

THE NORTH WEST COMPANY

COMMUNIQUÉ

February 17, 1997

THE NORTH WEST COMPANY ANNOUNCES NEW STRUCTURE TO MAXIMIZE SHAREHOLDER VALUE

Winnipeg - Today the Board of Directors approved a new structure for The North West Company Inc. ("NWC"). The new structure will be implemented by way of a plan of arrangement that will be submitted for approval by NWC's shareholders at a special meeting to be held in Winnipeg on March 21, 1997. The plan of arrangement is also subject to court and other regulatory approvals including the approval of the Toronto and Winnipeg Stock Exchanges.

Pursuant to the plan of arrangement, shareholders will effectively exchange their shares, on a one-for-one basis, for units of the North West Company Fund (the "Fund"), a newly-established trust, which will own NWC on completion of the plan of arrangement. The sole asset of the Fund will be debt and equity securities of NWC.

The innovative structure will allow NWC to make distributions to unitholders out of pre-tax income on the debt securities rather than out of after-tax income on its common shares, as is presently the case. Based on the pro forma financial statements of the Fund, because distributions will be made on a pre-tax basis, the quarterly amount received by unitholders would have been 17.5¢ per unit, an increase of 75% from the 10¢ per share. These distributions will commence September 15, 1997, will be fully taxable and will not qualify for the dividend tax credit. The Board of Directors has declared the regular quarterly dividend of 10¢ per share payable April 30, 1997 to shareholders of record on March 26, 1997, before the effective date of the proposed restructuring.

NWC expects to establish a policy of distributing about 35 to 40% of prior year's pre-tax income to unitholders such that over 60% of income, after deducting income tax, will continue to be retained to finance the growth of the Company. That is, the NWC Fund will be more of a capital appreciation investment than an income fund.

The plan of arrangement is conditional on the units being listed on the Toronto and Winnipeg Stock Exchanges. There are over \$7 billion in trust units on Canadian markets, and trading activity in trust units has been brisk. The Company expects that its new structure will make the units more attractive to all investors, but particularly to pension plans, self-directed RSP's and Aboriginal investment groups.

The credit rating of NWC will be unchanged as a result of the plan of arrangement. The Company's bonds have been reaffirmed as investment grade and NWC continues to be a prime rate borrower. NWC's financial strength is unchanged and the Company remains committed to achieving its strategic goals of reinvesting in its core retail business in the North while developing ancillary growth opportunities.

The exchange of shares for units will be a taxable transaction. The tax consequences will be detailed in the circular to be sent to shareholders this week.

The Fund will be administered by a Board of three Trustees, who will be elected annually by unitholders. The initial Trustees are Ian Sutherland, President and Chief Executive Officer of NWC, David Broadhurst, Investment Banker with First Marathon Securities Limited, and Kevin Bolt, Partner with Pitblado & Hoskin. Management of NWC will remain unchanged and unitholders will be entitled, indirectly, to elect the Board of Directors of NWC annually.

The following table sets out certain condensed consolidated financial information relating to the Fund as at, and for the nine month period ended, October 26, 1996 on a pro forma basis after giving effect to the plan of arrangement and certain other adjustments.

BALANCE SHEET DATA (\$000'S)	Company Actual October 26, 1996	Fund Pro Forma October 26, 1996
Current assets	188,014	188,014
Capital assets	181,368	181,368
Other assets	12,935	12,935
Total assets	382,317	382,317
Current liabilities	94,295	95,795
Long-term debt	135,789	135,789
Deferred income taxes	9,097	8,452

Equity	143,136	142,281
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Total liabilities and equity	382,317	382,317
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**STATEMENT OF
EARNINGS
AND EQUITY (\$000's)**

**Company Actual
Nine Months Ended
October 26, 1996**

**Fund Pro Forma
Nine Months
Ended
October 26, 1996**

Operating Profit	29,168	29,168
Interest	(9,158)	(9,158)
Provision for income taxes	(7,863)	(4,465)
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Earnings for the Period	12,147	15,545
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Equity, beginning of year	139,953	139,953
Dividends, distributions	(4,531)	(7,929)
Purchases of shares for cancellation and translation loss	(4,433)	(4,433)
Expenses of the arrangement, net of tax	-----	(855)
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Equity, end of period	143,136	142,281
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Dividends, distributions per share/unit	\$0.30	\$0.53
Earnings per share/unit Basic and fully diluted	\$0.80	\$1.03
Book value per share/unit	\$9.54	\$9.49

While NWC's fourth quarter financial statements are not finalized, the Company is pleased to report that sales and margin trends were positive. Sales in Canada, representing 80% of sales, increased 2.9% in the quarter, while sales in Alaska, reflecting the impact of discontinued businesses and soft general merchandise sales, decreased 3.6%. NWC expects that earnings for the year will exceed the level recorded in prior years.

The North West Company, operating in Canada as **Northern** and in Alaska as **AC Value Centers**, is North America's leading retailer of food, family apparel and general merchandise in northern communities. The Company trades on the Toronto and Winnipeg Stock Exchanges under the symbol "NWC".