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**NEWS RELEASE – FOR IMMEDIATE RELEASE**

**NORTH WEST COMPANY FUND ANNOUNCES INTENTION TO CONVERT TO A CORPORATION**

**WINNIPEG, April 8, 2010 (TSX: NWF.UN):** North West Company Fund (the “**Fund**” or “**North West**”) today announced that its Board of Trustees approved a proposal to convert the Fund from a mutual fund trust to a share corporation (the “**Conversion**”) to be called The North West Company Inc. (“**New NWC**”). It is anticipated that New NWC will have a 2011 dividend equivalent, on an annual basis, to the after-tax equivalent of the Fund’s current unit distribution. The Conversion, which will be completed by way of a plan of arrangement under the *Canada Business Corporations Act* (the “**Arrangement**”), is subject to a number of conditions, including unitholder, Toronto Stock Exchange and court approval. Full details of the terms of the Arrangement are set out in the Arrangement Agreement that will be filed under the Fund’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Conversion is anticipated to be completed on or about January 1, 2011.

“Given the changes to Canadian income tax rules applicable to specified investment flow through trusts that will take effect in January 2011, a significant benefit of the income trust structure will soon be eliminated,” said Edward Kennedy, President and CEO. “As a result, the Conversion is expected to provide New NWC with enhanced access to capital markets and continued stock liquidity, to facilitate future growth, and to create a simplified tax and legal structure”.

“We strongly believe that this change will not adversely affect our fundamental capability to deliver an attractive yield to investors while continuing to find growth opportunities that align with the existing core strengths and risk profile of the Fund”, continued Mr. Kennedy. “Specifically, we will keep our focus on delivering our key strategy to achieve *more growth in store* by managing our existing retail network more effectively, and being better at what we do for our customers every day.”

Pursuant to the Conversion, it is currently contemplated that unitholders of the Fund would receive, through a series of steps, in exchange for each unit they hold on the effective date of the Conversion, one common share of New NWC. It is expected that the Conversion will be completed on a tax-free, rollover basis for Canadian income tax purposes. Upon completion of the Arrangement, New NWC will indirectly own and operate the existing businesses of the Fund and its subsidiaries. It is anticipated that the Board of Directors of New NWC will initially be comprised of the current trustees of the Fund, namely, H. Sanford Riley, Edward S. Kennedy, David G. Broadhurst, Frank J. Coleman, Wendy F. Evans, Robert J. Kennedy, Gary J. Lukassen, Keith G. Martell, James G. Osborne and Ian Sutherland, and senior management will be comprised of the current senior management of NWC GP Inc., the administrator of the Fund.

**Anticipated Dividend Policy**

The Board of Trustees expects that the Board of Directors of New NWC will adopt a quarterly dividend policy upon completion of the Arrangement. While the Board of Trustees currently anticipates that New NWC will initially pay a quarterly dividend of \$0.24 per common share (\$0.96 annual), the Board of Directors of New NWC will assess the dividend payout level in light of New NWC’s financial

performance and its current and anticipated business needs subsequent to the completion of the Conversion.

As can be noted from the following illustration (\*), the after-tax impact of New NWC's proposed dividend policy is substantially the same as the after-tax equivalent of the Fund's current unit distribution for qualifying investors benefiting from the dividend tax credit.

	<b>Trust</b>	<b>Corporation</b>
Taxable income <sup>1</sup>	\$1.36	\$1.36
Corporate income tax at 31% <sup>2</sup>	-	(\$0.42)
After-tax income available for distribution/dividend	\$1.36	\$0.94
Individual income tax		
Trust distribution (other income) marginal tax rate <sup>3</sup>	46.4%	-
Eligible dividend marginal tax rate <sup>4</sup>	-	23.1%
Individual income tax payable	(\$0.63)	(\$0.22)
After-tax distribution/dividend	\$0.73	\$0.72
Implied after-tax yield (March 26, 2010 closing price \$18.31)	4.0%	3.9%

(1) Annualized income based on current distribution of \$0.34 per quarter

(2) The effective tax rate based on substantively enacted tax rates applicable to the Fund is approximately 31%

(3) Based on the combined federal and provincial tax rates for individuals residing in Ontario with taxable income greater than \$126,000 in 2009

(4) Based on the combined federal and provincial eligible dividend tax rates for qualifying individuals residing in Ontario with taxable income greater than \$126,000 in 2009

\* Readers are cautioned that the illustration is based upon the corporate and individual tax rates in effect in 2009. The results will vary based upon corporate and individual income tax rates in effect, the province of residence and the taxable income for the taxpayer.

#### Recommendation of the Board of Trustees

The Board of Trustees, based upon its own investigations, with the assistance of management of NWC GP Inc., the administrator of the Fund, has unanimously concluded that the Arrangement is fair and reasonable to unitholders of the Fund, and is in the best interests of the Fund and its unitholders, and unanimously recommends that unitholders vote their units in favour of the resolution approving the Arrangement. In reaching its conclusions, the Board of Trustees has considered a number of factors including, among others, that:

- the Conversion will provide for a simplified tax structure that is more comparable to public companies operating in Canada and internationally;
- the Conversion will provide greater access to capital markets as the business continues to expand; and
- the Conversion increases the potential to attract new investors thereby improving the liquidity of the Fund's securities.

## **Annual and Special Meeting and Management Information Circular**

The Fund has scheduled a special meeting of its unitholders to be held in conjunction with the Fund's annual general meeting on June 10, 2010 to consider, among other things, the Conversion. The Management Information Circular providing full details regarding the business of the annual and special meeting, including the Conversion, will be mailed by the Fund to unitholders in the coming weeks. Unitholders of record on April 20, 2010 will be invited to consider, and if thought advisable, approve the Conversion at the meeting. The Fund intends to complete the Conversion on or about January 1, 2011. There can be no assurance at this time that all approvals, consents and conditions required to effect the Conversion will be obtained or satisfied (as applicable) within that timeframe, or at all and, accordingly, there can be no assurance that the Conversion will be completed on the terms described in this news release or at all.

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The securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except, and in compliance with applicable U.S. state securities laws, in certain transactions exempt from the registration requirements of the U.S. Securities Act.

## **Annual Financial Information**

The Fund also released today its audited consolidated financial statements for the year ended January 31, 2010, its Annual Management's Discussion and Analysis, and Annual Information Form for the same period. These documents can be found on the Fund's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Fund's website at [www.northwest.ca](http://www.northwest.ca).

## **Notice to Readers**

Certain forward-looking statements are made in this news release, within the meaning of applicable Canadian securities laws. Forward-looking statements used in this new release may contain words such as "may", "will", "should", "believe", "expect", "plan", "anticipate", "intend", "estimate", "predict", "potential", "continue", "future", or the negative of these terms or other similar expressions. Forward-looking statements in this news release, include, without limitation, statements regarding possible future action by the Fund, taxes, the Conversion, the expected benefits of the Conversion, the receipt of consents and approvals, including the approval of unitholders and the court, required to effect the Conversion, the occurrence of the effective date of the Arrangement, the treatment of the Fund and its unitholders under tax laws, the business to be carried on by New NWC and its subsidiaries upon completion of the Conversion and the anticipated dividend policy of New NWC following completion of the Conversion. These statements reflect North West's current expectations regarding future events and are based on information currently available to management, but involve known and unknown risks, uncertainties and other factors which may cause the outcome of the Conversion or the actual results, performance or achievements of North West, any of its subsidiaries and/or New NWC, to be materially different from any future results, performance or achievements anticipated, expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, fluctuations in interest rates and currency values, legislative and regulatory developments, legal developments, the occurrence of weather-related and other natural catastrophes, changes in tax laws, failure of the parties to the arrangement agreement to satisfy the conditions set out therein, inability of the parties to obtain required consents, permits or approvals, including court approval of the Arrangement and the approval by unitholders of the resolution approving the Arrangement, failure to complete and realize anticipated benefits of the Conversion, and those other risks, factors and uncertainties detailed in the section entitled "Risk Management" in the Fund's Management's Discussion and Analysis for the year ended January 31, 2010 and "Risk Factors" in the Fund's Annual Information Form for the year ended January 31, 2010 which are available on the Fund's profile on the SEDAR website at

[www.sedar.com](http://www.sedar.com) and on the Fund's website at [www.northwest.ca](http://www.northwest.ca). The preceding list is not an exhaustive list of possible factors. These and other factors should be considered carefully and readers are cautioned that forward-looking statements should not be read as guarantees of future performance, outcomes or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to the Fund. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include the completion of the Conversion and the realization of the anticipated benefits of the Conversion. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this news release are based upon what management believes are reasonable assumptions, the Fund cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release, and should not be relied upon as representing the Fund's views as of any date subsequent to the date of this news release. The Fund undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

### **Corporate Profile**

North West Company Fund is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean. North West's operating subsidiaries operate 226 stores under the trading names Northern, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less, and has annualized revenue of approximately CDN\$1.5 billion.

The units of the Fund are listed for trading on the Toronto Stock Exchange under the symbol NWF.UN.

### **For more information contact:**

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