



NORTH WEST COMPANY FUND PRESS RELEASE

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“NORTH WEST COMPANY REPORTS FOURTH QUARTER RESULTS”

WINNIPEG - North West Company Fund (the “Fund”) today reported 1999 fourth quarter earnings for the period ended January 29, 2000.

CONSOLIDATED RESULTS

The North West Company Fund reported earnings for the fourth quarter of \$7,725,000 (\$0.51 per unit) which were \$1,965,000 (\$0.14 per unit) less than the fourth quarter of 1998. Earnings for the year were \$27,957,000 (\$1.86 per unit) compared to \$27,285,000 (\$1.82 per unit) before unusual items in 1998. Earnings for 1998 after unusual items were \$16,145,000 (\$1.08 per unit).

Fourth quarter consolidated revenues at \$165.6 million were down 0.9% compared to 1998 due to the closing of underperforming, non-core locations at the end of 1998. Consolidated revenues for 1999 at \$626.5 million were down 0.4% compared to 1998.

“Food sales momentum is a key indicator for our repositioning strategy in Canada and our fourth quarter market share gains in food were very encouraging”, said Edward Kennedy, President and CEO. “Alaska results were another positive as we finished ahead of plan and increased our earnings for the ninth consecutive quarter. General merchandise margins were a big disappointment. We sold more low-margin hardlines products through our catalogue and less higher margin apparel. In 2000 we are making changes to improve this blend, with or without a colder winter.”

CANADIAN OPERATIONS

Canadian sales were \$130.3 million, for the quarter, down 1.6% from last year. Earnings before interest, unusual item, income taxes and amortization (EBIUTA) decreased by \$5.5 million to \$13.6 million. The closing of 12 underperforming, non-core stores at the end of 1998 was the biggest factor that impacted Canadian sales in 1999. These stores were not profitable on a 12-month basis but they did generate a profit in the fourth quarter in 1998 and this accounted for \$600,000 of the shortfall in EBIUTA this year.

The biggest factor affecting Canadian EBIUTA in the quarter was the poor performance of general merchandise margins. This was due to a higher than planned sales blend of lower-margin hardlines merchandise. Apparel merchandise sales are typically higher margin. They performed below expectations due to late deliveries and warm weather conditions. A third

factor affecting fourth quarter EBIUTA was store expenses, which were up 5.2% due to higher staff, repair and advertising costs and increased provisions for doubtful accounts.

Food sales continued on a positive trend in the quarter and were up 4.3% (up 3.6% on a comparable basis). The completed expansion of food selling space in 48 stores and improved pricing contributed to this gain. On a regional basis, sales were up sharply in larger store locations, led by market share gains in foods. The region of Arctic Quebec had softer sales due to increased local competitive activity.

For the year, revenues were \$478.5 million or 3.1% below last year. EBIUTA for Canadian operations for 1999 was \$51.1 million compared to \$55.7 million last year.

During the year, Canadian operations completed the first full year of a major repositioning effort called "Vision 2000+". This plan is a shift in the Company's focus towards becoming a more dominant retailer of food and everyday general merchandise, complemented by a broad range of catalogue merchandise. The strategies under "Vision 2000+" are to focus on value for our customer and for us, to be the best at selling and to streamline our business. Each of these strategies has added a degree of risk but they also offer opportunities to profitably grow our business. We are pleased that solid progress has been made although at a slower rate than initially planned. We now expect that our performance will begin to accelerate in the second half of 2000.

ALASKAN OPERATIONS (stated in U.S. dollars)

Alaska Commercial Company ("AC") sales increased 7.0% in the quarter to \$24.2 million. On a comparable basis, store sales were up 1.6% with comparable food sales increasing 0.5% and general merchandise sales up 4.7%. Food sales were affected by a seasonal downturn in markets dependent on the commercial fishing industry and we expect these conditions to persist until the end of the first quarter.

AC's wholesale business, Frontier Expeditors ("FE"), had a very strong quarter with sales up 42.1%. FE specializes in distributing primarily food products to smaller retail accounts in rural Alaska. In the fourth quarter, FE intensified its marketing efforts in this traditional market and benefited from larger urban accounts that were added late in the third quarter.

AC's earnings before interest, income taxes and amortization (EBITA) for the quarter increased 112% to \$1,729,000 compared to \$815,000 last year. This improvement was primarily due to a significant improvement in year-end food margins and FE's sales gains.

For the year, AC's sales were \$100.0 million and 10.3% ahead of last year. EBITA for AC operations for 1999 was \$6.0 million compared to \$4.2 million last year. 1999 is the fourth consecutive year of earnings growth at AC. We see more potential for profitable market share gains in 2000 and we expect AC to continue to move closer to more attractive profit margins.

NORMAL COURSE ISSUER BID

North West Company Fund announced today that it intends to file a notice with The Toronto Stock Exchange to make a normal course issuer bid, subject to regulatory approval, with respect to its intention to purchase units of the Fund over the next twelve months.

The Fund intends to repurchase up to 750,000 units, or 5% of the outstanding units of the Fund, and would not exceed more than 2% of the outstanding units in any thirty day period, in accordance with Toronto Stock Exchange regulations. The price, which the Fund will pay for any such units, will be the market price at the time of acquisition. The actual number of units, which may be purchased, and the timing of any such purchases will be determined by the Fund. There are 15,000,000 units of the Fund outstanding with the public float amounting to approximately 14,163,000 units. It is anticipated that the normal course issuer bid will commence by the end of March subject to regulatory approval and will terminate on March 23, 2001 or on such earlier date as the Fund may complete its purchase pursuant to the notice.

Ian Sutherland, Trustee stated "The Trustees of the Fund and the Board of Directors of The North West Company have determined that enabling the Fund to purchase units under a normal course issuer bid would be in the best interests of the Fund and its unitholders. In the opinion of the Trustees of the Fund and the Board of Directors of the Company, the intrinsic value of the units exceeds their current trading price. Depending upon future price movements and other factors, the Fund believes that its outstanding units may represent an attractive investment and a desirable use of a portion of its available funds."

OTHER HIGHLIGHTS

- The North West Company had been working on its Year 2000 (Y2K) risk since 1996. Major replacements of its merchandising and financial systems were completed by the fall of 1999 and there were no business disruptions when the year 2000 arrived or to the date of this report.
- A quarterly cash distribution of \$0.30 per unit was made March 15, 2000. Cash distributions are expected to be maintained at that level for the planned distributions on June 15, 2000 and September 15, 2000. The final distribution for 2000 will be approximately \$0.54 per unit payable in cash or units in December 2000 based on financial conditions at the end of the year.
- The Retail Council of Canada has chosen The North West Company as the winner of the 2000 Resources Protection Recognition Award for its loss prevention and awareness program.

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The North West Company is the leading provider of food and everyday products and services to remote communities across northern Canada and Alaska. The Fund trades on the Toronto and Winnipeg Stock Exchanges under the symbol "NWF.UN".

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CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands of Canadian dollars)

	Jan. 29, 2000	Jan. 30, 1999
ASSETS		
Current assets		
Accounts receivable	\$ 49,272	\$ 46,954
Inventories	114,414	114,022
Other	12,478	13,161
	<u>176,164</u>	<u>174,137</u>
Capital assets	195,429	197,310
Deferred income taxes	3,593	2,919
Other assets	12,351	13,045
	<u>\$ 387,537</u>	<u>\$ 387,411</u>
LIABILITIES		
Current liabilities		
	\$ 92,486	\$ 90,723
Long-term debt	125,146	132,571
	<u>217,632</u>	<u>223,294</u>
EQUITY	<u>169,905</u>	<u>164,117</u>
	<u>\$ 387,537</u>	<u>\$ 387,411</u>

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(unaudited, in thousands of Canadian dollars)

	13 Weeks Ended Jan. 29, 2000	13 Weeks Ended Jan. 30, 1999	52 Weeks Ended Jan. 29, 2000	52 Weeks Ended Jan. 30, 1999
SALES AND OTHER REVENUE				
Canadian operations	\$ 130,291	\$ 132,425	\$ 478,508	\$ 494,023
Alaskan operations	35,310	34,697	147,961	135,095
	<u>\$ 165,601</u>	<u>\$ 167,122</u>	<u>\$ 626,469</u>	<u>\$ 629,118</u>
Earnings before interest, unusual item, income taxes and amortization				
Canadian operations	\$ 13,574	\$ 19,037	\$ 51,075	\$ 55,736
Alaskan operations	2,583	1,283	8,881	6,304
Amortization				
Canadian operations	(4,423)	(4,342)	(17,287)	(16,739)
Alaskan operations	(757)	(745)	(2,860)	(2,470)
EARNINGS BEFORE INTEREST, UNUSUAL ITEM AND INCOME TAXES	10,977	15,233	39,809	42,831
Interest	(3,195)	(3,288)	(11,701)	(13,714)
Unusual item (Note 2)	-	-	-	(20,000)

(Provision) recovery of income taxes (Note 3)	(57)	(2,255)	(151)	7,028
EARNINGS FOR THE PERIOD	7,725	9,690	27,957	16,145
Retained earnings, beginning of period	18,557	9,635	11,825	14,430
Distributions	(8,100)	(7,500)	(21,600)	(18,750)
RETAINED EARNINGS, END OF PERIOD	\$ 18,182	\$ 11,825	\$ 18,182	\$ 11,825
EARNINGS PER UNIT	\$ 0.51	\$ 0.65	\$ 1.86	\$ 1.08

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Principles

These unaudited consolidated financial statements are based on accounting principles consistent with those used and described in the annual financial statements of North West Company Fund.

2. Unusual Item

During the first quarter ended May 2, 1998 the Company recorded unusual charges totaling \$20,000,000 as a result of a major repositioning of its Canadian operations designed to sharpen the Company's focus on its core markets and improve performance. Of this amount \$9,000,000 represented writedowns of discontinued inventory, \$7,000,000 was provided for head office and store staff reduction costs and \$4,000,000 was provided for other related costs.

3. Income Taxes

Certain interest amounts deducted by The North West Company Inc. are included as taxable income to unitholders of North West Company Fund upon distribution. The Alaska Commercial Company has operating loss carryforwards available to offset taxable income.

4. Net Identifiable Assets (in thousands of Canadian dollars)

	Jan. 29, 2000	Jan. 30, 1999
Canadian operations	\$ 274,446	\$ 267,469
Alaskan operations	66,934	70,621

5. Comparative Amounts

The comparative amounts have been reclassified to conform with the current year's presentation.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands of Canadian dollars)

	13 Weeks Ended Jan. 29, 2000	13 Weeks Ended Jan. 30, 1999	52 Weeks Ended Jan. 29, 2000	52 Weeks Ended Jan. 30, 1999
CASH PROVIDED BY (USED IN)				
Operating Activities				
Earnings for the period	\$ 7,725	\$ 9,690	\$ 27,957	\$ 16,145
Non-cash items				
Amortization	5,180	5,087	20,147	19,209
Deferred income taxes	(1,201)	10,021	(1,669)	(1,308)
Amortization of bond warrant proceeds and interest rate fixing payment	(312)	(509)	(1,624)	(2,035)

Loss(Gain) on disposal of capital assets	110	248	(201)	99
Unusual item	-	-	-	20,000
Cash flow from operations	11,502	24,537	44,610	52,110
Changes in other non-cash items	6,660	14,981	(7,103)	7,544
Operating activities	18,162	39,518	37,507	59,654
Investing Activities				
Purchase of capital assets	(6,338)	(5,074)	(22,777)	(18,328)
Proceeds from sale of capital assets	165	193	2,104	923
Investing activities	(6,173)	(4,881)	(20,673)	(17,405)
Financing Activities				
Change in bank advances and short-term notes	(5,595)	(28,671)	3,747	(25,408)
Reinvestment of unit distribution	-	3,750	-	3,750
Repayment of long-term debt	(175)	(39)	(462)	(581)
Financing activities	(5,770)	(24,960)	3,285	(22,239)
Distributions	(8,100)	(7,500)	(21,600)	(18,750)
CHANGE IN CASH	(1,881)	2,177	(1,481)	1,260
Cash, beginning of period	12,036	9,459	11,636	10,376
CASH, END OF PERIOD	\$ 10,155	\$ 11,636	\$ 10,155	\$ 11,636