



Hudson's Bay Company Announces Filing of Amended and Restated Management Information Circular in Respect of Special Meeting of Shareholders

Jan 31, 2020

Board Unanimously Recommends Shareholders Vote FOR the Privatization Transaction

Shareholders Must Recast their Votes to Be Counted

TORONTO & NEW YORK--(BUSINESS WIRE)--Jan. 31, 2020-- Hudson's Bay Company (TSX: HBC) ("HBC" or the "Company") today announced it has filed an Amended and Restated Management Information Circular (the "Circular") in connection with the special meeting of shareholders (the "Special Meeting") to be held at The Arcadian Loft, 8th Floor, 401 Bay Street, Toronto, Ontario, on February 27, 2020. In order for votes to be counted, shareholders as of the new record date of January 27, 2020 must recast any votes cast in connection with the special meeting of shareholders that had been scheduled for December 17, 2019.

The purpose of the Special Meeting is to obtain shareholder approval of a transaction in which Hudson's Bay Company will become a private company, owned by certain continuing shareholders (the "Continuing Shareholders"), and the Company's other shareholders (the "Minority Shareholders") will receive \$11.00 per share in cash.

HBC announced on January 3, 2020 that it had entered into an amended agreement with the Continuing Shareholders pursuant to which the Minority Shareholders will receive \$11.00 per share in cash in the transaction. The amended purchase price of \$11.00 per share in cash represents a 73% premium to the closing price of the Company's shares immediately prior to June 10, 2019, the date of the initial privatization proposal from the Continuing Shareholders.

Following a comprehensive review and negotiation process by a special committee of independent directors (the "Special Committee"), and after careful consideration of an updated valuation and fairness opinion of TD Securities Inc. (which determined that, as of January 27, 2020 and subject to the assumptions, limitations and qualifications set forth therein, the fair market value of the common shares is in the range of \$9.75 to \$12.00 per share) and updated fairness opinions of J.P. Morgan and Centerview Partners LLC, and various other factors described in the Circular, the Special Committee and the Board (excluding conflicted directors) have determined that the transaction is in the best interests of the Company and recommend that Minority Shareholders vote FOR the transaction.

The transaction is structured as a purchase for cancellation of common shares by HBC. As a result, a shareholder will be deemed to receive a dividend to the extent that the repurchase price exceeds the "paid-up capital" ("PUC") of the shareholder's common shares. The amount of this deemed dividend may differ significantly from the shareholder's economic gain. HBC's current estimate is that PUC is approximately \$7.26 per common share. A shareholder who holds their shares as capital property for Canadian income tax purposes may also realize a capital gain (or a capital loss) to the extent that the purchase price received, net of any deemed dividend, exceeds (or is exceeded by) the aggregate of the adjusted cost base of the shareholder's common shares and any reasonable costs of disposition.

The Canadian federal income tax rate applicable to the receipt of a deemed dividend by a shareholder resident in Canada may be higher than the rate that would apply to a capital gain. Shareholders who are not residents of Canada generally will not be subject to Canadian federal income tax on capital gains realized on disposition of their common shares, but will be subject to Canadian withholding tax at a rate of 25% (subject to reduction under an applicable treaty) on any deemed dividend arising from the purchase for cancellation. As a result, shareholders may prefer to sell their common shares in the public markets with a settlement date that is prior to the completion of the transaction. It is strongly suggested that shareholders consult their own tax advisors and read carefully the tax disclosure section of the Circular.

A copy of the Circular and related proxy materials may be found under the Company's profile on SEDAR at www.sedar.com and on HBC's website at <http://investor.hbc.com/investor-relations>. The Company intends to mail the Circular to its shareholders in the upcoming days.

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, including, but not limited to, statements with respect to the rationale of the Special Committee and the Board of Directors for entering into the Arrangement Agreement, as amended, the terms and conditions of the Arrangement Agreement, as amended, the timing of various steps to be completed in connection with the transaction, and other statements that are not material facts. 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, currently contemplated, 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 Amended and Restated Management Information Circular dated January 30, 2020 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.

View source version on businesswire.com: <https://www.businesswire.com/news/home/20200131005262/en/>

Source: Hudson's Bay Company

Investor Relations:

Jennifer Bewley, 646-802-4631

jennifer.bewley@hbc.com

Media:

Special Committee

Sard Verbinnen & Co

Liz Zale/Paul Scarpetta, 212-687-8080

Meghan Gavigan, 415-618-8750

Company

Nicole Schoenberg, 332-323-9971

press@hbc.com