



Hudson's Bay Company Enters into Amended Agreement to Be Taken Private at \$11.00 per Share

Jan 03, 2020

The Catalyst Capital Group Inc. Agrees to Vote in Favour of the Transaction

Special Meeting of Shareholders to Approve Privatization Transaction to be Held in February 2020

TORONTO & NEW YORK--(BUSINESS WIRE)--Jan. 3, 2020-- Hudson's Bay Company (TSX: HBC) ("HBC" or the "Company") today announced that it has entered into an amended arrangement agreement (the "Amended Arrangement Agreement") with a group of existing shareholders (the "Continuing Shareholders") under which the HBC common shares held by the Company's other shareholders (the "Minority Shareholders") will be acquired by HBC for \$11.00 in cash per share.

HBC and the Continuing Shareholders have also entered into a voting and support agreement (the "Support Agreement") with The Catalyst Capital Group Inc. ("Catalyst"), HBC's largest Minority Shareholder, under which Catalyst has agreed to vote the 32,236,878 common shares it controls in favour of the privatization transaction.

David Leith, Chair of the Special Committee of the HBC Board of Directors, said, "We are pleased to have reached agreement with the Continuing Shareholders for a privatization transaction at a substantially increased price, which provides Minority Shareholders with compelling and immediate value and is supported by our largest Minority Shareholder. I would like to commend Catalyst on their constructive approach to getting a transaction agreed which we believe is in the best interests of the Company and the Minority Shareholders."

HBC intends to hold the special meeting of shareholders to approve the privatization transaction in February 2020. The transaction requires the approval at the special meeting of (i) at least 75% of the votes cast by shareholders, and (ii) a simple majority of the votes cast by common shareholders, excluding for this purpose votes attached to common shares required to be excluded pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*. Votes cast by Catalyst will be included in determining whether approval is reached under both tests.

In view of the increased consideration payable to Minority Shareholders, the Company's operating results since October 20, 2019 (during which period revenues have been lower than anticipated) and the period of time since the issuance of the independent valuation originally provided by TD Securities Inc. in connection with the privatization transaction, the Special Committee has requested that TD Securities prepare an updated valuation and fairness opinion. The Special Committee has also requested new fairness opinions from its financial advisors, J.P. Morgan and Centerview Partners LLC, in respect of the increased consideration payable to Minority Shareholders. The updated valuation and new fairness opinions will be included in the amended management information circular that will be mailed to shareholders in advance of the special meeting of shareholders.

In the event that TD Securities provides a formal valuation range of the common shares with a lower end that exceeds \$11.00 per common share, or the new fairness opinions have not been received by February 14, 2020, HBC is entitled to terminate the Amended Arrangement Agreement. Catalyst is entitled to terminate the Support Agreement in certain circumstances, including in the event that the amended management information circular (i) has not been filed on SEDAR and mailed to shareholders by February 14, 2020, (ii) does not include the new fairness opinions from the Special Committee's financial advisors, or (iii) does not include an updated valuation in which the opinion of TD Securities is that the lower end of the range of the fair market value of the common shares is equal to or less than \$11.00 per common share. The Continuing Shareholders or the Company will be entitled to terminate the Amended Arrangement Agreement in the event that the Support Agreement is terminated.

Required Early Warning Report Information

HBC's head office is located at 8925 Torbram Road, Brampton, Ontario L6T 4G1.

The Continuing Shareholders and their affiliates and associates have ownership and control over an aggregate of 83,692,653 Common Shares (approx. 45% of the issued and outstanding common shares), 50,919,608 Series A preferred shares (100% of the issued and outstanding Series A preferred shares) and assuming the conversion of the outstanding Series A preferred shares into common shares as of January 2, 2020, 140,829,052 common shares (approx. 58% of the issued and outstanding common shares), all on an undiluted basis.

Upon closing of the privatization transaction, the Continuing Shareholders intend to cause the common shares to cease to be listed on the Toronto Stock Exchange and to cause HBC to submit an application to cease to be a reporting issuer under applicable Canadian securities laws and to otherwise terminate HBC's public reporting requirements.

Early warning reports will be filed by the Continuing Shareholders, as applicable, with applicable Canadian securities regulatory authorities. To obtain copies of the early warning report, please contact Joele Frank, Wilkinson Brimmer Katcher at (212) 355-4449 (Contact: Matthew Sherman / Kelly Sullivan / Annabelle Rinehart / Matthew Gross).

About HBC

HBC is a diversified retailer focused on driving the performance of high-quality stores and their omni-channel platforms and unlocking the value of real estate holdings. Founded in 1670, HBC is the oldest company in North America. HBC's portfolio today includes formats ranging from luxury to premium department stores to off price fashion shopping destinations, with nearly 250 stores and approximately 30,000 employees around the world. HBC's leading businesses across North America include Saks Fifth Avenue, Hudson's Bay, and Saks OFF 5TH. HBC also has significant investments in real estate joint ventures. It has partnered with Simon Property Group Inc. in the HBS Joint Venture, which owns properties in the United States. In Canada, it has partnered with RioCan Real Estate Investment Trust in the RioCan-HBC Joint Venture.

Forward-Looking Statements

Certain statements made in this news release are forward-looking statements within the meaning of applicable securities laws. Often but not always, forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology.

Although HBC believes that the forward-looking statements in this news release are based on information and assumptions that are current, reasonable and complete, these statements are by their nature subject to a number of factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking statements, including, without limitation, the following factors, many of which are beyond HBC's control and the effects of which can be difficult to predict: (a) the possibility that the transaction will not be completed on the terms and conditions, or on the timing, proposed, and that it may not be completed at all, due to a failure to obtain or satisfy, in a timely manner or otherwise, required shareholder and regulatory approvals and other conditions of closing necessary to complete the transaction or for other reasons; (b) risks related to tax matters; (c) the possibility of adverse reactions or changes in business relationships resulting from the announcement or completion of the transaction; (d) risks relating to HBC's ability to retain and attract key personnel during the interim period; (e) the possibility of litigation relating to the transaction; (f) credit, market, currency, operational, real estate, liquidity and funding risks generally and relating specifically to the transaction, including changes in economic conditions, interest rates or tax rates; (g) risks and uncertainties relating to information management, technology, supply chain, product safety, changes in law, competition, seasonality, commodity price and business; and (h) other risks inherent to the Company's business and/or factors beyond its control which could have a material adverse effect on the Company or the ability to consummate the transaction.

HBC cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect its results. For more information on the risks, uncertainties and assumptions that could cause HBC's actual results to differ from current expectations, please refer to the "Risk Factors" sections of HBC's Annual Information Form dated May 3, 2019 and Management Information Circular dated November 14, 2019, as well as HBC's other public filings, available at www.sedar.com and at www.hbc.com.

The forward-looking statements contained in this news release describe HBC's expectations at the date of this news release and, accordingly, are subject to change after such date. Except as may be required by applicable Canadian securities laws, HBC does not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements.

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