NORTH WEST COMPANY FUND

ANNUAL INFORMATION FORM

Year Ended January 27, 2001

May 31, 2001

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ANNUAL INFORMATION FORM
NORTH WEST COMPANY FUND
(SUCCESSOR ISSUER TO THE NORTH WEST COMPANY INC.)

FORMATION

Effective March 27, 1997, shareholders of The North West Company Inc. (the "Company") exchanged their shares on a one-for-one basis for units (the "Units") of the North West Company Fund (the "Fund") pursuant to a reorganization of the Company (the "Reorganization") under a Plan of Arrangement (the "Plan") made pursuant to Section 192 of the Canada Business Corporations Act and approved by shareholders at a Special Meeting held on March 21, 1997.

The Fund is an unincorporated open-ended mutual fund trust, governed by the laws of the Province of Manitoba and the laws of Canada and created pursuant to a Declaration of Trust dated as of January 31, 1997. It is administered by a Board of Trustees (the "Trustees").

The Fund is a limited purpose trust and is restricted to:

(a) investing in such securities as may be approved from time to time by the Trustees and the Board of Directors of the Company including the Company's common shares, the Company's preferred shares, the Company's subordinated notes (the "Subordinated Notes") and the Company's variable notes and any other securities of the Company;

(b) disposing of any part of the assets of the Fund;

(c) temporarily holding cash and investments for the purpose of paying the expenses and liabilities of the Fund, paying amounts payable by the Fund in connection with the redemption of any trust units, and making distributions to holders of the Units (the "Unitholders"); and

(d) undertaking such other business and activities as shall be approved by the Trustees from time to time provided that such business or activity does not result in the Fund not being considered either a "unit trust" or a "mutual fund trust" for purposes of the Income Tax Act.

To the maximum extent possible, the Fund will make cash distributions to Unitholders of the interest income earned from the Subordinated Notes, dividends received on, and amounts, if any, received on redemption of the Company's common and preferred shares after expenses and any cash redemptions of Units. See "Fund's Distribution Policy".

On June 4, 1998, by special resolution, four amendments to the Declaration of Trust were approved by Unitholders at a Special and Annual Meeting of Unitholders, which permit the Trustees from time to time to invest net income of the Fund in permitted investments (as described in the Declaration of Trust) and to make distributions of Units in these circumstances to Unitholders in lieu of cash**.**

INCORPORATION OF THE COMPANY

The Company is a wholly owned subsidiary of the Fund and is the only subsidiary of the Fund. All of the Company's Common Shares, Preferred Shares and Subordinated Notes are held by the Fund.

The Company was incorporated under the laws of the Province of Ontario on January 17, 1978, and was continued under the laws of Canada as 155191 Canada Inc. on May 5, 1987. On July 17, 1987, the Company changed its name to Northern Stores Inc. and on March 16, 1990, to The North West Company Inc.

The Company restructured its operations effective July 1, 1991, by transferring certain operating assets into three wholly owned subsidiaries, The North West Company (NWT) Inc., The North West Company (Quebec) Inc. and The North West Company (Northern) Inc.

Effective November 1, 1992, the Company acquired Alaska Commercial Company ("AC").

On June 28, 1996, the Company amalgamated with two of its wholly owned subsidiaries, The North West Company (Northern) Inc. and F. A. Anderson & Sons Ltd.

On July 4, 1998, the Company amalgamated with its wholly owned subsidiary The North West Company (NWT) Inc.

On July 2, 2000, all assets of The North West Company (Quebec) Inc. were wound up into The North West Company Inc.

The registered and principal office of the Company is located at 77 Main Street, Winnipeg, Manitoba, R3C 2R1.

GENERAL DEVELOPMENT OF THE BUSINESS OF THE COMPANY

The Common Shares, Preferred Shares and Subordinated Notes of the Company are the only assets of the Fund and accordingly the relevant disclosure with respect to the business of the Fund relates to the business of the Company.

The Company, operating under its trading names NORTHERN, NORTHMART, QUICKSTOP, THE NORTH WEST COMPANY TRADING POST, NORTHERN RENTAL PURCHASE, AC VALUE CENTER, and AC EXPRESS CENTER, is the leading provider of food and everyday products and services to remote communities across northern Canada and Alaska. The Company also operates complementary businesses, which utilize its unique heritage and knowledge of the north.

The Company's Canadian operations as at January 27, 2001 consisted of 136 NORTHERN stores (January 29, 2000 was 137, January 30, 1999 was 137), five NORTHMARTS (January 29, 2000 was five, January 30, 1999 was five), seven stand-alone QUICKSTOP convenience stores (January 29, 2000 was six, January 30, 1999 was five), three FUR MARKETING BRANCHES (January 29, 2000 was three, January 30, 1999 was three) and one NORTHERN RENTAL PURCHASE outlet (January 29, 2000 was one, January 30, 1999 was one). These 152 outlets are located in 140 communities in the Northwest Territories, Yukon, Nunavut and the Canadian provinces (excluding New Brunswick, Prince Edward Island and Nova Scotia). The communities range in size from small, remote settlements with populations of as little as 300 people to larger regional locations with populations of up to 31,000 people. In 2000 the Company also operated the INUIT ART MARKETING SERVICE in Toronto, and The ODD LOTS Discount Centre and CRESCENT MULTI FOODS in Winnipeg. Revenue from Canadian operations for the year ended January 27, 2001 was $502.8 million, January 29, 2000 was $478.5 million and January 30, 1999 was $494.0 million.

The Alaska Commercial Company operates 22 AC VALUE CENTERS (January 29, 2000 was 21 and January 30, 1999 was 19, one AC EXPRESS CENTER in 1999 and 1998 and one FE EXPRESS CENTER, as at January 27, 2001, (January 29, 2000 was 3 and January 30, 1999 was 3) in rural Alaska, serving a market of approximately 150,000 people. These stores operate on a similar format to the NORTHERN stores that service remote communities in northern Canada. The Alaskan operations also include Frontier Expeditors (FE), which provides wholesale services to small independent retailers in Alaska. Revenue from Alaskan operations for the year ended January 27, 2001, was $156.3 million, January 29, 2000 was $148.0 million and January 30, 1999 was $135.1 million (Cdn.).

For the year ended January 27, 2001, the Company's total revenue was $659.0 million, (January 29, 2000, $626.5 million and January 30, 1999 was $629.1) of which Canadian operations accounted for approximately 76.3% (January 29, 2000 was 76.4% and January 30, 1999 was 78.5%).

DESCRIPTION OF BUSINESS OF THE COMPANY

Markets

The Company operates 125 NORTHERN, NORTHMART, QUICKSTOP and AC VALUE CENTER stores in more remote communities, of which 20 are accessible by all-weather roads. The remote communities are smaller settlements inhabited principally by First Nations Indian, Metis and Inuit groups and range in population from 300 to 3,700 people. These communities generally have a stable income base, which consists of direct, non-discretionary government assistance or public sector employment such as schools, health services or local government and the construction of housing and local infrastructure projects. Demographics and income levels are also influenced by external activities such as fishing, resource exploration, pipeline construction, hydro electricity development and related construction activity.

These markets have become increasingly aware of consumer trends. The Company's food and general merchandise assortments have reflected this change and include more fresh departments in foods, as well as fashion and lifestyle products similar to those offered by retailers in more competitive urban markets. Food merchandise consists of perishable and non-perishable products including groceries, dairy products, meat, produce and convenience/fast-food services. General merchandise consists of family apparel, housewares, staples, health and beauty aids, sporting goods, toys, hardware, furniture, appliances and home entertainment products, boats, outboard motors, canoes, all-terrain vehicles and snowmobiles. The Company also provides catalogue shopping services through its Selections Catalogue.

The Company operates 51 stores in less remote, regional communities, of which 41 are road accessible. These markets range in population from 1,000 to 31,000 people. The economies of these communities are more diverse and income levels are higher than those of the more remote locations. Major sources of employment are in natural resources, transportation, health care, tourism and government services. The Company considers that of its total number of regional locations, 17 communities are dependent to varying degrees on natural resource industries.

Operations

Net earnings from operations for the fiscal year ended January 27, 2001 were $28.1 million or $1.89 per unit versus net earnings of $28.0 million or $1.86 per unit for the fiscal year ended January 29, 2000.

Revenues increased 5.2% (0.4% decrease last year) for the 52 weeks ended January 27, 2001. Canadian operations experienced a 5.1% increase in revenue. Alaskan operations recorded a 5.6% increase in revenue to $104.9 million (U.S.).

Earnings before interest and taxes were $42.3 million or 6.4% of sales. Canadian earnings before interest and taxes of $36.0 million or 7.2% of revenue increased from $33.8 million or 7.1% of revenue in 1999. Alaskan operations generated earnings before interest and taxes of $6.4 million compared to $6.0 million in 1999. Interest costs for the fiscal year ended January 27, 2001, were $13.2 million, up from $11.7 million for the fiscal year ended January 29, 2000.

Liquidity and Capital Resources

At January 27, 2001, net working capital was $91.4 million, representing an increase of $7.7 million or 9.2% from $83.7 million at the previous year-end. Accounts receivable of $56.9 million increased 15.4% during the year due to the introduction of extended payment accounts and the conversion of monthly charge accounts to revolving accounts. Inventories of $123.0 million compared to $114.4 million last year. Financing activities during the year generated net cash inflow of $0.4 million compared to $3.2 million last year.

Stores and Other Facilities

Stores

The following table sets forth the number, location by region, selling area and ownership or lease arrangements pertaining to NORTHERN, NORTHMART, QUICKSTOP, FUR MARKETING BRANCHES, NORTHERN RENTAL PURCHASE, AC VALUE CENTER, AC EXPRESS CENTER and FE EXPRESS CENTER store locations as at January 27, 2001.

				Retail Selling Facilities 000's of sq. ft.				
	Number of Stores	**Owned-1**	**Leased**	**Food**	**General Merchandise**	**Service**	**Warehouse**	**Total**
Alberta	6	5	1	7	15	12	7	41
British Columbia	2	2	0	13	12	7	1	33
Labrador/NFLD	8	6	2	43	69	28	35	175
Manitoba	33	24	9	124	114	128	638	1,004
Nunavut	24	22	2	76	71	98	139	384
NWT	17	16	1	56	55	68	60	239
Ontario	27	17	10	32	86	89	42	249
Quebec	17	15	2	89	47	74	54	264
Saskatchewan	17	15	2	76	33	36	29	174
Yukon	1	0	1	1	0	1	0	2
TOTAL Cdn stores	**152**	**122**	**30**	**517**	**502**	**541**	**1,005**	**2,565**
Alaska Commercial Co.	24	13	11	142	96	105	80	423
TOTAL STORES	**176**	**135**	**41**	**659**	**598**	**646**	**1,085**	**2,988**

(1) Of these stores, 40 are located on leased land pursuant to ground leases.

Selling areas of stores in remote communities range in size from 1,000 sq. ft. to 10,000 sq. ft. In regional communities, selling areas range from 3,000 sq. ft. to 47,000 sq. ft. The Company owns employee residences and staff houses, which are typically located, adjacent to the more remote store locations.

Other Facilities

The following table contains the location, type of facility, area and ownership or lease arrangements pertaining to the Company's other principal facilities.

Location	**Type of Facility**	**Area (000's of sq.ft.)**	**Owned/Leased**	**Expiry of Lease**
Winnipeg	Distribution Centre (1)	344	Owned	
Winnipeg	Food Distribution Centre	113	Leased	2004
Winnipeg	Head Office	113	Owned	
Toronto	Inuit Art Centre	4	Leased	2001
Anchorage	Wholesale Distribution Centre	10	Leased	2003
Anchorage	Admin Office and Retail Distribution Centre	55	Leased	2004
Anchorage	Meat Plant	6	Leased	2002

(1) The facility is located on land leased from the City of Winnipeg pursuant to a leasehold title. The land lease has a 15 year term with a purchase option during the term of the lease and an obligation to purchase the land on the expiry date which is August 31, 2007.

Competition

The Company faces fragmented competition in its remote locations. Competition consists of stores operated by local Inuit and First Nations peoples, native village corporations (in Alaska), independent storeowners and local co-operatives, some of which are associated with regional or national buying groups. In Canada, all of these communities have access to mail order catalogue and direct mail services such as those provided by Sears Canada Inc., Wal-Mart and the Winnipeg Outfitters. In Alaska, this type of competition is more intense and includes catalogues directed solely at the rural Alaska market by Anchorage retailers such as Wal-Mart and Sears. Competition has remained unchanged in 2000. The strength of this competition varies considerably depending on the management skills and financial strength of local operators.

In 19 of the larger communities, the Company competes directly with Canadian secondary market chains such as True Value, Fields, Saan and I.G.A. as well as home shopping networks. AC competes directly with Safeway in four markets and Wal-Mart in one market. The marketing strategy for these competitors tends to be centrally directed from head office with local management responsible for administration. In all of its regional locations, the Company competes against independent merchants who maintain market share due to strong local loyalties and through established customer relationships. Additionally, 41 locations of the Company are within three hours driving distance of small to medium urban centres offering alternative shopping.

No new competitors are expected in 2001.

Distribution

In support of its general merchandise operations the Company owns and operates a 344,000 square foot distribution centre in Winnipeg (the “Retail Service Centre”). The Retail Service Centre which opened in April 1993, provides the Company with state-of-the-art distribution capabilities and warehousing of central stock to service its stores in Canada and its Selections Catalogue customers.

In addition to the Retail Service Centre, the Company opened an 113,000 square foot food warehouse (“Northcan”) in Winnipeg in October of 1994. The warehouse is equipped with freezers and coolers and provides food services to its stores throughout Canada.

Third party consolidation centers operate in Toronto and Edmonton. These centres serve as freight terminals to consolidate goods for furtherance to Winnipeg or transported direct to the stores in order to capitalize on lowering freighting costs.

In support of its AC Value Centers (“AC”) the Company operates a 55,100 sq. ft. warehouse in Anchorage. The Anchorage Distribution Center (ADC) was opened in the fall of 1994 and is a leased facility. The ADC provides cross-dock distributions of food, apparel and general merchandise and is a warehouse facility for fast-moving grocery items as well as basic apparel and hardlines (appliances, furniture, electronics, housewares, etc). Most of the stores’ product is transported via ship from Seattle to Anchorage and then flown to the stores. AC’s head office is part of the ADC facility. Frontier Expeditors (“FE”) moved into it’s own 10,000 sq. ft. facility early in 2000 to accommodate the increase volume through AC’s wholesale arm.

Transportation

Due to the vast geography of the Company's store network, transportation is an important element of the Company's operations. The majority of stores are inaccessible by all-weather roads and the balance are relatively distant from major transportation corridors. As a result, stores are serviced by all available modes of transportation including sealift, barge, winter roads, trucks, rail and air.

Sealift was the original method of supplying ports on the shores of Hudson Bay and remains the most cost-effective method of servicing approximately 25 NORTHERN stores today. The Company owns 50% of the shipping company Transport Nanuk Inc., which operates two vessels: the M.V. Aivik and the M.V. Umiavut. A third ship that was part of the fleet, the M.V. Lucien Paquin was sold in 2001. These ships carry supplies to ports in the Canadian Arctic during the summer months and during the rest of the year undertake coastal or international voyages on behalf of various shippers.

NWC has contracted its sealift containerization operation to Transport Nanuk. They will carry out these responsibilities through Nunavut Eastern Arctic Shipping Inc. (NEAS). NEAS is jointly owned by Transport Nanuk, and three Inuit birthright corporations; Qikiqtaaluk Corporation, Sakku Investment Corporation, and Makivik Corporation.

Buying

In Canada, the Company operates a food buying office in Winnipeg, which reports to the Vice-President, Food Marketing. The Company has good relationships with its broad supplier base. No contractual obligations or other agreements exist which might prevent the Company from obtaining the best possible buying arrangement.

General merchandise buying is the responsibility of the Vice-President, General Merchandise Marketing. All categories of general merchandise are bought through the Company's head office buying group in Winnipeg. The Company maintains good relationships with a broad supplier base. General merchandise sourcing is committed on a seasonal basis or through an ongoing relationship with appropriate industry suppliers.

Buying for AC and FE is handled by a buying office located in Anchorage, which sources product locally, as well as from the lower 48 states. Because of AC’s size, more product is sourced through wholesalers and distributors rather than purchased directly from manufacturers as compared to the Company’s Canadian operations.

Information Services

The Company operates an integrated merchandising, financial and warehouse management environment. The primary components are Retek’s Retail Merchandising and Warehouse Management Systems and PeopleSoft’s Financial Management System.

The enterprise systems feed data to an Oracle data warehouse, which in turn is linked to Cognos Powerplay and Impromptu online analytical processing systems (OLAP) that are used by executive management, category management, buying and inventory control staff.

The company’s corporate offices, warehouses and consolidation centres in Winnipeg, Alaska, Toronto, Montreal and Edmonton are connected via a wide area network (WAN). The stores’ POS and management systems are connected to Winnipeg by dial-up technologies. Digital communication connections across all corporate and store sites are being explored to take full advantage of the functionality offered by the company’s enterprise systems and of new services being offered by potential electronic commerce partners.

Financial Services

The Financial Services Department is responsible for all NWC and AC Financial and Credit services offered at all stores. The main services covered are cheque cashing, debit card cash withdrawals, cash transfers and customer credit.

Most day-to-day credit decisions remain the responsibility of the local store managers. Management believes that most day-to-day credit decisions are most appropriately handled by store managers because of their intimate knowledge of the local economic conditions and their personal acquaintance with most of their customers. All accounts are reviewed monthly and the allowance for doubtful accounts is adjusted to reflect changes in the currency of outstanding balances. Allowances are adequate to cover the bad debts for the year.

The Company also accepts bank debit and credit cards.

Capital Expenditures

For the year ended January 27, 2001 total net capital expenditures amounted to $18.3 million compared to $20.7 million for the year ended January 29, 2000. Capital expenditures for the year ending January 26, 2002 are expected to be approximately $23.0 million and will be financed out of operating cash flow and existing lines of credit.

Management of Sales and Operations

In Canada, each store employs a full-time manager who has primary responsibility to monitor daily operations, maximize selling opportunities and safeguard Company assets. The organizational structure of the Sales & Operations Department includes 13 Regions, each of which is managed by a Director, Sales and Operations.

Regions are organized into two divisions, each lead by a Vice President, Sales & Operations, who is responsible for the store level execution of corporate strategies, policies and programs. The Sales and Operations Department contributes to the development of these initiatives by providing front line feedback from daily contact with staff, customers and communities. The differences between the two divisions relate primarily to store size and remoteness.

In Alaska, Sales & Operations are divided into a large store group and small store group, each reporting to a Vice President, Sales & Operations. Support for Sales & Operations is provided directly by AC's Human Resources, Marketing departments and Winnipeg based Information Systems, Financial Services and Accounting departments.

Employees

At January 27, 2001 the Company employed 4,477 people, including 655 in Alaska.

A collective agreement covers the employees working in one store in Manitoba and one in Labrador. The overall relationship between the Company and its employees is good.

The Company is active in the recruitment of aboriginal people for positions in stores, corporate and distribution centres. Training and development of employees is also a major focus across the Company. Particular attention is being paid toward enhancing food expertise within store operations and with those who have category management responsibilities. Store employees participate in the Stores Training Program, which consists of approximately 80 training modules describing various components of our store operations. Store employees also participate in technical training seminars offered by our in-house specialists for Meat, Produce and QSR trainers. In Alaska, the focus is on industry-sponsored training materials and the recruitment of more senior people for store operations positions.

Other Business Segments

The Company operates a Diversified Business group in Canada that consists of three Fur Marketing Branches, the Inuit Art Marketing Service and Crescent Multi Foods, a produce distribution business. These businesses are all complimentary to its core NORTHERN store retail operations.

The Fur Marketing Branch purchase furs from trappers, and also sells aboriginal handicrafts and outerwear to the local and tourist retail market.

The Inuit Marketing Service, located in Toronto, procures and markets carvings from Native artisans and is the largest Inuit art marketing service in Canada.

Crescent Multi Foods is a full-line produce distribution business that serves Northern and North Mart stores in Manitoba and northern Ontario as well as third party customers in Winnipeg and the surrounding area.

Environment

The Company is subject to environmental regulation pursuant to federal, provincial and state legislation. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances handled by the Company. A breach of such legislation may result in the imposition of fines and penalties. To ensure that the Company is in compliance with applicable environmental laws, the Director, Facilities Management of Construction and Store Planning has been appointed as its Environmental Officer and he reports quarterly to the board of directors of the Company.

The Company is committed to meeting its responsibilities to protect the environment wherever it operates and anticipates making increased expenditures of both a capital and expense nature as a result of the increasingly stringent laws relating to the protection of the environment. The Company believes it is in substantial compliance with applicable environmental laws and regulations and does not believe the increased expenditures will have a material effect on the Company's earnings.

Risks

The risks related to the Company's operations are discussed on page 28 of the Management Discussion and Analysis in the Company's annual report for the fiscal year ended January 27, 2001, which is incorporated herein by reference.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(in thousands of Canadian dollars)

	52 Weeks Ended Jan. 27/01	52 Weeks Ended Jan. 29/00	52 Weeks Ended Jan. 30/99	53 Weeks Ended Jan. 31/98	52 Weeks Ended Jan. 25/97
RESULTS FOR THE YEAR					
Sales and other revenue	$659,032	$626,469	$629,118	$616,710	$590,583
Earnings before interest, unusual item and income taxes (EBIUT)	42,331	39,809	42,831	39,587	43,208
Unusual item	-	-	(20,000)	-	-
Earnings	$28,134	$27,957	$16,145	$21,037	$17,858
PER UNIT/SHARE VALUES (Dollars)					
Basic and fully diluted earnings before unusual item	1.89	1.86	1.82	1.40	1.18
Net earnings – fully diluted	1.89	1.86	1.08	1.40	1.18
Distributions/dividends paid in cash	1.44	1.44	1.00	0.60	0.40
Distributions/dividends paid in units	-	-	.25	-	-
Equity at end of year	13.00	11.33	10.94	10.68	9.82
Balance Sheet Items					
- Total assets	415,965	387,537	387,411	425,136	383,736
- Total long-term debt	124,106	125,146	132,571	134,476	135,228
FINANCIAL RATIOS %					
EBIUT (% of Sales)	6.4%	6.4%	6.8%	6.4%	7.3%
Return on Net Assets* before unusual item	11.5%	11.6%	12.1%	11.4%	13.4%
Return on Average Equity before unusual item	15.2%	16.8%	17.6%	13.9%	12.7%

*Earnings before interest, unusual item and income taxes as a percent of average net assets employed.

QUARTERLY RESULTS
(in thousands of Canadian dollars)

QUARTER		First	Second	Third	Fourth	TOTAL
Sales and Other Revenue	**2000**	**$150,215**	**$164,224**	**$168,132**	**$176,461**	**$659,032**
	1999	145,836	156,256	158,776	165,601	626,469
Net Earnings (Loss)	**2000**	**4,304**	**7,000**	**6,793**	**10,037**	**28,134**
	1999	5,312	8,537	6,383	7,725	27,957
Earnings Per Unit	**2000**	**0.29**	**0.46**	**0.46**	**0.68**	**1.89**
	1999	0.35	0.57	0.43	0.51	1.86

Distributions/Dividends

The Company began paying a quarterly dividend of $0.08 per share in April 1990. In April 1992, the quarterly dividend rate was increased to $0.09 per share; in March 1994, it was increased to $0.10 per share. On February 17, 1997 the Company declared a final dividend of $0.10, payable April 30, 1997 to shareholders of record on March 26, 1997.

The Fund paid an initial distribution of $0.175 to Unitholders on September 15, 1997 and a second distribution of $0.22 on December 15, 1997. Quarterly distributions of $0.30 were commenced effective the March 15, 2000 payment and a final unit distribution of $0.54 per unit was made on December 15, 2000. Quarterly cash distributions were increased to $0.36 per unit effective March 15, 2001.

2000 compared to 1999

Sales and Other Revenue

In 2000 sales and other revenue increased to $659.0 million from $626.5 million.

Canadian operations experienced a 5.1% increase with food sales gaining 5.6% and general merchandise sales increasing 2.5%. Revenues from Alaskan operations for 2000 were $156.3 million; an increase of 5.6% over $148.0 million in 1999.

Earnings

Net earnings were $28.1 million, compared to $28.0 million in 1999. Earnings per unit were $1.89 compared to earnings per unit as of $1.86 in 1999

Canadian operations generated an EBIT of $36.0 million in 2000, a 6.4% increase compared to $33.8 million in 1999. Alaskan operations EBIT of $6.4 million compared to $6.0 million in 1999.

Liquidity and Capital Resources

At January 27, 2001, net working capital was $91.4 million representing an increase of 9.2% from $83.7 million in 1999. Accounts receivable of $56.9 million, increased 15.4% during the year. Inventories of

$123.0 million increased 7.5% over last year. Financing activities during the year generated a net cash inflow of $419,000.

1999 compared to 1998

Sales and Other Revenue

In 1999 sales and other revenue decreased to $626.5 million from $629.1million.
Canadian operations experienced a 3.1% decrease, with food sales gaining 1.5% and general merchandise sales decreased 5.1%. Revenues from Alaskan operations for 1999 were $148.0 million, an increase of 9.5% over $135.1 million in 1998.

Earnings

Net earnings were $28.0 million, compared to $16.1 in 1998, which included an unusual charge of $20 million pretax as a result of a major repositioning of Canadian operations. Earnings per unit were $1.86 compared to earnings per share of $1.08 in 1998.

Canadian operations generated an EBIUT of $33.8 million in 1999, a 7.1% decrease compared to $39.0 million in 1998. Alaskan operations EBIT of $6.0 million compared to $3.8 million in 1998.

Liquidity and Capital Resources

At January 29, 2000, net working capital was $83.7 million, representing a nominal change from $83.5 million at the previous year-end. Accounts receivable of $49.2 million increased 4.9% during the year. Inventories of $114.4 million remained flat with last year. Financing activities during the year generated a net cash inflow of $3.2 million.

1998 compared to 1997

Sales and Other Revenue

In 1998 sales and other revenue increased 2.0% to $629.1 million from $616.7 million. Revenues for the year included 52 weeks of sales compared to 53 weeks in the previous fiscal year.

Canadian operations experienced a 0.8% decrease, with food sales gaining over 0.4% and general merchandise sales decreased 1.0%. Revenues from Alaskan operations for 1998 were $135.1 million, an increase of 13.8% over $118.7 million in 1997.

Earnings

Net earnings were $16.1 million, compared to $21.0 million in 1997. Earnings in 1998 included an unusual charge of $20 million pretax as a result of a major repositioning of Canadian operations. Earnings per Unit were $1.08 compared to earnings per share of $1.40 in 1997.

Canadian operations generated an EBIUT of $39.0 million in 1998, a 2.8% increase compared to $38.0 million in 1997. Alaskan operations EBIT of $3.8 million compared to $1.6 million in 1997.

Liquidity and Capital Resources

At January 30, 1999, net working capital was $83.4 million, representing a nominal change from $92.3 million at the previous year-end. Accounts receivable of $47.0 million decreased 27.1% during the year. Inventories of $114.0 million decreased 15.2% from $134.4 million in 1997. Financing activities during the year generated a net cash outflow of $22.2 million.

1997 compared to 1996

Sales and Other Revenue

In 1997 sales and other revenue increased 4.4% to $616.7 million from $590.6 million. Revenues for the year included 53 weeks of sales compared to 52 weeks in the previous fiscal year.

Canadian operations experienced a 5.0% increase, with food sales gaining over 6.0% and general merchandise sales 3.0%. Revenues from Alaskan operations for 1997 were $118.7 million, an increase of 2.2% over $116.1 million in 1996.

Earnings

Net earnings were $21.0 million, compared to $17.9 million in 1996. Earnings per Unit were $1.40 compared to earnings per share of $1.18 in 1996.

Canadian operations generated an operating profit of $38.0 million in 1996, an 11.6% decrease compared to $43.0 million in 1996. Alaskan operations operating profit of $1.6 million compared to $191,000 in 1996.

Liquidity and Capital Resources

At January 31, 1998, net working capital was $92.9 million, representing a nominal change from $92.3 million at the previous year end. Cash on hand and in transit of $0.4 million, was $7.0 million more than last year. Accounts receivable of $64.4 million increased 11.7% during the year. Inventories of $134.4 million increased 7.0% from $127.4 in 1996. Financing activities during the year generated a net cash outflow of $1.8 million.

1996 compared to 1995

Sales and Other Revenue

In 1996 sales and other revenue decreased 0.2% to $590.6 million from $592.0 million. Revenues for the year included 52 weeks of sales as did the previous fiscal year.

Canadian operations experienced a 0.9% increase, with food sales up 3.5% and general merchandise sales down 6.4%. Fur sales of $3.2 million increased 44.9% as a result of better markets. Revenues from Alaskan operations for 1996 were $116.1 million compared to $121.7 million in 1995.

Earnings

Net earnings were $17.9 million, compared to a 1995 loss of $5.2 million. Fully diluted net earnings per share were $1.18 compared to losses of $0.32 in 1995. A provision of $16.1 million was taken in the Alaskan operations in the fourth quarter of 1995 to provide for losses on the disposition of marina and home center assets and for a reduction in carrying value of certain stores that had been adversely affected by market conditions.

Canadian operations generated an operating profit of $43.0 million in 1996 compared to $34.9 million in 1995. Alaskan operations reported an operating profit of $191,000 in 1996 versus a loss of $2.1 million in 1995.

Liquidity and Capital Resources

At January 25, 1997, net working capital was $92.3 million, a 9.8% decrease from $102.3 million at the previous year-end. Cash on hand and in transit of $3.4 million, was $1.8 million less than last year. Accounts receivable of $52.7 million increased 6.0% during the year. Inventories of $127.4 million increased 1.0% during the year. Financing activities during the year generated a net cash outflow of $9.6 million, resulting from a combination of repayment of long-term debt and purchase of shares for cancellation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reference is made to the section entitled "Management's Discussion and Analysis" on pages 21 through 30 of the Fund's 2000 Annual Report to Unitholders, which section is incorporated herein by reference.

MARKET FOR SECURITIES

Units of the Fund are listed on The Toronto Stock Exchange, trading as NWF.UN.

FUND'S DISTRIBUTION POLICY

The Directors and Trustees will reassess the level of cash distributions based on the achievement of the Company's earnings, targeted debt-to-equity ratio, its debt rating, the Company's capital requirements for expansion and/or acquisitions, and the Company's business prospects.

TRUSTEES AND OFFICERS OF THE FUND

The name, municipality of residence, position and principal occupation of the Trustees and Officers of the Fund are as follows:

Name and Municipality of Residence	**Trustee Since**	**Position Held**	**Principal Occupation**
Ian Sutherland Oro Medonte, Ontario	1997	Trustee	Chairman, The North West Company Inc.
Kevin R. Bolt Winnipeg, Manitoba	1997	Trustee	Partner Aikins, MacAulay & Thorvaldson
David G. Broadhurst Toronto, Ontario	1997	Trustee	President Reeve Court Insurance Limited
Gary V. Eggertson Winnipeg, Manitoba		Chief Financial Officer and Secretary	Vice-President, Chief Financial Officer and Secretary of the Company
Reinhard Sedlacek Winnipeg, Manitoba		Treasurer	Director, Planning and Treasury Services of the Company

DIRECTORS AND OFFICERS OF THE COMPANY

The name, municipality of residence, position and principal occupation of each of the Directors and Officers of the Company are as follows:

DIRECTORS

Name and Municipality of Residence	Director Since	Position Held	Principal Occupation if Different from Office Held
Ian Sutherland [1,5] Oro Medonte, Ontario	1978	Chairman of the Board and Director	Chairman, The North West Company Inc.
Edward S. Kennedy Winnipeg, Manitoba	1996	President and Chief Executive Officer and Director	
Lloyd I. Barber [2,3] Regina Beach, Saskatchewan	1991	Director	President Emeritus, University of Regina
Donald A. Beaumont [1,3,4] Toronto, Ontario	1996	Director	President, Beaumont & Associates
Frank J. Coleman [3,4] Corner Brook, NFLD.	1999	Director	President & CEO, Coleman Group of Companies
Nellie Cournoyea [2,4,5] Inuvik, Northwest Territories	1996	Director	Chairperson & Chief Executive Officer Inuvialuit Regional Corporation
Raymond Doré [2,3] Toronto, Ontario	1987	Director	Chairman MCAP Inc.
Gary J. Lukassen [1,3,4] Mississauga, Ontario	1987	Director	Corporate Director
Keith Martell Saskatoon, Saskatchewan	2000	Director	Chairman, First Nations Bank of Canada
Stanley McKay [4 ,5] Gladstone, Manitoba	1994	Director	Co-Director, Dr. Jessie Saulteaux Resource Centre
James G. Oborne [1,2,5] Winnipeg, Manitoba	1987	Director	Chairman, Westgate Capital Management Corp.
T. Iain Ronald [1,2,5] Toronto, Ontario	1987	Director	Corporate Director

[1] Member of the Executive Committee
[2] Member of Corporate Governance and Nominating Committee
[3] Member of the Audit Committee
[4] Member of the Human Resources and Compensation Committee
[5] Member of the Pension Committee

OFFICERS

Ian Sutherland Winnipeg, Manitoba	Chairman of the Board and Director
Edward S. Kennedy Winnipeg, Manitoba	President, Chief Executive Officer and Director
Gary V. Eggertson Winnipeg, Manitoba	Vice-President, Chief Financial Officer and Secretary
Scott F. Findlay Winnipeg, Manitoba	Vice-President, Food Marketing

Leonard G. Flett Winnipeg, Manitoba	Vice-President, Store Development and Public Affairs
Carl A. McKay Winnipeg, Manitoba	Vice-President, Sales and Operations, Traders Division
Karen J. Milani Winnipeg, Manitoba	Vice-President Human Resources
James B. Mitchell Winnipeg, Manitoba	Vice-President, General Merchandise Marketing
David J. Preddy Winnipeg, Manitoba	Vice-President, Sales & Operations, Merchants Division
Paul G. Smith Winnipeg, Manitoba	Vice-President, Logistics & Supply Chain Services
Terence (Terry) P. Sweeney Winnipeg, Manitoba	Vice-President, Information Services

All of the Trustees and Officers of the Fund and all the Directors and Officers of the company have held their present positions or other executive positions with the same or associated firms or organizations during the past five (5) years, except as follows:

On December 19, 2000, Keith Martell, Chairman, First Nations Bank of Canada, became a Director of the Company.

Gary J. Lukassen retired as Executive Vice-President and Chief Financial Officer, Hudson's Bay Company in March 2001.

Donald Beaumont retired in January 1996, as President and CEO of Kmart Canada Ltd. He is now President of Beaumont & Associates, Retail Consultants.

Prior to June 1998, Kevin Bolt was a Partner of Pitblado & Hoskin.

From April 1996 to the end of May 1998, David Broadhurst was an Investment Banker with First Marathon Securities Limited.

T. Iain Ronald was Chairman of the Board of the Company from June 1994 to March 21, 1997

Ian Sutherland was President and Chief Executive Officer of the Company from October 1993 to March 1997 and has held the position of Chairman of the Board since March 1997. From September 1998 to August 1999, he was President of MCAP Inc.

Terence (Terry) P. Sweeney joined the Company on October 5, 1998. Prior to this appointment, he was a management consultant for KPMG, where he led the Knowledge Management practice in Toronto.

Scott F. Findlay joined the Company on August 1, 1999. Prior to joining the Company Scott was Vice President for Silcorp Limited.

James B. Mitchell joined the Company on September 20, 1999. Prior to joining NWC Jim was National Manager, Licensed Businesses with The Hudson’s Bay Company.

David J. Preddy joined the Company on November 8, 1999. Prior to this appointment David had over 24 years experience of store sales & operations with Loeb food stores and Sobey’s.

Karen J. Milani became Vice President, Human Resources effective April 7, 2000. She previously held the position of Director, Employee & Organizational Development with the Company.

Paul G. Smith became Vice President, Logistics & Supply Chain Services effective August 7, 2000. Prior to this appointment he held the position of Director, Special Projects, responsible for our Reprofiling initiative.

The term of office of each of the Trustees of the Fund and the Directors of the Company expires at the next Annual Meeting of the Fund.

Trustees and Officers of the Fund and Directors and Officers of the Company as a group beneficially own, directly or indirectly, or exercise control or direction over 6.80% of the outstanding Units of the Fund as of the date of this report. The issued and outstanding capital of the Fund consists of 14,691,000 units as at May 31, 2001.

UNITHOLDER RIGHTS PLAN

Pursuant to the Reorganization, a Unitholder Rights Plan (the "Rights Plan") was implemented for the Fund effective March 27, 1997. The Rights Plan, which is aimed at preventing a takeover situation that either prejudices the minority Unitholders of the Fund or prevents the Fund from maximizing Unitholder value in a sale process, remains in effect.

Current legislation permits a take-over bid to expire in 21 days. The Fund Trustees are of the view that this is not sufficient time to permit them to explore and develop alternatives to those proposed by the person seeking to acquire control of the Fund and to make recommendations to the Trust Unitholders. The Unitholder Rights Plan provides *for a minimum Take-Over Bid period of at least 60 days.*

ADDITIONAL INFORMATION

The Fund will provide to any persons, upon request to the Vice-President, Chief Financial Officer and Secretary of the Fund, Gibraltar House, 77 Main Street, Winnipeg, Manitoba, R3C 2R1, when the securities of the Fund are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of the Fund's securities, the following:

(i) one copy of the most recent Annual Information Form of the Fund, together with one copy of any document or the pertinent pages of any document, incorporated by reference into such Annual Information Form:

(ii) one copy of the comparative financial statements of the Fund for its most recently completed financial year together with the accompanying report of the auditor and one copy of any interim financial statements of the Fund subsequent to the financial statements for its most recently completed financial year;

(iii) one copy of the information circular of the Fund in respect of its most recent annual meeting of Unitholders that involved the election of Trustees of the Fund and Directors of the Company, or one copy of any annual filing prepared in lieu of that information circular, as appropriate; and

(iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under paragraphs (i), (ii) or (iii) above.

At any other time, one copy of the above documents referred to in paragraphs (i), (ii), (iii) and (iv) shall be provided upon request to the Vice-President, Chief Financial Officer and Secretary of the Fund, Gibraltar House, 77 Main Street, Winnipeg, Manitoba, R3C 2R1, provided that the Fund may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Fund.

Additional information including Trustees', Directors' and Officers' remuneration and indebtedness, principal holders of the Fund's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Fund's information circular for its most recent annual meeting of Unitholders that involved the election of Trustees and additional financial information is provided in the Company's comparative financial statements for its most recently completed financial year.