NORTH WEST COMPANY FUND
PRESS RELEASE

FOR IMMEDIATE RELEASE

NORTH WEST COMPANY FUND REPORTS 2005 THIRD QUARTER EARNINGS AND DECLARES A DISTRIBUTION

Winnipeg, December 8, 2005: North West Company Fund (the "Fund") today reported 2005 third quarter earnings for the period ended October 29, 2005 and declared a quarterly cash distribution of $0.47 per unit to unitholders of record on December 31, 2005, distributable by January 15, 2006.

Report to Unitholders

The North West Company Fund reports third quarter earnings to October 29, 2005 of $12.2 million, an increase of 10.9% to last year's third quarter earnings of $11.0 million. Diluted earnings per unit improved to $0.76 compared to $0.68 last year.

Sales increased 7.3% to $211.3 million and were up 9.1% excluding the foreign exchange impact of a stronger Canadian dollar compared to the third quarter last year. On a same store basis, sales increased 3.7% and were up 5.5% excluding the foreign exchange impact. Strong food and general merchandise sales in our Canadian operations were again the leading positive factors and this fully offset weak October sales in Alaska related to the timing of Permanent Fund Dividend payments to state residents.

"We were very pleased with food sales growth across all of our store banners in the third quarter. Each store situation is unique but the common element has been our ability to capture a greater share of food spending by tailoring our business to local market share opportunities," commented Edward Kennedy, President and CEO. "Productivity gains, especially at store level, also continue to be a strength that is helping to offset high energy costs."

Management's Discussion & Analysis

CONSOLIDATED RESULTS

Third quarter consolidated sales increased 7.3% (5.5% on a same store basis excluding the foreign exchange impact) to $211.3 million compared to $197.0 million in 2004. The stronger Canadian dollar had the result of reducing sales by $4.6 million. Diluted earnings per unit improved to $0.76 compared to $0.68 last year.

Trading profit[1] or net earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 7.5% to $22.7 million compared to $21.2 million in the third quarter last year. Sales growth and lower operating expense rates in Canada contributed to this improvement. Interest expense increased 10.2% to $1.5 million due to higher working capital requirements compared to the third quarter last year. Income taxes increased 4.1% to $3.0 million due to higher earnings in Canada. Income tax deductions on interest paid to the Fund from Canadian operations have been maximized therefore earnings increases are currently fully taxable.

On a year-to-date basis, sales were up 7.6% to $622.7 million and were up 9.4% excluding the foreign exchange impact of a stronger Canadian dollar compared to last year. Same store sales increased 4.0%, up 5.7% excluding the foreign exchange impact. Trading profit increased 11.5% to $61.4 million compared to $55.1 million last year. Consolidated net earnings increased 15.0% to $30.7 million from $26.7 million. Earnings per unit were $1.91 compared to $1.66 in 2004 on a fully diluted basis. The stronger Canadian dollar negatively impacted the conversion of Alaska earnings by $0.03 per unit.

CANADIAN OPERATIONS

Canadian sales for the quarter increased 10.0% (6.5% on a same store basis) to $170.3 million compared to $154.9 million last year. Canadian trading profit was $18.6 million, 13.6% higher than last year. This increase was driven by robust food sales growth in northern Canada and Giant Tiger stores combined with a healthy increase in Giant Tiger general merchandise sales.

Gross profit dollars increased 7.5%. The gross profit improvement fell below our rate increase in sales due largely to higher freight expenses and general merchandise markdowns. Store operating expenses decreased by 123 basis points due to improved staff scheduling, streamlined work processes and the maturing of more Giant Tiger stores. These gains offset an 8.7% increase in occupancy costs related to higher energy prices.

Canadian food sales increased 9.7% in the quarter compared to last year (6.9% on a same store basis). Northern Canada sales exceeded expectations due to higher inflation and market share gains from a continued focus on aggressive key item pricing, expanded special buy programs and new product introductions. Leading categories were beverages, grocery and meat. Giant Tiger food sales continued to reflect market share gains.

Canadian general merchandise sales were up 8.1% over last year (5.6% on a same store basis). Sales in northern Canada were disappointing and were up only 0.7%. Men's apparel, outerwear, sporting goods and housewares delivered sales gains but these were largely offset by decreases in ladies apparel, transportation and toys. We believe that higher energy-related costs and limited credit capacity in Northern communities is beginning to impact discretionary spending.

ALASKAN OPERATIONS (stated in U.S. dollars)

Alaska Commercial Company (AC) sales for the quarter increased 5.1% (0.5% on a same store basis) to $34.5 million compared to $32.8 million last year.

AC retail food sales increased 8.4% (4.4% on a same store basis) reflecting market share growth. Sales were strong in most categories with tobacco, grocery, beverages and deli having the largest increase over last year. A state tobacco tax increase continued to inflate tobacco sales dollar growth.

[1] See Non GAAP Measures Section of Management's Discussion & Analysis

Retail general merchandise sales were down 9.6% (13.7% on a same store basis). General merchandise sales were negatively impacted by an 8.0% decrease in the State of Alaska's Permanent Fund Dividend (PFD) combined with cheques being mailed out one week later compared to last year. Sales were down in most categories with transportation, footwear, outerwear and media, sight and sound having the largest decreases.

The size of this year's PFD cheque was $845.76, the lowest amount since 1988. Looking ahead, the five-year averaging investment return method used by the State of Alaska to calculate dividend amounts should result in higher payments in 2006 and beyond. The PFD timing difference to last year was an even bigger factor as this caused sales to shift into the fourth quarter. As a result, general merchandise same store sales at AC for the month of November increased 18.7%.

Quarterly sales at Frontier Expeditors, AC's wholesale business, increased 7.7% over last year. Food sales were up 10.8% reflecting new account growth. General merchandise sales were down 13.6% due to the decrease and timing of the PFD.

AC trading profit decreased $224,000 or 6.0% to $3.5 million reflecting the decrease in general merchandise sales and lower gross profit rates due to markdown activity.

FINANCIAL CONDITION

Financial Ratios

The Fund's debt-to-equity ratio at the end of the quarter was .59:1 compared to .56:1 last year. The debt-to-equity ratio at January 29, 2005 was .51:1.

Working capital increased $1.8 million compared to the same period in 2004 largely due to an increase in cash, receivables and inventories, partly offset by an increase in bank advances and accounts payable. The increase in cash is due to the timing of deposits in-transit and higher cash balances in our Alaska stores to support the cashing of PFD cheques during the first week of the fourth quarter. Receivables were up due to credit-assisted big-ticket promotions in the first half of 2005 and extended payment plan promotions during the fourth quarter of 2004. The increase in inventories is due to new stores opened in Canada and Alaska and higher freight costs included in closing inventories.

Outstanding Units

The weighted average units outstanding for the quarter were 15,923,000 compared to 15,919,000 last year. The Board of Trustees authorized additional units under the Company's Unit Purchase Loan Plan most of which were purchased during the latter half of October.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities for the quarter increased to $13.8 million from $5.5 million last year. Cash flow required for working capital was lower this quarter as smaller increases in accounts receivable and inventories were offset by higher accounts payable resulting from extended terms with our suppliers. Cash flow from operations in 2005 is expected to fund sustaining and growth-related capital expenditures as well as all distributions for the year.

Cash flow used in investing activities in the quarter increased to $7.8 million from $6.4 million last year. The increase in the quarter is due to the investment in new stores in Canada and Alaska. In 2005, capital expenditures are expected to be $27.2 million versus $21.6 million in 2004. This planned increase reflects the opening of Giant Tiger stores as well as major store replacements and renovations in northern Canada.

Cash provided from financing activities in the quarter was $3.9 million compared to $72,000 last year resulting from an increase in bank advances and short-term notes to finance the increase in working capital. Partially offsetting the increase in bank advances and short-term notes is an increase in units purchased under the Unit Purchase Loan Plan.

OTHER HIGHLIGHTS

- AC completed the acquisition of a 15,000 square foot competitor's store in Bethel, Alaska on October 21, 2005. This store will be converted into a large format convenience store as part of a 2006 reinvestment program in the Bethel market that will include a major upgrade to AC's main store in the community.
- A new 20,000 square foot Giant Tiger store opened in Prince Albert, Saskatchewan on October 29, 2005. Six Giant Tiger stores are planned for opening in 2006, beginning with Yorkton, Saskatchewan on February 25th.
- The Fund is now proceeding with its tax ruling submission on the restructuring announced last quarter as the moratorium on such tax rulings has been lifted by the Federal Department of Finance. The completion of the restructuring plan is subject to receiving a satisfactory tax ruling and lender and unitholder approvals.

  In addition to the restructuring plan, the Company will proceed with an internal reorganization whereby the Company will place the majority of its Canadian Operations into a limited partnership. The reorganization should increase the flow of funds from the operation of the business but at a lower level than the restructuring plan. The internal reorganization is subject to lender approval.

OUTLOOK

Canadian food sales should remain strong in the fourth quarter but general merchandise sales in northern Canada have slowed and are trending down compared to last year. The Giant Tiger stores are on target to produce healthy gains in same store sales and an improved bottom line as more stores reach their second and third year of operation. In Alaska, the fourth quarter sales have started strongly due to the timing benefit of PFD payments. This is expected to help deliver a gain at AC's trading profit line for the quarter.

Work continues on immediate and longer term initiatives in training, development, new work processes and merchandise procurement. These efforts, combined with expected increases in government spending and resource development in the North, will be the platform for sales and margin gains in 2006.

QUARTERLY RESULTS OF OPERATIONS

The following is a summary of selected quarterly financial information. Each quarter represents a 13-week period except the fourth quarter in 2003 which had 14-weeks.

Operating Results-Consolidated

	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
($ in millions)	2005	2004	2005	2004	2005	2004	2004	2003
Sales	$211.3	$197.0	$215.1	$197.5	$196.2	$184.4	$209.9	$217.0
Trading profit	22.7	21.2	21.9	19.3	16.8	14.6	21.5	21.0
Net earnings	12.2	11.0	10.8	9.3	7.7	6.4	10.6	10.6
Net earnings per unit:								
Basic	0.77	0.69	0.68	0.59	0.49	0.40	0.66	0.66
Diluted	0.76	0.68	0.67	0.58	0.48	0.40	0.66	0.66

ACCOUNTING STANDARDS IMPLEMENTED IN 2005

There were no new accounting standards implemented in this quarter.

UNITHOLDER DISTRIBUTIONS

The Trustees declared a quarterly cash distribution of $0.47 per unit, which consists of $0.39 in interest income and $0.08 in dividend income to unitholders of record on December 31, 2005, payable on December 31, 2005 and distributable by January 15, 2006.

The Trustees approved a 14.9% increase in distributions for 2006 to $0.54 per unit per quarter, subject to final 2005 year end results and 2006 quarterly reviews and approvals. This increase is based on the current fund structure.

NON-GAAP MEASURES

(1) Trading Profit (EBITDA) is not a recognized measure under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to net earnings (loss), trading profit is a useful supplemental measure as it provides investors with an indication of the Company’s ability to generate cash flows to fund its cash requirements, including distributions and capital investment. Investors should be cautioned, however, that trading profit should not be construed as an alternative to net earnings (loss) determined in accordance with GAAP as an indicator of NWF’s performance. NWF’s method of calculating trading profit may differ from other companies and, accordingly, trading profit may not be comparable to measures used by other companies.

A reconciliation of net earnings, the closest comparable GAAP measure, to trading profit or EBITDA for consolidated operations is provided below.

Reconciliation of net earnings to trading profit:

($ in thousands)	Third Quarter 2005	Third Quarter 2004	Year to Date 2005	Year to Date 2004
Net earnings	$ 12,192	$ 10,993	$ 30,701	$ 26,701
Add: Amortization	6,065	5,938	18,674	17,840
Interest expense	1,481	1,344	4,547	4,363
Income taxes	3,008	2,890	7,484	6,188
Trading profit	$ 22,746	$ 21,165	$ 61,406	$ 55,092

For trading profit information by business segment, see note 5 Segmented Information in the notes to the unaudited interim period consolidated financial statements.

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Forward-Looking Statements

This Quarterly Report for North West Company Fund, including Management's Discussion and Analysis (MD&A), contains certain forward-looking statements. Such statements relate to, among other things, sales growth, expansion and growth of the Company's business, future capital expenditures and the Company's business strategy. Forward-looking statements are subject to inherent uncertainties and risks including but not limited to: general industry and economic conditions, changes in the Company's relationship within the communities its serves and with its suppliers, pricing pressure and other competitive factors, the availability and costs of merchandise, fuels and utilities, the results of the Company's ongoing efforts to improve cost effectiveness, the rates of return on the Company's pension plan assets, changes in regulatory requirements affecting the Company's business and the availability and terms of financing. Other risks are outlined in the Risk Management section of the MD&A included in the Fund's 2004 Management's Discussion & Analysis and Consolidated Financial Statements report. Consequently, actual results and events may vary significantly from those included in, contemplated or implied by such statements. In evaluating forward-looking statements, readers should specifically consider the various factors, which could cause actual events or results to differ materially from such forward-looking statements.

The North West Company Inc. (NWC) is a leading retailer of food and everyday products and services to rural communities and urban neighborhoods across Canada and Alaska. NWC operates 192 stores under a number of trading names, including Northern, NorthMart, Giant Tiger and AC Value Center, and provides catalogue shopping services through its *Selections* catalogue in northern Canada.

The units of the Fund trade on the TSX Toronto Stock Exchange under the symbol "NWF.UN".

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