



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

**NORTH WEST COMPANY FUND ANNOUNCES
AMENDMENTS TO PROPOSED SHAREHOLDER RIGHTS PLAN
AND DIRECTOR DEFERRED SHARE UNIT PLAN**

WINNIPEG, June 4, 2010 (TSX: NWF.UN): North West Company Fund (the “**Fund**” or “**North West**”) confirms that it will hold its annual and special meeting of unitholders on Thursday, June 10, 2010 at 11:30 a.m. (Central Time) (the “**Meeting**”) to be held in the Muriel Richardson Auditorium, Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba. At the Meeting, unitholders will vote on, among other things, the previously announced proposal to convert the Fund from a mutual fund trust to a share corporation to be called The North West Company Inc. (“**New NWC**”). Subject to the approval of the conversion, the Fund will also be placing before unitholders for approval at the Meeting, special resolutions to approve a director deferred share unit plan (the “**DSU Plan**”) and a shareholder rights plan (the “**Rights Plan**”) proposed for adoption by New NWC upon completion of the Conversion.

In making its recommendation that unitholders vote in favour of the resolutions to approve the DSU Plan and the Rights Plan for New NWC, it has been the intention of the Fund’s Board of Trustees to meet the criteria associated with shareholder-friendly plans. With this aim in mind and in consultation with RiskMetrics Group (“**RiskMetrics**”), an independent proxy voting advisory and corporate governance services firm, the Fund has determined to make certain amendments to the DSU Plan to be considered at the Meeting. Specifically, the DSU Plan has been amended by adding a maximum annual equity award value of \$100,000 per director to the plan, and reducing the maximum number of shares that may be issued to directors under the plan to 1% of the aggregate number of the issued and outstanding New NWC shares and the number of New NWC shares issuable upon exchange of outstanding shares or other securities in the capital of New NWC or any affiliate of New NWC that are exchangeable into New NWC shares. The maximum initially proposed under the DSU Plan was 2%, with no individual director limit.

The Fund understands that in light of the proposed amendment to the DSU Plan, RiskMetrics will be recommending to its clients who hold units of the Fund that they vote in favour of the special resolution to approve the DSU Plan.

In addition, and in consultation with RiskMetrics, the Fund has agreed to make certain amendments to the Rights Plan in order to ensure that the Rights Plan conforms to RiskMetrics’ current guidelines for shareholder rights plans. Specifically, the Fund has made the following amendments to the Rights Plan to be considered at the Meeting:



- deletion from the definition of “Exempt Acquisitions” of share acquisitions pursuant to a distribution made by New NWC of shares under a deferred share unit plan or upon exercise of options granted under a share option plan or rights to purchase securities granted under a share purchase plan;
- deletion from the definition of “Beneficial Owner” of the reference to any securities deemed to be beneficially owned pursuant to section 90 of the *Securities Act* (Ontario);
- deletion from the definition of “Market Price” of the board’s discretion to determine the market value of New NWC’s securities if it believes the value of such securities was affected by an anticipated or actual take-over bid or by improper manipulation;
- amendment to the definition of “Permitted Lock-Up Agreement” to provide for a maximum 7% ceiling escape threshold for a partial bid instead of the minimum 7% floor escape threshold initially proposed; and
- amendment to section 6.4(a) “Supplements and Amendments” to remove the board’s discretion to make, prior to the meeting at which shareholders are asked to approve the plan, amendments that could materially adversely affect the interests of rightsholders generally, without shareholder or rightsholder approval.

The Rights Plan has been proposed for adoption by New NWC in order to ensure that, in the context of a bid for control of New NWC through an acquisition of New NWC shares, the Board of Directors of New NWC has sufficient time to explore and develop alternatives for maximizing shareholder value, to provide adequate time for competing bids to emerge, to ensure that shareholders have an equal opportunity to participate in such a bid and to give them adequate time to properly assess the bid and lessen the pressure to tender typically encountered by a securityholder of an issuer that is subject to a bid.

The Fund understands that in light of the proposed amendments to the Rights Plan, RiskMetrics will be recommending to its clients who hold units of the Fund that they vote in favour of the special resolution to approve the Rights Plan.

A copy of the changes to the DSU Plan and the Rights Plan will be available on the Fund’s website located at www.northwest.ca or directly from the Corporate Secretary of NWC GP Inc., the administrator of the Fund, at Gibraltar House, 77 Main Street, Winnipeg, Manitoba R3C 2R1.

Notice to Readers

Certain forward-looking statements are made in this news release, within the meaning of applicable Canadian securities laws. Forward-looking statements used in this new release may contain words such as “may”, “will”, “should”, “believe”, “expect”, “plan”, “anticipate”, “intend”, “estimate”, “predict”, “potential”, “continue”, “future”, or the negative of these terms or other similar expressions. Forward-looking statements in this news release, include, without limitation, statements regarding possible future action by the Fund, taxes, the conversion from a mutual fund trust to a share corporation (the “Conversion”), the expected benefits of the Conversion, the receipt of consents and approvals, including the approval of unitholders and the court, required to effect the Conversion, the occurrence of the effective date of the Conversion, the treatment of the Fund and its unitholders under tax laws, the business to be carried on by New NWC and its subsidiaries upon completion of the Conversion and the anticipated dividend policy of New NWC following completion of the Conversion. These statements reflect North West’s current expectations regarding future events and are based on information currently available to management, but involve known and unknown risks, uncertainties and other factors which may cause the outcome of the Conversion or the actual results, performance or achievements of North West, any of its subsidiaries and/or New NWC, to be materially different from any future results,



performance or achievements anticipated, 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, failure of the parties to the arrangement agreement in connection with the Conversion to satisfy the conditions set out therein, inability of the parties to obtain required consents, permits or approvals, including court approval of the Conversion and the approval by unitholders of the resolution approving the Conversion, failure to complete and realize anticipated benefits of the Conversion, and those other risks, factors and uncertainties detailed in the section entitled "Risk Management" in the Fund's Management's Discussion and Analysis for the year ended January 31, 2010 and "Risk Factors" in the Fund's Annual Information Form for the year ended January 31, 2010 which are available on the Fund's profile on the SEDAR website at www.sedar.com and on the Fund's website at www.northwest.ca. The preceding list is not an exhaustive list of possible factors. These and other factors should be considered carefully and readers are cautioned that forward-looking statements should not be read as guarantees of future performance, outcomes or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to the Fund. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include the completion of the Conversion and the realization of the anticipated benefits of the Conversion. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this news release are based upon what management believes are reasonable assumptions, the Fund cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release, and should not be relied upon as representing the Fund's views as of any date subsequent to the date of this news release. The Fund 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.

Corporate Profile

North West Company Fund 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's operating subsidiaries operate 226 stores under the trading names Northern, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less, and has annualized revenue of approximately CDN\$1.5 billion.

The units of the Fund are listed for trading on the Toronto Stock Exchange under the symbol NWF.UN.

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