Press Release

FOR IMMEDIATE RELEASE

September 10, 1999

"NORTH WEST COMPANY POSTS SECOND QUARTER GAINS"

WINNIPEG - North West Company Fund (the "Fund") today reported 1999 second quarter earnings for the period ended July 31, 1999.

CONSOLIDATED RESULTS

The North West Company Fund reported earnings for the second quarter of $8.5 million ($0.57 per unit), up 10.4% from earnings of $7.7 million ($0.51 per unit) in the second quarter of 1998. Of this increase, $0.05 was due to improved earnings from operations and $0.01 was from increased tax savings attributable to higher interest expense deductions by The North West Company (NWC) for interest payable to the North West Company Fund (NWF). Year-to-date net earnings per unit, before unusual items incurred in the first quarter last year, were up 31.4%, from $0.70 to $0.92 per unit and net earnings increased 30.5% to $13.8 million, compared to $10.6 million in the first half of last year.

Second quarter consolidated revenues at $156.3 million were down 1.0% or $1.5 million compared to 1998. Revenues for the quarter were negatively impacted by the closing of 14 stores in Canada and five stores in Alaska during 1998, partially offset by the opening of two stores in Canada and two stores in Alaska. Earnings before interest, unusual item, income taxes and amortization ("EBIUTA") for the quarter increased 4.0% to $17.2 million compared to $16.6 million last year. EBIUTA for the six months increased 14.5% to $29.9 million compared to $26.1 million last year. Interest expense was reduced 17.7% during the quarter and was down 19.7% for the six months due to a reduction in working capital related to the closing of unprofitable stores.

"We're pleased with our overall performance in the quarter. Alaska continues to lead the way with market share increases and new stores. Our financial services business in Canada has started to deliver solid returns and we still see real potential to grow this further. In Canada, we've also aggressively invested in sharper food pricing and we expect to see results through improved sales in the second half of the year", said President and CEO, Edward Kennedy.

CANADIAN OPERATIONS

Canadian revenues at $118.3 million decreased 4.3% in the quarter compared to last year. Same store sales were up 0.1% for food and down 8.5% for general merchandise in the quarter. On a regional basis, sales were strong in northern Manitoba and Ontario and were softer in the Mackenzie River region of the Northwest Territories and in Arctic Quebec, primarily due to increased local competition and weaker local economies. Merchandising sales and margins were significantly impacted by an investment in promotional programs aimed at improving the Company's price image. These programs have been successful in increasing tonnage or unit sales by 5-15% in more competitive markets, but have had a deflationary short-term affect on sales and bottom line performance.

As part of its Vision 2000+ repositioning plan for Canadian operations, the Company plans to physically reprofile all of its stores. This initiative is aimed at capturing profitable growth potential in foods, which represent 64% of total revenue, while building a stronger direct or catalogue selling channel for non-food products. Store reprofiling was initially planned for completion by the end of 1999 but is now expected to be finished in mid-2000. The new schedule has created gaps in the general merchandise store assortments and has slowed the development of the Selections catalogue. After a strong first quarter, Selections catalogue sales dropped 15.6 % in the second quarter due to the reprofiling delays and the weak performance of seasonal apparel. By early November, 50 stores will have been reprofiled. In these stores, an expanded food product mix and general merchandise stock levels are expected to be more in line with sales plans and store space allocations.

Canadian EBIUTA was even with last year at $15.1 million for the quarter. As a percent to sales, Canadian EBIUTA was 12.7% compared to 12.2% last year. Lower debt loss, the growth in financial services revenue, improved general merchandise margin rates and the closure of underperforming non-core stores at the end of last year all contributed to this increase. Net assets employed for Canadian operations were reduced by 3.9% to $260.4 million primarily due to the closing of 14 underperforming stores in 1998.

ALASKAN OPERATIONS (stated in U.S. dollars)

Alaska Commercial Company (**AC**) sales increased 10.3% in the quarter to $25.7 million. On a same store basis, total sales increased 3.7%. Comparable food sales increased 4.8% in the quarter and general merchandise sales were down 0.6%. A healthier commercial salmon-fishing season helped local economies and the continued impact of new, renovated and replacement stores led **AC**'s performance in the quarter.

AC's earnings before interest, income taxes and amortization (EBITA) increased 38.5% to

$1,446,000 compared to $1,044,000 last year for the second quarter. As a percent to sales, **AC's** EBITA was 5.6% in the quarter compared to 4.5% last year. Reduced store operating expense rates and the closure of five underperforming stores at the end of last year all contributed to this gain. Total net assets employed increased by 1.0% to $46.7 million.

OTHER HIGHLIGHTS

- North West has significantly strengthened its marketing capability by adding two executives to the senior management team. Scott Findlay joined the Company on August 1, 1999 as Vice-President, Food Marketing. Scott Findlay's background includes 12 years at the executive leadership level in marketing, merchandising, distribution and store operations positions with Silcorp Limited, one of Canada's leading convenience store retailers. Jim Mitchell will join North West on September 20, 1999 as Vice-President, General Merchandise Marketing. Jim Mitchell has over 20 years of experience in progressively senior merchandising and marketing positions with leading general merchandise retailers, most notably Sears Canada and Wal-Mart Canada.

- The North West Company has completed all major Year 2000 computer system remediation efforts. The remaining remediation, system replacement and contingency plans, including plans related to trading partners, are now targeted for completion by October 29th, 1999, approximately one month later than reported in the first quarter report to unitholders.

- The Fund increased its quarterly distribution to $0.30 per unit commencing March 15, 1999 and expects to maintain that level for 1999. A final fifth distribution for 1999 will be approximately $0.24 per unit payable in cash or units in December.

- NWC opened one new store in Old Crow, Yukon in June.

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)

	July 31, 1999	August 1,1998
ASSETS		
Current assets		
Accounts receivable	**$ 42,537**	$ 47,806
Inventories	**123,108**	133,720
Other	**24,436**	28,975
	190,081	210,501
Capital assets	**194,890**	197,131
Other assets	**12,781**	13,141
	$ 397,752	$ 420,773
LIABILITIES		
Current liabilities	**$ 90,621**	$ 124,889
Long-term debt	**130,731**	135,131
Deferred income taxes	**7,609**	8,691
	228,961	268,711
EQUITY	**168,791**	152,062
	$ 397,752	$ 420,773

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(unaudited, in thousands of Canadian dollars)

	13 Weeks Ended July 31, 1999	13 Weeks Ended August 1, 1998	**26 Weeks Ended July 31, 1999**	26 Weeks Ended August 1, 1998
SALES AND OTHER REVENUE				
Canadian operations	**$ 118,332**	$ 123,686	**$ 230,885**	$ 241,377
Alaskan operations	**37,924**	34,117	**71,207**	61,679
	$ 156,256	$ 157,803	**$ 302,092**	$ 303,056
Earnings before interest, unusual item, income taxes and amortization				
Canadian operations	**$ 15,074**	$ 15,032	**$ 26,596**	$ 23,898
Alaskan operations	**2,144**	1,526	**3,268**	2,192
Amortization				

Canadian operations	**(4,274)**	(4,229)	**(8,530)**	(8,238)
Alaskan operations	**(689)**	(543)	**(1,398)**	(1,065)
EARNINGS BEFORE INTEREST, UNUSUAL ITEM AND INCOME TAXES	**12,255**	11,786	**19,936**	16,787
Interest	**(2,690)**	(3,270)	**(5,465)**	(6,807)
Unusual item (Note 2)	**-**	-	**-**	(20,000)
(Provision) recovery of income taxes (Note 3)	**(1,028)**	(782)	**(622)**	9,030
EARNINGS (LOSS) FOR THE PERIOD	**8,537**	7,734	**13,849**	(990)
Retained earnings, beginning of period	**12,637**	1,956	**11,825**	14,430
Distributions	**(4,500)**	(3,750)	**(9,000)**	(7,500)
RETAINED EARNINGS, END OF PERIOD	**$ 16,674**	$ 5,940	**$ 16,674**	$ 5,940
EARNINGS (LOSS) PER UNIT	**$ 0.57**	$ 0.51	**$ 0.92**	$ (0.07)

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. Identifiable Assets (in thousands of Canadian dollars)

	July 31, 1999	August 1, 1998
Canadian operations	**$ 270,311**	$ 279,459
Alaskan operations	**70,363**	69,712

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 July 31, 1999	13 Weeks Ended August 1, 1998	**26 Weeks Ended July 31, 1999**	26 Weeks Ended August 1, 1998
CASH PROVIDED BY (USED IN)				
Operating Activities				
Earnings (loss) for the period	**$ 8,537**	$ 7,734	**$ 13,849**	$ (990)
Non-cash items				
Amortization	**4,963**	4,772	**9,928**	9,303
Deferred income taxes	**(92)**	(205)	**(185)**	(411)
Amortization of bond warrant proceeds and interest rate fixing payment	**(493)**	(508)	**(1,001)**	(1,017)
Gain on disposal of capital assets	**(13)**	(43)	**(16)**	(43)
Unusual item	**-**	-	**-**	20,000
Cash flow	**12,902**	11,750	**22,575**	26,842
Changes in non-cash working capital components	**(4,115)**	8,955	**(6,138)**	(5,205)
Operating activities	**8,787**	20,705	**16,437**	21,637
Investing Activities				
Purchase of capital assets	**(5,295)**	(4,790)	**(9,472)**	(8,215)
Proceeds from sale of capital Assets	**253**	604	**1,428**	604
Other assets	**1,120**	2,451	**(291)**	1,671
Investing activities	**(3,922)**	(1,735)	**(8,335)**	(5,940)
Financing Activities				
Repayment of long-term debt	**(105)**	(95)	**(204)**	(190)
Financing activities	**(105)**	(95)	**(204)**	(190)
Distributions	**(4,500)**	(3,750)	**(9,000)**	(7,500)
CHANGES IN CASH POSITION	**260**	15,125	**(1,102)**	8,007
Effect of currency translation Adjustment	**(1,202)**	(2,675)	**497**	(1,361)
Cash position, beginning of period	**(28,956)**	(61,765)	**(29,293)**	(55,961)
CASH POSITION, END OF PERIOD	**$ (29,898)**	$ (49,315)	**$ (29,898)**	$ (49,315)
CASH POSITION IS COMPRISED OF				
Cash	**$ 10,787**	$ 12,306	**$ 10,787**	$ 12,306
Bank advances and short-term notes	**(40,685)**	(61,621)	**(40,685)**	(61,621)
	$ (29,898)	$ (49,315)	**$ (29,898)**	$ (49,315)