



The North West Company is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean.

NEWS RELEASE – FOR IMMEDIATE RELEASE

The North West Company Inc. Announces Second Quarter Earnings, a Quarterly Dividend and the Refinancing of its Canadian Loan Facilities

Happy Valley-Goose Bay, September 8, 2011 (TSX:NWC): The North West Company Inc. (the “Company” or “North West”) today reported its unaudited interim financial results for the second quarter ended July 31, 2011 prepared under International Financial Reporting Standards (“IFRS”). It also announced that the Board of Directors have declared a dividend of \$0.24 per share to shareholders of record on September 30, 2011, payable on October 17, 2011.

Financial Highlights

Sales increased 1.8% to \$372.9 million compared to the second quarter last year. Sales excluding the foreign exchange impact were up 4.3% and increased 2.6%¹ on a same store basis. Strong food sales across all of our banners were the leading factor contributing to the sales growth.

Second quarter net earnings were \$15.0 million compared to last year’s IFRS restated second quarter earnings of \$20.2 million. Diluted earnings per share were \$0.31 compared to \$0.42 per unit last year. The conversion to a share corporation effective January 1, 2011 and the resulting increase in income tax expense accounted for most of this difference, negatively impacting diluted earnings per share by approximately \$0.10 per share. The impact of a stronger Canadian dollar on the conversion of U.S. denominated earnings in our International Operations decreased diluted earnings per share by a further \$0.01 per share.

Earnings from operations of \$23.4 million were flat to last year as the increase in sales was offset by lower gross profit rates and higher selling, operating and administrative expenses. The impact of the stronger Canadian dollar on the conversion of U.S. denominated earnings was also a factor. Trading profit² or earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 0.5% to \$32.4 million compared to \$32.2 million last year. Excluding the foreign exchange impact, trading profit increased \$0.7 million or 2.3% and was 8.7% as a percentage to sales compared to 8.8% last year.

“Our food business continued to outperform in the second quarter and helped to offset weakness in general merchandise across our discount banners” said Edward Kennedy, President and CEO. “This reflects our focus on being in-stock and ready for everyday business while working hard to attract the more limited discretionary dollars that are available to shoppers, especially in southern and urban markets.”

¹ Excluding the foreign exchange impact

² See Non-GAAP Measures Section of Management’s Discussion & Analysis

The Company's second quarter report to shareholders, management's discussion and analysis and unaudited interim condensed consolidated financial statements can be found in the investor section of the Company's website at www.northwest.ca.

Canadian Loan Facilities Refinancing

The Company has, subject to the completion of definitive agreements and customary closing conditions, refinanced the Canadian Operations revolving loan facilities that mature December 31, 2011. The new committed, extendible, revolving loan facilities, which will be provided by the lenders of the existing facilities, provide the Company with a \$170 million revolving loan facility for working capital requirements and general business purposes. These facilities, which mature on December 31, 2015, will be secured by a floating charge on the assets of the Company and rank *pari passu* with the US\$70.0 million senior notes and the US\$52.0 million loan facilities. The new loan facilities will bear a floating interest rate based on banker's acceptances plus a negotiated spread or the Canadian prime interest rate.

Second Quarter Conference Call

The Company is also hosting a conference call for its second quarter results on September 8, 2011 at 10:15 a.m. (Central Daylight Time). To access the call, please dial 416-340-2217 or 866-696-5910 with a pass code of 8853345. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 3066044 on or before September 15, 2011.

Notice to Readers

Certain forward-looking statements are made in this news release, within the meaning of applicable securities laws. These statements reflect North West's current expectations and are based on information currently available to management. The words "may", "will", "should", "believe", "expect", "plan", "anticipate", "intend", "estimate", "predict", "potential", "continue", or the negative of these terms, identify forward-looking matters. These statements speak only as of the date of this press release. The actual results could differ materially from those anticipated in these forward-looking statements.

Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of North West to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, fluctuations in interest rates and currency values, legislative and regulatory developments, legal developments, the occurrence of weather-related and other natural catastrophes, changes in tax laws, and those risks and uncertainties detailed in the section entitled "Risk Factors" in North West's Management's Discussion and Analysis and Annual Information Form. The preceding list is not an exhaustive list of possible factors. These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements. North West undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

Company Profile

The North West Company Inc., through its subsidiaries, is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean. North West operates 230 stores under the trading names Northern, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less and has annualized sales of approximately CDN\$1.5 billion.

The common shares of North West trade on the Toronto Stock Exchange under the symbol “NWC”.

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