

HUDSON'S BAY

July 7, 2025

Re: Hudson's Bay Company Pension Plan, Registration 0291419 ("Pension Plan") – Wind-up Surplus

On March 7, 2025, Hudson's Bay Company ("Company") was granted protection under the *Companies' Creditors Arrangement Act* ("CCAA"). The Company sponsors and had been the administrator of the Pension Plan. In connection with the CCAA process and pursuant to its authority under the *Pension Benefits Act* (Ontario) ("PBA"), the Financial Services Regulatory Authority of Ontario ("FSRA") appointed Telus Health (Canada) Ltd. to act as the independent third-party administrator ("Appointed Administrator") of the Pension Plan, effective April 3, 2025.

All Pension Plan assets are being held in a trust, separate from the Company's assets. Based on the valuation of the Pension Plan's assets and liabilities most recently filed with FSRA, the Pension Plan is fully funded and capable of paying 100% of the pension benefits obligations accrued by Pension Plan members. Based on the valuation, the value of the Pension Plan's assets is greater than what is currently required to pay all accrued pension benefits (liabilities). Further, the investment of Pension Plan assets and the distribution of pension plan benefits are being professionally managed by the Appointed Administrator. Accordingly, the Company has no concerns respecting the full payment of plan members' accrued pension benefits.

FSRA has not yet ordered the Pension Plan to be wound-up, but we anticipate FSRA will make such an order shortly. A wind-up means the termination of the Pension Plan and the distribution of the assets of the Pension Plan's fund, which includes payment in respect of all accrued pension benefits to the date of the wind-up.

Following the Pension Plan's eventual wind-up it is expected that the Pension Plan will have surplus funds (after all accrued pension benefits have been paid or settled). A determination of how such wind-up surplus funds will be distributed has not yet been made, but the distribution will involve the Appointed Administrator and will be subject to prior CCAA court and/or regulatory approval(s).

As part of the Company's current CCAA's proceedings, and pursuant to the Company's obligations to its creditors, the Company has identified that it has an interest in making a claim to any such wind-up surplus. To be clear, the Company's claim with respect to wind-up surplus, and any determination of how wind-up surplus is to be dealt with, will have no impact on member entitlements to or payment of pension benefits that have accrued in the Pension Plan up to the wind-up effective date.

Additional information respecting Pension Plan wind-up surplus is available for review on the website of employee representative counsel, which can be found at the following link: www.upfhlaw.ca/hbcemployees



Michael G. Culhane
Chief Financial Officer & Chief Operations Officer