



NORTH WEST COMPANY FUND PRESS RELEASE

FOR IMMEDIATE RELEASE
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“NORTH WEST COMPANY FUND REPORTS FIRST QUARTER RESULTS”

WINNIPEG - North West Company Fund (the “Fund”) today reported 2000 first quarter earnings for the period ended April 29, 2000.

CONSOLIDATED RESULTS

The North West Company Fund reported first quarter consolidated revenues at \$150.2 million, up 3.0% compared to 1999 due to continued improvement from our focus on food sales growth. Consolidated earnings for the first quarter of \$4,304,000 (\$0.29 per unit) were \$1,008,000 (\$0.06 per unit) less than the first quarter of 1999 due to expense pressures in Alaska and gross profit rate pressure in Canada.

“We’re continuing to build a stronger platform for our business through better products, prices and execution. This will cost us short-term earnings growth in the first half of 2000, but I’m very optimistic about the rest of this year and into 2001”, said Edward Kennedy, President and CEO.

CANADIAN OPERATIONS

Canadian sales were \$115.4 million, for the quarter, up 2.5% from last year. Earnings before interest, income taxes and amortization (EBITA) increased by \$67,000 to \$11.6 million.

Food and *QuickStop* sales continued on a positive trend in the quarter and were up 4.7% (up 3.0% on a comparable basis). General merchandise sales were down 3.0% in comparable stores with weak apparel sales during the quarter. This was partially offset by a 21% increase in direct channel sales, driven by the launch of a larger spring catalogue. The reprofiling of selling space and aggressive price positioning is gaining customer acceptance, particularly in the larger, more competitive markets. On a regional basis, Arctic Quebec had softer sales due to increased local competitive activity. Stores in Nunavut and the Northwest Territories were relatively weak due to the lack of government spending outside the Iqaluit market. The increased blend of lower margin food sales and heavy markdowns required to clear winter apparel eroded gross margin rates in the quarter.

Expenses were well controlled reporting only a modest increase mainly related to additional amortization charges due to capital expenditures last year.

ALASKAN OPERATIONS (stated in U.S. dollars)

Alaska Commercial Company (“AC”) sales increased 7.5% in the quarter to \$23.8 million. On a comparable basis, store sales were up 1.5% with comparable food sales increasing 2.4% and general merchandise sales down 2.0%. Sales were affected by a seasonal downturn in markets dependent on the crab fishing industry.

AC's wholesale business, Frontier Expeditors ("FE"), had a very strong quarter with sales up 58.6%. FE specializes in distributing primarily food products to smaller retail accounts in rural Alaska and select urban accounts that have been added over the last six months.

AC's EBITA for the quarter was \$511,000 compared to \$751,000 last year. While revenues matched expectations, gross profit rates weakened due to the lower margins from the wholesale operations and higher markdowns for general merchandise. Increased expenses for the new FEI warehouse, higher staff costs and high allowances for delinquent accounts were the main contributors to the reduced earnings in the quarter.

NORMAL COURSE ISSUER BID

North West Company Fund received approval from the Toronto Stock Exchange on March 27, 2000 for a normal course issuer bid, subject to regulatory approval, with respect to its intention to purchase units of the Fund. The issuer bid will terminate on March 23, 2001 or on such earlier date as the Fund may complete its purchase pursuant to the notice. The Fund intends to repurchase up to 750,000 units, or 5% of the outstanding units of the Fund at the time of application. The price, which the Fund will pay for any such units, will be the market price at the time of acquisition. The actual number of units, which may be purchased, and the timing of any such purchases will be determined by the Fund.

The Fund has purchased 39,300 units for \$430,370 for an average value of \$10.95 to May 31, 2000 under the issuer bid plan.

Ian Sutherland, Trustee stated "the Trustees of the Fund and the Board of Directors of The North West Company continue to believe that the purchase of units under a normal course issuer bid is in the best interests of the Fund and its unitholders as the intrinsic value of the units exceeds their current trading price."

OTHER HIGHLIGHTS

- The North West Company has experienced no disruptions related to the year 2000 to the date of this report.
- A quarterly cash distribution of \$0.30 per unit will be made June 15, 2000. The cash distribution is expected to be maintained at that level for the planned distribution on September 15, 2000. The final distribution for 2000 will be approximately \$0.54 per unit payable in cash and/or units in December 2000 based on financial conditions at the end of the year.
- We expect to reprofile 60 stores in 2000, leaving 10 until 2001. Fixtures and equipment have been purchased and shipped to 21 stores to date, to take advantage of the lower cost winter roads freight rates.

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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)

	April 29, 2000	May 1, 1999
ASSETS		
Current assets		
Cash	\$ 12,891	\$ 13,198
Accounts receivable	45,335	41,400
Income taxes recoverable	3,580	1,007
Future income taxes	3,136	-
Inventories	122,950	114,789
Prepaid expenses	2,526	1,772
	<u>190,418</u>	<u>172,166</u>
Capital assets	194,578	193,316
Future income taxes	15,599	3,012
Other assets	12,421	12,639
	<u>\$ 413,016</u>	<u>\$ 381,133</u>
LIABILITIES		
Current liabilities	\$ 99,905	\$ 86,920
Long-term debt	126,292	129,885
	<u>226,197</u>	<u>216,805</u>
EQUITY	186,819	164,328
	<u>\$ 413,016</u>	<u>\$ 381,133</u>

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

	13 Weeks Ended April 29, 2000	13 Weeks Ended May 1, 1999
SALES AND OTHER REVENUE		
Canadian operations	\$ 115,393	\$ 112,553
Alaskan operations	<u>34,822</u>	<u>33,283</u>
	<u>\$ 150,215</u>	<u>\$ 145,836</u>
Earnings before interest, income taxes, and amortization		
Canadian operations	\$ 11,589	\$ 11,522
Alaskan operations	747	1,124
Amortization		
Canadian operations	(4,623)	(4,256)
Alaskan operations	<u>(716)</u>	<u>(709)</u>
EARNINGS BEFORE INTEREST & INCOME TAXES		
Interest	(3,003)	(2,775)
Recovery of income taxes (Note 3)	<u>310</u>	<u>406</u>
EARNINGS FOR THE PERIOD		
	4,304	5,312
Retained earnings, beginning of period as previously reported		
	18,182	11,825
Accounting change (Note 2)	<u>16,864</u>	<u>-</u>
Retained earnings, as restated	35,046	11,825
Distributions		
	(4,500)	(4,500)
Premium on units purchased for cancellation (Note 4)	<u>(23)</u>	<u>-</u>
RETAINED EARNINGS, END OF PERIOD		
	<u>\$ 34,827</u>	<u>\$ 12,637</u>
EARNINGS PER UNIT		
	\$ 0.29	\$ 0.35
Weighted Average Number of Units		
Outstanding (000's)	14,992	15,000

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. 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. The financial statements for the quarter ended April 29, 2000 have been prepared on the new basis and the comparative figures for the quarter ended May 1, 1999 have not been restated. The retained earnings as at January 31, 2000 have increased \$16,864,000 with a corresponding increase to future income taxes.

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. Normal Course Issuer Bid

The Fund commenced a new normal course issuer bid program on The Toronto Stock Exchange on March 27, 2000. Purchases will be limited to a maximum of 750,000 units, with no more than 2% of the outstanding units repurchased in any 30 day period. The price the Fund will pay for any such units, will be the market price at the time of acquisition. The program will terminate on March 23, 2001, or on such earlier date as maximum purchases are completed. During the quarter the Fund purchased 21,100 units.

5. Net Identifiable Assets (in thousands of Canadian dollars)

	April 29, 2000	May 1, 2000
Canadian operations	\$ 297,878	\$ 266,591
Alaskan operations	70,310	70,231

6. 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 April 29, 2000	13 Weeks Ended May 1, 1999
CASH PROVIDED BY (USED IN)		
Operating Activities		
Earnings for the period	\$ 4,304	\$ 5,312
Non-cash items		
Amortization	5,339	4,965
Amortization of bond warrant proceeds and interest rate fixing payment	(311)	(508)
Gain on disposal of capital assets	(3)	(3)
Cash flow from operations	<u>9,329</u>	<u>9,766</u>
Changes in other non-cash items	<u>(7,397)</u>	<u>(1,828)</u>
Operating activities	<u>1,932</u>	<u>7,938</u>
Investing Activities		
Purchase of capital assets	(3,586)	(4,177)
Proceeds from sale of capital assets	<u>463</u>	<u>1,175</u>
Investing activities	<u>(3,123)</u>	<u>(3,002)</u>
Financing Activities		
Change in bank advances and short-term notes	8,735	1,225
Purchase of units for cancellation	(232)	-
Repayment of long-term debt	<u>(76)</u>	<u>(99)</u>
Financing activities	<u>8,427</u>	<u>1,126</u>
Distributions	<u>(4,500)</u>	<u>(4,500)</u>
CHANGE IN CASH	2,736	1,562
Cash, beginning of period	<u>10,155</u>	<u>11,636</u>
CASH, END OF PERIOD	<u><u>\$ 12,891</u></u>	<u><u>\$ 13,198</u></u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for		
Interest expense	\$ 5,984	\$ 6,370
Income taxes	253	505
Cash Flow From Operations Per Unit	\$ 0.62	\$ 0.65