NORTH WEST COMPANY FUND
PRESS RELEASE

FOR IMMEDIATE RELEASE
December 18, 2001

"NORTH WEST COMPANY FUND REPORTS THIRD QUARTER RESULTS"

Winnipeg, December 18, 2001: North West Company Fund (the "Fund") today reported 2001 third quarter earnings for the period ended October 27, 2001.

CONSOLIDATED RESULTS

The North West Company Fund reported third quarter consolidated revenues at $175.3 million, up 4.2% (0.9% on a same store basis) from 2000. Third quarter earnings finished up 8.7% at $7.4 million ($0.50 per unit) compared to $6.8 million ($0.46 per unit) in 2000. Trading profits or earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 9.8% in the third quarter. Lower interest rates reduced interest expense by 29.2% or $1.1 million compared to last year. This contributed to earnings before taxes increasing by 33.4% or $2.3 million in the quarter. Income tax expense was $1,664,000 compared to a recovery of $9,000 last year due to higher taxable earnings in Canada and US earnings being subject to tax in 2001.

Year-to-date revenues at $509.2 million were 5.5% (3.9% same store sales) over last year. Consolidated earnings were up 7.3% to $19.4 million ($1.32 per unit) compared to $18.1 million or ($1.21 per unit) last year. Earnings before taxes were up 30.4% to $24.4 million and trading profits were $49.9 million, up $5.1 million or 11.3% over last year.

“Customer spending is holding up in our markets, except spending on weather-related merchandise. We are more competitive on everyday shopping needs. This means we’ve been able to grow our business despite slower economic conditions in southern Canada,” said President and CEO Edward Kennedy.

CANADIAN OPERATIONS

Canadian sales were $129.5 million for the quarter, up 3.6% (1.1% on a same store basis) from last year. Trading profits were up by 9.1% or $1.2 million to $13.9 million and up 9.4% for the year-to-date.

Food sales growth was solid in the quarter, increasing by 6.1% (4.6% on a same store basis). Sales were approximately 1% lower on a comparable basis to last year due to October month-end customer income payments falling into the fourth quarter this year. Food performance in the fourth quarter to-date has reflected this timing difference, with same store sales up 5.3%. Factors contributing to food sales growth are expanded shelf space in existing stores, increased sales of lower price point "value" items and higher price inflation compared to last year.

General merchandise sales in the third quarter were disappointing. Sales were down 2.0% (down 6.7% on a same store basis). Factors included the timing differences noted above, reduced selling space and most significantly, extremely mild weather across all of northern Canada. Warm weather conditions persisted into November but in the far north temperatures were cold enough to stimulate a sales rebound in snow machines and other "winter" categories. For the fourth quarter to-date, general merchandise sales are flat to last year on a same store basis.

Canadian gross profit rates continue to improve due to lower costs. In general merchandise, gross profit rates dropped due to higher markdowns and freight expenses. Overall expenses for the quarter were tightly managed. Financial services generated additional revenue from increased service charges on accounts that previously were non-interest generating and from fees for cash related services.

ALASKAN OPERATIONS (stated in U.S. dollars)

Alaska Commercial Company ("**AC**") sales were $29.3 million for the quarter, up 1.3% (up 0.2% same store sales) from last year.

AC's retail stores food sales were up 6.1% (5.5% on a same store basis) and general merchandise sales were down 11.0% (down 11.5% on a same store basis). Sales in Alaska during the quarter were significantly impacted by a delay in the distribution of Permanent Fund dividend cheques, which this year amounted to $1,850 compared to $1,950 last year for every Alaskan resident. **AC'**s customers typically spend a large portion of this annual payment on seasonal general merchandise. This year payments were slowed due to additional anthrax-related security controls imposed by the U.S. post office. Payments normally received in mid-October were not received until after the end of the third quarter. Sales lost in the third quarter due to this timing difference are estimated at over $1.5 million. These sales have been fully recovered in November. Sales at **AC**'s wholesale business, Frontier Expeditors ("**FE**"), were down 0.4% in the quarter due to a distribution tax levied against tobacco wholesalers in the city of Anchorage last fall. This tax was rescinded in October 2001 and since that date **FE** has resumed wholesaling tobacco products.

AC's trading profit for the quarter was $2,272,000 compared to $2,112,000 last year, an increase of $160,000 or 7.6% and the increase on a year-to-date basis was 18.4%.

BALANCE SHEET AND CASH FLOW

Assets employed at the end of the third quarter were $443.3 million compared to $429.8 million last year and $416.0 million at the end of the last fiscal year. Cash balances were higher due to higher cash positions in the **AC's** stores in anticipation of the cheque cashing requirements related to the Permanent Fund cheques. Accounts receivable at $56.2 million were $7.1 million or 14.5% higher than last year. The increase was due to the promotion of extended terms accounts and the conversion of customer accounts from monthly charge accounts to revolving accounts. Higher receivable balances were offset by increased service charge revenues. Inventories have increased by 8.3% over last year and are current and well balanced.

The future income taxes asset has been reduced due to the application of current income taxes and future rate reductions.

The increases in bank advances and short-term notes from the last year end balance were a result of the increase in assets employed, net of accounts payable and accrued expenses and is consistent with normal seasonal fluctuations and last year.

The $112.0 million in bonds due August 28, 2002 have become current liabilities as they are now due within one year. The Company will be making arrangements to refinance this debt in the spring of 2002. Initial discussions with financial advisors indicate that new debt should be available at favourable rates compared to the existing bonds. The cumulative currency translation adjustments recognize the strengthening of the US dollar versus the Canadian dollar.

Capital expenditures were $6.0 million in the quarter and mainly related to the purchase of two stores from a competitor in Alaska, construction costs to build a replacement store in Arctic Bay, reprofiling expenditures and general expenditures on computer equipment, fixtures and equipment for store operations.

Cash distributions of $0.36 per unit were paid to unitholders on March 15th, June 15th and September 15th compared to $0.30 per unit paid last year on the corresponding dates. The number of units outstanding remained unchanged from the year end balance at 14,691,000.

OTHER HIGHLIGHTS

- The Fund completed a treasury equity issue of 1,435,000 units at $14.75 per unit on December 5, 2001. The net proceeds of $19.7 million from the issue after underwriter fees and expenses have been invested in the Company. The equity issue also consisted of a secondary sale of 2.4 million Fund units owned by Greystone Capital Management Inc. The two equity issue components achieved the Company's goal of broader ownership and improved unit liquidity. The treasury issue has improved the Company's balance sheet and the ability to finance growth.

- In September 2001 **AC** acquired two stores, in Aniak and King Salmon, Alaska from one of its competitors, Omni Enterprises. One small store in Chignik, Alaska was closed on August 25th, 2001.

- The Company opened its second *Giant Tiger* family discount store in Winnipeg, Manitoba on October 20, 2001. Initial customer reaction to the Winnipeg store and the Thompson store opened in June has been favourable.

- The Company's Canadian store reprofiling program continued through the quarter with sixteen stores completed. To date, 125 stores have been reprofiled leaving three stores to be completed this year and 12 to be completed next year in conjunction with scheduled major renovations.

- On November 19, 2001, The North West Company and *Dufresne Furniture & Appliances* of Winnipeg announced a new alliance under which *Dufresne* will source and provide marketing services for furniture and appliance products sold through NWC's stores and catalogues in Canada.

- A final 2001 quarterly distribution of $0.375 per unit was made on December 15, 2001. Total distributions for 2001 were $1.455 per unit. It is expected that distributions for 2002 will continue at $0.375 per quarter.

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The North West Company Inc. (NWC) is the leading retailer of food and everyday products and services to northern communities across Canada and Alaska. NWC operates 179 stores under a number of trading names, including *Northern, NorthMart* and *AC Value Center*, and provides catalogue shopping services through its *Selections* catalogue in Canada.

The units of the Fund trade on The Toronto Stock Exchange under the symbol “NWF.UN”.

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CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands of Canadian dollars)

	Oct. 27 2001	Oct. 28 2000	Jan. 27 2001
ASSETS			
Current assets			
Cash	**$ 15,296**	$ 13,195	$ 8,588
Accounts receivable	**56,199**	49,083	56,856
Income taxes recoverable	**-**	156	62
Future income taxes	**2,446**	2,929	2,695
Inventories	**148,507**	137,067	122,980
Prepaid expenses	**1,735**	2,185	1,069
	224,183	204,615	192,250
Capital assets	**193,606**	194,210	194,448
Future income taxes	**15,176**	18,941	19,212
Other assets	**10,294**	12,031	10,055
	$ 443,259	$ 429,797	$ 415,965
LIABILITIES			
Current liabilities			
Bank advances and short-term notes	**$ 68,350**	$ 70,469	$ 49,979
Accounts payable and accrued	**52,615**	41,089	49,200
Income taxes payable	**515**	-	-
Bonds payable (Note 2)	**112,000**	-	-
Current portion of long-term debt	**3,676**	1,677	1,707
	237,156	113,235	100,886
Long-term debt (Note 2)	**11,068**	126,841	124,106
	248,224	240,076	224,992
EQUITY			
Capital	**145,526**	146,160	145,526
Retained earnings	**45,050**	39,461	41,502
Cumulative currency translation adjustments	**4,459**	4,100	3,945
	195,035	189,721	190,973
	$ 443,259	$ 429,797	$ 415,965

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS
(unaudited, in thousands of Canadian dollars)

	13 Weeks Ended Oct. 27 2001	13 Weeks Ended Oct. 28 2000	**39 Weeks Ended Oct. 27 2001**	39 Weeks Ended Oct. 28 2000
SALES AND OTHER REVENUE				
Canadian operations	**$ 129,494**	$ 124,979	**$ 384,471**	$ 364,593
Alaskan operations	**45,766**	43,153	**124,755**	117,978
	$ 175,260	$ 168,132	**$ 509,226**	$ 482,571
Cost of sales, selling and administrative expenses				
Canadian operations	**$(115,643)**	$(112,282)	**$(341,781)**	$(325,573)
Alaskan operations	**(42,233)**	(40,016)	**(117,499)**	(112,121)
Earnings before interest, income taxes and amortization				
Canadian operations	**13,851**	12,697	**42,690**	39,020
Alaskan operations	**3,533**	3,137	**7,256**	5,857
Amortization				
Canadian operations	**(4,893)**	(4,638)	**(14,516)**	(13,803)
Alaskan operations	**(849)**	(747)	**(2,505)**	(2,205)
EARNINGS BEFORE INTEREST & INCOME TAXES	**11,642**	10,449	**32,925**	28,869
Interest	**(2,594)**	(3,665)	**(8,514)**	(10,143)
Earnings before income taxes	**9,048**	6,784	**24,411**	18,726
(Provision) recovery of income taxes (Note 4)	**(1,664)**	9	**(4,997)**	(629)
EARNINGS FOR THE PERIOD	**7,384**	6,793	**19,414**	18,097
Retained earnings, beginning of period				
as previously reported	**42,954**	37,319	**41,502**	18,182
Accounting changes (Notes 3 & 5)	**-**	-	**-**	16,864
as restated	**42,954**	37,319	**41,502**	35,046
Distributions	**(5,288)**	(4,495)	**(15,866)**	(13,485)
Premium on units purchased for cancellation (Note 6)	**-**	(156)	**-**	(197)
RETAINED EARNINGS, END OF PERIOD	**$ 45,050**	$ 39,461	**$ 45,050**	$ 39,461
EARNINGS PER UNIT	**$ 0.50**	$ 0.46	**$ 1.32**	$ 1.21
Weighted Average Number of Units Outstanding (000's)	**14,691**	14,799	**14,691**	14,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Presentations and Disclosures

These interim financial statements follow the same accounting policies and their methods of application as the 2000 annual financial statements. Not all disclosures required by generally accepted accounting principles for annual financial statements are presented, and accordingly, the interim financial statements should be read in conjunction with the 2000 Annual Report.

2. Long-Term Debt

The Company's bonds become due and payable on August 28, 2002. Accordingly, $112,000,000 of bonds have been reclassified to current liabilities in the quarter. It is the Company's intention to refinance the debt as long-term.

3. Accounting Change - Income Taxes

Effective January 31, 2000, the Company changed its accounting policy and adopted the new CICA recommendations on accounting for income taxes. The new standard requires the implementation of the asset and liability method of accounting for income taxes. These financial statements have been prepared on the new basis. The retained earnings as at January 31, 2000 had increased $16,864,000 with a corresponding increase to future income taxes.

4. 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 income tax benefit of loss carryforwards available to the Company and Alaska Commercial Company have been recorded in these financial statements as a future income tax asset.

5. Accounting Change - Employee Future Benefits

Effective January 31, 2000, the Company changed its accounting policy and adopted the new CICA recommendations on accounting for employee future benefits. Previously the Company had been accounting for its defined benefit plans using a long-term discount rate to measure its accrued benefit obligation. Effective January 31, 2000 the Company began using a market discount rate to measure its accrued benefit obligation. The unamortized transitional asset at January 31, 2000 is being amortized over the expected average remaining service lives of the employees. The requirements of the standard were adopted on a prospective basis. The prospective adoption did not have a significant effect on net earnings in 2000.

6. Normal Course Issuer Bid

The Fund commenced a normal course issuer bid program on The Toronto Stock Exchange on March 27, 2000, which terminated on March 23, 2001. The Fund purchased 21,100 units; 18,200 units; and 205,700 units during the first, second and third quarters of 2000, respectively.

7. Net Identifiable Assets (in thousands of Canadian dollars)	**Oct. 27 2001**	Oct. 28 2000
Canadian operations	**$ 306,167**	$ 314,810
Alaskan operations	**83,961**	73,898

8. Subsequent Event

On November 21, 2001, the Fund filed a short form prospectus in connection with an offering of 3,843,110 units of the Fund at $14.75 per unit.. The offering closed on December 5, 2001 and the net cash proceeds to the Fund were $19,679,000. The Fund sold 1,435,000 from treasury and a shareholder sold 2,408,110 units under a secondary issue.

9. 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 Oct. 27 2001	13 Weeks Ended Oct. 28 2000	**39 Weeks Ended Oct. 27 2001**	39 Weeks Ended Oct. 28 2000
CASH PROVIDED BY (USED IN)				
Operating Activities				
Earnings for the period	**$ 7,384**	$ 6,793	**$ 19,414**	$ 18,097
Non-cash items				
Amortization	**5,742**	5,385	**17,021**	16,008
Future income taxes	**1,499**	(3,987)	**4,454**	(2,529)
Amortization of bond warrant proceeds and interest rate fixing payment	**(312)**	(312)	**(935)**	(934)
Loss (Gain) on disposal of capital assets	**18**	28	**(155)**	(190)
Cash flow from operations	**14,331**	7,907	**39,799**	30,452
Change in other non-cash items	**(7,366)**	(6,167)	**(21,367)**	(24,607)
Operating activities	**6,965**	1,740	**18,432**	5,845
Investing Activities				
Purchase of capital assets	**(6,011)**	(6,785)	**(14,315)**	(12,986)
Proceeds from sale of capital assets	**248**	53	**443**	745
Investing activities	**(5,763)**	(6,732)	**(13,872)**	(12,241)
Financing Activities				
Change in bank advances and short-term notes	**7,940**	16,792	**18,371**	25,793
Purchase of units for cancellation	**-**	(2,194)	**-**	(2,624)
Repayment of long-term debt	**(137)**	(68)	**(357)**	(248)
Financing activities	**7,803**	14,530	**18,014**	22,921
Distributions	**(5,288)**	(4,495)	**(15,866)**	(13,485)
CHANGE IN CASH	**3,717**	5,043	**6,708**	3,040
Cash, beginning of period	**11,579**	8,152	**8,588**	10,155
CASH, END OF PERIOD	**$ 15,296**	$ 13,195	**$ 15,296**	$ 13,195
Supplemental Disclosure of Cash Flow Information				
Cash paid during the period for				
Interest expense	**$ 5,255**	$ 6,829	**$ 12,501**	$ 13,799
Income taxes	**413**	253	**745**	903
Cash Flow From Operations Per Unit	**$ 0.98**	$ 0.53	**$ 2.71**	$ 2.04