governance and Nominating Committee (the “**Governance Committee**”) is responsible for reviewing Director compensation and recommending to the Board the amount and structure of Director compensation. The compensation program for Directors is designed to attract and retain highly qualified Directors with a desired range of skills, expertise and experience, as well as being aligned with Shareholder interests. The Governance Committee conducts an in-depth market review every three years to assess the market competitiveness of Director compensation, including share ownership requirements. The Governance Committee retained Hugessen Consulting in 2016 as its consultant to conduct this review.

The comparator group selected to benchmark Director compensation was updated to remove the largest companies, and consisted of 17 companies listed below in the Canadian retail sector with industry similarity. North West’s revenue is positioned at the 42nd percentile relative to this peer group, and its market capitalization is positioned at the 50th percentile.

Loblaw Companies Ltd.	Alimentation Couche-Tard Inc.	Empire Co. Ltd.
Metro Inc.	Leon’s Furniture Ltd.	Canadian Tire Corp.
Sears Canada Inc.	BMTC Group Inc.	Jean Coutu Group
Dollarama Inc.	Birks Group Inc.	Reitmans Canada Ltd.
Indigo Books & Music Inc.	Hudson’s Bay Company	Richelieu Hardware Ltd.
Le Chateau Inc.	GoEasy Ltd.	

The Governance Committee concluded that North West’s Director compensation was below the median of the comparator group. As a result, with the recommendation of Hugessen Consulting and the Governance Committee, the Board increased Director compensation for non-management Directors in 2016.

The following table provides a detailed breakdown of the retainer and meeting fee schedule for non-management Directors in fiscal 2018.

	Fiscal 2018 (\$)
Annual Cash Retainer	
Chairperson of the Board ⁽¹⁾	172,500
Board Members ⁽²⁾	40,000
Audit Committee Chairperson ⁽²⁾	15,000
Governance and Nominating Committee Chairperson ⁽²⁾	8,000
Human Resources, Compensation and Pension Committee Chairperson ⁽²⁾	12,000
Committee Retainer (Committee members and Committee Chairs) ⁽²⁾	5,000
Annual Equity Retainer⁽³⁾	
Chairperson of the Board	67,500
Board Members	45,000
Meeting Attendance Fees⁽⁴⁾	
Board meeting (in person or by conference call)	1,500
Any Committee meeting of the Board (in person or by conference call)	1,500
Travel Fees (> 3 hours each way)	1,500

Notes

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

The Governance Committee will be conducting an in-depth review to assess the market competitiveness of Director compensation in 2019.

DIRECTOR DEFERRED SHARE UNIT PLAN

North West offers a deferred share unit plan for independent Directors (the “**DSU Plan**”). The purpose of the DSU Plan is to enhance the ability of North West to attract and retain independent Directors whose training, experience and ability will contribute to the effective governance of North West, and to directly align their interests with the interests of Shareholders by providing compensation for services to North West in the form of deferred share units (“**DSUs**”).

DSUs Granted prior to December 2016

For DSUs granted prior to December 2016, Directors were credited with DSUs for the amount of the annual equity retainer, and for the portion of the annual cash retainer and meeting fees each Director elected to allocate on an annual basis to the DSU Plan. Participants were credited with DSUs on a quarterly basis. The number of DSUs underlying an award was calculated on the date of grant by dividing the portion of the Director’s fees that were payable to the participant in DSUs for the current quarter, by the fair market value of the Shares on the date that the award was granted. Fair market value was determined by calculating the weighted average trading price of the Shares on the TSX for the five trading days on which the Shares traded immediately preceding such date. The grant for DSUs could not exceed \$100,000 per calendar year for any Director.

Each DSU entitles the holder to receive one Share at the time of exercise. A participant may elect at the time of exercise of any DSUs granted prior to December 2016, subject to the consent of North West, to receive an amount in cash equal to the aggregate current market value of the Shares, determined based on the closing price of the Shares on the TSX on the trading day preceding the exercise date, in consideration for the surrender by the participant to North West the right to receive Shares from the exercising of DSUs.

DSUs, which vested immediately on the grant date, can be exercised by the holder at any time after the Director resigns or retires from the Board, but no later than December 31 of the first calendar year commencing after the holder ceases to be a Director.

DSUs Granted after December 2016

Effective December 2016, the DSU Plan was amended to change the terms of those DSUs credited to Directors for the portion of the annual cash retainer and meeting fees each Director elects to allocate on an annual basis to the DSU Plan after December 31, 2016, and now also entitles Directors to allocate on an annual basis, any Committee cash retainers to the DSU Plan (individually and collectively, the “**Cash DSUs**”). Participants are credited with Cash DSUs on a quarterly basis. The number of Cash DSUs underlying an award remains the same, and is calculated on the date of grant by dividing the portion of the Director’s fees that were payable to the participant in Cash DSUs for the current quarter, by the fair market value of the Shares on the date that the award was granted.

Under the terms of the amended DSU Plan, the holders of any DSUs granted after December 31, 2016 for the Cash DSUs are entitled to receive at the time of exercise, an amount in cash equal to the aggregate current market value of the Shares, determined based on the closing price of the Shares on the TSX on the trading day preceding the exercise date. Directors are not entitled to receive Shares for Cash DSUs at the time of exercise. There is no limit for the amount of Cash DSUs that can be granted to any Director.

Directors remain entitled to receive one Share at the time of exercise for any DSUs credited for the amount of the annual equity retainer (the “**Share DSUs**”). The grant for Share DSUs cannot exceed \$100,000 per calendar year for any Director.

The remaining terms of the original DSU Plan remain unchanged for both Cash DSUs and Share DSUs.

There were 270,277 DSUs outstanding as at April 10, 2019. See “PART III — DIRECTOR INFORMATION — DIRECTOR NOMINEES starting on page 14 of this Circular for the number of current DSUs held by individual Directors.

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DIRECTOR TOTAL COMPENSATION FOR FISCAL 2018

The following table shows the amounts, before withholdings, earned by the non-management Directors during the year ended January 31, 2019 in respect of membership and attendance on North West's Board and its Board committees. The Directors are also reimbursed for reasonable travel and other expenses properly incurred by them in attending Board or Board Committee meetings in connection with their services as Directors.

Name	Fees Earned (\$) ⁽¹⁾	Share-based awards (\$) ⁽²⁾	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation	Total (\$)
H. Sanford Riley ⁽³⁾	43,125	196,875	–	–	–	–	240,000
Brock Bulbuck ⁽⁴⁾	–	119,000	–	–	–	–	119,000
Deepak Chopra	55,000	45,000	–	–	–	–	100,000
Frank Coleman ⁽⁵⁾	30,000	95,000	–	–	–	–	125,000
Wendy Evans ⁽⁶⁾	76,500	55,000	–	–	–	–	131,500
Stewart Glendinning ⁽⁷⁾	–	123,500	–	–	–	–	123,500
Robert Kennedy	92,000	45,000	–	–	–	–	137,000
Annalisa King	74,000	45,000	–	–	–	–	119,000
Violet (Vi) Konkle ⁽⁸⁾	37,000	85,000	–	–	–	–	122,000
Jennefer Nepinak ⁽⁹⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Eric Stefanson ⁽¹⁰⁾	74,250	61,250	–	–	–	–	135,500
Victor Tootoo	74,000	45,000	–	–	–	–	119,000

Notes

- (1) Represents fees paid to the Director in cash.
- (2) Represents awards under the DSU Plan for the fiscal year ended January 31, 2019.
- (3) Mr. Riley received \$67,500 in Share DSUs and \$129,375 in Cash DSUs.
- (4) Mr. Bulbuck received \$45,000 in Share DSUs and \$74,000 in Cash DSUs.
- (5) Mr. Coleman received \$45,000 in Share DSUs and \$50,000 in Cash DSUs.
- (6) Ms. Evans received \$45,000 in Share DSUs and \$10,000 in Cash DSUs.
- (7) Mr. Glendinning received \$45,000 in Share DSUs and \$78,500 in Cash DSUs.
- (8) Ms. Konkle received \$45,000 in Share DSUs and \$40,000 in Cash DSUs.
- (9) Ms. Nepinak was appointed to the Board in April 2019.
- (10) Mr. Stefanson received \$45,000 in Share DSUs and \$16,250 in Cash DSUs.

DIRECTOR SHARE OWNERSHIP REQUIREMENTS

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

North West's share ownership requirements were reviewed in 2016 by Hugessen Consulting to ensure alignment with market and best governance practice. As a result of overall increases made to Director compensation in 2016, minimum share ownership requirements for Directors was increased to \$255,000 (three times the annual cash and equity retainer), and to \$322,500 for the Chairman of the Board (three times the annual cash retainer for all Directors and the Chairman's equity retainer). Directors have five years from their initial appointment to the Board to comply with these minimum Share ownership requirements. North West's share ownership requirements will be reviewed in 2019.

CORPORATE GOVERNANCE

INTRODUCTION

The Board is committed to fulfilling its mandate to supervise the management of the business and affairs of North West with the highest standards of ethical conduct and in the best interests of the Shareholders of North West. It is focused on processes that truly matter in creating and sustaining investor value and long-term health of our enterprise. The Board has, in light of governance requirements and best practice standards in Canada, implemented a comprehensive set of governance systems and materials. In addition to the governance practices set out in National Policy 58-201 — *Corporate Governance Guidelines and National Instrument — Disclosure of Corporate Governance Practices*, North West is subject to rules of the Canadian Securities Administrators regarding both audit committees and the certification of certain annual and interim filings, and the TSX.

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

As of April 11, 2019, the Board consists of thirteen Directors. North West believes that thirteen Directors is appropriate for an issuer of the size of North West and believes that the range of expertise and skills on its Board facilitates Board effectiveness.

North West's corporate governance framework is supported by clearly defined roles for its Board and Committees. The Governance Committee provides direction, reviews best governance practices, monitors compliance, and makes recommendations to the Board to enhance corporate governance and Board effectiveness. The Board has approved the disclosure of corporate governance practices and structure as set out in this section.

ABOUT THE BOARD

The Board's mandate provides that the Board is responsible for the stewardship and oversight of management of North West and its business. A copy of this mandate is attached as Schedule "A" to this Circular. The Board reviews its mandate on a regular basis. The Board's principal duties include overseeing North West's business strategy and strategic planning process, succession planning, as well as approving policies, procedures and systems for implementing strategy and managing risk.

The Board holds four regular meetings each year, as well as additional meetings as required. At each regularly scheduled meeting, the Board receives presentations from executives of North West. At the end of every regularly scheduled Board meeting, in order to facilitate an open and candid discussion among independent Directors, a session is held without any management present, including the CEO.

Strategy and Risk Management

The Board oversees the development of North West's strategic direction and the implementation by management of the strategic goals. North West strategy is an important priority of the Board, and at least one part of a Board meeting is dedicated to the review of North West's strategy on an annual basis. The Board also receives quarterly strategic updates from management and considers changes to North West's strategic direction.

North West's Board is responsible for risk oversight. The Board has approved the adoption and implementation of a formal Enterprise Risk Management framework across North West on an integrated basis. The primary goal of risk management is to ensure that the outcomes of risk-taking are consistent with North West's business activities, strategies and risk appetite. As part of the risk management framework, North West management provides the Board and the Audit Committee with regular updates on key risks.

Structure and Committees

The Board exercises its duties through its Committees. The Board has three Committees who oversee the activities of North West. The Chairperson of the Board is an ex-officio non-voting member of all Committees of the Board. The President and CEO attends Board Committee meetings as an invited guest.

Governance and Nominating Committee ("Governance Committee")

The Governance Committee is composed of six Directors, namely Wendy Evans (Chairperson), Frank Coleman, Stewart Glendinning, Robert Kennedy, Vi Konkle and Eric Stefanson, all of whom are independent as defined in National Instrument 52-110.

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

Human Resources, Compensation and Pension Committee ("Compensation Committee")

The Compensation Committee is composed of seven Directors, namely Vi Konkle (Chairperson), Brock Bulbuck, Deepak Chopra, Wendy Evans, Robert Kennedy, Annalisa King and Victor Tootoo, all of whom are independent as defined in National Instrument 52-110.

The Compensation Committee is responsible for ensuring that appropriate and effective human resource recruitment, development, compensation, retention, succession planning, and performance evaluation programs are developed and implemented in conformity with North West's strategic objectives, and with a view to attract and retain the best qualified executives, management and employees. See "PART IV — COMPENSATION DISCUSSION AND ANALYSIS" starting on page 37 of this Circular for the report presented this year on executive compensation.

Audit Committee

The Audit Committee is composed of seven Directors, namely Eric Stefanson (Chairperson), Brock Bulbuck, Deepak Chopra, Frank Coleman, Stewart Glendinning, Annalisa King and Victor Tootoo, all of whom are independent and financially literate, as those terms are defined in National Instrument 52-110.

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

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

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

In-Camera Sessions

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

Independent Board Chair

H. Sanford Riley is the Chair of the Board. Mr. Riley is an independent Director as defined in National Instrument 58-101. As Chairperson of the Board, his responsibilities include ensuring the Board functions effectively and independently of management, and that it meets its obligations and responsibilities as set out in its mandate. The Board Chair sets the "tone" for the Board and its members to foster ethical and responsible decision making, appropriate oversight of management, and effective governance practices.

The Board has developed and approved a written position description of the Chair of the Board.

CEO Position Description

A written position description for the CEO has been developed and approved by the Board. The CEO reports to the Board and has general supervision and control over the business and affairs of North West. The CEO provides effective leadership and vision for North West to grow value responsibly, in a profitable and sustainable manner. The CEO sets the "tone" for management to foster ethical and responsible decision making, appropriate management, and effective governance practices.

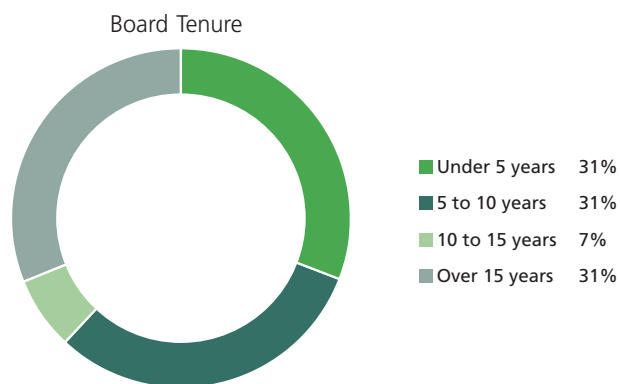
BOARD NOMINATION, COMPOSITION AND RENEWAL

Majority Voting Policy

North West's majority voting policy provides that any nominee who receives more withheld votes than votes in his or her favor in an uncontested election of Directors will tender his or her resignation to the Chair of the Board promptly following the Meeting. The Governance Committee will consider the Director's offer to resign (within 90 days of the Meeting) and make a recommendation to the Board whether to accept it. The Governance Committee and the Board will consider if there are exceptional circumstances whereby the Director's resignation should not be accepted, consistent with the Board's fiduciary duty to act in the best interests of North West. Any Director who tenders his or her resignation will not participate in any meetings at which the resignation is considered. The Board will announce its decision in a press release as soon as practically possible after the Meeting. If the Board rejects the resignation, it will disclose the reasons why.

Subject to the requirements of the CBCA, the Board may leave any resulting vacancy unfilled until the next annual meeting of Shareholders or fill the vacancy through the appointment of a new Director.

Board Tenure and Term Limits



Pursuant to North West's Corporate Governance Policy, Directors are not permitted to stand for re-election after reaching the age of 70 years. At this time, the Board does not believe arbitrary term limits are appropriate, nor does it believe that Directors should expect to be re-nominated annually until they reach the normal retirement age established by the Board. The Board relies on regular formal Board, Board Committee, and Director assessments for evaluating Board members and the overall performance of the Board and its Committees. With respect to its composition, the Board strives to achieve a balance between experience, on the one hand, and the need for renewal and fresh perspectives, on the other.

North West's current average Board tenure is ten years. As at April 11, 2019, four Directors have served on the Board for a period of less than five years, four Directors have served for between five and ten years, one Director has served between ten and fifteen years, and four Directors have served for more than fifteen years. Over the past five years, with a number of longer-serving Directors retiring, North West has welcomed seven new independent Directors to the Board.

Expertise and Composition of the Board

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

North West believes a board of directors is most effective when it can draw from a variety of skills and experience. The Board looks for the following skills and experience when recruiting new Directors: corporate governance experience; retail experience; operations experience; human resources and executive compensation experience; community affairs/government relations experience; financial expertise/literacy; risk management experience; information technology experience; international experience; indigenous experience; community experience; logistics/supply chain/transportation experience; and e-commerce experience. In addition, a candidate's diversity of gender, indigenous heritage, nationality, geography, age, experience, and other attributes are considered favorably in the assessment of a candidate.

Skills Matrix

The Board believes that it has the appropriate diversity of skill, experience and expertise on the Board required to perform effectively and to act in the best interests of North West and its Shareholders. The skills matrix set out below is used to assess the Board's overall strengths and to assist in the Board's ongoing renewal process, which balances the need for experience and knowledge of North West's business with the benefit of board renewal and diversity. Although the Directors have a breadth of experience in many areas, the skills matrix lists thirteen important qualifications determined by the Board and highlights various key skills for each director. The matrix is not intended to be an exhaustive list of each Director's skills.

Skills	Riley, H. S.	Bulbuck, B.	Chopra, D.	Coleman, F.	Evans, W.	Glendinning, S.	Kennedy, E.	Kennedy, R.	King, A.	Konkle, V.	Nepinak, J.	Stefanson, E.	Tootoo, V.
Corporate Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Retail			✓	✓	✓	✓	✓		✓	✓			
Operations	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	
Human Resources / Executive Compensation	✓	✓	✓	✓			✓	✓		✓	✓	✓	✓
Community Affairs / Government Relations	✓		✓				✓				✓	✓	✓
Financial Expertise / Literacy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk Management		✓	✓			✓			✓	✓	✓	✓	
Information Technology			✓					✓	✓				
International		✓	✓		✓	✓	✓				✓		
Indigenous							✓				✓		✓
Community Experience within the Markets North West Operates							✓						✓
Logistics / Supply Chain / Transportation			✓			✓	✓			✓			
E-commerce			✓						✓				

Board Diversity

North West's Corporate Governance Policy (the "**Governance Policy**") and Board Diversity Policy (the "**Diversity Policy**") are based on the belief that a Board comprised of men and women representing different points of view add greater value than a Board comprised of directors with similar backgrounds. The Governance Policy and the Diversity Policy both expressly encourage diversity in the composition of the Board in the broadest sense and with respect to a wide range of attributes such as diversity of gender, indigenous heritage, nationality, geography, experience, and other attributes. The Board accordingly aims to be comprised of directors who have a range of perspectives, insights and views in relation to the opportunities and issues facing North West, with an emphasis on finding the best qualified candidate given the needs and circumstances.

Although targets relating to the nomination of female directors have not been adopted to date, the Board has emphasized its commitment to the recruitment of women in recent years by making the identification of candidates who are female a key search criterion in the director selection and nomination process it has undertaken. As of April 11, 2019, as to gender, the Board is comprised of four (31%) female Directors and nine (69%) male Directors. The Board has two Directors that are of indigenous heritage and one Director that is of Indian (South Asian) heritage. The Board has determined that, at this time, a target would not be the most effective way of ensuring it is comprised of diverse attributes and backgrounds. North West will continue to focus on encouraging diversity in the composition of the Board as a key search criterion when selecting directors.

DIVERSITY OF NORTH WEST MANAGEMENT

North West believes that a diversity of backgrounds, opinions, and perspectives and a culture of inclusion helps create a healthy and dynamic workplace, which improves overall business performance. North West also recognizes that supporting a diverse workplace is a business imperative that helps North West attract and retain the brightest and most talented individuals for its leadership team.

Specific targets or quotas for gender or other diversity representation have not been adopted for executive officer positions due to the need to consider a balance of criteria in each individual appointment. This includes the importance that appointments are made, and are perceived to be made, on the merits of the individual and the needs of North West at the relevant time. In addition, targets or quotas based on specific criteria could limit North West's ability to ensure the overall composition of its leadership team meets the needs of North West and its shareholders. One exception is that North West is considering the creation of more targeted career paths for executive candidates of indigenous heritage.

With respect specifically to gender diversity, the current composition is five women out of 20 (25%) total executive officers (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*). North West has an inclusive talent-based workplace and this is reflected in the diversity of its employee base. At more senior levels diversity continues to increase over time with year to year variability driven by strategy, structure and succession planning factors.

DIRECTOR REQUIREMENTS AND EXPECTATIONS

The Board has developed written position descriptions for individual Directors, which sets out the expectations for each Director.

Board Independence

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

Of the thirteen nominee Directors, twelve are independent within the meaning of NI 58-101. Each of H. Sanford Riley, Brock Bulbuck, Deepak Chopra, Frank Coleman, Wendy Evans, Stewart Glendinning, Robert Kennedy, Annalisa King, Vi Konkle, Jennefer Nepinak, Eric Stefanson and Victor Tootoo, is an independent Director. Edward Kennedy, the President and Chief Executive Officer of North West, is not independent.

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

Code of Ethical Conduct and Disclosure

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

North West has a written code of conduct for its Directors and employees (the "**Code of Conduct**"). A copy of the Code of Conduct can be found on www.sedar.com. Management is responsible to advise the Board on any compliance issues relating to the Code of Conduct. To the knowledge of the Board, there have been no departures from the Code of Conduct during fiscal 2018 that would have required the filing of a material change report.

Each Director and employee of North West must possess and exhibit the highest degree of integrity, professionalism and values, and must never be in a conflict of interest with North West. A Director who has a conflict of interest regarding any particular matter under consideration should advise the Board, refrain from debate on the matter and abstain from any vote regarding it.

North West's Whistleblower Policy provides a procedure for employees to raise concerns or questions regarding various matters, including any audit and accounting concerns.

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

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Attendance of Directors at Board and Committee Meetings

Each Director is expected to attend all meetings of the Board, and the Committees upon which they serve and to come to such meetings fully prepared. The following table provides a summary of the Board and Board Committee meetings held during the twelve-month period ended January 31, 2019. Each Director nominee's attendance record for such meetings, as applicable, is set forth above starting on page 14 of this Circular in their respective biographies. Overall, the Directors attended 98% of applicable Board and Committee meetings in fiscal 2018.

Type of Meeting Held	Number of Meetings	Attendance
Board of Directors	6	100%
Audit Committee	4	95%
Human Resources, Compensation and Pension Committee	6	94%
Governance and Nominating Committee	7	100%

Related Party Transactions and Conflicts of Interest

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

Public Company Directorships

The Board has not implemented a formal policy which limits the number of public company directorships its Directors can hold. The Board believes that its Director evaluation program is the best method for ensuring that Directors remain accountable and continue to discharge their duties as North West Directors. The Board also monitors and is guided by industry best practices with respect to limiting the number of public company directorships each Director can hold.

The names of all other reporting issuers on which each Director of North West serves as a Director is set out in this Circular is set forth above starting on page 14 of this Circular in their respective biographies.

Ms. Violet (Vi) A.M. Konkle sits on the Board of Trustees of Boyd Group Income Fund and Mr. Brock Bulbuck is the Chief Executive Officer of Boyd Group Income Fund and he also sits on the Board of Trustees. The Board does not believe that this relationship impacts the ability of these Directors to act in North West's best interests.

DIRECTOR DEVELOPMENT AND ASSESSMENT

New Director Orientation

North West has a formal orientation process for new Directors. Directors are required to read and become familiar with North West's various corporate policies, all Board and Committee mandates, corporate by-laws, and various corporate reports. Directors meet with the Corporate Secretary who provides the Director with an overview of North West's corporate structure and governance practices. Directors also meet with all other members of senior management, at which time management provides the new Director with an overview of North West's business, operations and initiatives. Directors are requested to tour or work at one or more of the major store banners during the first 18 months of their appointment. Private meetings with other Directors are encouraged to establish rapport and understand Board dynamics. An incumbent Director is also assigned a mentor during their first year to assist them with any issues they encounter during their first year of service.

Director Continuing Education

Directors are kept informed as to matters impacting North West's operations through reports and presentations at Board meetings. In addition, at each quarterly Board meeting, the Board receives information on the operations of North West, including a report from the CEO, a report on corporate development activities, a report on operations and strategic initiatives, a financial overview and other pertinent information. All executives are available for discussions with Directors concerning any questions or comments which may arise between Board meetings.

Each September the Board travels to a different store division or geographic area to visit stores and meet customers, community leaders, management and staff to better understand North West's operations in both urban and remote communities. Directors also have the opportunity to meet one-on-one with North West's executive team members and to accompany such members on store tours in order to become familiar with the communities in which North West operates.

Directors have the opportunity to participate in external director education events through North West's membership in the Institute of Corporate Directors. North West will also fund 50% of the tuition if a Director wishes to enroll in the Institute of Corporate Directors Directors Education Program. Third parties provide presentations to the Board at Board meetings and at Board dinners on topics of interest to the Board such as First Nation reconciliation and community relations, and disclosure pertaining to environmental, social and

corporate governance, as were presented to the Board over the past year. Directors also may elect to receive ongoing industry information through North West's membership in various industry associations.

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

Board and Director Assessment

Assessment of the Board, Board Committees and Board and Committee Chairs

The performance and effectiveness of the Board and its Committees, the Chairman of the Board and individual Directors (including in their capacity as Committee members), are regularly assessed under the Governance Committee's oversight through processes that are intended to encourage candid and constructive commentary.

Each year, each Director completes an online survey of their assessment of the functioning of the Board. Directors are asked to rate the Board's performance based on criteria which address, among other things, the Board's composition and practices, relationship with management, and the oversight of North West's strategy, risk, financial reporting, and CEO succession and performance. The senior management team is also included in the assessment process and are asked to complete a separate Board assessment survey.

The annual online survey also requires each Director to assess each Board Committee. Directors are asked to rate the performance of each Committee against a set of criteria, including each Committee's composition, practices, relationship with the Board and management, and performance of its duties.

The assessment of the performance of the Chairman of the Board and the Chairs of each Committee are also included in the annual online survey.

The results of the evaluations are reviewed by the Chairperson of the Governance Committee with the Chairman of the Board, and are also discussed at the meetings of the Governance Committee and the Board. The Governance Committee is also responsible for creating a plan to address any deficiency or implementing any suggestions elicited through the assessment process.

Individual Director Assessments

Peer evaluations of independent Directors are completed through an online survey every two years. Directors are asked to evaluate each other's skills, knowledge and participation on the Board. The peer evaluation is intended to ensure that each Director is contributing to the ongoing stewardship of North West. Results of the peer reviews are reviewed by the Chairman of the Board, who then meets with each Director to provide feedback on the results of the survey.

COMMUNICATION WITH SHAREHOLDERS

North West is committed to transparent and effective communication with its Shareholders. In support of this commitment, the Board has developed practices to facilitate Shareholder engagement.

North West has adopted a Corporate Disclosure Policy, which is reviewed on a regular basis. Quarterly and annual financial disclosures are reviewed by an internal Disclosure Committee prior to being recommended for Board approval and CEO/CFO certification of annual and interim filings. North West's quarterly conference calls with analysts and institutional investors are accessible on a recorded basis to interested retail investors, the media and members of the public for seven days. North West includes all significant disclosure documents on its website at www.northwest.ca.

Inquiries and requests for information from Shareholders and potential investors receive prompt attention from an appropriate officer. North West's President and Chief Executive Officer and Executive Vice President and Chief Financial Officer are responsible for maintaining communications with the investing public.

North West encourages feedback from its Shareholders and engages in regular communications with financial analysts and institutional investors. North West also solicits feedback through its "Say on Pay" advisory resolution on executive compensation.

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CORPORATE CEASE ORDERS OR BANKRUPTCIES

No Director is, or has been within the past ten 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 has, within the ten 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 is, or has become, within the ten 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.

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Part IV — Compensation Discussion and Analysis

LETTER TO OUR SHAREHOLDERS

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

The Human Resources, Compensation and Pension Committee (the "**Compensation Committee**") is responsible for recommending performance-based compensation awards for Board approval. We work carefully to structure North West's compensation programs to deliver the right outcomes for our Shareholders, our customers, and our employees. These programs introduce a level of variability in our compensation expense which protect Shareholders in difficult years, and rewards management in years of superior performance. We rely on specific pre-determined performance targets, benchmarks, independent experts, and rigorous analysis, but we also rely on our own experience, expertise and considered application of the Board's business judgment when setting compensation.

At North West, we view ourselves as a total return company. Our fundamental objective is to deliver to Shareholders a strong and growing dividend, supported by consistent earnings gains. Our total return orientation is supported through North West's compensation policies. Annual incentives are driven by how well management performs against income targets, adjusted for capital efficiency. Payments are quickly reduced to minimum levels if results fall short. Our long-term compensation plans center around equity awards which recognize the importance of dividends to our Shareholders.

In 2018, following a review of our strategy, operational goals and market practice, we made changes to our long term incentive plan including:

- Changed the long term incentive mix to be the same for all NEOs.
- Changed the long term incentive mix to:
 - Decrease the weighting of stock options to 25%;
 - Increase the weighting of performance vested share units (PSUs) to 50%:
 - providing a long term incentive mix that is 75% contingent on performance — stock options only have value to the extent share price increases, PSUs vest contingent on meeting specific performance conditions.
 - Provide a weighting of time vested share units (PSUs) of 25%.
- Stock options are vanilla stock options, rather than declining strike price stock options, which aligns with market practice.
- PSUs vest:
 - One-third based on total shareholder return relative to a group of companies which reflects our retail business peers and selected high-yield companies;
 - One-third based on achievement of operating measures set out in the annual incentive plan. For 2019 PSUs, this portion of the PSUs will vest based on achievement of a cumulative three-year earnings target;
 - One-third fully vest at the end of the third year of the performance cycle.

In 2018, North West continued the focus on our strategic imperatives of Pure Retail and investment in Top Markets, Top Categories. The team solidified North West's investment in our airline, North Star Air, as we continue to build superior logistics capabilities. Our teams worked hard to recover from the 2017 Caribbean hurricane season impacts and fires which occurred in the year, including in Iqaluit, while at the same time, continuing our work on Project Enterprise. These initiatives contributed to the financial performance for the year but more importantly position the business for future growth. While the performance of our store associates and support office teams exceeded expectations considering the work that was completed and the challenges the business faced, the financial results for the year fell short of target which resulted in below target annual incentive payments to the named executive officers. These payments reflect the pay-for-performance design of our compensation plans.

We believe our approach to executive compensation is working as intended. In the following pages you will find a straightforward and transparent description of our executive pay practices, and the specific, corporate and individual measures of performance that factored into North West's compensation program for 2018, and the payments NEOs received in 2018 from these programs.

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

Sincerely,

"Vi Konkle"

Vi Konkle
Chair, Human Resources,
Compensation and Pension Committee

"Sandy Riley"

H. Sanford Riley
Chairman of the Board

INTRODUCTION

The following Compensation Discussion and Analysis (“**CD&A**”) is intended to provide North West’s Shareholders with a description of the processes and decisions involved in the design, oversight and payout of our compensation programs for the named executive officers (“**NEOs**”) for the fiscal year ended January 31, 2019. Although the CD&A focuses on the compensation policies and practices for NEOs, these programs generally apply to North West’s entire executive team.

The NEOs during fiscal 2018 were as follows:

- Edward Kennedy, President and Chief Executive Officer;
- John King, Executive Vice President and Chief Financial Officer;
- Craig Gilpin, Executive Vice President and Chief Corporate Officer;
- Dan McConnell, President, International Retail; and
- Gary Merasty, Executive Vice President and Chief Development Officer.

COMPENSATION GOVERNANCE

The Compensation Committee assists the Board in establishing North West’s compensation philosophy and structure, and in discharging its oversight accountabilities relating to the compensation and retention of key senior management employees, and in particular, the President and Chief Executive Officer. The Compensation Committee is comprised of seven independent Directors: Vi Konkle, who serves as Chairperson, Brock Bulbuck, Deepak Chopra, Wendy Evans, Robert Kennedy, Annalisa King and Victor Tootoo. No member of the Compensation Committee has ever been an officer or employee of North West or any of its affiliates.

All members have direct experience in compensation matters as either current or former chief executive officers, executive officers, elected government officials, as a retail consultant, or through board of director positions in other publicly traded companies. Additional information regarding the Compensation Committee members is provided in the individual Director biographies found in the Director Nominees section found starting on page 14 of this Circular. The Chairperson of the Board also participates in all Compensation Committee meetings as an ex-officio member. Collectively, this experience provides the Compensation Committee with the knowledge, skills, experience and background in executive compensation and human resource matters to make decisions on the suitability of North West’s compensation policies and practices.

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

The Compensation Committee held seven meetings in fiscal 2018. The President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, Executive Vice President and Chief Corporate Officer, and Vice President, Legal and Corporate Secretary attend meetings of the Compensation Committee, but do not have the right to vote on any matter. Other senior executives may also attend parts of a meeting for presentation purposes. No executive, including the President and Chief Executive Officer, is present when his or her compensation is considered.

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

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

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

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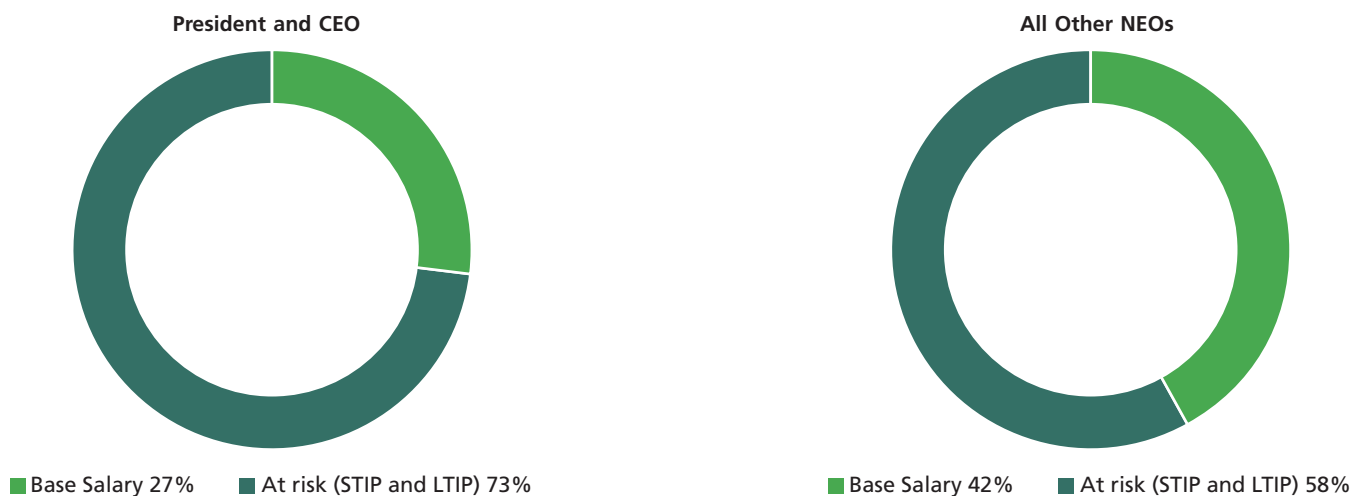
EXECUTIVE COMPENSATION PHILOSOPHY

Since its formation 32 years ago, North West has embraced an organization wide and market competitive pay-for-performance compensation philosophy linked to the delivery of superior total returns to its Shareholders through a focus on both earnings growth and annual cash dividend yield. North West's total compensation objective for executives is to provide target pay that is aligned with the median of the market and which will deliver actual pay in the upper quartile of the market when sustainable upper quartile performance is achieved. A significant portion of each executive's compensation is also "at risk" in order to motivate executives and align their interests with the creation of long-term Shareholder value.

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

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

Total compensation is linked to a combination of the achievement of operational and strategic targets, and total returns compared to other public Canadian retailers. The executive compensation philosophy is to provide a reasonable level of annual base compensation commensurate with the responsibilities of the executive, with all other compensation elements except benefits, based on performance. The mix of incentive awards is aligned to the planning horizon associated with the executive's role. The following charts illustrate what portion of each NEO's compensation is "at risk" or performance based.



Compensation planning in the context of the short term or annual incentive ("STIP") is integrated with the annual business planning and budgeting process, and 100% of this award is "at risk" if corporate performance is not met for the year. Annual corporate performance, business unit performance and individual performance targets for executives are set based on the overall strategic plan and business priorities for the year. If the executive does not meet at least 90% of his or her performance target for the year, the executive does not receive any payment under the STIP. In addition, if the corporate performance achieved is less than 80% of target for the year, the Board retains the discretion to not pay any award, even if business unit and individual performance targets were achieved by the executive for that year. See ELEMENTS OF 2018 EXECUTIVE COMPENSATION — 2018 SHORT TERM INCENTIVE PLAN found on page 43 of this Circular for more details on the short term incentive plan.

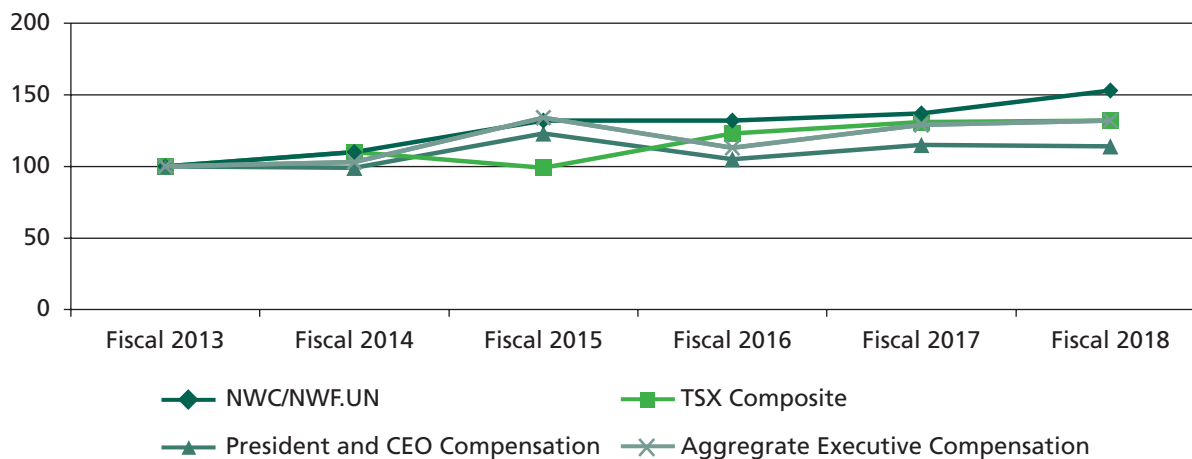
Performance in the context of the long-term incentive ("LTIP") is based on value creation for its Shareholders and is designed to encourage executives to remain with North West over the long term. A significant portion of the long-term incentive is also "at risk". 75% of the LTIP award is performance share units ("PSUs") that vest at the end of each three-year cycle. The payment of PSUs is based equally on total shareholder return relative to its comparator peer group, financial performance versus target and time-based. 25% of the LTIP award is based on North West's share option plan which is specifically designed to reinforce North West's performance goal of delivering superior total shareholder returns, consisting of higher than average sustainable dividends and earnings growth. See "ELEMENTS OF 2018 EXECUTIVE COMPENSATION — Performance Share Units and Share Option Plan" found on page 44 of this Circular for more details.

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SHAREHOLDER RETURN AND EXECUTIVE COMPENSATION

Below is a comparison of the cumulative total return between North West and the TSX Composite Index for the fiscal years ended January 31, 2014 (“Fiscal 2013”) to January 31, 2019 (“Fiscal 2018”). This comparison assumes \$100 was invested on January 31, 2013 and all distributions/dividends were reinvested. The table and graph below also shows the trend in total compensation of the President and Chief Executive Officer for Fiscal 2013 to Fiscal 2018, and the total compensation of all of North West’s NEOs for the same period, and compares this compensation to North West’s return to Shareholders over this same period, as well as returns under the TSX Composite Index.

Total compensation for the purposes of this comparison includes base salary, STIP and LTIP (“Total Compensation”). To provide a consistent basis of comparison, the figures for Fiscal 2013 include the compensation for only the top five named executive officers. The methodology used by North West has been adopted solely for the purposes of the comparison described below. It is not a recognized or prescribed methodology, and may not be comparable to methodologies used by other issuers for this purpose.



	Fiscal 2013	Fiscal 2014 ⁽¹⁾	Fiscal 2015	Fiscal 2016	Fiscal 2017 ⁽²⁾	Fiscal 2018 ⁽³⁾	1 year annual return (2017-2018)	5 year compounded annual return
NWF/NWC	100	110	132	132	137	153	11.7%	8.9%
TSX Composite	100	110	99	123	131	132	0.5%	5.6%
President & CEO Compensation	100	99	123	105	115	114		
Aggregate Executive Compensation	100	103	134	113	129	132		

Notes

- (1) The positions of (i) Executive Vice President and Chief Financial Officer, (ii) Executive Vice President and Chief Operating Officer, and (iii) Executive Vice President and Chief Development Officer were added in April 2014, and are included in the total compensation numbers for Fiscal 2014. The position of Executive Vice President and Chief Corporate Officer was eliminated.
- (2) The positions of (i) Executive Vice President and Chief Corporate Officer, (ii) Executive Vice President and Chief Marketing Officer, Canadian Food Procurement and Marketing, and (iii) President, International Retail were added in December 2017, and are included in the total compensation numbers for Fiscal 2017. The positions of Executive Vice President and Chief Operating Officer, (ii) Executive Vice President and Chief Merchandising Officer, and (iii) Executive Vice President and Chief Development Officer were eliminated.
- (3) The position of Executive Vice President and Chief Development Officer was added in May 2018 and is included in the total compensation numbers for Fiscal 2018.

As shown in the graph and table above, over the past five-year period, North West Shares have generally outperformed the TSX Composite Index each year. Over the same five-year period, North West Shares produced a compound annual return of 8.9%, compared to the TSX Composite Index return of 5.6%. In Fiscal 2018, total return to North West’s Shareholders was 11.7%, while the TSX Composite Index return was 0.5%.

North West believes that its executive compensation program supports a strong relationship between compensation earned by a NEO and the returns received by the Shareholder. It is structured to reduce the fixed cost component of compensation by paying market median salaries, while enhancing potential overall compensation through incentive based plans tied to corporate performance. For stock options and PSUs, there is a direct correlation between our Share price performance and the actual gains realized by North West executives. For PSUs, there is an additional factor of performance relative to that of our peer group which will result in higher or lower payments.

DESIGN OF COMPENSATION PROGRAM AND ROLE OF COMPENSATION CONSULTANTS

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

North West conducts an in-depth market review every three years to ensure base pay, incentives and total compensation is competitive and aligned with its performance goals. Meridian Compensation Partners Inc. ("**Meridian**") was retained by the Compensation Committee in late 2016 to provide independent advice and to assist the Committee in its in-depth review, to provide recommendations with respect to the competitiveness and design of North West's executive compensation and generally to be available to provide advice to the Compensation Committee.

The analysis and advice requested from Meridian included executive compensation philosophy, market competitiveness of compensation, pay-for-performance analysis, incentive plan review, and performance calibration. During its review, Meridian evaluated North West's executive compensation levels relative to market for each of the following elements: a) base salary; b) annual incentives; c) total cash compensation (the sum of base salary and annual incentives); d) expected value of long term incentives at time of grant; and e) total direct compensation (the sum of total cash compensation and the expected value of long-term incentives).

The Canadian Retail Group was selected by the Compensation Committee as the core comparator group to benchmark compensation for North West executives, based on industry similarity in addition to being our primary competitors for talent. The companies comprising the core comparator peer group used in benchmarking compensation by the Compensation Committee are listed below. North West's revenue was positioned at approximately the 57th percentile relative to this peer group, its market cap was positioned at the 66th percentile and North West's assets were positioned at the 49th percentile.

Alcanna Inc.	Empire Company	Leon's Furniture Ltd.
Birks Group Inc.	GoEasy Ltd.	Metro Inc.
BMTC Group Inc.	Hudson's Bay Company	Reitmans Canada Ltd.
Canadian Tire Corp.	Indigo Books & Music Inc.	Richelieu Hardware Ltd.
Cara Operations Ltd.	Jean Coutu Group	Sears Canada Inc.
Dollarama Inc.	Le Chateau Inc.	Sleep Country Canada Holdings Inc.

In considering total compensation for each executive, factors such as individual performance, relevant experience, scope of the role, internal equity and retention potential were also considered.

In addition, after considering Meridian's recommendations and upon the recommendation of the Compensation Committee, the Board approved a number of changes to the design of North West's short and long term incentive programs in 2018 which are described in the sections below. These changes were made to recognize both consistent achievement against operational and strategic targets and North West's total returns compared to other public Canadian and US retailers and high yield peers. The Board does not anticipate making any significant changes to compensation practices in North West's 2019 fiscal year, unless noted below.

North West has not engaged Meridian to provide any services other than executive compensation advisory services to the Compensation Committee in 2016 through 2018. The pre-approval of the Compensation Committee is required prior to engaging Meridian to provide any other services to North West. The following presents the aggregate fees billed for executive compensation services by external independent consultants to the Compensation Committee for its fiscal years ended January 31, 2017, 2018 and 2019.

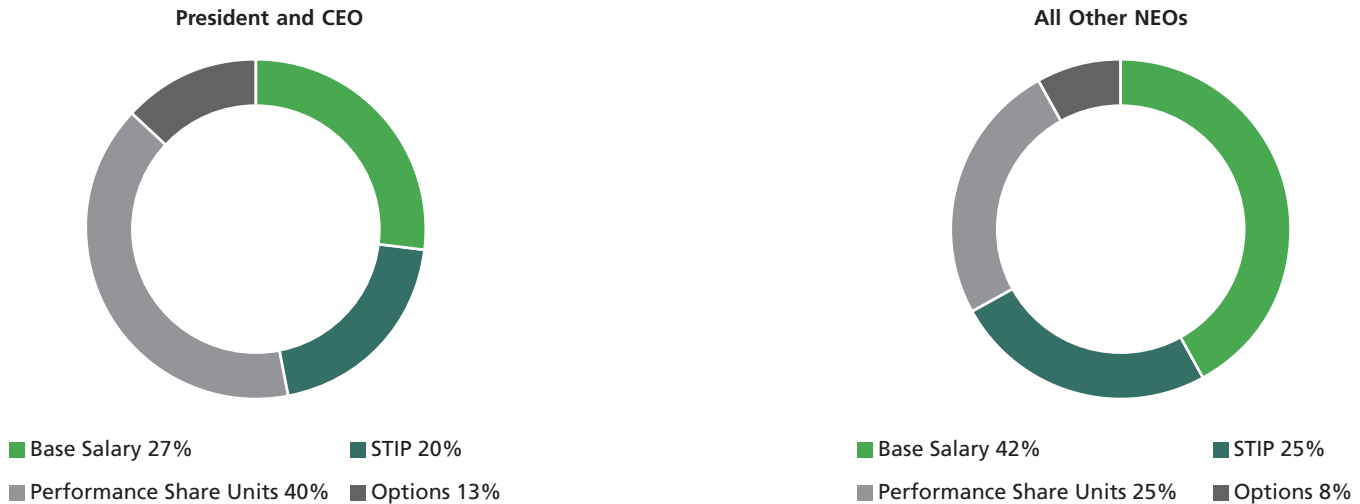
Advisor	Fiscal Year (January 31)	Fees (\$ in Thousands)
Meridian	2018	91
Meridian	2017	132
Meridian	2016	14

ELEMENTS OF 2018 EXECUTIVE COMPENSATION

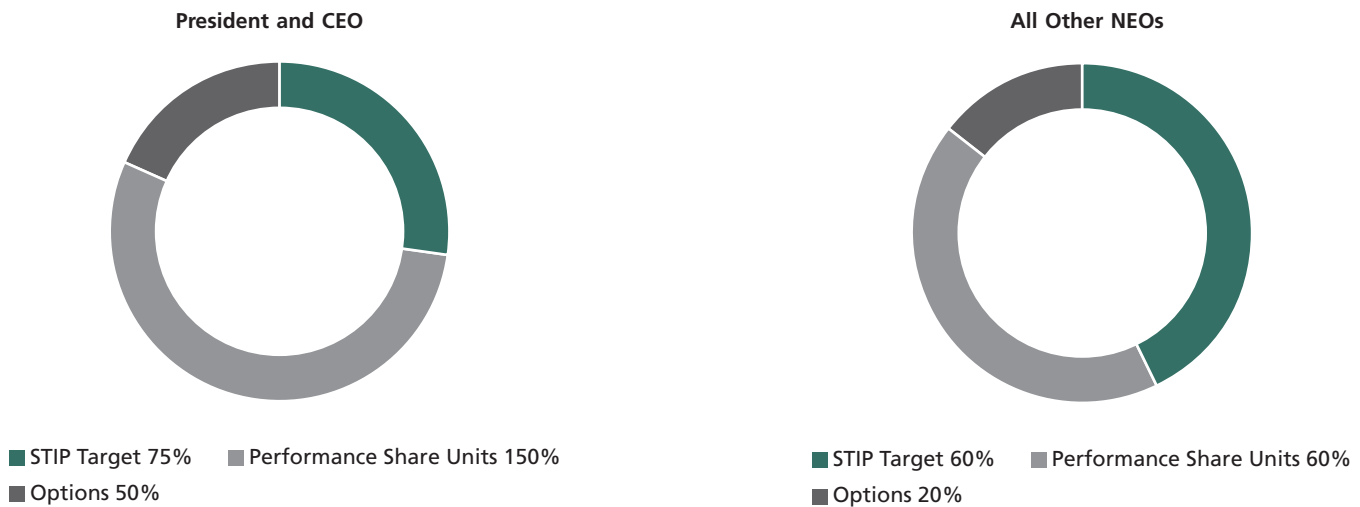
The key elements included in determining the total compensation of executives during 2018 were (i) annual base salary; (ii) short term incentive awards; and (iii) long term incentive awards (performance share units and options). Other elements of executive compensation include group benefits, pension benefits and perquisites.

As part of the compensation review, the total compensation mix in 2018 increased the emphasis on performance contingent long term equity based compensation with a 75% weighting on PSUs and a 25% weighting on share options. The following charts illustrate, as a percentage for each element, each NEO's target total compensation mix for 2018. This mix reflects the proportionate amount of influence

and focus each level has on decision making and business results within the respective planning horizon, while reinforcing the pay-for-performance link and alignment with Shareholder interests.



The following charts shows the compensation mix described above as a percentage of base salary.



ANNUAL BASE SALARY

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

Consistent with North West's approach to salary increases described above, the following base salaries were approved by the Board in 2018 and became effective in May 2018.

NEO	2018 Base Salary (\$)	2017 Base Salary (\$)	Base Salary Increase (%)
Edward Kennedy	827,000	806,775	2.5
John King	400,000	380,000	5.3
Craig Gilpin	463,300	452,000	2.5
Dan McConnell ⁽¹⁾	440,000	400,000	10.0
Gary Merasty ⁽²⁾	425,000	—	—

Notes

(1) Mr. McConnell was appointed President, International Retail in December 2017.

(2) Mr. Merasty joined North West in May 2018 in the role of Executive Vice President and Chief Development Officer. His actual base salary received in 2018 was \$337,115.

SHORT TERM INCENTIVE PLAN (“STIP”)

The STIP consists of an annual cash payment, and is made to recognize achievement against operational and strategic performance initiatives and targets set by the Board on an annual basis. The Compensation Committee receives quarterly reports on the performance of the STIP metrics, including performance against targets. The value of the STIP is based on a percentage of the executive's base salary. The following describes the STIP target awards each NEO is eligible to receive as a percentage of base salary.

NEO	STIP Design (STIP target as a % of base salary)
Edward Kennedy	75%
All other NEOs	60%

The following describes the payout curves for STIP performance related to target STIP earnings for the NEOs.

NEO	90% of Target STIP Performance (Threshold) ⁽¹⁾	Target STIP Performance	110% of Target STIP Performance (Maximum)
All NEOs ⁽²⁾	50%	100%	200%

Notes

- (1) As part of the compensation review, payout at Threshold was adjusted to 50%, previously 0% payout at Threshold was unusual and generated nominal payments for above threshold performance.
- (2) Linear curve between threshold and target performance and target and maximum performance, starting at 50% when STIP performance achieves 90% of target.

The maximum STIP weightings for each NEO for 2018 are broken down between the following measures:

NEO	Corporate Performance ⁽¹⁾	Business Unit/ Individual Performance ⁽²⁾
NEOs excluding President, International Retail	75%	25%
President, International Retail	25%	75%

Notes

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

Refer to the “2018 PERFORMANCE AND COMPENSATION — 2018 STIP Awards” on page 51 of this Circular for actual STIP awards earned by each NEO for 2018 performance.

LONG TERM INCENTIVE PLAN (“LTIP”)

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

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

NEO/Position	LTIP (as a % of base salary)
Edward Kennedy, President and Chief Executive Officer	200%
John King, Executive Vice President and Chief Financial Officer	80%
Craig Gilpin, Executive Vice President and Chief Corporate Officer	80%
Dan McConnell, President, International Retail	80%
Gary Merasty, Executive Vice President and Chief Development Officer	80%

Performance Share Units (“PSUs”)

The payment of PSUs at the end of each three-year vesting cycle is based on three criteria as follows:

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

For the portion of all PSUs linked to operating performance:

In determining the value of vesting PSUs granted in 2016 and 2017, the average overall STIP performance factor by individual is determined for each three-year period;

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

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

Note

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

As part of the compensation review, the PSU Operating measure and the associated payment for threshold and target performance was revised. As a transition in 2018, in determining the value of vesting PSUs for the Operating measure, the actual average Corporate STIP Earnings and/or Strategic Business Unit STIP Earnings relative to target is used to determine the performance factor. The Operating measure in 2019 will move to a cumulative three-year earnings performance versus a cumulative three-year earnings target.

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

50% of Target PSU at Threshold⁽¹⁾	100% of Target PSU at Target Performance⁽¹⁾	200% of Target PSU at Maximum Performance⁽¹⁾
85% of three-year STIP Earnings Performance	100% of three-year STIP Earnings Performance	105% of three-year STIP Earnings Performance

Note

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

The following TSR comparator group was used to determine the relative portion of each PSU grant (collectively, the “**TSR Comparator Group**”) for the PSUs granted in 2016 and 2017. At the time of the PSU grant, these entities within the TSR Comparator Group either were representative of the retail sectors within which North West competed or had a growth and yield, total return, or performance objective similar to North West.

A&W Revenue Royalties	Cineplex Inc.	Leon’s Furniture Ltd.
Alcanna Inc.	Costco Wholesale Corp.	Loblaw Companies Ltd.
Alimentation Couche-Tard Inc.	Dollarama Inc.	Metro Inc.
BMTC Group Inc.	Empire Company	Parkland Fuel Corp.
Boston Pizza Royalties	Hudson’s Bay Company	Pizza Pizza Royalty Corp.
Canadian Tire Corporation	Jean Coutu Group ⁽¹⁾	Wal-Mart Stores Inc.

Note

(1) The Jean Coutu Group was removed from the TSR Comparator Group following the acquisition by Metro Inc. in 2018.

The actual PSU relative portion of the award for 2016 and 2017 is interpolated as follows for NEOs.

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

Note

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

The Board retained Meridian in 2017 to review the TSR Comparator Group for 2018 PSU Grants as part of the Compensation Committee's review of North West's compensation design. The recommendation of the Compensation Committee to the Board was approved to revise the TSR Comparator Group and payment for threshold performance. The revised TSR Comparator Group includes 14 industry peers based on correlation and business similarity and ten "high yield" peers.

Retail Peers		High Yield Peers
A&W Revenue Royalties	Dollarama Inc.	Apollo Commercial Real Estate
Alcanna Inc.	Empire Company	BCE Inc.
Alimentation Couche-Tard Inc.	Hudson's Bay Company	Emera Incorporated
Boston Pizza Royalties	Loblaw Companies Ltd.	EnerCare Inc.
Canadian Tire Corporation	Metro Inc.	First Capital Realty Inc.
Cineplex Inc.	Pizza Pizza Royalty Corp.	Fortis Inc.
Costco Wholesale Corp.	Wal-Mart Stores Inc.	Innergex Renewable Energy Inc.
		Just Energy Group Inc.
		Sienna Senior Living Inc.
		Thompson Reuters Corporation

The actual PSU relative portion of the award for 2018 is interpolated as follows for NEOs.

50% of Target PSU at Threshold ⁽¹⁾	100% of Target PSU at Target Performance	200% of Target PSU at Maximum Performance
25th percentile of TSR Group based on three-year annualized TSR ⁽²⁾	50th percentile of TSR Group based on three-year annualized TSR ⁽²⁾	75th percentile of TSR Group based on three-year annualized TSR ⁽²⁾

Notes

- (1) Payout at Threshold was adjusted to 50%, previously 0% payout at Threshold was unusual and generated nominal payments for above threshold performance.
- (2) Payout starts after North West's historical three-year performance reaches the 25th percentile of the TSR Group, and increases on a linear basis to a maximum of 200% when North West's historical three-year performance reaches the 75th percentile of the TSR Group.

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

The vesting period for PSUs is three years, and dividend equivalents accumulate over the three-year period. Dividend equivalents vest at the time the PSUs vest and to the same extent as the performance criteria for the PSUs are achieved.

Refer to the "2018 PERFORMANCE AND COMPENSATION — Summary Compensation Table/STIP and LTIP Awards" on starting on page 49 of this Circular for information on actual PSU awards granted to each NEO in 2018 and for amounts paid out under existing PSU grants in 2018.

SHARE OPTION PLAN

The delivery of top-quartile total returns through an equal emphasis on growth and dividend yield is a key long-term objective of North West. In June 2011 the Shareholders approved an Amended and Restated Option Plan to include a partially declining strike price option for Canadian executives with a seven year term as well as Standard Options. This feature was added to recognize that a significant portion of North West's long-term total return to Shareholders will continue to depend on its dividend performance in addition to growth, and that this element should accordingly be part of the long-term incentive award to North West executives. Apart from this feature, the purpose of this Amended and Restated Option Plan is similar to that of the Original Option Plan, namely:

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

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

one-half of the “in the money amount” at the time of exercise if he or she elects the Standard Option, and will pay tax on the full “in the money amount” at the time of exercise if he or she elects the Partially Declining Exercise Price Option. Employees that are subject to income taxes in the United States are only entitled to receive Standard Options.

The exercise price for all options granted under the Partially Declining Exercise Price Option is calculated by deducting from the exercise price applicable to the Standard Option, the portion of all quarterly dividends paid, on a per Share basis, that exceed a dividend yield of 2% for North West.

The compensation review in 2017 identified the declining strike price option as an uncommon LTIP vehicle based on both peers and the broader market. Beginning with the 2018 grant, all option grants will be Standard Options with no option to elect a declining strike price option at time of exercise. The options are time vested awards that vest one quarter per year at the end of years one, two, three and four, with expiry of options at the end of year seven. The purpose of this plan is to promote long term shareholder value creation by fostering greater alignment of interests between the executives and Shareholders of North West.

Refer to the “2018 PERFORMANCE AND COMPENSATION — SUMMARY COMPENSATION TABLE/OUTSTANDING EQUITY BASED AWARDS” starting on page 53 of this Circular for information on actual LTIP awards granted to each NEO in 2018.

OTHER ELEMENTS OF 2018 COMPENSATION

Benefits

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

Pension Plans

All current executives in Canada participate in a non-contributory Defined Benefit Pension Plan (“**Executive Pension Plan**”), subject to Income Tax Act (ITA) limits, where the normal retirement age is set at age 65. The annual benefit payable upon retirement is based on a range of 1.4% to 1.7% per year of service as an executive, of the final average earnings (base salary and STIP) prior to retirement (based on highest three consecutive years of annual earnings in the ten-year period preceding retirement). Upon death, reduced payments continue to the spouse, if applicable. Executives may elect to contribute to the plan to provide for ancillary benefits. For retirement prior to 65 years of age, the total benefit payable is reduced by 3% per year prior to age 65. Alternatively for retirement prior to age 65, the Board has the discretion to reduce the total benefit payable by 3% per year prior to age 60 if the member is at least age 55 and has ten years of service as a specified executive of North West at the time of retirement.

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

Benefits in excess of ITA limits for service in the Executive Pension Plan are provided by a separate non-registered pension plan called the “**Excess Plan**”.

Some named NEOs may also have accumulated a pension obligation for service as a non-executive in North West’s registered Staff Pension Plan, which is subject to ITA limits. A non-contributory Staff Pension Plan member receives a benefit of: 0.7% of average pensionable earnings up to the average Yearly Maximum Pension Earnings (“**YMPE**”) plus 1.05% of their average earnings in excess of the average YMPE.

Executives in North West’s International division have the option to participate in North West’s International 401(k) Plan, a defined contribution plan qualified under sections 401(a) and 401(k) of the Internal Revenue Code. Eligible employees may elect to contribute a portion of their salary to the plan, and North West provides 100% matching contributions on the employee’s first 3% of contributions and 50% matching on the next 2% of contributions where North West’s maximum match is 4%.

See the “2018 PERFORMANCE AND COMPENSATION — SUMMARY COMPENSATION TABLE/Present Value of Accumulated Pension Benefits” on page 52 of this Circular for additional information regarding the value of these pension benefits.

Employee Share Ownership Plan

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

Executive Deferred Share Unit Plan

In December 2014 the Board approved an Executive Deferred Share Unit Plan (the “**Executive DSU Plan**”), under which all executives are eligible to convert their annual STIP award into DSUs. The Executive DSU Plan is designed to directly align executive’s interests with the interests of Shareholders by encouraging financial commitment to North West through DSUs.

Elections to participate in the Executive DSU Plan must be made by an executive prior to December 31 of the calendar year immediately prior to the performance year to which the annual STIP award relates. For example, an election by an executive officer to defer a portion of their approved STIP award for the 2019 fiscal year of North West, must have been made prior to December 31, 2018. Such elections, once made, are irrevocable. An account (a “**DSU Account**”), is maintained by North West for each executive participating in the Executive DSU Plan, and will be credited with the executive’s award of DSUs from time to time as well as the date and price at which DSUs were granted. Except with the prior approval of the Board, the maximum number of DSUs which are permitted to be credited to an executive’s DSU Account (prior to any adjustments for dividends), shall not exceed:

- (a) For an executive, whose minimum share ownership Requirements are one times his or her base salary, 50% of the executive’s base salary in value based on the fair market value of the Shares underlying the DSUs at the original award date; and
- (b) For an executive, whose minimum share ownership Requirements are two or more times his or her base salary, 100% of the executive’s base salary in value based on the fair market value of the Shares underlying the DSUs at the original award date.

Participants are credited with DSUs at the time the annual STIP award is paid. The number of DSUs underlying an award is calculated on the date of grant by dividing the portion of the STIP award that is payable to the participant in DSUs by the fair market value of the Shares on the date that the award is granted. Fair market value is determined by calculating the weighted average trading price of the Shares on the TSX for the five trading days on which the Shares traded immediately preceding such date.

DSUs credited to an executive vest immediately and are payable in cash only following the cessation of employment with North West. DSUs attract dividend equivalents as dividends are declared and approved by the Board to be payable on Shares. DSU holdings of North West executive officers are included in their respective equity ownership levels for purposes of share ownership requirements discussed in this Circular.

DSUs were granted in 2018. See “PART IV — COMPENSATION DISCUSSION AND ANALYSIS — SHARE OWNERSHIP GUIDELINES” on page 54 of this Circular for more details.

RISK MANAGEMENT

Through the combination of short and long term incentives, North West’s executive compensation program provides for a significant portion of each executive’s compensation to be “at risk”. Consequently, it is important that these incentives do not result in North West’s executives achieving financial, operational or strategic objectives by taking excessive or unexpected risks. North West believes that its compensation policies and practices provide balanced incentives that are aligned with our business strategy and longer term shareholder value creation.

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

- the compensation program is designed to compensate all executives based on the same or substantially equivalent performance goals and is consistent with North West’s compensation philosophy;
- there is a balance between short term performance incentives and equity based awards that vest over time;
- the short term and long term incentive plan’s performance goals have minimum and maximum thresholds. Actual results are measured against pre-approved metrics that are defined at the beginning of the fiscal year, and are substantially linked to North West’s financial performance;
- North West’s Share ownership guidelines encourage executives to own, directly or indirectly, Shares valued at a pre-defined percentage of their base salary; and
- equity is awarded annually with overlapping vesting periods which ensures that executives are exposed to long term consequences of their decisions through unvested equity awards.

EXECUTIVE COMPENSATION CLAWBACK POLICY

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

HEDGING AND SPECULATIVE TRADING

North West’s share trading restrictions prohibit North West’s employees, officers and Directors from purchasing or selling North West Shares for short term speculative purposes, from engaging in short selling of or trading in options in securities of North West. Employees, officers and Directors are also prohibited from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by employees.

2018 PERFORMANCE AND COMPENSATION

SUMMARY COMPENSATION TABLE

The following table summarizes the base salary, incentive-based awards, and other compensation awarded to the NEOs for the fiscal year ended January 31, 2019.

Name/Principal Position	Year	Salary (\$)	Share Based Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Annual (Non-Equity) Incentive Plans (\$) ⁽³⁾	Pension Value (\$) ⁽⁴⁾	All Other Compensation (\$) ⁽⁵⁾	Total Annual Compensation (\$)
Edward Kennedy ⁽⁶⁾ President and CEO	2018	822,333	1,240,500	413,500	478,490	273,400	87,144	3,315,367
	2017	802,235	645,420	968,130	551,475	411,200	84,843	3,463,303
	2016	782,668	629,678	944,518	366,572	247,400	83,351	3,054,187
John King EVP and CFO	2018	395,385	240,000	80,000	200,417	220,800	41,432	1,178,033
	2017	370,458	152,000	152,000	210,754	310,600	39,302	1,235,114
	2016	350,004	140,794	140,794	136,342	128,000	37,690	933,624
Craig Gilpin EVP and CCO	2018	460,692	277,980	92,660	206,377	194,500	57,345	1,289,554
	2017	449,522	180,800	180,800	222,548	235,000	56,489	1,325,159
	2016	438,779	176,505	176,505	147,692	170,400	55,745	1,165,626
Dan McConnell President, International Retail	2018	446,154	264,000	88,000	376,333	295,400	55,222	1,525,109
	2017	380,428	194,075	194,075	225,937	317,500	47,897	1,359,912
	2016	313,414	126,075	126,075	136,776	78,400	40,226	820,966
Gary Merasty EVP and CDO	2018	337,115	257,096	–	133,957	128,800	79,051	936,018
	2017	–	–	–	–	–	–	–
	2016	–	–	–	–	–	–	–

Notes

(1) Represents the grant value of the PSUs when granted. The grant value of a PSU award assumes vesting at 100% of Target. The grant value is the fair value on of the PSU award for the fiscal year under North West's PSU plan multiplied by the number of Shares granted. The fair market value at the grant date was calculated by using the volume weighted average closing market price for the five days prior to February 1 of the grant year. The total PSUs granted in 2016, 2017 and 2018 to each NEO are summarized below. The PSUs granted in 2016 vested on January 31, 2019 and were paid out in April 2019.

NEO	2016 PSU Grant	2017 PSU Grant	2018 PSU Grant
Edward Kennedy	21,432	21,916	41,994
John King	4,792	5,161	8,125
Craig Gilpin	6,008	6,139	9,410
Dan McConnell	4,291	6,590	8,937
Gary Merasty ⁽⁸⁾	–	–	8,674

(2) These amounts reflect the grant value of the options when granted. The grant date fair value of stock options is calculated based on the fair value of the option multiplied by the fair value discount rate on the grant date. Fair value discount rate was calculated by Meridian using the Black-Scholes methodology. On advice from Meridian, North West has chosen to use the Black-Scholes model as the methodology for calculating the fair value of the options granted as this methodology is commonly used by issuers. The Black-Scholes discount factor was multiplied by the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the grant date and divided by the target compensation for each NEO to calculate the number of options to grant to each eligible participant. See "OUTSTANDING EQUITY BASED AWARDS" on page 53 of this Circular for details.

(3) Represents the dollar value of all amounts earned for services performed during the fiscal year that are related to awards under non-equity incentive plans and all earnings on any such outstanding awards. See "Annual STIP Awards" on pages 43, 50 and 51 of this Circular for details.

(4) See table called "Pension Benefits" for details.

(5) See table called "All Other Compensation" for details.

(6) Mr. Kennedy does not receive compensation in his capacity as a Director.

(7) Mr. Merasty joined North West in May 2018 in the role of Executive Vice President and Chief Development Officer. His annual base salary in 2018 was \$425,000.

(8) Mr. Merasty received a one-time special grant of PSUs upon hire with a grant date value of \$257,096. This grant attracts dividend equivalents and 1/8 of the accumulated value will vest after each year starting with January 31, 2019, 1/8 on January 31, 2020 and the final 1/8 January 31, 2021. The accumulated PSUs are settled in shares. No additional LTIP grant was awarded to Mr. Merasty in 2018.

STIP and LTIP Awards

The table below shows the STIP and LTIP awards by each NEO that were vested or earned during the fiscal year ended January 31, 2019.

Name	Option-Based Awards/Value Vested During the Year (\$) ⁽¹⁾	Option-Based Awards/Value Exercised During the Year (\$) ⁽²⁾	Share-Based Awards/Value Vested During the Year (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation/Value Earned During the Year (\$) ⁽⁴⁾
Edward Kennedy	2,161,037	5,176,311	587,868	478,490
John King	309,790	238,773	133,448	200,417
Craig Gilpin	387,720	90,181	160,502	206,377
Dan McConnell	211,610	60,539	134,702	376,333
Gary Merasty ⁽⁵⁾	—	—	92,822	133,957

Notes

- (1) The value of the option-based awards which vested during the fiscal year ended January 31, 2019 is calculated as follows:
- 2013 grant — \$11.87 per option based on the difference between the value of the option as at January 31, 2019 of \$31.17 and the declining strike price of \$19.3050.
 - 2014 grant — \$9.63 per option based on the difference between the value of the option as at January 31, 2019 of \$31.17 and the declining strike price of \$21.5388.
 - 2015 grant — \$8.12 per option based on the difference between the fair value of the option as at January 31, 2019 of \$31.17 and the declining strike price of \$23.0498.
- Fair value was determined as the closing price of the Shares on the TSX on January 31, 2019.
- (2) Represents the pre-tax amount received by each NEO from options exercised during the fiscal year ended January 31, 2019.
- (3) The value of the Share based awards that vested during the year was calculated by the number of PSUs that vested by \$31.10, which is the fair market value of North West Shares at January 31, 2019. Fair market value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the vesting date of February 1, 2019. The value also includes the equivalent of dividends earned up to January 31, 2019 on vested PSUs.
- (4) Please refer to "2018 PERFORMANCE AND COMPENSATION — 2018 STIP Awards" on page 50 of this Circular for information on the calculation of the STIP awards.
- (5) Mr. Merasty received a one-time special grant of PSUs with a grant date value of \$257,095. This grant attracts dividend equivalents and 1/3 of the accumulated value will vest after each year starting with January 31, 2019, 1/3 on January 31, 2020 and the final 1/3 January 31, 2021. The accumulated PSUs are settled in shares. No additional LTIP grant was awarded to Mr. Merasty in 2018.

2018 STIP Awards

The following summarizes North West's performance against the STIP targets set for each of the NEOs for the 2018 fiscal year. The weighing of each initiative varies by each NEO. See "2018 PERFORMANCE AND COMPENSATION — 2018 STIP Awards" on page 42 of this Circular for information on the calculation of the STIP awards.

North West does not provide further details about these measures as the STIP targets and objectives are aligned with North West's main priorities, and constitute targets and ongoing projects which are confidential and highly strategic, the disclosure of which could seriously jeopardize their completion. Please refer to the "Strategies" section in North West's 2018 Annual Report for more details on these initiatives, which can be found at www.northwest.ca or at www.sedar.com.

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2018 STIP Performance Measure	Performance Against Target	Edward Kennedy	John King	Craig Gilpin	Dan McConnell	Gary Merasty
Consolidated STIP Earnings: 2018 Consolidated EBIT Target (adjusted for normalizing factors and cost of capital)	Partially Met 90.3%	●	●	●	●	●
Business Unit Measures⁽¹⁾						
Strategic Business Unit (SBU) STIP Earnings: 2018 SBU EBIT Target (adjusted for normalizing factors and cost of capital)					●	
Corporate Strategic Plan: This measure applies to the quality, quantity, timing of the development of a long term strategy framework and alignment with the Board		●	●			
Pure Retail: This measure relates to an initiative aimed to eliminate, centralize or improve lower value non-selling and non-people tasks. Thereby optimizing our stores to "Get Sales" by having more time and capability to order and merchandise products, provide exceptional Customer Service and actively manage staff to develop highly capable teams.		●	●	●	●	
Top People: This measure relates to an initiative that ensures key roles in all North West stores are being filled with qualified individuals properly trained and that turnover and store vacancies are being equally addressed.		●		●		
Top Markets: This measure applies to the quality, quantity, timing and cost of market plans related to North West's largest and highest sales and profit potential locations. As store projects are completed, the measure focuses on actual cost and operating performance versus target.					●	●
Community Relations: This measure relates to an initiative that ensures key roles in all North West stores are being filled with qualified individuals properly trained and that turnover and store vacancies are being equally addressed.		●		●		
New Markets and Ventures: This measure relates to the quality, quantity, timing and cost related to investments in new markets and complementary businesses through store openings and acquisitions.		●			●	●
Project Enterprise: This measure relates to the quality, quantity, timing and cost related to a project to implement new work force management, point-of-sale and merchandise management systems.		●		●		
Individual Measures⁽¹⁾						
Other Initiatives: These are individual measures for the corporation or each businesses unit which support North West's strategy and key corporate initiatives.		●	●	●	●	●
PERFORMANCE AGAINST TARGET ON COMBINED BUSINESS UNIT/INDIVIDUAL MEASURES (%)⁽²⁾		105	108	104	107	102

Notes

- (1) A "bullet" indicates the inclusion of the NEO in the specific Business Unit Measure or Individual Measure and is not an indication of performance versus target for the specific measure.
- (2) This is the performance against target achieved for each NEOs combined business unit/individual targets. Each NEO had a range of performance including measures which exceeded target performance and/or measures which met target performance and/or measures which did not meet target performance.

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The following sets out the individual STIP awards in fiscal 2018 for each NEO. No discretionary adjustment was used in determining individual NEO awards.

NEO	STIP Performance Measure	% Weight of Measure	% of Base Salary Target	% of Base Salary Paid	Earned STIP \$
Edward Kennedy	Consolidated STIP Earnings	75%	56.2%		240,004
	Combined Business Unit/Individual Targets	25%	18.8%		238,486
	TOTAL	100%	75.0%	57.9%	478,490
John King	Consolidated STIP Earnings	75%	45.0%		92,867
	Combined Business Unit/Individual Targets	25%	15.0%		107,550
	TOTAL	100%	60.0%	50.1%	200,417
Craig Gilpin	Consolidated STIP Earnings	75%	45.0%		107,564
	Combined Business Unit/Individual Targets	25%	15.0%		98,813
	TOTAL	100%	60.0%	44.5%	206,377
Dan McConnell	Consolidated STIP Earnings	25%	15.0%		34,051
	Combined Business Unit/Individual Targets	75%	45.0%		342,282
	TOTAL	100%	60.0%	85.5%	376,333
Gary Merasty	Consolidated STIP Earnings	75%	45.0%		74,612
	Combined Business Unit/Individual Targets	25%	15.0%		59,345
	TOTAL	100%	60.0%	31.5%	133,957

PSUs Vested in 2018

The following sets out the calculation of the individual PSUs earned or vested during the fiscal year ended January 31, 2019 for each NEO. These PSUs vested on January 31, 2019, and will be paid out in April 2019. No discretionary adjustment was used by the Board in determining individual PSU payments.

NEO	Retention ⁽¹⁾	Operating ⁽¹⁾		Relative ⁽¹⁾		Value of PSU Paid (\$) ⁽³⁾
	Vesting %	2016-2018 STIP Performance	Vesting %	TSR ⁽²⁾ Performance	Vesting %	
Edward Kennedy	100	96%	115	P30	18	587,868
John King	100	97%	118	P30	18	133,448
Craig Gilpin	100	96%	108	P30	18	160,502
Dan McConnell	100	100%	148	P30	18	134,702
Gary Merasty ⁽⁴⁾	100	—	—	—	—	92,822

Notes

- See "ELEMENTS OF 2018 EXECUTIVE COMPENSATION — Performance Share Units" on page 44 of this Circular for further details on the methodology used to calculate the number of PSUs that vested.
- TSR relative performance was calculated by Meridian, and represents the data point that is higher than 30% of all other data in the sample when ranked from low to high.
- The value of the PSU awards was calculated by multiplying the number of PSUs that vested by \$31.10, which is the fair market value of North West Shares. Fair market value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the vesting date. The value also includes the equivalent of dividends earned up to January 31, 2019 on vested PSUs.
- Mr. Merasty received a one-time special grant of PSUs upon hire with a grant date value of \$257,095. This grant attracts dividend equivalents and 1/3 of the accumulated value will vest after each year starting with January 31, 2019, 1/3 on January 31, 2020 and the final 1/3 January 31, 2021. The accumulated PSUs are settled in shares. No additional LTIP grant was awarded to Mr. Merasty in 2018.

All Other Compensation

The following table shows the breakdown of "All Other Compensation" in the Summary Compensation Table for 2016 to 2018. These amounts reflect the aggregate incremental costs to North West.

NEO	Year	Flexible Benefits (\$)	Interest Subsidy on Loan (\$)	Employee Ownership (\$)	Other (\$)	Total All Other Compensation (\$)
Edward Kennedy	2018	82,234	1,884	200	2,826	87,144
	2017	80,223	1,074	173	3,373	84,843
	2016	78,267	1,077	173	3,834	83,351
John King	2018	39,539	–	–	1,893	41,432
	2017	37,046	–	–	2,256	39,302
	2016	35,000	–	–	2,690	37,690
Craig Gilpin	2018	46,069	–	9,213	2,063	57,345
	2017	44,952	–	8,990	2,547	56,489
	2016	43,878	–	8,775	3,092	55,745
Dan McConnell	2018	43,075	–	8,645	3,502	55,222
	2017	38,043	–	7,608	2,246	47,897
	2016	31,341	–	6,267	2,658	40,226
Gary Merasty ⁽¹⁾	2018	–	–	–	79,051	79,051
	2017	–	–	–	–	–
	2016	–	–	–	–	–

Note

(1) The amount reported as "Other" for Mr. Merasty reflects the expense for benefits provided pursuant to North West's standard moving program as a result of relocation to Winnipeg, MB.

Pension Benefits

The following is a summary of the retirement income of each of the NEOs under the defined benefit provisions of North West's pension arrangements. Please refer to "OTHER ELEMENTS OF 2018 COMPENSATION" on page 46 of this Circular for information regarding the terms and conditions of payments and benefits under the plan, including the formula for determining benefits.

Name	# of Years of credited service	Annual benefits payable at year end (\$)	Annual benefits payable at age 65 (\$)	Defined benefit obligation at start of year (\$)	Compensatory Change (\$)	Non-Compensatory Change ⁽³⁾ (\$)	Defined benefit Obligation at year end (\$) ⁽¹⁾
Edward Kennedy ⁽²⁾	24.17	571,800	702,900	9,734,400	273,400	9,200	10,017,000
John King ^(3,4)	22.50	148,400	266,000	2,208,300	220,800	372,100	2,801,200
Craig Gilpin	8.83	95,800	210,500	1,754,900	194,500	(18,700)	1,930,700
Dan McConnell ^(3,4)	16.50	96,100	306,100	1,293,500	295,400	167,500	1,756,400
Gary Merasty	0.75	6,100	93,400	–	128,800	(1,000)	127,800

Notes

- (1) Pensionable earnings are determined on a calendar-year basis, and include base salary and STIP. The defined benefit obligation under the defined benefit pension plan are calculated by North West's independent actuaries based on the same valuation method and significant assumptions used in determining the defined benefit obligations as disclosed in the notes to North West's audited Consolidated Financial Statements for the year-ended January 31, 2019. The underlying assumption used by the actuary is a 4% annual increase in pensionable earnings. Pensionable earnings in excess of 4% are allocated into the compensatory amount which comprises the defined benefit obligation as shown in this table (the reverse also applies in the event pensionable earnings grow less than 4%, which results in a negative amount for the year). The year-end defined benefit obligation is determined by projecting the previous calendar year pensionable earnings to retirement age for each NEO. The actuary determines the highest three consecutive years of pensionable earnings to determine the accrued pension and obligation. In most situations this is the last or final three years.
- (2) Mr. Kennedy enrolled in the Defined Contribution provision of the Executive Pension Plan and Excess Plan from January 1, 1994 through to December 31, 1998 and has an Accumulated Value as at January 31, 2019 of \$351,234 from these plans. This value is not included in the above table.
- (3) Values includes 9.92 years of Staff Pension Plan service for Mr. King and 6.17 years of Staff Pension Plan service for Mr. McConnell. The actuary determines the highest five consecutive year average earnings to determine the accrued pension and obligation for the Staff Pension plan.
- (4) The total includes the Staff Plan obligation for Mr. King and Mr. McConnell for years of service in the Staff Pension Plan of \$409,300 and \$227,000 respectively.

OUTSTANDING EQUITY BASED AWARDS

The following are the total unexercised option-based awards and share-based awards granted to North West's NEOs as at January 31, 2019.

Name	Option-Based Awards			Share-Based Awards			
	# of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	# of Shares that have not vested (rounded to nearest Share) ⁽²⁾	Market or payout value of Share-based awards that have not vested (\$) ⁽³⁾	Market or payout value of vested Share-based awards not paid out or distributed ⁽⁴⁾
Edward Kennedy	197,468	19.31	April 11, 2020				
	202,805	21.54	April 14, 2021				
	269,313	23.05	April 15, 2022				
	243,569	26.93	April 13, 2023				
	225,174	30.48	April 23, 2024				
	144,481	27.77	April 27, 2025	8,162,694	67,721	2,106,128	587,868
John King	26,315	19.31	April 11, 2020				
	30,232	21.54	April 14, 2021				
	40,145	23.05	April 15, 2022				
	36,308	26.93	April 13, 2023				
	35,354	30.48	April 23, 2024				
	27,953	27.77	April 27, 2025	1,202,709	14,105	438,681	133,448
Craig Gilpin	21,882	19.31	April 11, 2020				
	37,903	21.54	April 14, 2021				
	50,328	23.05	April 15, 2022				
	45,517	26.93	April 13, 2023				
	42,052	30.48	April 23, 2024				
	32,377	27.77	April 27, 2025	1,365,494	16,513	513,561	160,502
Dan McConnell	6,924	19.31	April 11, 2020				
	27,074	21.54	April 14, 2021				
	35,949	23.05	April 15, 2022				
	32,512	26.93	April 13, 2023				
	45,140	30.48	April 23, 2024				
	30,748	27.77	April 27, 2025	908,359	16,510	513,462	134,702
Gary Merasty ⁽⁵⁾	—	—	—	—	5,689	176,938	92,822

Notes

- (1) The market value of all unexercised in-the-money vanilla options granted in 2018, are calculated based on the difference between \$31.17, the closing price of a common Share on January 31, 2019, and the option exercise price of \$27.77. The market value of unexercised in-the-money declining strike price options for Canadian NEOs granted in 2013, 2014, 2015, 2016 and 2017 are calculated based on the difference between \$31.17, the closing price of a common Share on January 31, 2019, and the declining strike price of \$19.31 for 2013, the declining strike price of \$21.54 for 2014, the declining strike price of \$23.05 for 2015, the declining strike price of \$26.93 for 2016, the declining strike price of \$30.48 for 2017. A rolling 365 day volume weighted average yield calculation was used for the calculation of the revised strike price. The portion of all quarterly dividends paid since the 2013, 2014, 2015, 2016 and 2017 grants, on a per Share basis, that exceed a dividend yield of 2% for North West, is also deducted from the strike price.
- (2) Includes the number of unvested PSUs outstanding as at January 31, 2019.
- (3) The market value of the unvested Share based awards is calculated by multiplying the portion of the outstanding PSUs which are time based (1/3 of the PSU grants for 2017 and 2018) granted to the NEO by the fair market value of the Shares as at February 1, 2019 (\$31.10). Fair market value is calculated based on the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding February 1, 2019. The 2/3 portion of the outstanding PSU grants for 2017 and 2018 which are subject to performance conditions are valued at the minimum possible payout of zero on this table. The final amounts in the table include dividends earned up to January 31, 2019 on granted PSUs. No assumption is made for future dividends.
- (4) Includes the PSUs granted in 2016 that vested on January 31, 2019 and which were paid out in April 2019.
- (5) Mr. Merasty received a one-time special grant of PSUs upon hire with a grant date value of \$257,095. This grant attracts dividend equivalents and 1/3 of the accumulated value will vest after each year starting with January 31, 2019, 1/3 on January 31, 2020 and the final 1/3 January 31, 2021. The accumulated PSUs are settled in Shares. No additional LTIP grant was awarded to Mr. Merasty in 2018.

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SHARE OWNERSHIP GUIDELINES

The Board established a Share Ownership Policy, effective December 11, 2014, outlining the minimum levels of share ownership required for all executives. The policy is designed to align the interests of those executives with the interests of Shareholders, to demonstrate financial commitment to North West through personal Share ownership, and to promote North West's long term commitment to sound corporate governance.

The following are included as "Shares" for the purposes of determining the share ownership level for each executive:

- All Shares owned by the executive, an executive's spouse and any dependent children living in the same household (either purchased through the open market or those obtained from North West treasury through the exercise of stock options);
- The time based portion of any PSUs granted to an executive; and
- Any vested DSUs granted to an executive.

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

Executives are required to maintain ownership levels that meet or exceed the guidelines within five years of being appointed or promoted to their current position. Should an executive be promoted to a higher employment status (i.e. Vice President to Executive Vice President or Executive Vice President to President and Chief Executive Officer), the executive will have a further five years from the date of his/her promotion to attain the Share ownership multiple required for their new position.

North West believes that given the short and long term incentive programs in place for executives, that there are sufficient mechanisms available to assist an executive to reach required ownership levels. Executives who are subject to this policy are required to abide by the following until their minimum Share ownership requirement is met:

- Convert 100% of after-tax performance share units into Shares;
- Purchase Shares equivalent to the after-tax value of any stock options exercised by the Executive; and
- Fully participate in North West's Employee Share Ownership Plan.

The table below shows the market value of Shares held by each of the NEOs as of January 31, 2019, based on the closing price of North West on the TSX on January 31, 2019 and the actual ownership as a multiple of their respective base salary.

NEO	Market Value of Shares (\$) ⁽¹⁾	Net Ownership as a multiple of base salary	Minimum Ownership as a multiple of salary
Edward Kennedy	11,612,913	14.0	4.0
John King	3,138,694	7.9	2.0
Craig Gilpin	1,280,370	2.8	2.0
Dan McConnell	1,045,442	2.4	2.0
Gary Merasty	279,096	0.7	2.0

Note

(1) Includes any Shares purchased through the open market, and 100% of outstanding time based portion of PSUs, any vested DSUs; all multiplied by the January 31, 2019 closing price of \$31.17.

SUMMARY OF SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

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

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number of shares available for issuance under the DSU Plan is a fixed number set at 484,970. The following table provides information on securities authorized for issuance under equity compensation plans as at January 31, 2019:

Equity Compensation Plan	Securities to be issued upon exercise of outstanding options and Director DSUs (A)	Weighted average exercise price of outstanding options and Director DSUs (B)	Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)
Declining Strike Price Options ⁽¹⁾	1,967,723	\$27.36	NA
Standard Options ⁽¹⁾	430,340	\$27.83	NA
Total Options ⁽¹⁾	2,398,063	\$27.44	1,721,568
Director Deferred Share Units	270,277	NA	214,693
Treasury-settled Performance Share Units	71,491	NA	788,509

Note

(1) The outstanding options have a weighted average remaining life of 3.90 years with the declining strike price having a weighted average remaining life of 3.46 years and standard options having a weighted average remaining life of 5.91 years. Further information on share options and DSUs is provided Note 13 to the Company's audited consolidated financial statements for the year ended January 31, 2019 which is available on SEDAR as www.sedar.com or the Company's website at www.northwest.ca.

ADDITIONAL INFORMATION ON EQUITY COMPENSATION PLANS

The following table provides additional information on the Director Deferred Share Unit Plan and the Share Option Plan for the past three years:

	2019	2018	2017
Total Shares issued and outstanding as at January 31	48,750,929	48,690,212	48,542,514
Total weighted average Shares issued and outstanding for the year ended January 31	48,697,129	48,679,837	48,523,883
Director Deferred Share Units ("DSUs")			
Number of underlying Shares reserved for issuance upon exercise of all DSUs	270,277	249,108	212,166
DSU Dilution — Shares reserved under the DSU Plan as a % of total Shares issued and outstanding as at January 31	0.55%	0.51%	0.44%
Number of DSUs granted during the fiscal year (February 1 to January 31)	42,355	36,942	32,014
DSU Burn Rate — % of DSUs granted during the fiscal year as a % of weighted average Shares outstanding for the year ended January 31	0.09%	0.08%	0.07%
Number of DSUs available for future issuance under equity compensation plans	214,693	231,266	272,804
Treasury Settled Performance Share Units ("TPSUs")			
Number of underlying Shares reserved for issuance upon exercise of all TPSUs	71,491	—	—
TPSU Dilution — Shares reserved under the TPSU Plan as a % of total Shares issued and outstanding as at January 31	0.15%	—	—
Number of TPSUs granted during the fiscal year (February 1 to January 31)	71,491	—	—
TPSU Burn Rate — % of TPSUs granted during the fiscal year as a % of weighted average Shares outstanding for the year ended January 31	0.15%	—	—
Number of TPSUs available for future issuance under equity compensation plans	788,509	—	—
Share Option Plan			
Number of underlying Shares reserved for issuance upon exercise of all options	2,398,063	2,919,117	2,525,534
Option Dilution — Shares reserved under Share Option Plans as a % of total Shares issued and outstanding as at January 31	4.92%	6.00%	5.20%
Number of options granted during the fiscal year (February 1 to January 31)	372,992	505,112	522,621
Option Burn Rate — % of options granted during the fiscal year as a % of weighted average Shares outstanding for the year ended January 31	0.77%	1.04%	1.08%
Number of options available for future issuance under equity compensation plans	1,721,568	1,261,231	1,663,972
Total Equity Compensation Plans			
Total Dilution — Shares reserved under all equity compensation plans as a % of total Shares issued and outstanding as at January 31	5.62%	6.51%	5.64%
Total Burn Rate — options and DSUs granted during the fiscal year as a % of weighted average Shares outstanding as at January 31	1.00%	1.09%	1.13%
Total Overhang — options and DSUs available for future issuance plus options and DSUs outstanding but not exercised as a % of Shares issued and outstanding as at January 31	11.21%	9.57%	9.63%

TERMINATION AND CHANGE OF CONTROL BENEFITS

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

The following table summarizes the payments that would be received by each NEO pursuant to contractual provisions where the executive ceases to be employed by North West. The amounts calculated are based on compensation as at January 31, 2019.

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

	For Cause (\$)	Without Cause (\$) ⁽²⁾	Change of control (\$)	Retirement (\$) ⁽²⁾	Death or Disability (\$)	Resignation (\$)
Edward Kennedy⁽¹⁾						
Base/Bonus/Perquisite	–	1,327,229	3,982,085	–	–	–
PSUs ⁽³⁾	–	2,106,128	2,106,128	2,106,128	2,106,128	–
Options ⁽⁴⁾	–	8,162,694	8,162,694	8,162,694	8,162,694	–
Total	–	11,596,051	14,250,907	10,268,822	10,268,822	–
John King						
Base/Bonus/Perquisite	–	–	–	–	–	–
PSUs ⁽³⁾	–	204,211	438,678	438,678	204,211	–
Options ⁽⁴⁾	–	614,991	1,202,799	1,202,799	614,991	–
Total	–	819,202	1,641,477	1,641,477	819,202	–
Craig Gilpin						
Base/Bonus/Perquisite	–	1,215,777	1,311,012	–	–	–
PSUs ⁽³⁾	–	240,166	513,557	513,557	240,166	–
Options ⁽⁴⁾	–	639,216	1,365,494	1,365,494	639,216	–
Total	–	2,095,159	3,094,828	1,879,051	879,382	–
Dan McConnell						
Base/Bonus/Perquisite	–	–	–	–	–	–
PSUs ⁽³⁾	–	245,232	513,459	513,459	245,232	–
Options ⁽⁴⁾	–	353,291	908,359	908,359	353,291	–
Total	–	598,523	1,421,818	1,421,818	598,523	–
Gary Merasty						
Base/Bonus/Perquisite	–	–	–	–	–	–
PSUs ⁽³⁾	–	79,768	185,642	185,642	79,768	–
Options ⁽⁴⁾	–	–	–	–	–	–
Total	–	79,768	185,642	185,642	79,768	–

Notes

- (1) The amounts for Mr. Kennedy's retirement reflect his entitlement at 59 years of age.
- (2) The amounts for all NEOs (other than Mr. Kennedy) for retirement assume the NEO retires on or after the age of 55, and that they have been approved as a "Qualified Retirement" by the Board pursuant to the terms of these incentive plans.
- (3) This amount reflects the amounts payable under the plan document for North West's PSU plan. The value of the PSUs is calculated by multiplying the number of qualified Share units by the fair market value as determined under the PSU plans (\$31.10) as at January 31, 2019. With respect to death or disability, the amounts are prorated as at January 31, 2019 pursuant to the terms of the PSU plan. For Mr. Kennedy, the amounts are calculated pursuant to the terms of his employment agreement.

- (4) These amounts reflect the amounts payable under the Original Option Plan and Amended and Restated Option Plan. With respect to the amounts payable upon Retirement, the amounts payable assume that all NEOs were approved for "Qualified Retirement" under the Original Option Plan and Amended and Restated Option Plan. The value of the options is calculated by multiplying the number of qualified options by the January 31, 2019 closing Share price of \$31.17, and subtracting from that amount the number of qualified options multiplied by the exercise price or declining strike price of each option. For Mr. Kennedy, the amounts are calculated pursuant to the terms of his employment agreement.

EMPLOYMENT AGREEMENTS/OFFERS OF EMPLOYMENT

President and Chief Executive Officer

Mr. Kennedy, who is 59 years of age, has been the President and Chief Executive Officer of North West for the past 23 years, and an executive of North West for the past 30 years. In recognition of Mr. Kennedy's tenure with North West, combined with his significant contributions to North West's performance, and in order to encourage the continued leadership of North West until he reaches his normal retirement age, North West entered into an employment agreement with Mr. Kennedy effective February 1, 2011. The key terms of the agreement relating to termination and change of control are as follows:

UPLP Loan⁽¹⁾

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

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

Termination for Cause

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

Resignation for "Good Reason" as defined in the Employment Agreement; or "Change of Control"

Mr. Kennedy is entitled to the equivalent of 2.5 times the annual average of his base salary, perquisite allowance and STIP paid to Mr. Kennedy in the three years in which Mr. Kennedy was paid the greatest base salary, perquisite allowance and STIP. In addition, all RSUs and PSUs (including all Special RSUs) granted to Mr. Kennedy shall be deemed to be earned and shall vest at the time of termination. Mr. Kennedy is also entitled to any unvested options, and North West shall pay Mr. Kennedy an amount equal to the Share value of all unvested options as of the date the "termination" occurs. For any vested options, the expiry of these options accelerate to the earlier of 90 days after termination or until all vested options expire in accordance with the option plan. (collectively, the "**Termination Payment**").

Change of Control Definition

Change of control occurs if: a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions occurs where existing Shareholders then hold less than 50% of the voting Shares; b) the sale, lease, exchange or other disposition of assets, rights, or properties of North West which have an aggregate book value of greater than 60% of the book value of North West on a consolidated basis; c) a resolution to windup, dissolve or liquidate North West; d) any person or entity, acting jointly or in concert, acquires control or direction over the voting Shares, which, when added to the voting Shares over which the acquirer exercises control or direction over, would entitle the acquirer to cast a vote of 50% or more of the votes attached to all of the voting securities; e) as a result of or in connection with the contested election of Directors of North West, the nominees named in the most recent management information circular shall not constitute a majority of Directors of North West immediately prior to such an event; f) any person or entity acting jointly or in concert with each other, acquired beneficial ownership acquires ownership by way of takeover bid provisions of more than 50% of the voting Shares; or g) the Board adopts a resolution to the effect that a change of control as defined in this paragraph has occurred or is imminent.

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

Termination without Cause after July 29, 2014

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

Resignation after July 29, 2014

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

Death or Disability

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

Retirement after July 29, 2014

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

Non-Competition/ Non-Solicit

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

Executive Vice President and Chief Corporate Officer

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

Termination for Cause

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

Termination without Cause

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

Change of Control

Mr. Gilpin is entitled to a payment equal to two times base salary and perquisite allowance, and the average STIP payment paid to Mr. Gilpin for the three years prior to the change of control. In addition, Mr. Gilpin is entitled to any unvested and vested PSUs and options as set out in the respective incentive plan documents.

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

INDEBTEDNESS OF DIRECTORS AND EXECUTIVES

None of the Directors or executives of North West or its affiliated entities, nor any associate or affiliate of any of them, is or was indebted, directly or indirectly, to North West or any of its affiliated entities at any time since February 1, 2015, the beginning of the most recently completed financial year, other than as set out below.

As a term of Mr. Edward Kennedy's employment agreement entered into effective February 1, 2011, North West agreed to loan Mr. Edward Kennedy the sum of \$107,450 without interest, in order to reimburse Mr. Kennedy for the net cost incurred by Mr. Kennedy for terminating his participation in North West's former Unit Purchase Loan Program that was terminated effective December 31, 2010. This loan is repayable upon the termination of Mr. Kennedy's employment with North West (see "PART IV — COMPENSATION DISCUSSION AND ANALYSIS — TERMINATION AND CHANGE OF CONTROL BENEFITS — EMPLOYMENT AGREEMENTS/OFFERS OF EMPLOYMENT" on page 57 of this Circular).

DIRECTOR AND OFFICER LIABILITY INSURANCE

North West maintains a Director and Officer liability insurance program. The program covers costs to defend and settle claims against North West's Directors and officers to an annual limit of \$40 million, with additional \$25 million coverage in Side A DIC coverage. The primary policy includes a \$100,000 deductible for an indemnifiable occurrence with no deductible for a non-indemnifiable occurrence. The cost of coverage for the period July 1, 2018 to July 1, 2019 was approximately \$146,794. Directors and officers do not pay premiums, and no indemnity claims were made or paid in 2018.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management of North West is not aware of any material interest, direct or indirect, of any informed person (being a director or executive officer of North West or a person who beneficially owns or controls, directly or indirectly, more than 10% of the voting rights attached to Shares of North West) or any associate or affiliate of any of the foregoing persons, in any transaction since the commencement of our most recently completed financial year or in any proposed transaction which has materially affected or would materially affect us or any of our subsidiaries.

Part V — Additional Information

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

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

Part VI — Directors' Approval

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

Winnipeg, Manitoba, Canada
April 10, 2019.

By ORDER OF THE BOARD OF DIRECTORS

"Amanda Sutton"

Amanda Sutton
Vice President, Legal and Corporate Secretary
The North West Company Inc.

Schedule “A” — Mandate of the Board of Directors

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

A. COMPOSITION, BOARD ORGANIZATION, AND MEETINGS

- The Board will be comprised of between seven and twelve Directors⁽¹⁾, with the number of Directors from time to time being fixed by the Board. The Board will be constituted with a majority of individuals who are “independent” within the meaning of the corporate governance policies of *National Policy 58-201 Corporate Governance Guidelines*.
- All Directors will have the skills and abilities appropriate to their appointment as a Director.
- The Directors will be elected at each annual meeting of shareholders subject to North West’s bylaws, and may be elected at a special meeting of shareholders, in each case to hold office for a term expiring at the close of the next annual meeting of shareholders following such an election.
- The Board is responsible for establishing formal delegations of authority, which define the limits of management’s power and authority, and delegating to management certain powers to manage the affairs of North West. The Board has delegated to the Chief Executive Officer (“CEO”) certain powers and authorities to manage the business and affairs of North West, subject to the limitations of North West’s governing legislation. Any power or authority not so delegated remains within the Board.
- The Board has established the following committees to assist in discharging its duties: the Audit Committee, the Governance and Nominating Committee, and the Human Resources, Compensation and Pension Committee. Each committee has its own Board approved mandate. The Board may establish additional Committees or merge or dispose of any committee, as circumstances require. The Board is responsible for overseeing the duties delegated to each committee.
- In fulfilling its responsibilities, the Board shall have unrestricted access to management, and authority to select, retain, terminate and approve the fees of any independent advisor to assist it in performing its responsibilities. It is the policy of the Board to conduct portions of regularly scheduled meetings in the absence of management.
- Minutes of the Board and its committees shall be recorded and maintained by the Corporate Secretary, and subsequently presented to the Board or its committees for approval.

B. DUTIES AND RESPONSIBILITIES

The Board’s duties include:

1. Strategic Planning

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

2. Identification and Management of Risks

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

3. Financial Performance and Internal Controls

- Overseeing the financial reporting and disclosure obligations of the Board.
- Recommending the appointment and remuneration of North West’s external auditors to North West’s shareholders.

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

4. Communications and Public Disclosure

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

5. Human Resources Management, Succession Planning and Executive Compensation

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

6. Governance

- Developing a set of corporate governance principles and guidelines.
- Establishing appropriate structures and procedures to allow the Board to function independently of management.
- Establishing Board committees and defining their mandates to assist the Board in carrying out its roles and responsibilities.
- Approving the compensation of the Directors and the Chairperson of the Board.
- Setting expectations and responsibilities of Directors, including attendance at, preparation for, and participation in meetings.
- Undertaking regular evaluations of the Board, its committees, its members, and reviewing its composition with a view to the effectiveness and independence of the Board and its members.
- Ensuring that each new Director engages in a comprehensive orientation process and that all directors are provided with continuing education opportunities.
- Identifying competencies and skills necessary for the Board as a whole and for each individual Director.
- Identifying individuals qualified to become new Directors.
- Reviewing the Board mandate on a regular basis, or as a result of legislative or regulatory changes, to ensure it appropriately reflects the Board's stewardship responsibilities.

7. Integrity, Ethics and Social Responsibility

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

Approved by the Board of Directors effective March 12, 2015.

Note

- (1) The Mandate of the Board of Directors is scheduled to be updated in the first quarter of 2019 to reflect, *inter alia*, that the Articles of North West provide that the Board shall consist of a minimum of three directors and a maximum of thirteen Directors.

Schedule “B” — Human Resources, Compensation and Pension Committee Mandate

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

1. Purpose:

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

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

2. Committee Composition:

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

3. Reports

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

4. Responsibilities

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

(a) Appointment and Compensation of Key Personnel

The Committee:

- (i) shall review and recommend to the Board, the appointment and terms of employment of the CEO.
- (ii) shall review and approve the appointment and terms of employment of any members of senior management who report directly to the CEO (“Executives”),
- (iii) shall review and approve annually a salary grid level for senior management who are not Executives, and who hold the title of either “Vice President”, “Director” or “General Manager” for North West and its subsidiaries (“Senior Management”).
- (iv) may obtain compensation data as necessary concerning entities that would be comparable to North West, and other data deemed appropriate by the Committee, and to the extent possible, understand the basis upon which comparable entities compensate their Executives and Senior Management.
- (v) shall review and recommend to the Board the compensation and design of incentive plans for the CEO, Executives, and Senior Management. In its review the Committee will assess the linkage of its compensation philosophy and incentive plans to North West’s financial and non-financial performance, support for North West’s business strategy, and alignment with North West’s employee compensation philosophy;

- (vi) shall review and recommend to the Board, periodic changes to compensation guidelines and benefit plans;
- (vii) shall review and recommend to the Board:
 - payouts and grants pursuant to North West's Share based incentive plans for the CEO, Executives and Senior Management;
 - the CEO's annual short term incentive plan payment and measures;
 - any discretionary bonuses for the CEO; and
 - the adjudication of any matters impacting North West's incentive plans relating to the CEO.
- (viii) shall review and approve, for Executives and Senior Management:
 - payouts and grants pursuant to North West's Share based incentive plans;
 - any discretionary bonuses for Executives and Senior Management proposed by the CEO;
 - for Executives, the payments and measures under North West's annual short term incentive plan; and
 - the adjudication of matters impacting North West's incentive plans relating to Executives and Senior Management.
- (ix) shall annually review and recommend for approval to the Board, the Compensation Discussion and Analysis for inclusion in the Management Proxy Circular.

(b) Human Resource Leadership

The Committee shall:

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

(c) Chief Executive Officer (CEO)

The Committee shall:

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

(d) Succession and Development

The Committee shall:

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

- (iv) review and approve any proposed appointments of Executive, and the organizational structure of Executive and Senior Management reporting directly to the CEO, and as recommended by the CEO, and if such changes are material in nature as determined by the Committee, recommend approval to the Board.

(e) Executive Pension Plan

Plan Design

The Committee shall:

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

Valuation and Funding

The Committee Shall:

- (i) review and recommend to the Board for its approval on a regular basis, a funding policy which sets out guidelines with respect to the valuation and funding of the liabilities of the Executive Pension Plan;
- (ii) review and approve, at least annually, the major actuarial assumptions for the valuation and funding of the liabilities of the Executive Pension Plan, as recommended by the Chief Financial Officer of North West;
- (iii) review and approve, at least annually, the actuarial report of the Executive Pension Plan; and
- (iv) review and recommend for approval to the Board, at least annually, the contributions to the pension funds of the Executive Pension Plan, as recommended by the Chief Financial Officer of North West.

Risk Management

The Committee shall:

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

Communication and Education

The Committee shall review and approve the communications plan and any material individual communications to members of the Executive Pension Plan relating to the education of such members of the pension plan.

Operations and Implementation

The Committee shall:

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

(f) Staff Pension Plan

The Pension Benefits Act of Manitoba (“Act”) and The North West Company Staff Pension Plan (the “Plan”) provide that the Pension Committee established pursuant to the Act (the “Pension Committee”) may delegate all or part of its powers and responsibilities to the Board or the Committee. Pursuant to the Delegation Agreement entered into between the Pension Committee and North West effective September 28, 2011, the Committee shall:

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

5. Structure

- (a) The Board shall appoint one of the Committee members to act as Chairperson of the Committee.
- (b) The Committee will appoint the Corporate Secretary of North West as secretary of the Committee, who will keep minutes of all meetings. In absence of the Corporate Secretary, the Committee will appoint an acting secretary who will keep minutes of the meeting.
- (c) The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than quarterly each year. Meetings will be at the call of the Chairperson. Notwithstanding the foregoing, any member of the Committee may call a meeting of the Committee. The Committee may hold a meeting by telephone conference call.
- (d) No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum.
- (e) Any member of the Committee may be removed or replaced at any time by the Board or shall cease to be a member of the Committee as soon as such member ceases to be a Director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders.
- (f) The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, unless otherwise provided for in North West’s bylaws, or otherwise determined by resolution of the Board.
- (g) Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

6. Chairperson of the Committee

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

7. Independent Advice

The Committee shall:

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

8. Evaluation

The Committee shall:

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

Approved by the Board of Directors: Effective December 10, 2014.

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Schedule "C" — Arrangement Resolution

ARRANGEMENT RESOLUTION

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

- A. The arrangement (the "**Arrangement**") under section 192 of the *Canada Business Corporations Act* (the "**CBCA**"), as more particularly described in the Information Circular (the "**Circular**") of The North West Company Inc. ("**North West**") dated April 10, 2019 accompanying the notice of this meeting, as the Arrangement may be modified or amended in accordance with the Plan of Arrangement (as defined below), is hereby authorized, approved and adopted.
- B. The plan of arrangement of North West (the "**Plan of Arrangement**"), as it has been or may be amended, modified or supplemented in accordance with its terms, the full text of which is set out as Schedule "D" to the Circular, is hereby authorized, approved and adopted.
- C. Notwithstanding that this resolution has been passed (and the Plan of Arrangement adopted) by the shareholders of North West or that the Arrangement has been approved by the Court of Queen's Bench Manitoba (the "**Court**"), the directors of North West are hereby authorized and empowered without further notice to or approval of the shareholders of North West (i) to amend the Plan of Arrangement, to the extent permitted by the Plan of Arrangement, and (ii) not to proceed with the Arrangement.
- D. Any one director or officer of North West be and is hereby authorized and directed for and on behalf of North West to make an application to the Court for an order approving the Arrangement, to execute, under the corporate seal of North West or otherwise, and to deliver to the Registrar under the CBCA for filing articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement.
- E. Any one director or officer of North West be and is hereby authorized and directed for and on behalf of North West to execute or cause to be executed, under the corporate seal of North West or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

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Schedule “D” — Plan of Arrangement

PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT

ARTICLE 1 INTERPRETATION

- 1.1 **Definitions.** In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the meanings hereinafter set forth:
- (a) **“CBCA”** means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44;
 - (b) **“air service”** means a service, provided by means of an aircraft, that is publicly available for the transportation of passengers or goods, or both;
 - (c) **“Arrangement”, “herein”, “hereof”, “hereto”, “hereunder”** and similar expressions mean and refer to the arrangement pursuant to Section 192 of the CBCA set forth in this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Corporation, the whole as supplemented, modified or amended;
 - (d) **“Arrangement Resolution”** means the special resolution approving this Plan of Arrangement to be considered at the Meeting by the Shareholders voting together as a single class;
 - (e) **“Articles”** means the articles of arrangement of the Corporation, as amended from time to time;
 - (f) **“Articles of Arrangement”** means the articles in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director after the Final Order has been granted;
 - (g) **“Business Day”** means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Winnipeg, in the Province of Manitoba, for the transaction of banking business;
 - (h) **“By-Law No. 1”** means the Amended and Restated By-Law No. 1 of the Corporation;
 - (i) **“Canadian”** means:
 - (a) a Canadian citizen or a permanent resident as defined in subsection 2(1) of the *Immigration and Refugee Protection Act*, S.C. 2001, c. 27,
 - (b) a government in Canada or an agent or mandatary of such a government, or
 - (c) a corporation or entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 51% of the voting interests are owned and controlled by Canadians and where:
 - (i) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another Person, and
 - (ii) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another Person;
 - (j) **“Certificate”** means the certificate to be issued by the Director pursuant to subsection 192(7) of the CBCA giving effect to the Arrangement;
 - (k) **“Common Voting Shares”** means the common voting shares in the share capital of the Corporation;
 - (l) **“Corporation”** means The North West Company Inc., a corporation incorporated under the laws of Canada;
 - (m) **“Court”** means Court of Queen’s Bench Manitoba in Winnipeg, Manitoba;
 - (n) **“CTA”** means the Canada Transportation Act, S.C. 1996, c. 10;
 - (o) **“Director”** means the director appointed under section 260 of the CBCA.
 - (p) **“Effective Date”** means the date the Arrangement is effective under the CBCA, as endorsed by the Certificate;
 - (q) **“Effective Time”** means 12:01 a.m. on the Effective Date, as endorsed by the Certificate;
 - (r) **“Final Order”** means the final order of the Court approving the Arrangement as such order may be amended or varied by the Court (with the consent of the Corporation) at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that such amendment is acceptable to the Corporation) on appeal;

- (s) **“Governmental Entity”** means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, minister, cabinet, governor in council, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange;
 - (t) **“Interim Order”** means the interim order of the Court, in a form acceptable to the Corporation, concerning the Arrangement and providing for, among other things, declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be amended or varied by the Court (with the consent of the Corporation);
 - (u) **“Law”** means, with respect to any Person, any and all applicable laws (statutory, civil, common or otherwise), constitutions, treaties, conventions, ordinances, codes, rules, regulations, orders, injunctions, judgments, decrees, rulings or other similar requirements, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise;
 - (v) **“Meeting”** means the annual and special meeting of the Shareholders, including any adjournment or postponement of such annual and special meeting, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;
 - (w) **“Non-Canadian”** means a Person who is not a Canadian;
 - (x) **“Non-Canadian Holder Authorized to Provide Air Service”** means one or more non-Canadian Shareholders authorized to provide an air service in any jurisdiction, either individually or in affiliation with another Person;
 - (y) **“Person”** includes an individual, limited or general partnership, limited liability corporation, limited liability partnership, trust, joint venture, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;
 - (z) **“Plan of Arrangement”** means this plan of arrangement under Section 192 of the CBCA, and any amendments or variations made in accordance therewith or made at the direction of the Court in the Final Order with the prior written consent of the Corporation;
 - (aa) **“Shareholders”** means the holders and the beneficial owners of the Variable Voting Shares and the holders and the beneficial owners of the Common Voting Shares;
 - (bb) **“Shares”** means the Variable Voting Shares and the Common Voting Shares;
 - (cc) **“Single Non-Canadian Holder”** means any single non-Canadian Shareholder, either individually or in affiliation with another Person;
 - (dd) **“Transfer Agent”** means AST Trust Company (Canada); and
 - (ee) **“Variable Voting Shares”** means the variable voting shares in the share capital of the Corporation.
- 1.2 **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 **References.** Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 **Certain Phrases, etc.** Unless the context requires otherwise, words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders.
- 1.5 **Business Day.** In the event that the date on which any action is required to be taken hereunder is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place, except that the Effective Date can fall on a date that is not a Business Day.
- 1.6 **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.
- 1.7 **Statutes.** References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.
- 1.8 **Governing Law.** This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the laws of Canada applicable therein.
- 1.9 **Time References.** References to time herein are to local time, Winnipeg, Manitoba.

**ARTICLE 2
BINDING EFFECT**

- 2.1 Upon the filing of the Articles of Arrangement and the issuance of the Certificate, this Plan of Arrangement shall become, at and after the Effective Time, effective and binding on: (i) all the Shareholders; (ii) the Corporation, (iii) the Transfer Agent, and (iv) all other Persons, without any further formality required on the part of any Person, except as expressly provided herein.

**ARTICLE 3
THE ARRANGEMENT**

- 3.1 At the Effective Time, the following events shall occur and shall be deemed to occur in the following order without any further authorization, act or formality on the part of any Person:
- (a) the Corporation's Articles shall be amended, and shall be deemed to be amended, in the form attached as Schedule "A" hereto, to modify the rights attached to the Shares in order to reflect the amendments to the CTA implemented through *The Transportation Modernization Act* (Bill C-49);
 - (b) the Articles of Arrangement in the form attached as Schedule "A" hereto shall be adopted and the Corporation's Articles shall be amended accordingly;
 - (c) By-Law No. 1 shall be amended and restated in the form attached as Schedule "B" hereto; and
 - (d) the Corporation shall be authorized to amend the statutory declaration and any form to be completed from time to time by Shareholders to determine their status as Canadian, non-Canadian, Single Non-Canadian Holder and Non-Canadian Authorized to Provide Air Service, such amendments to be made in accordance with the authority granted to the directors of the Corporation in By-Law No. 1 by way of the Articles of Arrangement.
- 3.2 The Arrangement and the amendment of the Articles by way of Articles of Arrangement shall not trigger any right of dissent for the Shareholders, whether under the CBCA or otherwise.
- 3.3 Each Shareholder, with respect to each step set out in Section 3.1 applicable to such Shareholder, shall be deemed, at the time such step occurs, to have executed and delivered all necessary or required consents, releases, assignments, instruments, certificates, powers of attorney and waivers, statutory or otherwise, relating to or in connection with the completion of such step.
- 3.4 The Articles of Arrangement and the Certificate shall be filed and issued, respectively, with regard to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Section 3.1 has become effective in the sequence and at the times set out therein.
- 3.5 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time.

**ARTICLE 4
AMENDMENTS AND WITHDRAWAL**

- 4.1 The Corporation may amend this Plan of Arrangement at any time, provided that each such amendment must be set out in writing and filed with the Court.
- 4.2 Any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time by the Corporation without the approval of the Court or of the Shareholders, provided that it concerns a matter which, in the reasonable opinion of the Corporation, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any Shareholder.
- 4.3 Subject to Section 4.2, any amendment to this Plan of Arrangement may be proposed by the Corporation at any time prior to or at the Meeting with or without any other prior notice or communication to Shareholders, and if so proposed and accepted by the Persons voting at the Meeting (other than as required by the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 4.4 Subject to Section 4.2, the Corporation may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court, and, if and as required by the Court, after communication to Shareholders.
- 4.5 This Plan of Arrangement may be withdrawn and the Corporation may not proceed with this Plan of Arrangement prior to the Effective Time in accordance with the Arrangement Resolution.

**ARTICLE 5
FURTHER ASSURANCES**

- 5.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in Section 3.1 and shall become effective without any further act or formality, the Corporation shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required in order to further document or evidence any of the transactions or events set out herein.

SCHEDULE A
Articles of Arrangement
(See Attached)

**SCHEDULE A
TO
ARTICLES OF ARRANGEMENT
FOR
THE NORTH WEST COMPANY INC.
(the "Corporation")**

1. INTERPRETATION

1.1 Definitions

For purposes of the articles of the Corporation, the following terms have the following meanings:

"Affiliation" shall, for purposes of subparagraphs 2.1.1, 2.1.2 and 2.1.3 of this Schedule "A", have the meaning set forth in Subsection 55(2) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

"Aggregate Votes" means the aggregate of the votes attached to all Voting Shares of the Corporation that may ordinarily be cast to elect directors of the Corporation;

"Air Service" shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

"Canadian" shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

"CBCA" means the *Canada Business Corporations Act*, R.S.C. 1985, c.C-44, as amended;

"CBCA Regulations" means any regulations promulgated from time to time under the CBCA;

"Common Voting Share" means the common voting shares of the share capital of the Corporation;

"corporation" includes a body corporate, partnership and unincorporated organization;

"Corporation" means The North West Company Inc.;

"Corporations Canada" means Innovation, Science and Economic Development Canada – Corporations Canada;

"CTA" means the *Canada Transportation Act*, S.C. 1996, Ch. 10, as amended;

"Non-Canadian Holder(s) Authorized to Provide Air Service" shall have the meaning set forth in subparagraph 2.1.2(i);

"Offeror" shall have the meaning set forth in Subsection 206 of the CBCA or as specified in any regulation made thereunder;

"person" includes an individual, corporation, association, entity, government or agency thereof, trustee, executor, administrator and other legal representative, and reference to "person" in the singular shall be deemed to include the plural and vice versa;

"Single Non-Canadian Holder" shall have the meaning set forth in subparagraph 2.1.1(i);

"Transfer Agent" means the transfer agent and the registrar of the Voting Shares of the Corporation;

"Variable Voting Share" means the variable voting shares of the share capital of the Corporation; and

“Voting Share” means the Variable Voting Shares and the Common Voting Shares of the share capital of the Corporation.

1.2 Undefined Terms

All terms used herein that are not defined herein but are defined in the CBCA shall have the meanings ascribed thereto in the CBCA. Any provision herein that may be read in a manner that is inconsistent with the CBCA shall be read so as to be consistent with the CBCA.

Unless otherwise specified, references in these articles to legislation or regulation, including the CBCA and CTA, shall be interpreted as referring to those provisions as they may be amended, replaced or supplemented from time to time.

2. VARIABLE VOTING SHARES

Subject to the rights, privileges, restrictions and conditions which attach to any other class of shares, the Variable Voting Shares shall, as a class, have the following rights, privileges, restrictions and conditions:

2.1 Voting

The holders of the Variable Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class shall be entitled to vote separately as a class as provided in the CBCA.

The Variable Voting Shares shall carry one vote per Variable Voting Share unless any of the thresholds set forth in subparagraphs 2.1.1, 2.1.2 or 2.1.3, as the case may be, would otherwise be surpassed at any time, in which case the vote attached to a Variable Voting Share will decrease as described in this Section 2.1 below.

2.1.1. Single Non-Canadian Holder

If at any time:

- (i) a single non-Canadian holder of Variable Voting Shares (a **“Single Non-Canadian Holder”**), either individually or in affiliation with any person, owns directly or indirectly, a number of Variable Voting Shares that, as a percentage of the total number of all Voting Shares outstanding, exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation), or
- (ii) the total number of votes cast by or on behalf of a Single Non-Canadian Holder, either individually or in affiliation with another person, at any shareholder meeting would exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Variable Voting Share owned by such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the Variable Voting Shares owned by such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding Voting Shares of the Corporation, and (y) the total number of votes cast by or on behalf of such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder at any shareholder meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

For greater certainty, a single Non-Canadian Holder Authorized to Provide Air Service (as such term is defined in subparagraph 2.1.2(ii)) shall also constitute a Single Non-Canadian Holder for purposes of subparagraph 2.1.1.

2.1.2. Non-Canadian Holder Authorized to Provide Air Service

If at any time:

- (i) one or more non-Canadians authorized to provide an air service in any jurisdiction (each, a **“Non-Canadian Holder Authorized to Provide Air Service”** and collectively, the **“Non-Canadian Holders Authorized to Provide Air Service”**), collectively own directly or indirectly, either individually or in affiliation with any person, a number of Variable Voting Shares that, as a percentage of the total number of all Voting Shares outstanding, after the application of the automatic and proportionate decrease to the votes attached to all of the Variable Voting Shares owned by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with subparagraph 2.1.1 (if any, as may be required thereunder), exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation), or
- (ii) the total number of votes cast by or on behalf of Non-Canadian Holders Authorized to Provide Air Service and persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any shareholder meeting would, after the application of the automatic and proportionate decrease to the votes attached to all of the Variable Voting Shares owned by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with subparagraph 2.1.1 (if any, as may be required thereunder) exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Variable Voting Share owned by all Non-Canadian Holders Authorized to Provide Air Service and by any person in affiliation with such Non-Canadian Holders Authorized to Provide Air Service, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the Variable Voting Shares owned by all Non-Canadian Holders Authorized to Provide Air Service and by any person in affiliation with such Non-Canadian Holders Authorized to Provide Air Service do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding Voting Shares of the Corporation, and (y) the total number of votes cast by or on behalf of all Non-Canadian Holders Authorized to Provide Air Service and by any person in affiliation with such Non-Canadian Holders Authorized to Provide Air Service at any shareholder meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

2.1.3. General – All Holders of Variable Voting Shares

If at any time:

- (i) the number of issued and outstanding Variable Voting Shares, after the application of the automatic and proportionate decrease to the votes attached to all of the Variable Voting Shares owned by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with subparagraph 2.1.1 and after the application of the automatic and proportionate decrease to the votes attached to all of the Variable Voting Shares owned by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with one or more Non-Canadian Holder Authorized to Provide Air Service in accordance with subparagraph 2.1.2 (in each case, if any, as may be required under such subparagraphs), exceeds 49% of the total number of all issued and

outstanding Voting Shares (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation), or

- (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any shareholder meeting would, after the application of the automatic and proportionate decrease to the votes attached to all of the Variable Voting Shares owned by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with subparagraph 2.1.1 and after the application of the automatic and proportionate decrease to the votes attached to all of the Variable Voting Shares owned by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with one or more Non-Canadian Holder Authorized to Provide Air Service in accordance with subparagraph 2.1.2 (in each case, if any, as may be required under such subparagraphs) exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Variable Voting Share will decrease proportionately and automatically and without further act or formality only to such extent that, as a result (i) the Variable Voting Shares as a class cannot carry more than 49% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding Voting Shares of the Corporation, and (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares as a class at any shareholder meeting do not exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes that cast at such meeting.

2.2 Dividends

Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Corporation ranking prior to the Variable Voting Shares, the holders of Variable Voting Shares shall be entitled to receive any dividend declared by the directors of the Corporation at the times and for the amounts that the Board of Directors may, from time to time, determine. The Variable Voting Shares and the Common Voting Shares shall rank equally as to dividends on a share-for-share basis, and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Variable Voting Shares and Common Voting Shares then outstanding, without preference or distinction.

2.3 Subdivision or Consolidation

No subdivision or consolidation of the Variable Voting Shares shall occur unless, simultaneously, the Variable Voting Shares and the Common Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

2.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation ranking prior to the Variable Voting Shares, in the case of liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purpose of winding-up its affairs, the holders of Variable Voting Shares and Common Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

2.5 Conversion

2.5.1. Automatic. Each issued and outstanding Variable Voting Share shall be automatically converted into one Common Voting Share without any further act on the part of the Corporation or of the holder, if:

- (i) such Variable Voting Share is or becomes beneficially owned and controlled, directly or indirectly, by a Canadian; or
- (ii) the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

2.5.2. Upon an Offer. In the event that an offer is made to purchase Common Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed, to be made to all or substantially all the holders of Common Voting Shares in a province of Canada to which the requirement applies, each Variable Voting Share shall become convertible at the option of the holder into one Common Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the Offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Variable Voting Shares for the purpose of depositing the resulting Common Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to section 2.1 above, notwithstanding their conversion. The Transfer Agent shall deposit the resulting Common Voting Shares on behalf of the holder.

To exercise such conversion right, the holder or his attorney duly authorized in writing shall:

- (i) give written notice to the Transfer Agent of the exercise of such right and of the number of Variable Voting Shares in respect of which the right is being exercised;
- (ii) deliver to the Transfer Agent the share certificate or certificates representing the Variable Voting Shares in respect of which the right is being exercised; and
- (iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing the Common Voting Shares resulting from the conversion of the Variable Voting Shares shall be delivered to the holders on whose behalf such deposit is being made.

If Common Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the Offeror; or the offer is abandoned or withdrawn by the Offeror or the offer otherwise expires without such Common Voting Shares being taken up and paid for, the Common Voting Shares resulting from the conversion will be reconverted into Variable Voting Shares and a share certificate representing the Variable Voting Shares will be sent to the holder by the Transfer Agent. Common Voting Shares resulting from the conversion and taken up and paid for by the Offeror shall be reconverted into Variable Voting Shares at the time the Offeror is required under the applicable securities legislation to take up and pay for such shares if the Offeror is not a Canadian.

In the event that the Offeror takes up and pays for the Common Voting Shares resulting from conversion, the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.

There will be no right to convert the Variable Voting Shares into Common Voting Shares in the following cases:

- (i) the offer to purchase Common Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed to be made to all or substantially all of the holders of Common Voting Shares in a province or territory of Canada to which the requirement applies, that is, the offer is an "exempt take-over bid" within the meaning of the foregoing securities legislation; or

- (ii) an offer to purchase Variable Voting Shares is made concurrently with the offer to purchase Common Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Variable Voting Shares must be unconditional, subject to the exception that the offer for the Variable Voting Shares may contain a condition to the effect that the Offeror is not required to take up and pay for Variable Voting Shares deposited to the offer if no shares are purchased pursuant to the contemporaneous offer for the Common Voting Shares.

3. COMMON VOTING SHARES

Subject to the rights, privileges, restrictions and conditions which attach to the shares of any other class, the Common Voting Shares, as a class, shall have attached thereto the following rights, privileges, restrictions and conditions.

3.1 Voting

The holders of Common Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class shall be entitled to vote separately as a class as provided in the CBCA. Each Common Voting Share shall confer the right to one vote at all meetings of shareholders of the Corporation.

3.2 Dividends and Distributions

Subject to the rights, privileges, restrictions and conditions attached to any class of shares of the Corporation ranking prior to the Common Voting Shares, holders of Common Voting Shares shall be entitled to receive the dividends declared by the directors of the Corporation at the times and for the amounts that the Board of Directors may, from time to time, determine. The Common Voting Shares and Variable Voting Shares shall rank equally as to dividends on a share for share basis and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Common Voting Shares and Variable Voting Shares then outstanding, without preference or distinction.

3.3 Subdivision or Consolidation

No subdivision or consolidation of the Common Voting Shares shall occur unless, simultaneously, the Common Voting Shares and the Variable Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the respective rights of the holders of the shares of each of the said classes.

3.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to any class of shares ranking prior to the Common Voting Shares, in the case of liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purposes of winding-up its affairs, the holders of Common Voting Shares and Variable Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

3.5 Conversion

3.5.1. Automatic. Subject to the foreign ownership restrictions of the CTA, an issued and outstanding Common Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of the Corporation or the holder, if such Common Voting Share is or becomes beneficially owned or controlled, directly or indirectly, by a person who is not a Canadian.

3.5.2. Upon an Offer. In the event that an offer is made to purchase Variable Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, to be made to all or substantially all the holders of Variable Voting Shares in a province or territory of Canada to which the requirement applies,

each Common Voting Share shall become convertible at the option of the holder into one Variable Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the Offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Common Voting Shares for the purpose of depositing the resulting Variable Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to section 3.1 above, notwithstanding their conversion. The Transfer Agent shall deposit the resulting Variable Voting Shares on behalf of the holder.

To exercise such conversion right, the holder or his attorney duly authorized in writing shall:

- (i) give written notice to the Transfer Agent of the exercise of such right and of the number of Variable Voting Shares in respect of which the right is being exercised;
- (ii) deliver to the Transfer Agent the share certificate or certificates representing the Variable Voting Shares in respect of which the right is being exercised; and
- (iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing the Variable Voting Shares resulting from the conversion of the Common Voting Shares will be delivered to the holders on whose behalf such deposit is being made.

If Variable Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the Offeror or the offer is abandoned or withdrawn by the Offeror or the offer otherwise expires without such Variable Voting Shares being taken up and paid for, the Variable Voting Shares resulting from the conversion will be reconverted into Common Voting Shares and a share certificate representing the Common Voting Shares will be sent to the holder by the Transfer Agent. Variable Voting Shares resulting from the conversion and taken up and paid for by the Offeror shall be reconverted into Common Voting Shares at the time the Offeror is required under the applicable securities legislation to take up and pay for such shares if the Offeror is Canadian.

In the event that the Offeror takes up and pays for the Variable Voting Shares resulting from conversion, the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.

There will be no right to convert the Common Voting Shares into Variable Voting Shares in the following cases:

- (i) the offer to purchase Variable Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed to be made to all or substantially all of the holders of Variable Voting Shares in a province or territory of Canada to which the requirement applies, that is, the offer is an "exempt takeover bid" within the meaning of the foregoing securities legislation; or
- (ii) an offer to purchase Common Voting Shares is made concurrently with the offer to purchase Variable Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Common Voting Shares must be unconditional, subject to the exception that the offer for the Common Voting Shares may contain a condition to the effect that the Offeror is not required to take up and pay for Common Voting Shares deposited to the offer if no shares are purchased pursuant to the contemporaneous offer for the Variable Voting Shares.

4. CONSTRAINTS ON OWNERSHIP OF SHARES

4.1 Variable Voting Shares

The Variable Voting Shares may only be beneficially owned or controlled, directly or indirectly, by persons who are not Canadians.

4.2 Common Voting Shares

The Common Voting Shares may only be beneficially owned and controlled, directly or indirectly, by Canadians.

4.3 CBCA Constraints

In the event that any Canadian federal or provincial legislation or regulation applicable to the Corporation should become prescribed for the purposes of subsection 46(1) or subsections 174(1)(b) or (c) of the CBCA or any other similar provision in the CBCA or CBCA Regulations, these provisions shall be read as if they included additional constraints that assist the Corporation or any of its affiliates or associates (within the meaning of the CBCA) to qualify under such prescribed law or regulation to receive licenses, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership and control and such specified level of Canadian ownership and control shall be the level of Canadian ownership and control designated by such prescribed law or regulation of Canada or a province.

4.4 Joint Ownership

Where Voting Shares of the Corporation are beneficially owned or controlled by several persons jointly, the number of Voting Shares beneficially owned or controlled by any one such person shall include the number of Voting Shares beneficially owned or controlled jointly with such other persons. Where the Voting Shares are beneficially owned or controlled jointly by a person who is not Canadian and another person or persons, the Voting Shares shall be deemed to be owned or controlled by such person who is not a Canadian.

4.5 Exceptions

4.5.1. Nothing in these provisions shall be construed to apply in respect of Voting Shares of the Corporation that:

- (i) are held by one or more underwriters solely for the purpose of distributing the shares to the public; or
- (ii) are held by any person that is acting in relation to the shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides centralized facilities for the clearing of trades in securities.

4.5.2. The constraints imposed herein do not apply to the extent that a person who is not a Canadian holds Voting Shares by way of security only and such holding by way of security only is evidenced in such form as may be prescribed by the by-laws or resolutions adopted by the shareholders or directors of the Corporation and filed by such holder with the Corporation.

4.6 By-Laws

4.6.1. Subject to the CBCA and the CBCA Regulations, the directors of the Corporation may make, amend or repeal any by-laws required to administer the constrained share provisions set out in these articles including by-laws:

- (i) to require any person in whose name Voting Shares are registered to furnish a statutory declaration declaring whether:
 - (A) the shareholder holds, is the beneficial owner of and has control over the Voting Shares; and
 - (B) the shareholder is a Canadian,
- and declaring any further facts that the directors consider relevant;

- (ii) to require any person seeking to have a transfer of a Voting Share registered in such person's name or to have a Voting Share issued to such person to furnish a declaration similar to the declaration a shareholder may be required to furnish under paragraph (i) above; and
- (iii) to determine the circumstances in which any declarations are required, their form and the times when they are to be furnished.

4.6.2. Where a person is required to furnish a declaration pursuant to a by-law made under this Section 4.6, the directors may refuse to register a transfer of a voting share in such person's name or to issue a voting share to such person until that person has furnished the declaration.

4.7 Powers of Directors

4.7.1. In the administration of these provisions, the directors of the Corporation shall enjoy, in addition to the powers set forth herein, all of the powers necessary or desirable, in their opinion, to carry out the intent and purpose hereof, including but not limited to all powers contemplated by the provisions relating to constrained share corporations in the CBCA and the CBCA Regulations.

4.7.2. In the administration of these provisions, the directors of the Corporation may rely on:

- (i) a statement made in a declaration referred to in Section 4.6; and
- (ii) the knowledge of a director, officer, employee or agent of the Corporation.

4.7.3. Where the directors are required to determine the total number of voting shares of the Corporation held by or on behalf of persons who are not Canadians, the directors may rely upon (i) the share register of the Corporation or (ii) any other register held, or any declaration of residence collected by, the Transfer Agent or any depository, such as CDS & Co., as of any date, provided that such date is not more than four months before the day on which the determination is made.

4.7.4. Wherever in this Article 4 it is necessary to determine the opinion of the directors of the Corporation, such opinion shall be expressed and conclusively evidenced by a resolution of the directors of the Corporation duly adopted, including a resolution in writing executed pursuant to Section 117 of the CBCA.

4.7.5. Neither any shareholder of the Corporation nor any other interested person shall have any claim or action against the Corporation or against any director or officer of the Corporation nor shall the Corporation have any claim or action against any director or officer of the Corporation arising out of any act (including any omission to act) performed pursuant to or in intended pursuance of these provisions or any breach or alleged breach of such provisions.

SCHEDULE B

By-Law No. 1

(See Attached)

SECOND AMENDED AND RESTATED BY-LAW NO. 1

Canada Business Corporations Act

A by-law relating generally to the regulation of the business and affairs of

**THE NORTH WEST COMPANY INC.
(the "Corporation")**

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SECTION I DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this by-law and in all other by-laws of the Corporation, unless the context otherwise requires:

"Act" means the *Canada Business Corporations Act* as amended or re-enacted from time to time and includes the regulations made pursuant thereto.

"Affiliation" shall, for the purposes of Section 8.8, have the meaning set forth in Subsection 55(2) of the *Canada Transportation Act* or, as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

"board" means the board of directors of the Corporation.

"by-laws" means all by-laws of the Corporation.

"Canadian" has the meaning ascribed thereto in the *Canada Transportation Act*.

"CTA Limitation" has the meaning provided to such term in Section 8.8.

"director" means a director of the Corporation.

"electronic document" means any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means and that can be read or perceived by a person or by any means.

"information system" means a system used to generate, send, receive, store or otherwise process an electronic document.

"non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada).

"Non-Canadian" means a person who is not a Canadian.

"Non-Canadian Authorized to Provide Air Service" has the meaning provided to such term in Section 8.8.

"number of directors" means the number of directors of the Corporation provided for in the articles or, where a minimum and maximum number of directors is provided for in the articles, the number of directors of the Corporation most recently elected by the shareholders of the Corporation.

1.2 Certain Rules of Interpretation

- (a) All terms used in the by-laws which are defined in the Act shall have the meanings given to such terms in the Act.
- (b) In all by-laws, the singular shall include the plural and the plural shall include the singular and words in one gender include all genders.
- (c) Headings used in the by-laws are for convenience of reference only and shall not affect the construction or interpretation of the by-laws.
- (d) If any of the provisions contained in this by-law are inconsistent with those contained in the articles or a unanimous shareholder agreement, the provisions contained in the articles or unanimous shareholder agreement, as the case may be, shall prevail.

SECTION II DIRECTORS

2.1 Quorum

Subject to Section 3.1, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of directors. If, however, the Corporation has fewer than three directors, all directors must be present at any meeting of the board to constitute a quorum.

2.2 Qualification

No person shall be qualified for election as a director if that person: (a) is less than 18 years of age, (b) is of unsound mind and has been so found by a court in Canada or elsewhere, (c) is not an individual, or (d) has the status of a bankrupt. A director need not be a shareholder. A majority of the directors of the Corporation shall be resident Canadians.

2.3 Election and Term

The election of directors shall take place at the first meeting of shareholders and at each annual meeting of shareholders. A director not elected for an expressly stated term shall cease to hold office at the close of the first annual meeting following that director's election or appointment. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

2.4 Removal of Directors

Subject to the Act, the shareholders may by ordinary resolution passed at an annual or special meeting remove any director from office and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the directors.

2.5 Vacation of Office

A director ceases to hold office when that director dies, is removed from office by the shareholders or ceases to be qualified for election as a director. A director also ceases to hold office when that director's written resignation is received by the Corporation or, if a time is specified in such resignation, at the time so specified, whichever is later.

2.6 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or minimum or maximum number of directors or from a failure of the shareholders to elect the number or minimum number of directors provided for in the articles of the Corporation.

2.7 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine and shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing in this by-law precludes any director from serving the Corporation in any other capacity and receiving remuneration for doing so.

SECTION III MEETINGS OF DIRECTORS

3.1 Canadian Majority

The board shall not transact business at a meeting, other than filling a vacancy in the board, unless a majority of the directors present are resident Canadians. The board may, however, transact business at a meeting of directors where the required number of resident Canadian directors is not present if:

- (a) a resident Canadian director who is unable to be present approves in writing or by telephone, electronic or other communication facilities, the business transacted at the meeting; and
- (b) the required number of resident Canadian directors would have been present had that director been present at the meeting.

3.2 Meetings by Telephone, Electronic or Other Communication Facility

If all the directors present at or participating in the meeting consent, any or all of the directors may participate in a meeting of the board or of a committee of the board by means of such telephone, electronic or other communications facilities as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and any director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board held while a director holds office.

3.3 Place of Meetings

Meetings of the board may be held at any place within or outside Canada. In any financial year of the Corporation, a majority of the meetings of the board need not be held within Canada.

3.4 Calling of Meetings

Meetings of the board may be convened at any time by the chairman, chief executive officer, president or any director upon notice given to all directors in accordance with section 3.5.

3.5 Notice of Meeting

Notice of the time and place of each meeting of the board shall be given in the manner provided in section 11.1 to each director (a) not less than 48 hours before the time when the meeting is to be held if the notice is mailed, or (b) not less than 24 hours before the time the meeting is to be held if the notice is given personally or is delivered or is sent by any means of an electronic document or communication.

3.6 Waiver of Notice

A director may in any manner or at any time waive notice of or otherwise consent to a meeting of the board including by sending an electronic document or communication to that effect. Attendance of a director at a meeting of the board shall constitute a waiver of notice of that meeting except where a director attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called.

3.7 First Meeting of New Board

If a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

3.8 Adjourned Meeting

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

3.9 Regular Meetings

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose of that meeting or the business to be transacted at it to be specified.

3.10 Chairman

The chairman of any meeting of the board shall be a director and the chairman of the board, and if the chairman of the board is not present and willing to serve, the directors present shall choose a director of the Corporation to be chairman of such meeting of the board.

3.11 Votes to Govern

At all meetings of the board, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

3.12 One Director Meeting

Where the board consists of only one director, that director may constitute a meeting.

3.13 Amendments to the Act

It is hereby affirmed that the intention of Sections 3.1 and 4.1, as they relate to Canadian representation, is to comply with the minimum requirements of the Act, the *Canada Transportation Act* and the Canadian Transportation Agency and in the event that such minimum requirements shall be amended, deleted or replaced such that no, or lesser, requirements with respect to Canadian representation are then in force, such sections shall be deemed to be correspondingly amended, deleted or replaced without any further act of the directors or shareholders of the Corporation.

SECTION IV COMMITTEES

4.1 Committee of Directors

The board may appoint from their number one or more committees of the board, however designated, of which at least one-half of the members must be resident Canadians, and delegate to such committee any of the powers of the board except those which, under the Act, a committee of the board has no authority to exercise.

4.2 Audit Committee

If the Corporation is a distributing corporation the board shall, and otherwise the board may, constitute an audit committee composed of not fewer than three directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates, and who shall hold office until the next annual meeting of shareholders. The audit committee shall have the powers and duties provided in the Act.

4.3 Transaction of Business

The powers of a committee of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or outside Canada.

4.4 Procedure

Unless otherwise determined by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure. To the extent that the board or the committee does not establish rules to regulate the procedure of the committee, the provisions of this by-law applicable to meetings of the board shall apply mutatis mutandis.

SECTION V OFFICERS

5.1 Appointment

The board may designate the officers of the Corporation and from time to time appoint a chairman of the board, chief executive officer, president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. One person may hold more than one office and, except for the chairman of the board and the chief executive officer, an officer need not be a director. A majority of the officers of the Corporation shall be resident Canadians.

5.2 Chairman of the Board

If appointed, the board may assign to the chairman of the board any of the powers and duties that are by any provisions of this by-law assigned to the chief executive officer or to the president and subject to the Act, such other powers and duties as the board may specify. The chairman of the board shall, when present, preside at all meetings of the board and shareholders. Subject to section 3.10 and section 7.9, during the absence or disability of the chairman of the board, the duties of the chairman of the board shall be performed, and the powers exercised, by a director of the Corporation chosen by the directors then present.

5.3 Chief Executive Officer

If appointed, the chief executive officer shall have general supervision of the business and affairs of the Corporation, subject to the authority of the board. The chief executive officer shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the president, or if no president has been appointed, the chief executive officer shall also have the powers and duties of that office.

5.4 President

If appointed, the president shall have general supervision of the business and affairs of the Corporation, subject to the direction and authority of the board, the chairman of the board and the chief executive officer and shall have such other powers and duties as the board may specify. During the absence or disability of the chief executive officer, or if no chief executive officer has been appointed, the president shall also have the powers and duties of that office. In the absence of the appointment of a chief executive officer or the designation of the chairman of the board as such, the president shall be the chief executive officer of the Corporation. Otherwise, the president shall be the chief operating officer of the Corporation.

5.5 Vice-President

If appointed, the vice-president, or if more than one, the vice-presidents, in order of seniority as designated by the board, shall be vested with all the powers and perform all the duties of the president if the president is absent or is unable to act. No vice-president, however, shall preside at any meeting of the directors unless appointed to do so by the board. A vice-president shall have such powers and duties as the board or the chief executive officer may specify.

5.6 Secretary

If appointed, the secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings. The secretary shall also give or cause to be given, as and when instructed, all notices to shareholders, directors, officers and auditors and he or she shall be the custodian of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose, and the secretary shall have such other powers and duties as the board or the chief executive officer may specify.

5.7 Treasurer

If appointed, the treasurer shall keep or cause to be kept proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of funds of the Corporation. The treasurer shall render to the board whenever required an account of all transactions as treasurer and of the financial position of the Corporation. The treasurer shall have such other powers and duties as the board or the chief executive officer may specify.

5.8 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

5.9 Variation of Powers and Duties

Subject to the provisions of the Act, the board may from time to time vary, add to or limit the powers and duties of any officer.

5.10 Term of Office

The board, in its discretion, may remove any officer of the Corporation without prejudice to such officer's rights under any employment contract. Otherwise, each officer appointed by the board shall hold office until a successor is appointed, except that the term of office of the chairman of the board shall expire when that individual ceases to be a director.

5.11 Agents and Attorneys

The board shall have power from time to time to appoint agents or attorneys for the Corporation in or out of Ontario with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

5.12 Fidelity Bonds

The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their duties, in such form and with such surety as the board may from time to time prescribe.

SECTION VI PROTECTION OF DIRECTORS AND OFFICERS

6.1 Limitation of Liability

No director or officer of the Corporation shall be liable for the acts or omissions of any other director, officer, employee or agent of the Corporation, or for any costs, charges or expenses of the Corporation resulting from any deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from bankruptcy or insolvency, or in respect of any tortious acts of or relating to the Corporation or any other director, officer, employee or agent of the Corporation, or for any loss occasioned by an error of judgment or oversight on the part of any other director, officer, employee or agent of the Corporation, or for any other costs, charges or expenses of the Corporation occurring in connection with the execution of the duties of the director or officer, unless such costs, charges or expenses are incurred as a result of such person's own wilful neglect, default or negligence. Nothing in this by-law, however, shall relieve any director or officer from the duty to act in accordance with the Act or from liability for any breach of the Act.

6.2 Indemnity

- (a) Indemnification. The Corporation may indemnify and save harmless every director or officer, every former trustee, director or officer and every individual who acts or acted at the Corporation's or its predecessor's request as a trustee, director or officer or an individual in a similar capacity of another entity, including the predecessor entities, North West Company Fund and The NWC Trust, from and against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by that individual in respect of any civil, criminal, administrative, investigative or other proceeding to which that individual is involved because of their association with the Corporation or other entity.
- (b) Advance of Costs. The Corporation may advance money to a director, officer former trustee, or other individual for the costs, charges and expenses of a proceeding referred to in section 6.2(a) but such individual shall be required to repay the money if the individual does not fulfil the conditions set out in section 6.2(c).
- (c) Limitation. The Corporation shall not indemnify an individual under section 6.2(a) unless that individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a trustee, director or officer or as an individual in a similar capacity at the Corporation's or at the Corporation's predecessor's request.
- (d) Further Limitation. In addition to the conditions set out in section 6.2(c), if the matter is a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Corporation shall not indemnify the individual under section 6.2(a) unless that individual had reasonable grounds for believing that the conduct was lawful.
- (e) Derivative Action. The Corporation may, with the approval of a court, indemnify and save harmless any individual referred to in section 6.2(a), or advance moneys under section 6.2(b) in respect of any action by or on behalf of the Corporation or other entity to obtain a judgment in its favour to which the individual is made a party because of the individual's association with the Corporation or other entity against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if that individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a director, trustee or officer or in a similar capacity at the Corporation's or at the Corporation's predecessor's request.
- (f) Right to Indemnity. Despite section 6.2(a), an individual referred to in section 6.2(a) is entitled to indemnity from the Corporation in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defence of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject

because of the individual's association with the Corporation or other entity as described in section 6.2(a) if the individual seeking an indemnity,

- (i) was not judged by a court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and
- (ii) fulfils the condition set out in section 6.2(c) and section 6.2(d).

6.3 Insurance

The Corporation may purchase and maintain such insurance for the benefit of an individual referred to in section 6.2(a) against any liability incurred by the individual in his or her capacity as a director or officer of the Corporation, or in his or her capacity as a director, trustee or officer, or a similar capacity of another entity, if the individual acts or acted in that capacity at the Corporation's or the Corporation's predecessor's request.

SECTION VII MEETINGS OF SHAREHOLDERS

7.1 Annual Meetings

The annual meeting of shareholders shall be held at such time in each year and, subject to section 7.3, at such place as the board, or if delegated by the board, the chairman of the board, the chief executive officer or the president may from time to time determine. Such meetings shall be held for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and fixing or authorizing the board to fix their remuneration, and for the transaction of such other business as may properly be brought before the meeting.

7.2 Special Meetings

The board, the chairman of the board, the chief executive officer or the president or the holders of not less than five percent (5%) of the issued shares of the Corporation that carry the right to vote at a meeting sought, shall have power to call a special meeting of shareholders at any time.

7.3 Place of Meetings

Meetings of shareholders shall be held at the place where the registered office of the Corporation is situated or, if the board so determines, at some other place within Canada or, if all the shareholders entitled to vote at the meeting so agree, at some place outside Canada.

7.4 Meetings by Telephone

Any person entitled to attend a meeting of shareholders may participate in the meeting, to the extent and in the manner permitted by law, by means of a telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting. The directors or the shareholders of the Corporation who call a meeting of shareholders pursuant to the Act may determine that the meeting shall be held, to the extent and in the manner permitted by law, entirely by means of a telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

7.5 Notice of Meetings

Notice of the time and place of each meeting of shareholders (and of each meeting of shareholders adjourned for an aggregate of 30 days or more) shall be given in the manner provided in section 11.1 not less than 21 days and not more than 60 days before the date of the meeting, to each director, to the auditor and to each shareholder who at the close of business on the record date for notice, if any, is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and re-appointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit a shareholder to form a reasoned judgment thereon and shall state the text of any special resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of or otherwise consent to a meeting of shareholders. Attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where that person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

7.6 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares entitled to vote at the meeting held by each shareholder. If a record date for the meeting is fixed pursuant to section 7.7, the shareholders listed shall be those registered at the close of business on the record date and such list shall be prepared not later than ten days after such record date. If no record date is fixed, the list shall be prepared at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held and shall list all shareholders registered at such time. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the securities register is kept and at the place where the meeting is held.

7.7 Record Date for Notice

The board may fix in advance a record date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 21 days, for the determination of the shareholders entitled to notice of the meeting. Notice of any such record date shall be given not less than seven days before such record date by newspaper advertisement in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be the close of business on the day immediately preceding the day on which the notice is given.

7.8 Meetings Without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- (a) if all the shareholders entitled to vote at that meeting are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and
- (b) if the auditor and the directors are present or waive notice of or otherwise consent to such meeting being held.

At such meeting, any business may be transacted which the Corporation at a meeting of shareholders may transact.

7.9 Chairman, Secretary and Scrutineers

The chairman of any meeting of shareholders shall be the chairman of the board and if the chairman of the board is not present at the meeting, the directors present shall choose a director of the Corporation to be chairman of such meeting. If each of the chairman of the board, the directors or such chosen director is/are not present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman of such meeting of shareholders. If the secretary of the

Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

7.10 Persons Entitled to be Present

The only persons entitled to be present at a meeting of the shareholders shall be those entitled to vote at that meeting, the directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

7.11 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be at least two shareholders, one of whom shall be, or be representing, a Canadian, whether present in person or represented by proxy, holding at least 25% of the total number of issued and outstanding shares entitled to vote at such meeting. Notwithstanding the foregoing, if the Corporation has only one shareholder, or only one shareholder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting and a quorum for such meeting, provided that such shareholder is a Canadian.

7.12 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 7.6, every person who is named in such list shall be entitled to vote the shares shown thereon opposite the name of that person except to the extent that such person has transferred any shares after the date on which the list is prepared or, where a record date has been fixed, after the record date and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that the person owns such shares, demands at any time prior to the meeting that the name of that person be included to vote the transferred shares at the meeting. In the absence of such a list, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

7.13 Proxies

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or the attorney of that shareholder and shall conform with the requirements of the Act.

7.14 Time for Deposit of Proxies

The board may by resolution and specified in a notice calling a meeting of shareholders fix a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

7.15 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and

vote, they shall vote as one the shares jointly held by them. Where shares are owned or controlled jointly by one or more persons who are Non-Canadian, the shares shall be deemed to be owned or controlled, as the case may be, by Non-Canadians.

7.16 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by law, be determined by the majority of the votes cast on the question. In the case of an equality of votes either upon a show of hands or upon a ballot, the chairman of the meeting shall not be entitled to a second or casting vote.

7.17 Show of Hands

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands has been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting as to the result of the vote upon the question and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of such question, and the result of the vote so taken shall be the decision of the shareholders upon such question.

7.18 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may demand a ballot. A ballot so demanded shall be taken in such manner as the chairman shall direct. A demand for a ballot may be withdrawn at any time prior to the taking of the ballot. The result of the ballot so taken shall be the decision of the shareholders upon the question.

7.19 Electronic Voting by Shareholders

Any vote at a meeting of the shareholders may be held, to the extent and in the manner permitted by law, entirely by means of a telephone, electronic or other communication facility, if the Corporation makes available such a communication facility.

7.20 Voting while participating electronically

Any person participating in a meeting of shareholders by electronic means as provided in section 7.4 and entitled to vote at that meeting may vote, to the extent and in the manner permitted by law, by means of the telephone, electronic or other communication facility that the Corporation has made available for that purpose.

7.21 Resolution in Writing

A resolution in writing signed by all of the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders.

SECTION VIII SECURITIES

8.1 Registration of Transfer

Subject to the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by the attorney of that holder or successor duly appointed, together with such reasonable assurance or evidence of signature, identification and authority to

transfer as the board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles.

8.2 Transfer Agents and Registrars

The board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers, but one person may be appointed both registrar and transfer agent. The board may at any time terminate any such appointment.

8.3 Security Certificates

Every holder of securities of the Corporation shall be entitled, at the option of that holder, to a security certificate, or to a non-transferable written acknowledgement of the right to obtain a security certificate, stating the number and designation, class or series of securities held by that holder as shown on the securities register. Security certificates and acknowledgements of a securities holder's right to a security certificate, respectively, shall be in such form as the board shall from time to time approve. Any security certificate shall be signed in accordance with section 10.1. A security certificate shall be signed by at least one director or officer of the Corporation and by or on behalf of the transfer agent and/or registrar of the Corporation. Such signatures may be manually made or printed or otherwise mechanically reproduced. A security certificate executed as aforesaid shall be valid notwithstanding that one of the directors or officers whose printed or mechanically reproduced signature appears thereon no longer holds office at the date of issue of the certificate.

8.4 Replacement of Security Certificates

The board, any officer or any agent designated by the board has the discretion to direct the issue of a new security certificate in lieu of and upon cancellation of a security certificate that has been mutilated. In the case of a security certificate claimed to have been lost, destroyed or wrongfully taken, the board, any officer or any agent designated by the board shall issue a substitute security certificate if so requested before the Corporation has notice that the security has been acquired by a bona fide purchaser. The issuance of the substitute security certificate shall be on such reasonable terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board or the officer or the agent designated by the board responsible for such issuance may from time to time prescribe, whether generally or in any particular case.

8.5 Joint Shareholders

If two or more persons are registered as joint holders of any security, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such security.

8.6 Deceased Security Holders

Subject to the provisions of section 8.7, in the event of the death of a holder of any security, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation, which reasonable requirements shall in the discretion of the board not necessarily include the production of letters probate or letters of administration.

8.7 Deceased Jointly-Held Security Holders

Where a share is registered in the name of two or more persons as joint holders with rights of survivorship, upon satisfactory proof of the death of one joint holder and without the requirement of letters probate or letters of administration, the Corporation shall treat the

surviving joint holder(s) as the sole owner(s) of the share effective as of the date of death of such joint holder and the Corporation shall make the appropriate entry in the securities register to reflect such ownership.

8.8 Non-Canadian Ownership

The rights of Non-Canadians with respect to the shares are limited by the *Canada Transportation Act* and directions by the federal cabinet to the Canadian Transportation Agency (the **"CTA Limitation"**). At no time may Non-Canadians (i) control the Corporation in fact or (ii) hold or beneficially own or control, directly or indirectly, either individually or in Affiliation with another person, such number of shares entitling them to more than 49% (or any different percentage which may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation and approved or adopted by the directors of the Corporation) of the votes attached to all outstanding shares. Furthermore, at no time may (i) a single Non-Canadian hold or beneficially own or control, directly or indirectly, either individually or in Affiliation with another person, such number of shares entitling them to more than 25% (or any different percentage which may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation and approved or adopted by the directors of the Corporation) of the votes attached to all outstanding shares, or (ii) one or more Non-Canadians authorized to provide an air service in any jurisdiction (each, a **"Non-Canadian Authorized to Provide Air Service"**) hold or beneficially own or control, directly or indirectly, either individually or in Affiliation with another person, such number of shares entitling them to more than 25% (or any different percentage which may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation and approved or adopted by the directors of the Corporation) of the votes attached to all outstanding shares. Prior to any subscription for shares being accepted and every registration or transfer of shares effected or recorded on the register of shareholders, the directors may require the proposed shareholder to submit to the Corporation a declaration, substantially in the form set out in Schedule "A" hereto, indicating whether the proposed shareholder is a Canadian, or a Non-Canadian Authorized to Provide Air Service. The directors may take such actions as are required to ensure that such restrictions are not contravened, including, without limitation, one or more of the following actions: (i) perform searches of shareholder mailing address lists and take such other steps specified by the directors, at the cost of the Corporation, to determine or estimate to the extent practicable, the Canadian or Non-Canadian status of the shareholders, and whether the shareholders are Non-Canadians Authorized to Provide Air Service; (ii) require declarations from shareholders as to whether such shares are held by or for the benefit of Non-Canadians or Non-Canadians Authorized to Provide Air Service or declarations from shareholders or others as to the Canadian or Non-Canadian status, or status as a Non-Canadian Authorized to Provide Air Service of beneficial owners of the shares and for that purpose enter into an appropriate ownership monitoring agreement with the Canadian Depository for Securities Limited; (iii) place such other limits on share ownership by Non-Canadians and Non-Canadians Authorized to Provide Air Service as the directors may deem necessary in their sole discretion. Each share that is owned and controlled by a Canadian will entitle the holder thereof to one vote. Each share that is owned and controlled by a Non-Canadian or a Non-Canadian Authorized to Provide Air Services will entitle the holder thereof to one vote, except in the following circumstances:

- (a) If at any time:
 - (i) a single Non-Canadian, either individually or in affiliation with any person, owns directly or indirectly, a number of shares that, as a percentage of the total number of all shares outstanding, exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation), or
 - (ii) the total number of votes cast by or on behalf of a single Non-Canadian, either individually or in affiliation with another person, at any shareholder meeting would exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each share owned by such Non-Canadian and by any person in affiliation with such Non-Canadian, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the shares owned by such Non-Canadian and by any person in affiliation with such Non-Canadian do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the

Corporation) of the aggregate votes attached to all issued and outstanding shares of the Corporation, and (y) the total number of votes cast by or on behalf of such Non-Canadian and by any person in affiliation with such Non-Canadian at any shareholder meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting;

(b) If at any time:

- (i) one or more Non-Canadian Authorized to Provide Air Service, collectively own directly or indirectly, either individually or in affiliation with any person, a number of shares that, as a percentage of the total number of all Shares outstanding, after the application of the automatic and proportionate decrease to the votes attached to all of the shares owned by any single Non-Canadian and by any person in affiliation with such single Non-Canadian in accordance with section 8.8(a) (if any, as may be required), exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation), or
- (ii) the total number of votes cast by or on behalf of Non-Canadians Authorized to Provide Air Service and persons in affiliation with any Non-Canadians Authorized to Provide Air Service at any shareholder meeting would, after the application of the automatic and proportionate decrease to the votes attached to all of the shares owned by any single Non-Canadian and by any person in affiliation with such single Non-Canadian in accordance with section 8.8(a) (if any, as may be required) exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each share owned by all Non-Canadians Authorized to Provide Air Service and by any person in affiliation with such Non-Canadians Authorized to Provide Air Service, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the shares owned by all Non-Canadians Authorized to Provide Air Service and by any person in affiliation with such Non-Canadians Authorized to Provide Air Service do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the aggregate votes attached to all issued and outstanding shares of the Corporation, and (y) the total number of votes cast by or on behalf of all Non-Canadians Authorized to Provide Air Service and by any person in affiliation with such Non-Canadians Authorized to Provide Air Service at any shareholder meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting; and

(c) If at any time:

- (i) the number of issued and outstanding shares, after the application of the automatic and proportionate decrease to the votes attached to all of the shares owned by any single Non-Canadian and by any person in affiliation with such single Non-Canadian in accordance with section 8.8(a) and after the application of the automatic and proportionate decrease to the votes attached to all of the shares owned by Non-Canadians Authorized to Provide Air Service and by persons in affiliation with such Non-Canadians Authorized to Provide Air Service in accordance with section 8.8(b) (in each case, if any, as may be required), exceeds 49% of the total number of all issued and outstanding Voting Shares (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation), or

- (ii) the total number of votes cast by or on behalf of holders of shares at any shareholder meeting would, after the application of the automatic and proportionate decrease to the votes attached to all of the shares owned by any single Non-Canadian and by any person in affiliation with such Non-Canadian in accordance with section 8.8(a) and after the application of the automatic and proportionate decrease to the votes attached to all of the shares owned by Non-Canadian Authorized to Provide Air Service and by persons in affiliation with one or more Non-Canadian Authorized to Provide Air Service in accordance with section 8.8(b) (in each case, if any, as may be required) exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each share owned by any Non-Canadian and by any person in affiliation with a Non-Canadian will decrease proportionately and automatically and without further act or formality only to such extent that, as a result (i) the shares owned by Non-Canadians and by any persons in affiliation with a Non-Canadian cannot carry more than 49% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the aggregate votes attached to all issued and outstanding shares of the Corporation, and (ii) the total number of votes cast by or on behalf of Non-Canadians and by any persons in affiliation with a Non-Canadian at any shareholder meeting do not exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes that cast at such meeting.

Unless and until the directors shall have been required to do so under the terms hereof, the directors shall not be bound to do or take any proceeding or action with respect to this Section 8.8 by virtue of the powers conferred on them hereby. The directors shall have the sole right and authority to make any determination required or contemplated under this Section 8.8 including considering shareholders who do not complete a declaration to be Non-Canadians or Non-Canadians Authorized to Provide Air Service. The directors shall make all determinations necessary for the administration of the provisions of this Section 8.8 and, without limiting the generality of the foregoing, if the directors consider that there are reasonable grounds for believing that a contravention of the CTA Limitation has occurred or will occur, the directors shall make a determination with respect to the matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by the directors. In any situation where it is unclear whether shares are held for the benefit of or in Affiliation with Non-Canadians or Non-Canadians Authorized to Provide Air Service, the directors may exercise their discretion in determining whether such shares are or are not so held, and any such exercise by them of their discretion shall be binding for the purposes of this Section 8.8. Notwithstanding the foregoing, the directors may delegate, in whole or in part, their power to make a determination in this respect to any officer of the Corporation or such other person or persons to whom the directors may generally delegate their powers and authority. The directors shall not be liable for any violation whatsoever of the CTA Limitation.

SECTION VIII.A ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

8.A.1 Nomination of Directors

Only persons who are nominated in accordance with the provisions of this Section VIII.A shall be eligible for election as directors of the Corporation. Nominations of persons for election as directors of the Corporation at any annual meeting of shareholders, or at any special meeting of shareholders called for the purpose of electing directors as set forth in the Corporation's notice of such special meeting, may only be made:

- (a) by or at the direction of the board of directors of the Corporation, including pursuant to a notice of meeting,
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal submitted to the Corporation in accordance with the Act or a requisition of meeting submitted to the directors in accordance with the Act, or

- (c) by any person (a **"nominating shareholder"**) who: (i) at the close of business on the date of the giving of the notice provided for below in this Section VIII.A and on the record date for determining shareholders entitled to vote at such meeting, is a registered holder or beneficial owner of shares that are entitled to be voted at such meeting and; (ii) complies with the notice and other procedures set forth in this Section VIII.A.

8.A.2 Timely Notice

In addition to any other requirements in this Section VIII.A and under applicable laws, for a nomination to be made by a nominating shareholder, the nominating shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a nominating shareholder's notice must be received by the Secretary at the principal executive offices of the Corporation:

- (a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that if (i) an annual meeting of shareholders is called for a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice must be received not later than the close of business on the 10th day following the date on which the public announcement of the date of the annual meeting is first made by the Corporation, and (ii) the Corporation uses "notice-and-access" (as defined in National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer*) to send proxy-related materials to shareholders in connection with an annual meeting, notice must be received not less than 40 days prior to the date of the annual meeting; and
- (b) in the case of a special meeting of shareholders (which is not also an annual meeting of shareholders), not later than the close of business on the 15th day following the day on which the public announcement of the date of the special meeting of shareholders is first made by the Corporation.

The adjournment or postponement of a meeting of shareholders or the announcement thereof shall commence a new time period for the giving of a nominating shareholder's notice as described above.

8.A.3 Proper Written Form

To be in proper written form, a nominating shareholder's notice to the Secretary must set forth:

- (a) as to each person whom the nominating shareholder proposes to nominate for election as a director (i) the name, age, business address and residential address of the nominee, (ii) the principal occupation or employment of the nominee, (iii) whether the nominee is a resident Canadian within the meaning of the Act, (iv) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominee as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (v) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the nominee or any of its affiliates and the nominating shareholder, any person acting jointly or in concert with the nominating shareholder or any of their respective affiliates, and (vi) any other information relating to the nominee that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws; and
- (b) as to the nominating shareholder giving the notice: (i) the name and record address of the nominating shareholder, (ii) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominating shareholder as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (iii) any derivatives or other economic or voting interests in the Corporation and any hedges implemented with respect to the nominating shareholders' interests in the Corporation, (iv) any proxy, contract, arrangement, understanding or relationship

pursuant to which the nominating shareholder has a right to vote any shares of the Corporation, (v) whether the nominating shareholder intends to deliver a proxy circular and form of proxy to any shareholders of the Corporation in connection with the election of directors, and (vi) any other information relating to the nominating shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws.

Such notice must be accompanied by the written consent of each nominee to being named as a nominee and to serve as a director, if elected. Reference to "nominating shareholder" in this Section VIII.A shall be deemed to refer to each shareholder that nominates a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making such nomination proposal. All information provided in a nominating shareholder's notice will be made publicly available to shareholders of the Corporation.

8.A.4 Further Information

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the independence, or lack thereof, of such proposed nominee pursuant to applicable securities laws and provided that such disclosure request does not go beyond that required of management nominees for election as directors of the Corporation.

8.A.5 Determination of Eligibility

The chairman of the meeting of shareholders at which an election for directors is held shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

8.A.6 Discussion Permitted

Nothing in this Section VIII.A shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter it is entitled to discuss pursuant to the Act.

8.A.7 Meaning of Public Announcement

For purposes of this Section VIII.A, "public announcement" shall mean disclosure in a press release reported by a national news service in Canada or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

8.A.8 Notice

Notwithstanding any other provision of the by-laws of the Corporation, notice given to the Secretary pursuant to this Section VIII.A may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Winnipeg time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

8.A.9 Waiver

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Section VIII.A.

SECTION IX DIVIDENDS AND RIGHTS

9.1 Dividends

Subject to the Act, the board may from time to time by resolution declare and the Corporation may pay dividends to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property, subject to the restrictions on the declaration and payment thereof under the Act, or by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation.

9.2 Dividend Payment

A dividend payable in cash shall be paid by cheque or electronic means, at the option of the Corporation. If a dividend payable in cash is to be paid by cheque, such cheque(s) shall be drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at the recorded address of that holder, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.3 Non-Receipt of Cheques

If any person entitled to receive a dividend cheque notifies the Corporation that the cheque has not been received, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.4 Record Date for Dividends and Rights

The board may fix in advance a date as a record date for the determination of the persons entitled to receive payment of dividends and to subscribe for securities of the Corporation. Such record date shall not precede by more than 60 days the particular action to be taken. Notice of any such record date shall be given not less than seven days before such record date, by newspaper advertisement in the manner provided in the Act, unless notice of the record date is waived by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date. If the shares of the Corporation are listed for trading on one or more stock exchanges in Canada, notice of such record date shall also be sent to such stock exchanges. Where no record date is fixed in advance, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

9.5 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which it has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION X GENERAL

10.1 Execution of Instruments

Contracts, documents and other instruments in writing may be signed on behalf of the Corporation by such person or persons as the board may from time to time designate by resolution. In the absence of an express designation as to the persons authorized to sign either contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing, any one of the

directors or officers of the Corporation may sign contracts, documents or instruments in writing on behalf of the Corporation. The corporate seal, if any, of the Corporation may be affixed to any contract, obligation or instrument in writing requiring the corporate seal of the Corporation by any person authorized to sign the same on behalf of the Corporation.

The phrase “contracts, documents and other instruments in writing” as used in this provision shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities, all paper writings, all cheques, drafts or orders for the payment of money and all notes, acceptances and bills of exchange.

10.2 Electronic Signatures

Any requirement under the Act or this by-law for a signature, or for a document to be executed, is satisfied by a signature or execution in electronic form if such is permitted by law and all requirements prescribed by law are met.

10.3 Voting Rights in other Corporations

All securities carrying voting rights of any other corporation held from time to time by the Corporation may be voted at any and all meetings of shareholders, bond holders, debenture holders or holders of other securities (as the case may be) of such other corporation and in such manner as the board may from time to time determine. Any person or persons authorized to sign on behalf of the Corporation may also from time to time execute and deliver proxies for and on behalf of the Corporation and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote for and on behalf of the Corporation in such names as they may determine.

SECTION XI NOTICES

11.1 Method of Sending Notice

Any notice (which term includes any communication or document) to be sent pursuant to the Act, the articles, the by-laws or otherwise to a shareholder, director, officer or to the auditor shall be sufficiently sent if: (a) delivered personally to the person to whom it is to be sent, (b) delivered to the recorded address or mailed to the recorded address of that person by prepaid mail, (c) sent to that person at the recorded address by any means of prepaid transmitted or recorded communication, or (d) provided as an electronic document to the information system of that person. A notice so delivered shall be deemed to have been sent when it is delivered personally or to the recorded address. A notice so mailed shall be deemed to have been sent when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing. A notice so sent by any means of transmitted or recorded communication or provided as an electronic document shall be deemed to have been sent when dispatched by the Corporation if it uses its own facilities or information system and otherwise when delivered to the appropriate communication company or agency or its representative for dispatch. Notices sent by any means of transmitted or recorded communication or provided as an electronic document shall be deemed to have been received on the business day on which such notices were sent, or on the next business day following, if sent on a day other than a business day. The secretary may change or cause to be changed the recorded address, including any address to which electronic communications of any kind may be sent, of any shareholder, director, officer or auditor in accordance with any information believed by the secretary to be reliable. The recorded address of a director shall be the latest address of that director as shown in the records of the Corporation or in the most recent notice filed under the Act, whichever is the more current.

- (a) A requirement under the Act or this by-law to provide a person with a notice, document or other information is not satisfied by the provision of an electronic document unless:
 - (i) the addressee has consented, in the manner prescribed under the Act, and has designated an information system for the receipt of the electronic document;

- (ii) the electronic document is provided to the designated information system, unless otherwise prescribed in the Act;
 - (iii) the Act has been complied with;
 - (iv) the information in the electronic document is accessible by the sender so as to be usable for subsequent reference; and
 - (v) the information in the electronic document is accessible by the addressee and capable of being retained by the addressee, so as to be usable for subsequent reference.
- (b) An addressee may revoke consent to receive electronic documents in the manner prescribed in the Act.
- (c) A requirement under the Act for one or more copies of a document to be provided to a single addressee at the same time is satisfied by the provision of a single version of the electronic document. A requirement under the Act to provide a document by registered mail is not satisfied by the sending of an electronic document unless prescribed under the Act.
- (d) A requirement under the Act for a signature or for a document to be executed, except with respect to a statutory declaration or an affidavit, is satisfied if, in relation to an electronic document, the requirements prescribed under the Act are met and if the signature results from the application by a person of a technology or a process that permits the following to be proven:
- (i) the signature resulting from the use by a person of the technology or process is unique to the person;
 - (ii) the technology or process is used by a person to incorporate, attach or associate the person's signature to the electronic document; and
 - (iii) the technology or process can be used to identify the person using the technology or process.

11.2 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice sent to one of such persons shall be sufficient notice to all of them.

11.3 Computation of Time

In computing the date when notice must be sent under any provision requiring a specified number of days notice of any meeting or other event, both the date of sending the notice and the date of the meeting or other event shall be excluded.

11.4 Undelivered Notices

If any notice sent to a shareholder pursuant to section 11.1 is returned on three consecutive occasions because the shareholder cannot be found, the Corporation shall not be required to give any further notices to such shareholder until that shareholder informs the Corporation in writing of a new address.

11.5 Omissions and Errors

The accidental omission to send any notice to any shareholder, director, officer or to the auditor or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

11.6 Persons Entitled by Operation of Law

Every person who, by operation of law, transfer or by any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly sent to the shareholder from whom that person derives title to such share prior to the name and address of that person being entered on the securities register (whether such notice was given before or after the happening of the event upon which that person became so entitled).

11.7 Deceased Shareholders

Any notice duly sent to any shareholder shall be deemed to have been duly served in respect of the shares held by the shareholder (whether held solely or with other persons), notwithstanding that such shareholder is then deceased and whether or not the Corporation has notice of such death, until some other person is entered in place of that person in the securities register of the Corporation as the holder or as one of the holders thereof and such service shall for all purposes be deemed a sufficient service of notice to the heirs, executors or administrators of that person and all persons, if any, interested with that person in such shares.

11.8 Waiver of Notice

Any shareholder (or the duly appointed proxyholder of that shareholder), director, officer or auditor may at any time waive any notice, or waive or abridge the time for any notice, required to be given to that shareholder under any provisions of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board which may be given in any manner.

11.9 Execution of Notices

The signature of any director or officer of the Corporation to any notice may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

11.10 Proof of Service

A certificate of any officer or director of the Corporation in office at the time of making of the certificate or of an agent of the Corporation as to facts in relation to the sending of any notice to any shareholder, director, officer or auditor or publication of any notice shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation, as the case may be.

SECTION XII REPEAL

12.1 Repeal

Upon the date of this by-law coming into force, all other bylaws of the Corporation shall be repealed, provided that such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such bylaw prior to its repeal.

All officers and/or persons acting under any by-law so repealed shall continue to act as appointed under the provisions of this by-law and all resolutions of the shareholders or board or committee thereof with continuing effect passed under any repealed by-law shall continue to be valid except to the extent inconsistent with this by-law and until amended or repealed.

DATED the _____ day of _____, 2019.

THE NORTH WEST COMPANY INC.

Per: _____

Name:

Title:

SCHEDULE A

THE NORTH WEST COMPANY INC.

Declaration for Registration of Shares

INSTRUCTIONS

A separate declaration is to be completed by the proposed shareholder or his agent for each transfer of shares.

If the declarant is not also the proposed shareholder of the shares, the declarant must make reasonable inquiries of the proposed shareholder, as the case may be, to confirm that the statements made in the declaration as they pertain to the shareholder are true.

If the declarant, is a corporation, partnership, association, trust or other organization, this declaration must be signed by a responsible officer or partner thereof or other duly authorized representative.

All statements set out in this Declaration must be completed.

PLEASE REFER TO THE DEFINITIONS ATTACHED TO THIS DECLARATION TO DETERMINE STATUS AS CANADIAN OR NON-CANADIAN.

IF YOU DO NOT COMPLETE THIS DECLARATION FOR REGISTRATION OF SHARES OR IF IT IS DETERMINED BY THE DIRECTORS OR THE TRANSFER AGENT OF THE CORPORATION THAT YOU INCORRECTLY INDICATED (THROUGH INADVERTENCE OR OTHERWISE) THAT THE SHARES REPRESENTED HEREIN ARE OWNED AND CONTROLLED BY A CANADIAN, THE SHARES REPRESENTED BY THIS DECLARATION FOR REGISTRATION OF SHARES WILL BE DEEMED TO BE OWNED AND CONTROLLED BY A PERSON THAT IS NON-CANADIAN.

TO: THE NORTH WEST COMPANY INC. (the "Corporation")

In response to a request made by the Corporation to facilitate compliance with the restrictions on issue, transfer and ownership of, and exercise of voting rights attaching to, the shares of the Corporation pursuant to the *Canada Transportation Act* and directions by the federal cabinet to the Canadian Transportation Agency, and the Certificate of Incorporation of the Corporation and in connection with the registration of _____ shares,

I [Insert Name] _____
of [Insert Full Address] _____

HEREBY DECLARE THAT, within the meaning of the definitions contained in the *Canada Transportation Act* and the Certificate of Incorporation of the Corporation, as summarized on the reverse side hereof, as at the date hereof:

The proposed registered holder of the shares is:

_____ a Canadian _____ a Non-Canadian

The proposed beneficial owner of the shares is:

_____ a Canadian _____ a Non-Canadian

The proposed person controlling such shares is:

_____ a Canadian _____ a Non-Canadian

The proposed registered holder of the shares is a Non-Canadian Authorized to Provide Air Service:

_____ Yes _____ No

The proposed beneficial owner of the shares is a Non-Canadian Authorized to Provide Air Service:

_____ Yes _____ No

The proposed person controlling such shares is a Non-Canadian Authorized to Provide Air Service:

_____ Yes _____ No

The proposed registered holder, beneficial owner or person controlling such shares is in Affiliation with:

_____ a Non-Canadian _____ a Non-Canadian Authorized to Provide Air Service

If I am not the proposed registered holder of the shares, I have asked for and received the proposed registered holder's authority and advice to execute this Declaration on his or her behalf.

DECLARED THIS _____ DAY OF _____, 20_____ .

Signature of Declarant

If the declarant is a corporation, partnership, association, trust or other organization, provide the name and title of signatory

Address of Declarant (please print)

Summary of Definitions

The following definitions are qualified in their entirety by the definitions contained in the Certificate of Incorporation of the Corporation and the *Canada Transportation Act*.

"Affiliation" has the meaning set forth in Subsection 55(2) of the *Canada Transportation Act* or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time.

"Canadian" means:

- (a) a Canadian citizen or a Permanent Resident;
- (b) a government in Canada or an agent of such a government; or
- (c) a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least seventy-five per cent, or such lesser percentage permitted by the *Canada Transportation Act* or as the Governor in Council may by regulation specify, of the voting interests are owned and controlled by Canadians.

"Canada Transportation Act" means the *Canada Transportation Act* (Canada), R.S.C. 1996, c. 10 and the regulations thereunder, in each case as may be amended from time to time.

"Non-Canadian" means a person who is not a Canadian.

"Non-Canadian Authorized to Provide Air Service" means a Non-Canadian authorized to provide an air service in any jurisdiction.

"Permanent Resident" means a person who has acquired permanent resident status and has not subsequently lost that status under section 46 of the *Immigration and Refugee Protection Act*.

"person" means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and government and agencies and political subdivisions thereof.

Schedule "E" – Amended Articles of Arrangement of North West

See Attached.

ARTICLES OF AMENDMENT
FOR
THE NORTH WEST COMPANY INC.
(the "Corporation")

The articles of the Corporation are amended as follows:

1. To re-name the Common shares of the Corporation as Common Voting Shares and to remove the existing rights, privileges, restrictions and conditions attaching to the shares and add the rights, privileges, restrictions and conditions as provided for below.
2. To create a class of an unlimited number of shares designated as Variable Voting Shares.
3. To exchange each issued and outstanding pre-existing Common share which is not owned and controlled by a Canadian within the meaning of the CTA (as defined below), as constituted at close of market on the date of amendment on the certificate of amendment to be issued by Corporations Canada (as defined below) pursuant to the CBCA following the filing of the articles of amendment, into one Variable Voting Share of the share capital of the Corporation and that pre-existing Common share is cancelled.
4. To exchange each issued and outstanding pre-existing Common share owned and controlled by a Canadian within the meaning of the CTA (as defined below), as constituted at close of market on the date of amendment on the certificate of amendment to be issued by Corporations Canada pursuant to the CBCA following the filing of the articles of amendment, into one Common Voting Share of the share capital of the Corporation and that pre-existing Common share is cancelled.
5. To declare that the authorized capital of the Corporation, after giving effect to the foregoing, shall consist of:
 - (a) an unlimited number of Common Voting Shares; and
 - (b) an unlimited number of Variable Voting Shares.
6. To provide for the rights, privileges, restrictions and conditions attaching to the Variable Voting Shares and the Common Voting Shares as provided for below.

1. INTERPRETATION

1.1 Definitions

For purposes of the articles of the Corporation, the following terms have the following meanings:

"Affiliation" shall, for purposes of subparagraphs 2.1.1, 2.1.2 and 2.1.3 of this Schedule "A", have the meaning set forth in Subsection 55(2) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

"Aggregate Votes" means the aggregate of the votes attached to all Voting Shares of the Corporation that may ordinarily be cast to elect directors of the Corporation;

"Air Service" shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

"Canadian" shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

"CBCA" means the *Canada Business Corporations Act*, R.S.C. 1985, c.C-44, as amended;

"CBCA Regulations" means any regulations promulgated from time to time under the CBCA;

"Common Voting Share" means the common voting shares of the share capital of the Corporation;

"corporation" includes a body corporate, partnership and unincorporated organization;

"Corporation" means The North West Company Inc.;

"Corporations Canada" means Innovation, Science and Economic Development Canada – Corporations Canada;

"CTA" means the *Canada Transportation Act*, S.C. 1996, Ch. 10, as amended;

"Non-Canadian Holder(s) Authorized to Provide Air Service" shall have the meaning set forth in subparagraph 2.1.2(i);

"Offeror" shall have the meaning set forth in Subsection 206 of the CBCA or as specified in any regulation made thereunder;

"person" includes an individual, corporation, association, entity, government or agency thereof, trustee, executor, administrator and other legal representative, and reference to "person" in the singular shall be deemed to include the plural and vice versa;

"Single Non-Canadian Holder" shall have the meaning set forth in subparagraph 2.1.1(i);

"Transfer Agent" means the transfer agent and the registrar of the Voting Shares of the Corporation;

"Variable Voting Share" means the variable voting shares of the share capital of the Corporation; and

"Voting Share" means the Variable Voting Shares and the Common Voting Shares of the share capital of the Corporation.

1.2 Control

For purposes of these articles,

1.2.1. a body corporate is controlled by a person if:

- (i) securities of the body corporate to which are attached more than fifty percent (50%) of the votes that may be cast to elect directors of the body corporate are held, otherwise than by way of security only, by or for the benefit of that person; and
- (ii) the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate; and

1.2.2. a partnership or unincorporated organization is controlled by a person if an ownership interest therein representing more than fifty percent (50%) of the assets of the partnership or organization is held, otherwise than by way of security only, by or for the benefit of that person.

1.2 1.3 Undefined Terms

All terms used herein that are not defined herein but are defined in the CBCA shall have the meanings ascribed thereto in the CBCA. Any provision herein that may be read in a manner that is inconsistent with the CBCA shall be read so as to be consistent with the CBCA.

Unless otherwise specified, references in these articles to legislation or regulation, including the CBCA and CTA, shall be interpreted as referring to those provisions as they may be amended, replaced or supplemented from time to time.

2. VARIABLE VOTING SHARES

Subject to the rights, privileges, restrictions and conditions which attach to any other class of shares, the Variable Voting Shares shall, as a class, have the following rights, privileges, restrictions and conditions:

2.1 Voting

The holders of the Variable Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class ~~are~~shall be entitled to vote separately as a class as provided in the CBCA.

The Variable Voting Shares shall carry one vote per Variable Voting Share, ~~unless:~~ unless any of the thresholds set forth in subparagraphs 2.1.1, 2.1.2 or 2.1.3, as the case may be, would otherwise be surpassed at any time, in which case the vote attached to a Variable Voting Share will decrease as described in this Section 2.1 below.

2.1.1. ~~the number of issued and outstanding Variable Voting Shares exceeds twenty-five percent (25%) of the total number of all issued and outstanding Voting Shares (or any higher percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA); or~~ **Single Non-Canadian Holder**

If at any time:

- (i) a single non-Canadian holder of Variable Voting Shares (a "**Single Non-Canadian Holder**"), either individually or in affiliation with any person, owns directly or indirectly, a number of Variable Voting Shares that, as a percentage of the total number of all Voting Shares outstanding, exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation), or
- (ii) the total number of votes cast by or on behalf of a Single Non-Canadian Holder, either individually or in affiliation with another person, at any shareholder meeting would exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Variable Voting Share owned by such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the Variable Voting Shares owned by such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding Voting Shares of the Corporation, and (y) the total number of votes cast by or on behalf of such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder at any shareholder meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

For greater certainty, a single Non-Canadian Holder Authorized to Provide Air Service (as such term is defined in subparagraph 2.1.2(ii)) shall also constitute a Single Non-Canadian Holder for purposes of subparagraph 2.1.1.

2.1.2. Non-Canadian Holder Authorized to Provide Air Service

If at any time:

- (i) one or more non-Canadians authorized to provide an air service in any jurisdiction (each, a “Non-Canadian Holder Authorized to Provide Air Service” and collectively, the “Non-Canadian Holders Authorized to Provide Air Service”), collectively own directly or indirectly, either individually or in affiliation with any person, a number of Variable Voting Shares that, as a percentage of the total number of all Voting Shares outstanding, after the application of the automatic and proportionate decrease to the votes attached to all of the Variable Voting Shares owned by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with subparagraph 2.1.1 (if any, as may be required thereunder), exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation), or
- (ii) the total number of votes cast by or on behalf of Non-Canadian Holders Authorized to Provide Air Service and persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any shareholder meeting would, after the application of the automatic and proportionate decrease to the votes attached to all of the Variable Voting Shares owned by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with subparagraph 2.1.1 (if any, as may be required thereunder) exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Variable Voting Share owned by all Non-Canadian Holders Authorized to Provide Air Service and by any person in affiliation with such Non-Canadian Holders Authorized to Provide Air Service, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the Variable Voting Shares owned by all Non-Canadian Holders Authorized to Provide Air Service and by any person in affiliation with such Non-Canadian Holders Authorized to Provide Air Service do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding Voting Shares of the Corporation, and (y) the total number of votes cast by or on behalf of all Non-Canadian Holders Authorized to Provide Air Service and by any person in affiliation with such Non-Canadian Holders Authorized to Provide Air Service at any shareholder meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

2.1.3. General – All Holders of Variable Voting Shares

If at any time:

- (i) the number of issued and outstanding Variable Voting Shares, after the application of the automatic and proportionate decrease to the votes attached to all of the Variable Voting Shares owned by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with subparagraph 2.1.1 and after the application of the automatic and proportionate decrease to the votes attached to all of the Variable Voting Shares owned by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with one or more Non-Canadian Holder Authorized to Provide Air Service in accordance with subparagraph 2.1.2 (in each case, if any, as may be required under such subparagraphs), exceeds 49% of the total number of all issued and outstanding Voting Shares (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation), or

- (ii) ~~2.1.2.-the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting exceeds twenty five percent (25%) (or any higher shareholder meeting would, after the application of the automatic and proportionate decrease to the votes attached to all of the Variable Voting Shares owned by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with subparagraph 2.1.1 and after the application of the automatic and proportionate decrease to the votes attached to all of the Variable Voting Shares owned by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with one or more Non-Canadian Holder Authorized to Provide Air Service in accordance with subparagraph 2.1.2 (in each case, if any, as may be required under such subparagraphs) exceed 49% (or any different percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.~~

~~If either of the above noted thresholds is surpassed at any time, then the vote attached to each Variable Voting Share will decrease proportionately and automatically and without further act or formality to equal the maximum permitted vote per Variable Voting Share. Under the circumstance described in subparagraph 2.1.1 above, only to such extent that, as a result (i) the Variable Voting Shares as a class cannot carry more than twenty five percent (25%) 49% (or any higher different percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding Voting Shares of the Corporation. Under the circumstance described in subparagraph 2.1.2 above, the, and (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares as a class cannot, for a given at any shareholder's meeting, carry more than twenty five percent (25%) do not exceed 49% (or any higher different percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes that can be exercised cast at the such meeting.~~

2.2 Dividends

Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Corporation ranking prior to the Variable Voting Shares, the holders of Variable Voting Shares shall be entitled to receive any dividend declared by the directors of the Corporation at the times and for the amounts that the Board of Directors may, from time to time, determine. The Variable Voting Shares and the Common Voting Shares shall rank equally as to dividends on a share-for-share basis, and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Variable Voting Shares and Common Voting Shares then outstanding, without preference or distinction.

2.3 Subdivision or Consolidation

No subdivision or consolidation of the Variable Voting Shares shall occur unless, simultaneously, the Variable Voting Shares and the Common Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

2.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation ranking prior to the Variable Voting Shares, in the case of liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purpose of winding-up its affairs, the holders of Variable Voting Shares and Common Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

2.5 Conversion

2.5.1. Automatic. Each issued and outstanding Variable Voting Share shall be automatically converted into one Common Voting Share without any further act on the part of the Corporation or of the holder, if:

- (i) such Variable Voting Share is or becomes beneficially owned and controlled, directly or indirectly, by a Canadian; or
- (ii) the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

2.5.2. Upon an Offer. In the event that an offer is made to purchase Common Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed, to be made to all or substantially all the holders of Common Voting Shares in a province of Canada to which the requirement applies, each Variable Voting Share shall become convertible at the option of the holder into one Common Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the Offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Variable Voting Shares for the purpose of depositing the resulting Common Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to section 2.1 above, notwithstanding their conversion. The Transfer Agent shall deposit the resulting Common Voting Shares on behalf of the holder.

To exercise such conversion right, the holder or his attorney duly authorized in writing shall:

- (i) give written notice to the Transfer Agent of the exercise of such right and of the number of Variable Voting Shares in respect of which the right is being exercised;
- (ii) deliver to the Transfer Agent the share certificate or certificates representing the Variable Voting Shares in respect of which the right is being exercised; and
- (iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing the Common Voting Shares resulting from the conversion of the Variable Voting Shares shall be delivered to the holders on whose behalf such deposit is being made.

If Common Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the Offeror; or the offer is abandoned or withdrawn by the Offeror or the offer otherwise expires without such Common Voting Shares being taken up and paid for, the Common Voting Shares resulting from the conversion will be reconverted into Variable Voting Shares and a share certificate representing the Variable Voting Shares will be sent to the holder by the Transfer Agent. Common Voting Shares resulting from the conversion and taken up and paid for by the Offeror shall be reconverted into Variable Voting Shares at the time the Offeror is required under the applicable securities legislation to take up and pay for such shares if the Offeror is not a Canadian.

In the event that the Offeror takes up and pays for the Common Voting Shares resulting from conversion, the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.

There will be no right to convert the Variable Voting Shares into Common Voting Shares in the following cases:

- (i) the offer to purchase Common Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed to be made to all or substantially all of the holders of Common Voting Shares in a province or territory of Canada to which the requirement applies, that is, the offer is an "exempt take-over bid" within the meaning of the foregoing securities legislation; or

- (ii) an offer to purchase Variable Voting Shares is made concurrently with the offer to purchase Common Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Variable Voting Shares must be unconditional, subject to the exception that the offer for the Variable Voting Shares may contain a condition to the effect that the Offeror is not required to take up and pay for Variable Voting Shares deposited to the offer if no shares are purchased pursuant to the contemporaneous offer for the Common Voting Shares.

3. COMMON VOTING SHARES

Subject to the rights, privileges, restrictions and conditions which attach to the shares of any other class, the Common Voting Shares, as a class, shall have attached thereto the following rights, privileges, restrictions and conditions.

3.1 Voting

The holders of Common Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class ~~are~~shall be entitled to vote separately as a class as provided in the CBCA. Each Common Voting Share shall confer the right to one vote at all meetings of shareholders of the Corporation.

3.2 Dividends and Distributions

Subject to the rights, privileges, restrictions and conditions attached to any class of shares of the Corporation ranking prior to the Common Voting Shares, holders of Common Voting Shares shall be entitled to receive the dividends declared by the directors of the Corporation at the times and for the amounts that the Board of Directors may, from time to time, determine. The Common Voting Shares and Variable Voting Shares shall rank equally as to dividends on a share for share basis and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Common Voting Shares and Variable Voting Shares then outstanding, without preference or distinction.

3.3 Subdivision or Consolidation

No subdivision or consolidation of the Common Voting Shares shall occur unless, simultaneously, the Common Voting Shares and the Variable Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the respective rights of the holders of the shares of each of the said classes.

3.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to any class of shares ranking prior to the Common Voting Shares, in the case of liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purposes of winding-up its affairs, the holders of Common Voting Shares and Variable Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

3.5 Conversion

3.5.1. Automatic. Subject to the foreign ownership restrictions of the CTA, an issued and outstanding Common Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of the Corporation or the holder, if such Common Voting Share is or becomes beneficially owned or controlled, directly or indirectly, by a person who is not a Canadian.

3.5.2. Upon an Offer. In the event that an offer is made to purchase Variable Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, to be made to all or substantially all the holders of Variable Voting Shares in a province or territory of Canada to which the requirement applies,

each Common Voting Share shall become convertible at the option of the holder into one Variable Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the Offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Common Voting Shares for the purpose of depositing the resulting Variable Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to section 3.1 above, notwithstanding their conversion. The Transfer Agent shall deposit the resulting Variable Voting Shares on behalf of the holder.

To exercise such conversion right, the holder or his attorney duly authorized in writing shall:

- (i) give written notice to the Transfer Agent of the exercise of such right and of the number of Variable Voting Shares in respect of which the right is being exercised;
- (ii) deliver to the Transfer Agent the share certificate or certificates representing the Variable Voting Shares in respect of which the right is being exercised; and
- (iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing the Variable Voting Shares resulting from the conversion of the Common Voting Shares will be delivered to the holders on whose behalf such deposit is being made.

If Variable Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the Offeror or the offer is abandoned or withdrawn by the Offeror or the offer otherwise expires without such Variable Voting Shares being taken up and paid for, the Variable Voting Shares resulting from the conversion will be reconverted into Common Voting Shares and a share certificate representing the Common Voting Shares will be sent to the holder by the Transfer Agent. Variable Voting Shares resulting from the conversion and taken up and paid for by the Offeror shall be reconverted into Common Voting Shares at the time the Offeror is required under the applicable securities legislation to take up and pay for such shares if the Offeror is Canadian.

In the event that the Offeror takes up and pays for the Variable Voting Shares resulting from conversion, the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.

There will be no right to convert the Common Voting Shares into Variable Voting Shares in the following cases:

- (i) the offer to purchase Variable Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed to be made to all or substantially all of the holders of Variable Voting Shares in a province or territory of Canada to which the requirement applies, that is, the offer is an "exempt takeover bid" within the meaning of the foregoing securities legislation; or
- (ii) an offer to purchase Common Voting Shares is made concurrently with the offer to purchase Variable Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Common Voting Shares must be unconditional, subject to the exception that the offer for the Common Voting Shares may contain a condition to the effect that the Offeror is not required to take up and pay for Common Voting Shares deposited to the offer if no shares are purchased pursuant to the contemporaneous offer for the Variable Voting Shares.

4. CONSTRAINTS ON OWNERSHIP OF SHARES

4.1 Variable Voting Shares

The Variable Voting Shares may only be beneficially owned or controlled, directly or indirectly, by persons who are not Canadians.

4.2 Common Voting Shares

The Common Voting Shares may only be beneficially owned and controlled, directly or indirectly, by Canadians.

4.3 CBCA Constraints

In the event that any Canadian federal or provincial legislation or regulation applicable to the Corporation should become prescribed for the purposes of subsection 46(1) or subsections 174(1)(b) or (c) of the CBCA or any other similar provision in the CBCA or CBCA Regulations, these provisions shall be read as if they included additional constraints that assist the Corporation or any of its affiliates or associates (within the meaning of the CBCA) to qualify under such prescribed law or regulation to receive licenses, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership and control and such specified level of Canadian ownership and control shall be the level of Canadian ownership and control designated by such prescribed law or regulation of Canada or a province.

4.4 Joint Ownership

Where Voting Shares of the Corporation are beneficially owned or controlled by several persons jointly, the number of Voting Shares beneficially owned or controlled by any one such person shall include the number of Voting Shares beneficially owned or controlled jointly with such other persons. Where the Voting Shares are beneficially owned or controlled jointly by a person who is not Canadian and another person or persons, the Voting Shares shall be deemed to be owned or controlled by such person who is not a Canadian.

4.5 Exceptions

4.5.1. Nothing in these provisions shall be construed to apply in respect of Voting Shares of the Corporation that:

- (i) are held by one or more underwriters solely for the purpose of distributing the shares to the public; or
- (ii) are held by any person that is acting in relation to the shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides centralized facilities for the clearing of trades in securities.

4.5.2. The constraints imposed herein do not apply to the extent that a person who is not a Canadian holds Voting Shares by way of security only and such holding by way of security only is evidenced in such form as may be prescribed by the by-laws or resolutions adopted by the shareholders or directors of the Corporation and filed by such holder with the Corporation.

4.6 By-Laws

4.6.1. Subject to the CBCA and the CBCA Regulations, the directors of the Corporation may make, amend or repeal any by-laws required to administer the constrained share provisions set out in these articles including by-laws:

- (i) to require any person in whose name Voting Shares are registered to furnish a statutory declaration declaring whether:
 - (A) the shareholder holds, is the beneficial owner of and has control over the Voting Shares; and
 - (B) the shareholder is a Canadian,

and declaring any further facts that the directors consider relevant;

- (ii) to require any person seeking to have a transfer of a Voting Share registered in such person's name or to have a Voting Share issued to such person to furnish a declaration similar to the declaration a shareholder may be required to furnish under paragraph (i) above; and
- (iii) to determine the circumstances in which any declarations are required, their form and the times when they are to be furnished.

4.6.2. Where a person is required to furnish a declaration pursuant to a by-law made under this Section 4.6, the directors may refuse to register a transfer of a voting share in such person's name or to issue a voting share to such person until that person has furnished the declaration.

4.7 Powers of Directors

4.7.1. In the administration of these provisions, the directors of the Corporation shall enjoy, in addition to the powers set forth herein, all of the powers necessary or desirable, in their opinion, to carry out the intent and purpose hereof, including but not limited to all powers contemplated by the provisions relating to constrained share corporations in the CBCA and the CBCA Regulations.

4.7.2. In the administration of these provisions, the directors of the Corporation may rely on:

- (i) a statement made in a declaration referred to in Section 4.6; and
- (ii) the knowledge of a director, officer, employee or agent of the Corporation.

4.7.3. Where the directors are required to determine the total number of voting shares of the Corporation held by or on behalf of persons who are not Canadians, the directors may rely upon (i) the share register of the Corporation or (ii) any other register held, or any declaration of residence collected by, the Transfer Agent or any depository, such as CDS & Co., as of any date, provided that such date is not more than four months before the day on which the determination is made.

4.7.4. Wherever in this Article 4 it is necessary to determine the opinion of the directors of the Corporation, such opinion shall be expressed and conclusively evidenced by a resolution of the directors of the Corporation duly adopted, including a resolution in writing executed pursuant to Section 117 of the CBCA.

4.7.5. Neither any shareholder of the Corporation nor any other interested person shall have any claim or action against the Corporation or against any director or officer of the Corporation nor shall the Corporation have any claim or action against any director or officer of the Corporation arising out of any act (including any omission to act) performed pursuant to or in intended pursuance of these provisions or any breach or alleged breach of such provisions.

Schedule "F" – Second Amended and Restated By-Law No. 1

See Attached.

SECOND AMENDED AND RESTATED BY-LAW NO. 1

Canada Business Corporations Act

A by-law relating generally to the regulation of the business and affairs of

**THE NORTH WEST COMPANY INC.
(the "Corporation")**

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SECTION I DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this by-law and in all other by-laws of the Corporation, unless the context otherwise requires:

"Act" means the *Canada Business Corporations Act* as amended or re-enacted from time to time and includes the regulations made pursuant thereto.

"Affiliation" shall, for the purposes of Section 8.8, have the meaning set forth in Subsection 55(2) of the *Canada Transportation Act* or, as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

"board" means the board of directors of the Corporation.

"by-laws" means all by-laws of the Corporation.

"Canadian" has the meaning ascribed thereto in the *Canada Transportation Act*.

"CTA Limitation" has the meaning provided to such term in Section 8.8.

"director" means a director of the Corporation.

"electronic document" means any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means and that can be read or perceived by a person or by any means.

"information system" means a system used to generate, send, receive, store or otherwise process an electronic document.

"non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada).

"Non-Canadian" means a person who is not a Canadian.

"Non-Canadian Authorized to Provide Air Service" has the meaning provided to such term in Section 8.8.

"number of directors" means the number of directors of the Corporation provided for in the articles or, where a minimum and maximum number of directors is provided for in the articles, the number of directors of the Corporation most recently elected by the shareholders of the Corporation.

1.2 Certain Rules of Interpretation

- (a) All terms used in the by-laws which are defined in the Act shall have the meanings given to such terms in the Act.
- (b) In all by-laws, the singular shall include the plural and the plural shall include the singular and words in one gender include all genders.
- (c) Headings used in the by-laws are for convenience of reference only and shall not affect the construction or interpretation of the by-laws.
- (d) If any of the provisions contained in this by-law are inconsistent with those contained in the articles or a unanimous shareholder agreement, the provisions contained in the articles or unanimous shareholder agreement, as the case may be, shall prevail.

SECTION II DIRECTORS

2.1 Quorum

Subject to Section 3.1, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of directors. If, however, the Corporation has fewer than three directors, all directors must be present at any meeting of the board to constitute a quorum.

2.2 Qualification

No person shall be qualified for election as a director if that person: (a) is less than 18 years of age, (b) is of unsound mind and has been so found by a court in Canada or elsewhere, (c) is not an individual, or (d) has the status of a bankrupt. A director need not be a shareholder. A majority of the directors of the Corporation shall be resident Canadians.

2.3 Election and Term

The election of directors shall take place at the first meeting of shareholders and at each annual meeting of shareholders. A director not elected for an expressly stated term shall cease to hold office at the close of the first annual meeting following that director's election or appointment. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

2.4 Removal of Directors

Subject to the Act, the shareholders may by ordinary resolution passed at an annual or special meeting remove any director from office and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the directors.

2.5 Vacation of Office

A director ceases to hold office when that director dies, is removed from office by the shareholders or ceases to be qualified for election as a director. A director also ceases to hold office when that director's written resignation is received by the Corporation or, if a time is specified in such resignation, at the time so specified, whichever is later.

2.6 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or minimum or maximum number of directors or from a failure of the shareholders to elect the number or minimum number of directors provided for in the articles of the Corporation.

2.7 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine and shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing in this by-law precludes any director from serving the Corporation in any other capacity and receiving remuneration for doing so.

SECTION III MEETINGS OF DIRECTORS

3.1 Canadian Majority

The board shall not transact business at a meeting, other than filling a vacancy in the board, unless a majority of the directors present are resident Canadians. The board may, however, transact business at a meeting of directors where the required number of resident Canadian directors is not present if:

- (a) a resident Canadian director who is unable to be present approves in writing or by telephone, electronic or other communication facilities, the business transacted at the meeting; and
- (b) the required number of resident Canadian directors would have been present had that director been present at the meeting.

3.2 Meetings by Telephone, Electronic or Other Communication Facility

If all the directors present at or participating in the meeting consent, any or all of the directors may participate in a meeting of the board or of a committee of the board by means of such telephone, electronic or other communications facilities as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and any director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board held while a director holds office.

3.3 Place of Meetings

Meetings of the board may be held at any place within or outside Canada. In any financial year of the Corporation, a majority of the meetings of the board need not be held within Canada.

3.4 Calling of Meetings

Meetings of the board may be convened at any time by the chairman, chief executive officer, president or any director upon notice given to all directors in accordance with section 3.5.

3.5 Notice of Meeting

Notice of the time and place of each meeting of the board shall be given in the manner provided in section 11.1 to each director (a) not less than 48 hours before the time when the meeting is to be held if the notice is mailed, or (b) not less than 24 hours before the time the meeting is to be held if the notice is given personally or is delivered or is sent by any means of an electronic document or communication.

3.6 Waiver of Notice

A director may in any manner or at any time waive notice of or otherwise consent to a meeting of the board including by sending an electronic document or communication to that effect. Attendance of a director at a meeting of the board shall constitute a waiver of notice of that meeting except where a director attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called.

3.7 First Meeting of New Board

If a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

3.8 Adjourned Meeting

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

3.9 Regular Meetings

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose of that meeting or the business to be transacted at it to be specified.

3.10 Chairman

The chairman of any meeting of the board shall be a director and the chairman of the board, and if the chairman of the board is not present and willing to serve, the directors present shall choose a director of the Corporation to be chairman of such meeting of the board.

3.11 Votes to Govern

At all meetings of the board, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

3.12 One Director Meeting

Where the board consists of only one director, that director may constitute a meeting.

3.13 Amendments to the Act

It is hereby affirmed that the intention of Sections 3.1 and 4.1, as they relate to Canadian representation, is to comply with the minimum requirements of the Act, the *Canada Transportation Act* and the Canadian Transportation Agency and in the event that such minimum requirements shall be amended, deleted or replaced such that no, or lesser, requirements with respect to Canadian representation are then in force, such sections shall be deemed to be correspondingly amended, deleted or replaced without any further act of the directors or shareholders of the Corporation.

SECTION IV COMMITTEES

4.1 Committee of Directors

The board may appoint from their number one or more committees of the board, however designated, of which at least one-half of the members must be resident Canadians, and delegate to such committee any of the powers of the board except those which, under the Act, a committee of the board has no authority to exercise.

4.2 Audit Committee

If the Corporation is a distributing corporation the board shall, and otherwise the board may, constitute an audit committee composed of not fewer than three directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates, and who shall hold office until the next annual meeting of shareholders. The audit committee shall have the powers and duties provided in the Act.

4.3 Transaction of Business

The powers of a committee of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or outside Canada.

4.4 Procedure

Unless otherwise determined by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure. To the extent that the board or the committee does not establish rules to regulate the procedure of the committee, the provisions of this by-law applicable to meetings of the board shall apply mutatis mutandis.

SECTION V OFFICERS

5.1 Appointment

The board may designate the officers of the Corporation and from time to time appoint a chairman of the board, chief executive officer, president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. One person may hold more than one office and, except for the chairman of the board and the chief executive officer, an officer need not be a director. A majority of the officers of the Corporation shall be resident Canadians.

5.2 Chairman of the Board

If appointed, the board may assign to the chairman of the board any of the powers and duties that are by any provisions of this by-law assigned to the chief executive officer or to the president and subject to the Act, such other powers and duties as the board may specify. The chairman of the board shall, when present, preside at all meetings of the board and shareholders. Subject to section 3.10 and section 7.9, during the absence or disability of the chairman of the board, the duties of the chairman of the board shall be performed, and the powers exercised, by a director of the Corporation chosen by the directors then present.

5.3 Chief Executive Officer

If appointed, the chief executive officer shall have general supervision of the business and affairs of the Corporation, subject to the authority of the board. The chief executive officer shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the president, or if no president has been appointed, the chief executive officer shall also have the powers and duties of that office.

5.4 President

If appointed, the president shall have general supervision of the business and affairs of the Corporation, subject to the direction and authority of the board, the chairman of the board and the chief executive officer and shall have such other powers and duties as the board may specify. During the absence or disability of the chief executive officer, or if no chief executive officer has been appointed, the president shall also have the powers and duties of that office. In the absence of the appointment of a chief executive officer or the designation of the chairman of the board as such, the president shall be the chief executive officer of the Corporation. Otherwise, the president shall be the chief operating officer of the Corporation.

5.5 Vice-President

If appointed, the vice-president, or if more than one, the vice-presidents, in order of seniority as designated by the board, shall be vested with all the powers and perform all the duties of the president if the president is absent or is unable to act. No vice-president, however, shall preside at any meeting of the directors unless appointed to do so by the board. A vice-president shall have such powers and duties as the board or the chief executive officer may specify.

5.6 Secretary

If appointed, the secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings. The secretary shall also give or cause to be given, as and when instructed, all notices to shareholders, directors, officers and auditors and he or she shall be the custodian of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose, and the secretary shall have such other powers and duties as the board or the chief executive officer may specify.

5.7 Treasurer

If appointed, the treasurer shall keep or cause to be kept proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of funds of the Corporation. The treasurer shall render to the board whenever required an account of all transactions as treasurer and of the financial position of the Corporation. The treasurer shall have such other powers and duties as the board or the chief executive officer may specify.

5.8 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

5.9 Variation of Powers and Duties

Subject to the provisions of the Act, the board may from time to time vary, add to or limit the powers and duties of any officer.

5.10 Term of Office

The board, in its discretion, may remove any officer of the Corporation without prejudice to such officer's rights under any employment contract. Otherwise, each officer appointed by the board shall hold office until a successor is appointed, except that the term of office of the chairman of the board shall expire when that individual ceases to be a director.

5.11 Agents and Attorneys

The board shall have power from time to time to appoint agents or attorneys for the Corporation in or out of Ontario with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

5.12 Fidelity Bonds

The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their duties, in such form and with such surety as the board may from time to time prescribe.

SECTION VI PROTECTION OF DIRECTORS AND OFFICERS

6.1 Limitation of Liability

No director or officer of the Corporation shall be liable for the acts or omissions of any other director, officer, employee or agent of the Corporation, or for any costs, charges or expenses of the Corporation resulting from any deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from bankruptcy or insolvency, or in respect of any tortious acts of or relating to the Corporation or any other director, officer, employee or agent of the Corporation, or for any loss occasioned by an error of judgment or oversight on the part of any other director, officer, employee or agent of the Corporation, or for any other costs, charges or expenses of the Corporation occurring in connection with the execution of the duties of the director or officer, unless such costs, charges or expenses are incurred as a result of such person's own wilful neglect, default or negligence. Nothing in this by-law, however, shall relieve any director or officer from the duty to act in accordance with the Act or from liability for any breach of the Act.

6.2 Indemnity

- (a) Indemnification. The Corporation may indemnify and save harmless every director or officer, every former trustee, director or officer and every individual who acts or acted at the Corporation's or its predecessor's request as a trustee, director or officer or an individual in a similar capacity of another entity, including the predecessor entities, North West Company Fund and The NWC Trust, from and against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by that individual in respect of any civil, criminal, administrative, investigative or other proceeding to which that individual is involved because of their association with the Corporation or other entity.
- (b) Advance of Costs. The Corporation may advance money to a director, officer former trustee, or other individual for the costs, charges and expenses of a proceeding referred to in section 6.2(a) but such individual shall be required to repay the money if the individual does not fulfil the conditions set out in section 6.2(c).
- (c) Limitation. The Corporation shall not indemnify an individual under section 6.2(a) unless that individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a trustee, director or officer or as an individual in a similar capacity at the Corporation's or at the Corporation's predecessor's request.
- (d) Further Limitation. In addition to the conditions set out in section 6.2(c), if the matter is a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Corporation shall not indemnify the individual under section 6.2(a) unless that individual had reasonable grounds for believing that the conduct was lawful.
- (e) Derivative Action. The Corporation may, with the approval of a court, indemnify and save harmless any individual referred to in section 6.2(a), or advance moneys under section 6.2(b) in respect of any action by or on behalf of the Corporation or other entity to obtain a judgment in its favour to which the individual is made a party because of the individual's association with the Corporation or other entity against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if that individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a director, trustee or officer or in a similar capacity at the Corporation's or at the Corporation's predecessor's request.
- (f) Right to Indemnity. Despite section 6.2(a), an individual referred to in section 6.2(a) is entitled to indemnity from the Corporation in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defence of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject

because of the individual's association with the Corporation or other entity as described in section 6.2(a) if the individual seeking an indemnity,

- (i) was not judged by a court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and
- (ii) fulfils the condition set out in section 6.2(c) and section 6.2(d).

6.3 Insurance

The Corporation may purchase and maintain such insurance for the benefit of an individual referred to in section 6.2(a) against any liability incurred by the individual in his or her capacity as a director or officer of the Corporation, or in his or her capacity as a director, trustee or officer, or a similar capacity of another entity, if the individual acts or acted in that capacity at the Corporation's or the Corporation's predecessor's request.

SECTION VII MEETINGS OF SHAREHOLDERS

7.1 Annual Meetings

The annual meeting of shareholders shall be held at such time in each year and, subject to section 7.3, at such place as the board, or if delegated by the board, the chairman of the board, the chief executive officer or the president may from time to time determine. Such meetings shall be held for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and fixing or authorizing the board to fix their remuneration, and for the transaction of such other business as may properly be brought before the meeting.

7.2 Special Meetings

The board, the chairman of the board, the chief executive officer or the president or the holders of not less than five percent (5%) of the issued shares of the Corporation that carry the right to vote at a meeting sought, shall have power to call a special meeting of shareholders at any time.

7.3 Place of Meetings

Meetings of shareholders shall be held at the place where the registered office of the Corporation is situated or, if the board so determines, at some other place within Canada or, if all the shareholders entitled to vote at the meeting so agree, at some place outside Canada.

7.4 Meetings by Telephone

Any person entitled to attend a meeting of shareholders may participate in the meeting, to the extent and in the manner permitted by law, by means of a telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting. The directors or the shareholders of the Corporation who call a meeting of shareholders pursuant to the Act may determine that the meeting shall be held, to the extent and in the manner permitted by law, entirely by means of a telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

7.5 Notice of Meetings

Notice of the time and place of each meeting of shareholders (and of each meeting of shareholders adjourned for an aggregate of 30 days or more) shall be given in the manner provided in section 11.1 not less than 21 days and not more than 60 days before the date of the meeting, to each director, to the auditor and to each shareholder who at the close of business on the record date for notice, if any, is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and re-appointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit a shareholder to form a reasoned judgment thereon and shall state the text of any special resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of or otherwise consent to a meeting of shareholders. Attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where that person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

7.6 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares entitled to vote at the meeting held by each shareholder. If a record date for the meeting is fixed pursuant to section 7.7, the shareholders listed shall be those registered at the close of business on the record date and such list shall be prepared not later than ten days after such record date. If no record date is fixed, the list shall be prepared at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held and shall list all shareholders registered at such time. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the securities register is kept and at the place where the meeting is held.

7.7 Record Date for Notice

The board may fix in advance a record date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 21 days, for the determination of the shareholders entitled to notice of the meeting. Notice of any such record date shall be given not less than seven days before such record date by newspaper advertisement in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be the close of business on the day immediately preceding the day on which the notice is given.

7.8 Meetings Without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- (a) if all the shareholders entitled to vote at that meeting are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and
- (b) if the auditor and the directors are present or waive notice of or otherwise consent to such meeting being held.

At such meeting, any business may be transacted which the Corporation at a meeting of shareholders may transact.

7.9 Chairman, Secretary and Scrutineers

The chairman of any meeting of shareholders shall be the chairman of the board and if the chairman of the board is not present at the meeting, the directors present shall choose a director of the Corporation to be chairman of such meeting. If each of the chairman of the board, the directors or such chosen director is/are not present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman of such meeting of shareholders. If the secretary of the

Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

7.10 Persons Entitled to be Present

The only persons entitled to be present at a meeting of the shareholders shall be those entitled to vote at that meeting, the directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

7.11 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be at least two shareholders, one of whom shall be, or be representing, a Canadian, whether present in person or represented by proxy, holding at least 25% of the total number of issued and outstanding shares entitled to vote at such meeting. Notwithstanding the foregoing, if the Corporation has only one shareholder, or only one shareholder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting and a quorum for such meeting, provided that such shareholder is a Canadian.

7.12 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 7.6, every person who is named in such list shall be entitled to vote the shares shown thereon opposite the name of that person except to the extent that such person has transferred any shares after the date on which the list is prepared or, where a record date has been fixed, after the record date and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that the person owns such shares, demands at any time prior to the meeting that the name of that person be included to vote the transferred shares at the meeting. In the absence of such a list, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

7.13 Proxies

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or the attorney of that shareholder and shall conform with the requirements of the Act.

7.14 Time for Deposit of Proxies

The board may by resolution and specified in a notice calling a meeting of shareholders fix a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

7.15 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and

vote, they shall vote as one the shares jointly held by them. Where shares are owned or controlled jointly by one or more persons who are Non-Canadian, the shares shall be deemed to be owned or controlled, as the case may be, by Non-Canadians.

7.16 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by law, be determined by the majority of the votes cast on the question. In the case of an equality of votes either upon a show of hands or upon a ballot, the chairman of the meeting shall not be entitled to a second or casting vote.

7.17 Show of Hands

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands has been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting as to the result of the vote upon the question and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of such question, and the result of the vote so taken shall be the decision of the shareholders upon such question.

7.18 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may demand a ballot. A ballot so demanded shall be taken in such manner as the chairman shall direct. A demand for a ballot may be withdrawn at any time prior to the taking of the ballot. The result of the ballot so taken shall be the decision of the shareholders upon the question.

7.19 Electronic Voting by Shareholders

Any vote at a meeting of the shareholders may be held, to the extent and in the manner permitted by law, entirely by means of a telephone, electronic or other communication facility, if the Corporation makes available such a communication facility.

7.20 Voting while participating electronically

Any person participating in a meeting of shareholders by electronic means as provided in section 7.4 and entitled to vote at that meeting may vote, to the extent and in the manner permitted by law, by means of the telephone, electronic or other communication facility that the Corporation has made available for that purpose.

7.21 Resolution in Writing

A resolution in writing signed by all of the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders.

SECTION VIII SECURITIES

8.1 Registration of Transfer

Subject to the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by the attorney of that holder or successor duly appointed, together with such reasonable assurance or evidence of signature, identification and authority to

transfer as the board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles.

8.2 Transfer Agents and Registrars

The board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers, but one person may be appointed both registrar and transfer agent. The board may at any time terminate any such appointment.

8.3 Security Certificates

Every holder of securities of the Corporation shall be entitled, at the option of that holder, to a security certificate, or to a non-transferable written acknowledgement of the right to obtain a security certificate, stating the number and designation, class or series of securities held by that holder as shown on the securities register. Security certificates and acknowledgements of a securities holder's right to a security certificate, respectively, shall be in such form as the board shall from time to time approve. Any security certificate shall be signed in accordance with section 10.1. A security certificate shall be signed by at least one director or officer of the Corporation and by or on behalf of the transfer agent and/or registrar of the Corporation. Such signatures may be manually made or printed or otherwise mechanically reproduced. A security certificate executed as aforesaid shall be valid notwithstanding that one of the directors or officers whose printed or mechanically reproduced signature appears thereon no longer holds office at the date of issue of the certificate.

8.4 Replacement of Security Certificates

The board, any officer or any agent designated by the board has the discretion to direct the issue of a new security certificate in lieu of and upon cancellation of a security certificate that has been mutilated. In the case of a security certificate claimed to have been lost, destroyed or wrongfully taken, the board, any officer or any agent designated by the board shall issue a substitute security certificate if so requested before the Corporation has notice that the security has been acquired by a bona fide purchaser. The issuance of the substitute security certificate shall be on such reasonable terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board or the officer or the agent designated by the board responsible for such issuance may from time to time prescribe, whether generally or in any particular case.

8.5 Joint Shareholders

If two or more persons are registered as joint holders of any security, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such security.

8.6 Deceased Security Holders

Subject to the provisions of section 8.7, in the event of the death of a holder of any security, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation, which reasonable requirements shall in the discretion of the board not necessarily include the production of letters probate or letters of administration.

8.7 Deceased Jointly-Held Security Holders

Where a share is registered in the name of two or more persons as joint holders with rights of survivorship, upon satisfactory proof of the death of one joint holder and without the requirement of letters probate or letters of administration, the Corporation shall treat the surviving joint holder(s) as the sole owner(s) of the share effective as of the date of death of such joint holder and the Corporation shall make the appropriate entry in the securities register to reflect such ownership.

8.8 Non-Canadian Ownership

The rights of Non-Canadians with respect to the shares are limited by the *Canada Transportation Act* and directions by the federal cabinet to the Canadian Transportation Agency (the “**CTA Limitation**”). At no time may Non-Canadians (i) control the Corporation in fact or (ii) hold or beneficially own or control, directly or indirectly, either individually or in Affiliation with another person, such number of shares entitling them to more than 25.49% (or any higher percentage permitted by the *Canada Transportation Act* or that the Governor in Council may by regulation specify different percentage which may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation and approved or adopted by the directors of the Corporation) of the votes attached to all outstanding shares. Furthermore, at no time may (i) a single Non-Canadian hold or beneficially own or control, directly or indirectly, either individually or in Affiliation with another person, such number of shares entitling them to more than 25% (or any different percentage which may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation and approved or adopted by the directors of the Corporation) of the votes attached to all outstanding shares, or (ii) one or more Non-Canadians authorized to provide an air service in any jurisdiction (each, a “**Non-Canadian Authorized to Provide Air Service**”) hold or beneficially own or control, directly or indirectly, either individually or in Affiliation with another person, such number of shares entitling them to more than 25% (or any different percentage which may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation and approved or adopted by the directors of the Corporation) of the votes attached to all outstanding shares. Prior to any subscription for shares being accepted and every registration or transfer of shares effected or recorded on the register of shareholders, the directors may require the proposed shareholder to submit to the Corporation a declaration, substantially in the form set out in Schedule “A” hereto, indicating whether the proposed shareholder is a Canadian, or a Non-Canadian Authorized to Provide Air Service. The directors may take such actions as are required to ensure that such restrictions are not contravened, including, without limitation, one or more of the following actions: (i) perform searches of shareholder mailing address lists and take such other steps specified by the directors, at the cost of the Corporation, to determine or estimate to the extent practicable, the Canadian or Non-Canadian status of the shareholders, and whether the shareholders are Non-Canadians Authorized to Provide Air Service; (ii) require declarations from shareholders as to whether such shares are held by or for the benefit of Non-Canadians or Non-Canadians Authorized to Provide Air Service or declarations from shareholders or others as to the Canadian or Non-Canadian status, or status as a Non-Canadian Authorized to Provide Air Service of beneficial owners of the shares and for that purpose enter into an appropriate ownership monitoring agreement with the Canadian Depository for Securities Limited; (iii) place such other limits on share ownership by Non-Canadians and Non-Canadians Authorized to Provide Air Service as the directors may deem necessary in their sole discretion. Each share that is owned and controlled by a Canadian will entitle the holder thereof to one vote. Each share that is ~~not~~ owned and controlled by a Non-Canadian or a Non-Canadian Authorized to Provide Air Services will entitle the holder thereof to one vote, except in the following circumstances:

- (a) If more than 25% (or any higher percentage permitted by the *Canada Transportation Act* or that the Governor in Council may by regulation specify) of the aggregate number of outstanding shares (determined on a fully diluted basis) are not owned and controlled by Canadians, the vote attaching to each share that is not owned and controlled by a Canadian will decrease automatically by such amount as is necessary to ensure that the aggregate number of votes attaching to all outstanding shares that are not owned and controlled by Canadians does not exceed 25% (or any higher percentage permitted by the *Canada Transportation Act* or that the Governor in Council may by regulation specify) of the aggregate number of outstanding votes attaching to all outstanding shares; and at any time:
 - (i) a single Non-Canadian, either individually or in affiliation with any person, owns directly or indirectly, a number of shares that, as a percentage of the total number of all shares outstanding, exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation), or
 - (ii) the total number of votes cast by or on behalf of a single Non-Canadian, either individually or in affiliation with another person, at any shareholder meeting would exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each share owned by such Non-Canadian and by any person in affiliation with such Non-Canadian, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the shares owned by such Non-Canadian and by any person in affiliation with such Non-Canadian do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the aggregate votes attached to all issued and outstanding shares of the Corporation, and (y) the total number of votes cast by or on behalf of such Non-Canadian and by any person in affiliation with such Non-Canadian at any shareholder meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting;

(b) If at any time:

- (i) one or more Non-Canadian Authorized to Provide Air Service, collectively own directly or indirectly, either individually or in affiliation with any person, a number of shares that, as a percentage of the total number of all Shares outstanding, after the application of the automatic and proportionate decrease to the votes attached to all of the shares owned by any single Non-Canadian and by any person in affiliation with such single Non-Canadian in accordance with section 8.8(a) (if any, as may be required), exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation), or
- (ii) the total number of votes cast by or on behalf of Non-Canadians Authorized to Provide Air Service and persons in affiliation with any Non-Canadians Authorized to Provide Air Service at any shareholder meeting would, after the application of the automatic and proportionate decrease to the votes attached to all of the shares owned by any single Non-Canadian and by any person in affiliation with such single Non-Canadian in accordance with section 8.8(a) (if any, as may be required) exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each share owned by all Non-Canadians Authorized to Provide Air Service and by any person in affiliation with such Non-Canadians Authorized to Provide Air Service, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the shares owned by all Non-Canadians Authorized to Provide Air Service and by any person in affiliation with such Non-Canadians Authorized to Provide Air Service do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the aggregate votes attached to all issued and outstanding shares of the Corporation, and (y) the total number of votes cast by or on behalf of all Non-Canadians Authorized to Provide Air Service and by any person in affiliation with such Non-Canadians Authorized to Provide Air Service at any shareholder meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting; and

(c) If at any time:

- (i) the number of issued and outstanding shares, after the application of the automatic and proportionate decrease to the votes attached to all of the shares owned by any single Non-Canadian and by any person in affiliation with such single Non-Canadian in accordance with section 8.8(a) and after the application of the automatic and proportionate decrease to the votes attached to all of the shares owned by Non-Canadians Authorized to Provide Air Service and by persons in affiliation with such Non-Canadians Authorized to

Provide Air Service in accordance with section 8.8(b) (in each case, if any, as may be required), exceeds 49% of the total number of all issued and outstanding Voting Shares (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation), or

- (ii) the total number of votes cast by or on behalf of holders of shares at any shareholder meeting would, after the application of the automatic and proportionate decrease to the votes attached to all of the shares owned by any single Non-Canadian and by any person in affiliation with such Non-Canadian in accordance with section 8.8(a) and after the application of the automatic and proportionate decrease to the votes attached to all of the shares owned by Non-Canadian Authorized to Provide Air Service and by persons in affiliation with one or more Non-Canadian Authorized to Provide Air Service in accordance with section 8.8(b) (in each case, if any, as may be required) exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

~~(b) If the aggregate number of votes cast at any meeting in respect of shares that are not owned and controlled by Canadians would exceed 25% (or any higher percentage permitted by the *Canada Transportation Act* or that the Governor in Council may by regulation specify) of the aggregate number of votes cast at such meeting, the vote attaching then the vote attached to each share that is not owned and controlled by a~~ owned by any Non-Canadian and by any person in affiliation with a Non-Canadian will decrease proportionately and automatically by such amount as is necessary to ensure that the aggregate number of votes cast at such meeting in respect of all outstanding shares that are not owned and controlled by Canadians does not exceed 25% and without further act or formality only to such extent that, as a result (i) the shares owned by Non-Canadians and by any persons in affiliation with a Non-Canadian cannot carry more than 49% (or any different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the aggregate votes attached to all issued and outstanding shares of the Corporation, and (ii) the total number of votes cast by or on behalf of Non-Canadians and by any persons in affiliation with a Non-Canadian at any shareholder meeting do not exceed 49% (or any higher percentage permitted by the *Canada Transportation Act* or that the Governor in Council may by regulation specify) of the aggregate number of votes cast at such meeting by all shareholders different percentage that may be prescribed by law or regulation of Canada or a province of Canada applicable to the Corporation, and approved or adopted by the directors of the Corporation) of the total number of votes that cast at such meeting.

Unless and until the directors shall have been required to do so under the terms hereof, the directors shall not be bound to do or take any proceeding or action with respect to this Section 8.8 by virtue of the powers conferred on them hereby. The directors shall have the sole right and authority to make any determination required or contemplated under this Section 8.8 including considering shareholders who do not complete a nationality declaration to be Non-Canadians or Non-Canadians Authorized to Provide Air Service. The directors shall make all determinations necessary for the administration of the provisions of this Section 8.8 and, without limiting the generality of the foregoing, if the directors consider that there are reasonable grounds for believing that a contravention of the CTA Limitation has occurred or will occur, the directors shall make a determination with respect to the matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by the directors. In any situation where it is unclear whether shares are held for the benefit of or in Affiliation with Non-Canadians or Non-Canadians Authorized to Provide Air Service, the directors may exercise their discretion in determining whether such shares are or are not so held, and any such exercise by them of their discretion shall be binding for the purposes of this Section 8.8. Notwithstanding the foregoing, the directors may delegate, in whole or in part, their power to make a determination in this respect to any officer of the Corporation or such other person or persons to whom the directors may generally delegate their powers and authority. The directors shall not be liable for any violation whatsoever of the CTA Limitation.

SECTION VIII.A ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

8.A.1 Nomination of Directors

Only persons who are nominated in accordance with the provisions of this Section VIII.A shall be eligible for election as directors of the Corporation. Nominations of persons for election as directors of the Corporation at any annual meeting of shareholders, or at any special meeting of shareholders called for the purpose of electing directors as set forth in the Corporation's notice of such special meeting, may only be made:

- (a) by or at the direction of the board of directors of the Corporation, including pursuant to a notice of meeting,
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal submitted to the Corporation in accordance with the Act or a requisition of meeting submitted to the directors in accordance with the Act, or
- (c) by any person (a **"nominating shareholder"**) who: (i) at the close of business on the date of the giving of the notice provided for below in this Section VIII.A and on the record date for determining shareholders entitled to vote at such meeting, is a registered holder or beneficial owner of shares that are entitled to be voted at such meeting and; (ii) complies with the notice and other procedures set forth in this Section VIII.A.

8.A.2 Timely Notice

In addition to any other requirements in this Section VIII.A and under applicable laws, for a nomination to be made by a nominating shareholder, the nominating shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a nominating shareholder's notice must be received by the Secretary at the principal executive offices of the Corporation:

- (a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that if (i) an annual meeting of shareholders is called for a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice must be received not later than the close of business on the 10th day following the date on which the public announcement of the date of the annual meeting is first made by the Corporation, and (ii) the Corporation uses "notice-and-access" (as defined in National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer*) to send proxy-related materials to shareholders in connection with an annual meeting, notice must be received not less than 40 days prior to the date of the annual meeting; and
- (b) in the case of a special meeting of shareholders (which is not also an annual meeting of shareholders), not later than the close of business on the 15th day following the day on which the public announcement of the date of the special meeting of shareholders is first made by the Corporation.

The adjournment or postponement of a meeting of shareholders or the announcement thereof shall commence a new time period for the giving of a nominating shareholder's notice as described above.

8.A.3 Proper Written Form

To be in proper written form, a nominating shareholder's notice to the Secretary must set forth:

- (a) as to each person whom the nominating shareholder proposes to nominate for election as a director (i) the name, age, business address and residential address of the nominee, (ii) the principal occupation or employment of the nominee, (iii) whether the nominee is a resident Canadian within the meaning of the Act, (iv) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominee as of the

record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (v) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the nominee or any of its affiliates and the nominating shareholder, any person acting jointly or in concert with the nominating shareholder or any of their respective affiliates, and (vi) any other information relating to the nominee that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws; and

- (b) as to the nominating shareholder giving the notice: (i) the name and record address of the nominating shareholder, (ii) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominating shareholder as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (iii) any derivatives or other economic or voting interests in the Corporation and any hedges implemented with respect to the nominating shareholders' interests in the Corporation, (iv) any proxy, contract, arrangement, understanding or relationship pursuant to which the nominating shareholder has a right to vote any shares of the Corporation, (v) whether the nominating shareholder intends to deliver a proxy circular and form of proxy to any shareholders of the Corporation in connection with the election of directors, and (vi) any other information relating to the nominating shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws.

Such notice must be accompanied by the written consent of each nominee to being named as a nominee and to serve as a director, if elected. Reference to "nominating shareholder" in this Section VIII.A shall be deemed to refer to each shareholder that nominates a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making such nomination proposal. All information provided in a nominating shareholder's notice will be made publicly available to shareholders of the Corporation.

8.A.4 Further Information

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the independence, or lack thereof, of such proposed nominee pursuant to applicable securities laws and provided that such disclosure request does not go beyond that required of management nominees for election as directors of the Corporation.

8.A.5 Determination of Eligibility

The chairman of the meeting of shareholders at which an election for directors is held shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

8.A.6 Discussion Permitted

Nothing in this Section VIII.A shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter it is entitled to discuss pursuant to the Act.

8.A.7 Meaning of Public Announcement

For purposes of this Section VIII.A, "public announcement" shall mean disclosure in a press release reported by a national news service in Canada or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

8.A.8 Notice

Notwithstanding any other provision of the by-laws of the Corporation, notice given to the Secretary pursuant to this Section VIII.A may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Winnipeg time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

8.A.9 Waiver

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Section VIII.A.

SECTION IX DIVIDENDS AND RIGHTS

9.1 Dividends

Subject to the Act, the board may from time to time by resolution declare and the Corporation may pay dividends to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property, subject to the restrictions on the declaration and payment thereof under the Act, or by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation.

9.2 Dividend Payment

A dividend payable in cash shall be paid by cheque or electronic means, at the option of the Corporation. If a dividend payable in cash is to be paid by cheque, such cheque(s) shall be drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at the recorded address of that holder, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.3 Non-Receipt of Cheques

If any person entitled to receive a dividend cheque notifies the Corporation that the cheque has not been received, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.4 Record Date for Dividends and Rights

The board may fix in advance a date as a record date for the determination of the persons entitled to receive payment of dividends and to subscribe for securities of the Corporation. Such record date shall not precede by more than 60 days the particular action to be taken. Notice of any such record date shall be given not less than seven days before such record date, by newspaper advertisement in the manner provided in the Act, unless notice of the record date is waived by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date. If the shares of the Corporation are listed for trading on one or more stock exchanges in Canada, notice of such record date shall also be sent to such stock exchanges. Where no record date is fixed in advance, the record date for the determination of the persons entitled to receive payment of

any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

9.5 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which it has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION X GENERAL

10.1 Execution of Instruments

Contracts, documents and other instruments in writing may be signed on behalf of the Corporation by such person or persons as the board may from time to time designate by resolution. In the absence of an express designation as to the persons authorized to sign either contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing, any one of the directors or officers of the Corporation may sign contracts, documents or instruments in writing on behalf of the Corporation. The corporate seal, if any, of the Corporation may be affixed to any contract, obligation or instrument in writing requiring the corporate seal of the Corporation by any person authorized to sign the same on behalf of the Corporation.

The phrase "contracts, documents and other instruments in writing" as used in this provision shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities, all paper writings, all cheques, drafts or orders for the payment of money and all notes, acceptances and bills of exchange.

10.2 Electronic Signatures

Any requirement under the Act or this by-law for a signature, or for a document to be executed, is satisfied by a signature or execution in electronic form if such is permitted by law and all requirements prescribed by law are met.

10.3 Voting Rights in other Corporations

All securities carrying voting rights of any other corporation held from time to time by the Corporation may be voted at any and all meetings of shareholders, bond holders, debenture holders or holders of other securities (as the case may be) of such other corporation and in such manner as the board may from time to time determine. Any person or persons authorized to sign on behalf of the Corporation may also from time to time execute and deliver proxies for and on behalf of the Corporation and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote for and on behalf of the Corporation in such names as they may determine.

SECTION XI NOTICES

11.1 Method of Sending Notice

Any notice (which term includes any communication or document) to be sent pursuant to the Act, the articles, the by-laws or otherwise to a shareholder, director, officer or to the auditor shall be sufficiently sent if: (a) delivered personally to the person to whom it is to be sent, (b) delivered to the recorded address or mailed to the recorded address of that person by prepaid mail, (c) sent to that person at the recorded address by any means of prepaid transmitted or recorded communication, or (d) provided as an electronic document to the information system of that person. A notice so delivered shall be deemed to have been sent when it is delivered personally or to the recorded address. A notice so mailed shall be deemed to have been sent when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing. A notice so sent by any means of transmitted or recorded communication or provided as an electronic document shall be deemed to have been sent when dispatched by the Corporation if it uses

its own facilities or information system and otherwise when delivered to the appropriate communication company or agency or its representative for dispatch. Notices sent by any means of transmitted or recorded communication or provided as an electronic document shall be deemed to have been received on the business day on which such notices were sent, or on the next business day following, if sent on a day other than a business day. The secretary may change or cause to be changed the recorded address, including any address to which electronic communications of any kind may be sent, of any shareholder, director, officer or auditor in accordance with any information believed by the secretary to be reliable. The recorded address of a director shall be the latest address of that director as shown in the records of the Corporation or in the most recent notice filed under the Act, whichever is the more current.

- (a) A requirement under the Act or this by-law to provide a person with a notice, document or other information is not satisfied by the provision of an electronic document unless:
 - (i) the addressee has consented, in the manner prescribed under the Act, and has designated an information system for the receipt of the electronic document;
 - (ii) the electronic document is provided to the designated information system, unless otherwise prescribed in the Act;
 - (iii) the Act has been complied with;
 - (iv) the information in the electronic document is accessible by the sender so as to be usable for subsequent reference; and
 - (v) the information in the electronic document is accessible by the addressee and capable of being retained by the addressee, so as to be usable for subsequent reference.
- (b) An addressee may revoke consent to receive electronic documents in the manner prescribed in the Act.
- (c) A requirement under the Act for one or more copies of a document to be provided to a single addressee at the same time is satisfied by the provision of a single version of the electronic document. A requirement under the Act to provide a document by registered mail is not satisfied by the sending of an electronic document unless prescribed under the Act.
- (d) A requirement under the Act for a signature or for a document to be executed, except with respect to a statutory declaration or an affidavit, is satisfied if, in relation to an electronic document, the requirements prescribed under the Act are met and if the signature results from the application by a person of a technology or a process that permits the following to be proven:
 - (i) the signature resulting from the use by a person of the technology or process is unique to the person;
 - (ii) the technology or process is used by a person to incorporate, attach or associate the person's signature to the electronic document; and
 - (iii) the technology or process can be used to identify the person using the technology or process.

11.2 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice sent to one of such persons shall be sufficient notice to all of them.

11.3 Computation of Time

In computing the date when notice must be sent under any provision requiring a specified number of days notice of any meeting or other event, both the date of sending the notice and the date of the meeting or other event shall be excluded.

11.4 Undelivered Notices

If any notice sent to a shareholder pursuant to section 11.1 is returned on three consecutive occasions because the shareholder cannot be found, the Corporation shall not be required to give any further notices to such shareholder until that shareholder informs the Corporation in writing of a new address.

11.5 Omissions and Errors

The accidental omission to send any notice to any shareholder, director, officer or to the auditor or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

11.6 Persons Entitled by Operation of Law

Every person who, by operation of law, transfer or by any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly sent to the shareholder from whom that person derives title to such share prior to the name and address of that person being entered on the securities register (whether such notice was given before or after the happening of the event upon which that person became so entitled).

11.7 Deceased Shareholders

Any notice duly sent to any shareholder shall be deemed to have been duly served in respect of the shares held by the shareholder (whether held solely or with other persons), notwithstanding that such shareholder is then deceased and whether or not the Corporation has notice of such death, until some other person is entered in place of that person in the securities register of the Corporation as the holder or as one of the holders thereof and such service shall for all purposes be deemed a sufficient service of notice to the heirs, executors or administrators of that person and all persons, if any, interested with that person in such shares.

11.8 Waiver of Notice

Any shareholder (or the duly appointed proxyholder of that shareholder), director, officer or auditor may at any time waive any notice, or waive or abridge the time for any notice, required to be given to that shareholder under any provisions of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board which may be given in any manner.

11.9 Execution of Notices

The signature of any director or officer of the Corporation to any notice may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

11.10 Proof of Service

A certificate of any officer or director of the Corporation in office at the time of making of the certificate or of an agent of the Corporation as to facts in relation to the sending of any notice to any shareholder, director, officer or auditor or publication of any notice shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation, as the case may be.

**SECTION XII
REPEAL**

12.1 Repeal

Upon the date of this by-law coming into force, all other bylaws of the Corporation shall be repealed, provided that such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such bylaw prior to its repeal.

All officers and/or persons acting under any by-law so repealed shall continue to act as appointed under the provisions of this by-law and all resolutions of the shareholders or board or committee thereof with continuing effect passed under any repealed by-law shall continue to be valid except to the extent inconsistent with this by-law and until amended or repealed.

DATED the _____ day of _____, 2017-2019.

THE NORTH WEST COMPANY INC.

Per: _____

Name: ~~Paulina Hiebert~~

Title: ~~Vice President, Legal and Corporate Secretary~~

SCHEDULE A

THE NORTH WEST COMPANY INC.

Declaration for Registration of Shares

INSTRUCTIONS

A separate declaration is to be completed by the proposed shareholder or his agent for each transfer of shares.

If the declarant is not also the proposed shareholder of the shares, the declarant must make reasonable inquiries of the proposed shareholder, as the case may be, to confirm that the statements made in the declaration as they pertain to the shareholder are true.

If the declarant, is a corporation, partnership, association, trust or other organization, this declaration must be signed by a responsible officer or partner thereof or other duly authorized representative.

All statements set out in this Declaration must be completed.

PLEASE REFER TO THE DEFINITIONS ATTACHED TO THIS DECLARATION TO DETERMINE STATUS AS CANADIAN OR NON-CANADIAN.

IF YOU DO NOT COMPLETE THIS DECLARATION FOR REGISTRATION OF SHARES OR IF IT IS DETERMINED BY THE DIRECTORS OR THE TRANSFER AGENT OF THE CORPORATION THAT YOU INCORRECTLY INDICATED (THROUGH INADVERTENCE OR OTHERWISE) THAT THE SHARES REPRESENTED HEREIN ARE OWNED AND CONTROLLED BY A CANADIAN, THE SHARES REPRESENTED BY THIS DECLARATION FOR REGISTRATION OF SHARES WILL BE DEEMED TO BE OWNED AND CONTROLLED BY A PERSON THAT IS NON-CANADIAN.

TO: THE NORTH WEST COMPANY INC. (the "Corporation")

In response to a request made by the Corporation to facilitate compliance with the restrictions on issue, transfer and ownership of, and exercise of voting rights attaching to, the shares of the Corporation pursuant to the *Canada Transportation Act* and directions by the federal cabinet to the Canadian Transportation Agency, and the Certificate of Incorporation of the Corporation and in connection with the registration of _____ shares,

I [Insert Name] _____
of [Insert Full Address] _____

HEREBY DECLARE THAT, within the meaning of the definitions contained in the *Canada Transportation Act* and the Certificate of Incorporation of the Corporation, as summarized on the reverse side hereof, as at the date hereof:

The proposed registered holder of the shares is:

_____ a Canadian _____ a Non-Canadian

The proposed beneficial owner of the shares is:

_____ a Canadian _____ a Non-Canadian

The proposed person controlling such shares is:

_____ a Canadian _____ a Non-Canadian

The proposed registered holder of the shares is a Non-Canadian Authorized to Provide Air Service:

_____ Yes _____ No

The proposed beneficial owner of the shares is a Non-Canadian Authorized to Provide Air Service:

_____ Yes _____ No

The proposed person controlling such shares is a Non-Canadian Authorized to Provide Air Service:

_____ Yes _____ No

The proposed registered holder, beneficial owner or person controlling such shares is in Affiliation with:

_____ a Non-Canadian _____ a Non-Canadian Authorized to Provide Air Service

If I am not the proposed registered holder of the shares, I have asked for and received the proposed registered holder's authority and advice to execute this Declaration on his or her behalf.

DECLARED THIS _____ DAY OF _____, 20_____ .

Signature of Declarant

If the declarant is a corporation, partnership, association, trust or other organization, provide the name and title of signatory

Address of Declarant (please print)

Summary of Definitions

The following definitions are qualified in their entirety by the definitions contained in the Certificate of Incorporation of the Corporation and the *Canada Transportation Act*.

"Affiliation" has the meaning set forth in Subsection 55(2) of the *Canada Transportation Act* or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time.

"Canadian" means:

- (a) a Canadian citizen or a Permanent Resident;
- (b) a government in Canada or an agent of such a government; or
- (c) a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least seventy-five per cent, or such lesser percentage permitted by the *Canada Transportation Act* or as the Governor in Council may by regulation specify, of the voting interests are owned and controlled by Canadians.

"Canada Transportation Act" means the *Canada Transportation Act* (Canada), R.S.C. 1996, c. 10 and the regulations thereunder, in each case as may be amended from time to time.

"Non-Canadian" means a person who is not a Canadian.

"Non-Canadian Authorized to Provide Air Service" means a Non-Canadian authorized to provide an air service in any jurisdiction.

"Permanent Resident" means a person who has acquired permanent resident status and has not subsequently lost that status under section 46 of the *Immigration and Refugee Protection Act*.

"person" means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and government and agencies and political subdivisions thereof.

Schedule "G" – Interim Order

See Attached.

THE QUEEN'S BENCH

Winnipeg Centre

IN THE MATTER OF: **Section 192 of the *Canada Business Corporations Act*,
R.S.C. 1985, c. C-44, as amended**

AND IN THE MATTER OF: **A proposed arrangement of THE NORTH WEST
COMPANY INC. involving the holders of its common
voting shares and variable voting shares**

THE NORTH WEST COMPANY INC.,

Applicant,

- and -

**THE HOLDERS OF SHARES OF
THE NORTH WEST COMPANY INC.,**

TRUE COPY

Respondents.

INTERIM ORDER

MLT AIKINS LLP
Barristers and Solicitors
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Winnipeg, MB R3C 4G1

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Barristers and Solicitors
333 Bay Street, Suite 3400
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Facsimile: (416) 979-1234

THE QUEEN’S BENCH

Winnipeg Centre

**THE HONOURABLE
ASSOCIATE CHIEF
JUSTICE PERLMUTTER**

)
)
)

**TUESDAY, THE 30th DAY
OF APRIL, 2019**

IN THE MATTER OF:

**Section 192 of the *Canada Business Corporations Act*,
R.S.C. 1985, c. C-44, as amended**

AND IN THE MATTER OF:

**A proposed arrangement of THE NORTH WEST
COMPANY INC. involving the holders of its common
voting shares and variable voting shares**

THE NORTH WEST COMPANY INC.,

Applicant,

- and -

**THE HOLDERS OF SHARES OF
THE NORTH WEST COMPANY INC.,**

Respondents.

TRUE COPY

INTERIM ORDER

THIS MOTION made by the Applicant, The North West Company Inc. (“North West”), for an interim order (the “**Interim Order**”) for advice and directions pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the “**CBCA**”) was heard this day at the Law Courts Complex, 408 York Avenue, Winnipeg, Manitoba.

ON READING the Notice of Application, the Notice of Motion, the affidavit of Amanda Sutton sworn April 25, 2019 (the “**Sutton Affidavit**”), and on hearing the submissions of counsel for North West and on the Director appointed under the CBCA (the “**Director**”) being duly served with the Notice of Application, Notice of Motion, Interim Order and Sutton Affidavit, and not objecting to the granting of the Interim Order.

Definitions

1. **THIS COURT ORDERS** that capitalized terms used herein that are not otherwise defined shall have the meanings ascribed to them in the draft management information circular of North West, which is attached as Exhibit “A” to the Sutton Affidavit (the “**Information Circular**”).

Service

2. **THIS COURT ORDERS** that service on the Director is sufficient service for the purpose of this motion for an Interim Order. For greater certainty, no other person, including the holders of the common voting shares and variable voting shares (collectively, the “**Shares**”) of North West (the “**Shareholders**”) needs to be served with the Notice of Application, the Notice of Motion or the Sutton Affidavit for the purposes of this motion for an Interim Order.

The North West Meeting

3. **THIS COURT ORDERS** that North West is permitted to call, hold and conduct an annual and special meeting of the Shareholders at 11:30 a.m. (Winnipeg time) on June 12, 2019 (the “**Meeting**”), in order for the North West Shareholders to consider and, if thought fit, to pass a special resolution substantially in the form set out in Schedule “C” to the Information Circular authorizing, adopting and approving, with or without variation, a proposed arrangement

involving the Shareholders (the “**Arrangement**”), pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (the “**CBCA**”).

4. **THIS COURT ORDERS** that, except as provided in this Interim Order, the Meeting shall be called, held and conducted in accordance with the CBCA, the notice of meeting of the Shareholders (the “**Notice of Meeting**”), which accompanies the Information Circular and the articles and by-laws of North West.

5. **THIS COURT ORDERS** that the record date (the “**Record Date**”) for determination of the Shareholders entitled to receive Notice of the Meeting, and vote at the Meeting, shall be the close of business on May 8, 2019.

6. **THIS COURT ORDERS** that the only persons entitled to attend or make representations at the Meeting shall be:

- (a) the Shareholders or their respective proxyholders;
- (b) the officers, directors, auditors and advisors of North West;
- (c) the Director; and
- (d) other persons who may receive the permission of the Chair of the Meeting.

7. **THIS COURT ORDERS** that North West may transact such other business, including such amendments or variations to the Arrangement Resolution made in accordance with this Interim Order, as may properly be brought before the Meeting.

North West Meeting Chair

8. **THIS COURT ORDERS** that the Chair of the North West Meeting shall be the Chair of the Board of Directors of North West or such other person designated by the Board of Directors of North West.

Quorum

9. **THIS COURT ORDERS** that, for the purposes of the Meeting and in accordance with the Information Circular, a quorum is required to conduct business at the Meeting. Said quorum shall be not less than two (2) persons, one of whom shall be, or be representing, a Canadian, present in person at the opening of the Meeting who are entitled to vote at the Meeting either as Shareholders or proxyholders, together holding or representing by proxy not less than 25% of the votes attached to the Shares.

Amendments to the Arrangement and Plan of Arrangement

10. **THIS COURT ORDERS** that North West is authorized to make, subject to the terms of the Plan of Arrangement, such amendments, modifications or supplements to the Plan of Arrangement at any time and from time to time prior to the effective date of the Plan of Arrangement, without any additional notice to the North West Shareholders, or others entitled to receive notice of the Meeting, and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be filed with this Honourable Court and subject to its review and, if appropriate, further direction at the hearing for the final approval of the Arrangement.

11. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Plan of Arrangement as referred to in paragraph 10 above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as North West may determine.

Amendments to the Information Circular

12. **THIS COURT ORDERS** that North West is authorized to make such amendments, revisions and/or supplements to the Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemental, shall be the Information Circular to be distributed in accordance with paragraph 14.

Adjournments and Postponements

13. **THIS COURT ORDERS** that North West, if it deems advisable, is authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement and without the need for further approval of this Honourable Court, and notice of any such adjournment or postponement shall be given by such method as North West may determine is appropriate in the circumstances. No such adjournment will affect the Record Date for the Meeting or the Shareholders entitled to vote at the Meeting.

Notice of the Meeting and Service of Court Materials

14. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, North West shall deliver or give access to the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting and the form of proxy (or voting instruction form), along with such amendments or additional documents as North West may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the “**Meeting Materials**”), to the following:

- (a) the registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
 - (i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of North West, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of North West;
 - (ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
 - (iii) by email, facsimile or other electronic transmission to any Shareholder, who is identified to the satisfaction of North West, who requests such transmission in writing, and if required by North West, who is prepared to pay the charges for such transmission;

- (b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
- (c) the directors of North West, the auditors of North West and to the Director appointed under the CBCA by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail, or, with the consent of the person, by facsimile or electronic transmission.

15. **THIS COURT ORDERS** that accidental failure or omission by North West to give Notice of the Meeting or to distribute the Meeting Materials to any person entitled to receive such material, or any failure or omission to give such materials as a result of events beyond the reasonable control of North West, or the non-receipt of such materials shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of North West, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials in accordance with paragraph 14 of this Interim Order shall constitute good and sufficient notice of the Meeting, good and sufficient service of the application contained therein and good and sufficient notice of the date of the Final Hearing (as hereinafter defined) upon all persons entitled to such notice or service and that those persons are bound by any orders made on the within application. Further, no other form of delivery or service of the Meeting Materials (or any portion thereof) or any

other material is required to be given or made in respect of these proceedings and/or the Meeting, except as required by paragraphs 10 and 11 of this Interim Order.

Solicitation and Revocation of Proxies

17. **THIS COURT ORDERS** that in connection with the Meeting, North West is authorized to use the form of proxy substantially in the form of the draft accompanying the Information Circular attached as Exhibit “A” to the Sutton Affidavit, with such amendments and additional information as North West may determine are necessary or desirable. North West is authorized, at its expense, to solicit proxies, directly or through its respective officers, directors or employees, and through such agents or representatives as it may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. North West may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by the Shareholders, if North West deems it reasonable to do so.

18. **THIS COURT ORDERS** that the Shareholders shall be entitled to revoke their proxies in accordance with section 148(4) of the CBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to section 148(4)(a)(i) of the CBCA must be deposited with AST Trust Company as set out in the Circular. Alternatively, the Shareholders may sign a proxy bearing a later date than the earlier proxy and deposit it with AST Trust Company as set out in the Information Circular not later than 11:30 a.m. on June 10, 2019 or at least 24 hours prior to any reconvened meeting in the event of an adjournment or postponement.

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold Shares as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per Share during a single vote of all Shareholders and that in order for the Plan of Arrangement to be implemented, subject to a further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by an affirmative vote of at least two-thirds ($66\frac{2}{3}\%$) of the votes cast in respect of the Arrangement Resolution at the Meeting in person or by proxy by the Shareholders. Such votes shall be sufficient to authorize North West to do all such acts and things as may be necessary or desirable to give effect to the Plan of Arrangement on a basis consistent with the Information Circular without the necessity of any further approval by the Shareholders and subject only to final approval of the Plan of Arrangement by this Honourable Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting North West (other than the Arrangement Resolution), each Shareholder is entitled to one vote for each North West Share held, subject to any restrictions on voting set forth in the Articles that may be applicable.

Hearing of Application for Approval of the Arrangement

22. **THIS COURT ORDERS** that upon approval, with or without variation, by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, North West will proceed with its application to this Honourable Court for final approval of the Arrangement which application shall be heard on Monday, June 17, 2019, at 9:00 a.m. (Winnipeg time) (the “**Final Hearing**”).

23. **THIS COURT ORDERS** that any person other than those persons listed in paragraph 24 below, who seeks to appear and be heard at the Final Hearing shall serve a notice of appearance (“**Notice of Appearance**”), containing a statement as to whether such person intends to support or oppose the application and a summary of such person's position and any evidence intended to be presented, no later than 5:00 p.m. (Winnipeg time) on Thursday, June 13, 2019 (or the day that is two days (excluding Saturdays, Sundays and holidays) immediately preceding any adjournment or postponement of the Final Hearing), upon counsel for North West by delivering same to:

MLT AIKINS LLP
Barristers and Solicitors
30th Floor – 360 Main Street
Winnipeg, MB R3C 4G1

BRENT C. ROSS

Telephone: (204) 957-4681
Facsimile: (204) 957-4253

GOODMANS LLP
Barristers and Solicitors
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

TOM FRIEDLAND / PETER KOLLA

Telephone: (416) 597-4218

Facsimile: (416) 979-1234

Any person filing a Notice of Appearance may obtain copies electronically of the documents filed in support of the Notice of Application upon request to counsel of North West.

24. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, only the following persons, or their representatives, shall be entitled to appear and be heard at the Final Hearing:

- (a) North West;
- (b) the Director; and
- (c) any other person who has filed a Notice of Appearance herein in accordance with paragraph 23 above and who is determined by this Honourable Court to have standing.

25. **THIS COURT ORDERS** that any materials to be filed by North West in support of the Notice of Application may be filed up to one day prior to Final Hearing without further order of this Honourable Court.

26. **THIS COURT ORDERS** that in the event the Final Hearing does not proceed on the date set forth above, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 23 shall be entitled to notice of the adjourned date.

Precedence

27. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Shares or the articles or by-laws of North West, this Interim Order shall govern.

Variance

28. **THIS COURT ORDERS** that North West shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

SIGNED this 30th day of April, 2019

SJ. PERLMUTTER

Associate Chief Justice Perlmutter

Schedule "H" – Notice of Application for Final Order

See Attached.

THE QUEEN'S BENCH
Winnipeg Centre

IN THE MATTER OF: **Section 192 of the *Canada Business Corporations Act*,
R.S.C. 1985, c. C-44, as amended**

AND IN THE MATTER OF: **A proposed arrangement of THE NORTH WEST
COMPANY INC. involving the holders of its common
voting shares and variable voting shares**

THE NORTH WEST COMPANY INC.,

Applicant,

- and -

**THE HOLDERS OF SHARES OF
THE NORTH WEST COMPANY INC.,**

Respondents.

NOTICE OF APPLICATION
HEARING DATE: APRIL 30, 2019, 9:00 A.M.
BEFORE: JUSTICE EDMOND

MLT AIKINS LLP
Barristers and Solicitors
30th Floor – 360 Main Street
Winnipeg, MB R3C 4G1

GOODMANS LLP
Barristers and Solicitors
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

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Facsimile: (204) 957-4253

TOM FRIEDLAND / PETER KOLLA
Telephone: (416) 597-4218
Facsimile: (416) 979-1234

Original Court Copy

THE QUEEN'S BENCH
Winnipeg Centre

IN THE MATTER OF: **Section 192 of the *Canada Business Corporations Act*,
R.S.C. 1985, c. C-44, as amended**

AND IN THE MATTER OF: **A proposed arrangement of THE NORTH WEST
COMPANY INC. involving the holders of its common
voting shares and variable voting shares**

THE NORTH WEST COMPANY INC.,

Applicant,

- and -

**THE HOLDERS OF SHARES OF
THE NORTH WEST COMPANY INC.,**

Respondents.

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge, at 9:00 a.m. on April 30, 2019, at the Winnipeg Law Courts Building, 408 York Avenue in Winnipeg, Manitoba.

IF YOU WISH TO OPPOSE THIS APPLICATION, you or a Manitoba lawyer acting for you must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2:00 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGEMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

Dated: April 26th, 2019

Issued by: C. Lanise
Deputy Registrar

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TO: **HOLDERS OF SHARES OF THE NORTH WEST COMPANY INC.**

AND TO: **THE DIRECTORS OF THE NORTH WEST COMPANY INC.**

AND TO: **THE AUDITORS OF THE NORTH WEST COMPANY INC.**

AND TO: **THE DIRECTOR APPOINTED UNDER THE *CANADA BUSINESS CORPORATIONS ACT***

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APPLICATION

1. THE APPLICANT, The North West Company Inc. ("**North West**"), MAKES APPLICATION FOR:

- (a) an Interim Order for advice and directions pursuant to section 192(4) of The *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (the "**CBCA**") with respect to calling, holding and conducting an annual and special meeting (the "**North West Meeting**") of the shareholders of North West (the "**Shareholders**") to consider, among other things, an arrangement to be implemented by way of a plan of arrangement (the "**Arrangement**");
- (b) an Order that this matter be heard on short leave, if necessary;
- (c) an Order that service on the Director appointed pursuant to the CBCA is sufficient service with respect to the relief sought in subparagraphs (a) and (b);
- (d) an Order adjourning the balance of this Application to a date to be fixed;
- (e) an Order approving the Arrangement under Section 192 of the CBCA, substantially in the form attached as Schedule "C" to the management information circular (the "**Information Circular**") to be delivered to the Shareholders and attached as Exhibit "A" to the Affidavit of Amanda Sutton, sworn April 25, 2019 as may be amended, if necessary; and
- (f) such further and other relief as counsel may request and this Honourable Court may deem just.

2. THE GROUNDS OF THE APPLICATION ARE:

- (a) North West is a corporation incorporated pursuant to the CBCA, with its registered office in Winnipeg, Manitoba.

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- (b) North West wholly-owns North Star Air Ltd. (“NSA”), a regional air carrier based in Thunder Bay, Ontario, which holds a domestic service operating license pursuant to the *Canada Transportation Act*, S.C. 1996, c. 10 (the “CTA”). NSA is a company incorporated pursuant to the *Ontario Business Corporations Act*, R.S.O. 1990, c. B-16.
- (c) North West is a reporting issuer pursuant to the securities laws of each province of Canada.
- (d) The purpose of the Arrangement is to amend North West’s articles of incorporation (the “Articles”) and its applicable by-laws to ensure compliance with recent amendments to the CTA, which changed the definition of “Canadian” under section 55(1) of the CTA (the “CTA Amendments”).
- (e) North West has two classes of outstanding shares: common voting shares (“Common Voting Shares”) and variable voting shares (“Variable Voting Shares”) (collectively, the “Shares”). In order to comply with the foreign-ownership restrictions contained in the CTA prior to the CTA Amendments, the Articles provide that Canadians (as defined in the CTA) automatically hold Common Voting Shares and non-Canadians automatically hold Variable Voting Shares. The Articles include a provision that reduces the voting power of the Variable Voting Shares to 25% of the aggregate votes attached to all outstanding Shares, or any greater percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA. If the number of Variable Voting Shares exceeds 25% of the total number of Shares, then the collective number of votes associated with all Variable Voting Shares as a class is reduced to 25%, with the voting rights of such shareholders being reduced on a pro rata basis.

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- (f) The CTA Amendments increased the aggregate permitted holdings of voting interests by non-Canadians from 25% to 49% (the “**Aggregate Limit**”) and introduced 25% restrictions on holdings of voting interests by individual non-Canadians and non-Canadian air carriers (the “**Sub Limits**”). The Sub Limits are not currently reflected in the Articles, except insofar as the existing 25% aggregate limit would be applicable.
- (g) If North West does not comply with the Aggregate Limit or Sub Limits, the Canadian Transportation Agency (the “**CTA**”) is required to suspend the domestic license of NSA.
- (h) The Arrangement would amend the variable voting mechanisms within the Variable Voting Shares class in order to comply with the CTA Amendments. In particular, the Arrangement proposes an amendment to the Articles to provide that, if a single non-Canadian shareholder (or affiliated shareholders) or non-Canadian air service (or affiliated air service groups) acquires 25% or more of the Variable Voting Shares, the voting rights of that shareholder (or affiliated shareholders) would be limited to 25%, and may be further reduced on a per share basis. This reflects the fact that any such shareholder (together with its affiliates) necessarily falls within the class of non-Canadians subject to and affected by the Aggregate Limit and also within one of the classes of non-Canadians subject to and affected by one of the Sub Limits. Such a shareholder (together with its affiliates) could therefore be subject to prorating of voting rights necessary to respect both such limits.
- (i) If approved and completed, the Arrangement will result in continued compliance with the CTA.

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- (j) The Arrangement is the most effective means by which to achieve Parliament's objectives for the CTA Amendments to increase foreign ownership in Canadian air carriers while simultaneously maintaining Canadian control of such carriers. The alternative, to create two new classes of non-Canadian voting shares, is impracticable, would thwart Parliament's objectives for the CTA Amendments, and is contrary to the interests of North West and its shareholders.
- (k) The proposed Arrangement is an "arrangement" as defined in section 192(1) of the CBCA.
- (l) North West is not insolvent within the meaning of s. 192(2) of the CBCA.
- (m) It is not practicable for North West to effect a fundamental change in the nature of the Arrangement under any other provision of the CBCA.
- (n) All statutory conditions under the CBCA have been fulfilled, or will have been fulfilled, by the final return date of this Application for the granting of approval of the proposed Arrangement.
- (o) The Arrangement and application is put forward in good faith and for a valid business purpose.
- (p) The Arrangement is fair and reasonable to the parties affected.
- (q) Proceedings similar to this Application have been commenced in other Canadian jurisdictions by other publicly-traded Canadian air carriers, including Air Canada, WestJet Airlines Ltd., Chorus Aviation Inc. and Transat A.T. Inc. The plans of arrangement proposed by the other carriers are substantively the same as the Arrangement.
- (r) Section 192 of the CBCA.
- (s) Section 55(1) of the *Canada Transportation Act*, S.C. 1996, c. 10.

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- (t) National Instrument 54-101 of the Canadian Securities Administrators.
- (u) Rules 3.02, 14.05(1), 14.05(2), 14.50(3), 37 and 38 of the Court of Queen's Bench Rules.
- (v) Certain of the holders of equity in North West and other interested persons are resident outside of Manitoba and will be served at their addresses as they appear on the books and records of North West pursuant to section 192(4) of the CBCA, rule 17.02(k) of the Court of Queen's Bench Rules and/or pursuant to the terms of any Interim Order this Court may grant.
- (w) Such further and other grounds as counsel may advise and this Honourable Court may permit.

3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

- (a) this Notice of Application;
- (b) such Interim Order as may be granted by this Honourable Court;
- (c) the Affidavit of Amanda Sutton, sworn on April 25, 2019;
- (d) a further affidavit to be sworn on behalf of North West reporting on the compliance with the Interim Order and the results of the meeting conducted pursuant to the Interim Order; and
- (e) such further and other material as counsel may advise and this Honourable Court may permit.

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April 26, 2019

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

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