



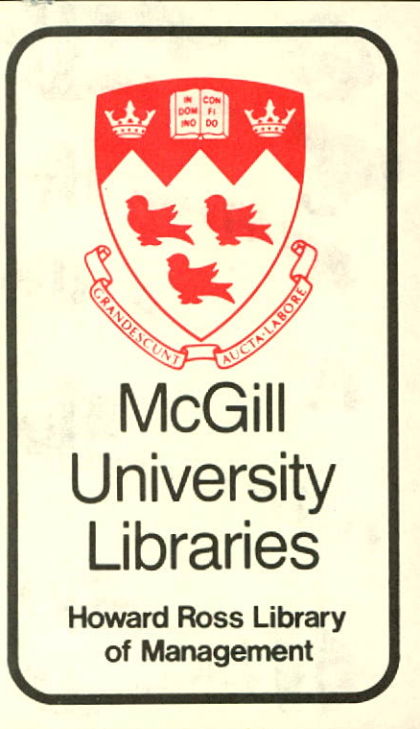
  
Welcome  
to your store  
Hudson Bay Company



McGill University  
Centre for North  
Studies and Rese

# Contents

Financial Highlights	1
Directors' Report	2
Merchandising	4
Natural Resources	10
Real Estate	11
Corporate Information	12
Directors and Officers	13
Map	14
Graphs	16
Financial Statements	17
Ten Year Summary	26
The Company—a brief description	28



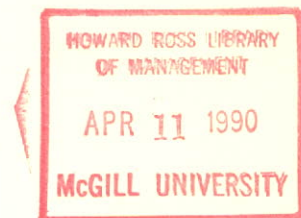
The 308th Annual General Meeting of Shareholders will be held at the Winnipeg Inn, Winnipeg, Manitoba, on May 20, 1977 at 12:00 noon.

Shareholders wishing annual reports of Hudson's Bay Oil and Gas Company Limited, Siebens Oil & Gas Ltd., and/or Markborough Properties Limited, are invited to write to The Secretary, Hudson's Bay Company, 2 Bloor Street East, Toronto, Ontario M4W 3H7.

On peut obtenir ce rapport annuel en français sur demande.

# Financial Highlights

	1976	1975	increase
	\$	\$	%
<b>Sales and revenue</b>	<b>1,348,939,000</b>	1,189,330,000	<b>13.4</b>
<b>Net earnings</b>	<b>24,810,000</b>	22,004,000	<b>12.8</b>
<b>Cash flow</b>	<b>47,997,000</b>	43,084,000	<b>11.4</b>
<b>Capital expenditures</b>	<b>38,703,000</b>	32,834,000	<b>17.9</b>
<b>Shareholders' equity</b>	<b>254,422,000</b>	236,342,000	<b>7.6</b>
<b>Per share:</b>			
Earnings	<b>1.77</b>	1.58	<b>12.0</b>
Dividends	<b>.60</b>	.60	—
Equity	<b>18.05</b>	16.90	<b>6.8</b>



## Directors' Report to Shareholders

It is a pleasure to report that your Company achieved increased earnings in 1976, a year which will be remembered as a difficult one for the merchandising industry in Canada. Earnings were up 12.8% to \$24,810,000 from \$22,004,000 in 1975. Sales and revenue increased by 13.4% to \$1,348,939,000 from \$1,189,330,000 the year before.

Conditions were very different in each of our three areas of activity, and operating profits reflected this variance. Investments in real estate and natural resources produced sharply higher results while merchandising, our principal area of activity, was ahead by 5.5%.

Increased land sales contributed to improved profit from real estate. Higher prices for crude oil and natural gas had a favourable impact on natural resource results. In merchandising, retail profits would have shown an improvement, despite a deceleration of sales growth, but for the very disappointing results from the Shop-Rite Catalogue Stores division; wholesale profits continued their satisfactory trend; fur prices were exceptionally buoyant and profits reached an all time high. Further information on each of these areas of activity will be found on the following pages.

Finance costs were up 24.5%, mainly because of higher borrowings. The average borrowing rate was 8.6%, compared with 7.9% in 1975.

Cash flow from operations increased 11% to \$47,997,000, and a further \$61,464,000 was obtained from long term debt.

Capital expenditures increased by 17.9% to \$38,703,000, split almost equally between merchandising and real estate projects. Working capital increased during the year by \$18,608,000. Other major uses of funds included dividend payments of \$8,391,000, repayment of long term debt of \$9,905,000, purchases of land and an increase in secured receivables aggregating \$36,153,000.



The Board has declared a semi-annual dividend of 32½¢ per share payable on April 29, 1977 to shareholders of record on March 25, 1977. This is an increase of 2½¢ per share over the semi-annual dividends paid in 1976.

Most shareholders are aware that the Company has been investing heavily in retail facilities in ten major Canadian cities in the 1970's in order to improve its market position and profitability. Major new retail investments are slow in maturing, and attractive returns are not achieved overnight. However, we are pleased to report progress in this direction in many of the new stores opened in the early part of the decade.

The Company is gratified that inflation in Canada, as represented by the annual increase in the Consumer Price Index, declined from 9.1% in February 1976 to 6.7% in February 1977. Credit for this must surely go in part to the Anti-Inflation Program. It is to be hoped that, when the time comes to de-control, it will be on a phased basis, and that steps will be taken to prevent a resurgence of wage increases unrelated to productivity gains, and to control other factors that contribute to inflation.

As are most Canadians, we are greatly concerned about the growing divisiveness in Canada. Our involvement with this country extends over more than 300 years and during that time we have witnessed and experienced great changes in our Company and this country. In consequence we have what might, perhaps, be best described as a long view of both our own and Canada's history. As a Company we have survived and grown despite wars, both mercantile and military, and the most acute social and political crises. We do not doubt our ability to continue to survive, whatever the outcome of the present situation in Quebec and, for this reason, we are continuing to invest in new retail and wholesale facilities in Quebec. At the same time, we feel that we are a part of the fabric of this country — we were, after all, present at its birth — and we could not, with indifference, see that fabric torn. Therefore we will, as a corporate citizen, seek opportunities to advocate and promote the cause of Canadian unity.

We were pleased to welcome Marcel Bélanger of Quebec City to our Board in June. Mr. Bélanger is Immediate Past President of the Canadian Institute of Chartered Accountants, and a director of a number of major Canadian companies.

Management has been strengthened by the appointments of Peter W. Wood as Executive Vice President, and three new Vice Presidents. They are Louis J. Henry, Vice President, Furs; T. Iain Ronald, Vice President, Finance; and Donald O. Wood, Vice President, Northern Stores and Wholesale.

The achievements of the past year are due in large part to the dedication and hard work of Company personnel. We have over 20,000 competent, conscientious and enthusiastic employees working at more than 300 locations, and they are truly the great strength of the Company. The Board would like to record its appreciation to all of them.

In 1977 capital expenditures are anticipated to be somewhat in excess of \$50,000,000, with about 80% to be invested in merchandising facilities and the balance in real estate.

This will not be an easy year for the Company. The outlook is favourable for increased earnings from natural resources. On the other hand, because of reduced land sales, profit from real estate will be below the level achieved in 1976. In merchandising, we look for a continuation of last year's trends, with consumer spending restrained by the Anti-Inflation Program and a sluggish economy, and with retailers attempting to retain their share of business by heavy promotion and competitive pricing. Much depends on the actions of the Government with respect to a personal tax cut and the ending of the controls Program. Company management is, in our opinion, better prepared to cope with this difficult situation than it has ever been.

On behalf of the Board

G. T. RICHARDSON  
*Governor*

D. S. MCGIVERIN  
*President*

March 11, 1977

# Merchandising

The principal activities of the Company are in the merchandising sector, comprising retail, wholesale, and fur operations. Merchandising earnings before tax and interest were \$48,830,000 in 1976, up from \$46,302,000 the previous year.

## Retail

The quarterly rate of increase of retail sales declined throughout the year as the Anti-Inflation Program had a progressively dampening effect on consumer spending, especially when measured against an increasingly buoyant trend in the previous year.

On a regional basis, sales were strongest in Saskatchewan and Alberta, where the economy was healthy, and weakest in British Columbia, where natural resource industries are struggling to recover from a prolonged recession.

Our central merchandising programs, designed to improve profit margins and assist in the control of inventory, achieved some positive results. Unfortunately, heavy price competition largely negated the effectiveness of these programs. In the face of the declining trend of consumer spending, vigorous and timely action was taken to reduce controllable expenses and bring inventories into balance.

It was a disappointing year for the Shop-Rite Catalogue Stores division, which operates stores in Ontario, and accounts for less than 10% of the Company's retail business. Although sales increased at a greater rate than for the Company as a whole, overly optimistic sales targets were not achieved, with the result that merchandise inventories became unbalanced, and heavy markdowns were necessary. One of the Company's most experienced and senior merchants has recently been appointed General Manager of this operation, and improved results are anticipated in 1977.

For the first time since 1967, there were no major stores opened by the Company during the year. This was due to delays in securing municipal approvals for some projects, and fewer prime retail sites becoming available. However, this is a temporary interruption in our development program, as seven stores are now under construction: at Chicoutimi, Quebec; New Liskeard and Ignace in Ontario; Brooks and Camrose in Alberta; and Cranbrook and Vancouver in British Columbia. These will open in 1977, with the exception of the Vancouver store, which will open in 1978, as part of a major expansion of the Park Royal Shopping Centre.

Modernization programs were undertaken during the year at the Eglinton Square and Cloverdale Mall stores in Toronto, and at Dawson Creek, B.C. Stores at Great Whale River, Quebec; and Pagnirtung and Fort Simpson, Northwest Territories, were rebuilt. In addition, seven smaller stores were increased in size.

Restaurants operated by the Company in its large stores have, in recent years, proven to be popular with our customers. In 1976 three additional restaurant facilities were opened. The first is located in the lower level of the downtown store in Vancouver, adjacent to the new connection under Granville Street to the Vancouver Centre development. The second is located in Scotia Square, a multi-storey Calgary office building, which is directly connected on three levels to our downtown store. The third is in the downtown store in Edmonton.

The Company now operates 100 food service units (including restaurants, cafeterias and snack bars) in, or adjacent to, its stores across the country.



## Wholesale

The wholesale operation continued to grow in sales and earnings. Three new branches were opened, at Portneuf and St. Jérôme in Quebec, and at Bathurst New Brunswick. The Department now has 36 branches, all of which handle tobacco, confectionery, sporting goods, photographic supplies, small electricals, giftwares, and associated items.

The department is built on the principle of fast and efficient service to the retail trade, thus allowing our customers to conserve working capital while providing a high level of service to the consumer.

Through 25 of the branches, tobacco and food are dispensed by approximately 5,000 Company owned vending machines. In this regard, the Company has announced the purchase, effective April 4, 1977, of the assets of Amco, a leading vending company. This purchase will more than double the number of Company owned vending machines, and will make Hudson's Bay Wholesale one of the largest vending operations in Canada.

## Fur

The great majority of the furs sold at the Company's auction houses are mink and Persian lamb grown on farms and they, as well as all other furs, underwent a sharp increase in price in the autumn of 1975. The upward trend continued through 1976 and was followed by a further advance in price levels for most types of furs at the opening of the 1976/77 selling season. These higher prices are the result of increased demand for furs for fashion, as well as for their utilitarian uses. It should be remembered that the level from which this advance began in 1975 was one where many mink ranchers were unable to cover rising costs of production, with some being forced out of business.

As a result of higher price levels, the Company's wholly-owned auction houses in Montreal and New York, together with Hudson's Bay and Annings Limited of London (59% owned) achieved aggregate records in both sales and profits. The Company's collection of wild furs was up in volume and price.

The modernization of the historic fur auction room at Beaver House in London was well received by the fur trade. Additional renovations to Beaver House facilities will be made this year.









Automobile Courtesy of The Craven Foundation Museum, Toronto

The man who walks into a Bay store today is in for a surprise. Men are no longer second class fashion citizens, and men's fashion is no longer considered utilitarian. The 'new' man likes style and lots of it. The Bay has kept up with the changing scope and offers its customers a whole world of choice and shopping convenience. From top name designer suits and signature ties in our exclusive Hudson Room, to the upbeat casual atmosphere and selection in '317', our customer will find fashion at its best.



Reflective of the new feel in our men's wear areas is the presentation of men's accessories, and the use of displays to focus on the shirts, pants, belts, ties, even jewellery that suggest the fashionable 'Bay man'. This innovative approach, plus our reputation for quality and customer satisfaction indicates our growing influence in the men's fashion market.



## Natural Resources

Your Company has had an interest in the Western Canadian petroleum industry for more than half a century. We have made major investments, through contribution of both money and assets, in two companies which we believe have highly competent management. They are Hudson's Bay Oil and Gas Company Limited (H.B.O.G.), 21.2% owned, and Siebens Oil & Gas Ltd. (Siebens), 34.8% owned.

Earnings from natural resources were \$10,480,000 in 1976, an increase of 30.7%. These earnings comprise dividends received from H.B.O.G., and a 34.8% share of Siebens' earnings, accounted for on an equity basis.

Dividends received from H.B.O.G. were \$5,732,000, up from \$5,011,000 for the year before. H B C's share of undistributed earnings for the year (which is not included in reported earnings of H B C) increased to \$10,891,000 from \$9,728,000 in the previous year.

The Company's share of net earnings of Siebens was \$3,739,000 for the twelve months ended January 31, 1977, an increase of 57.2% over the previous year.

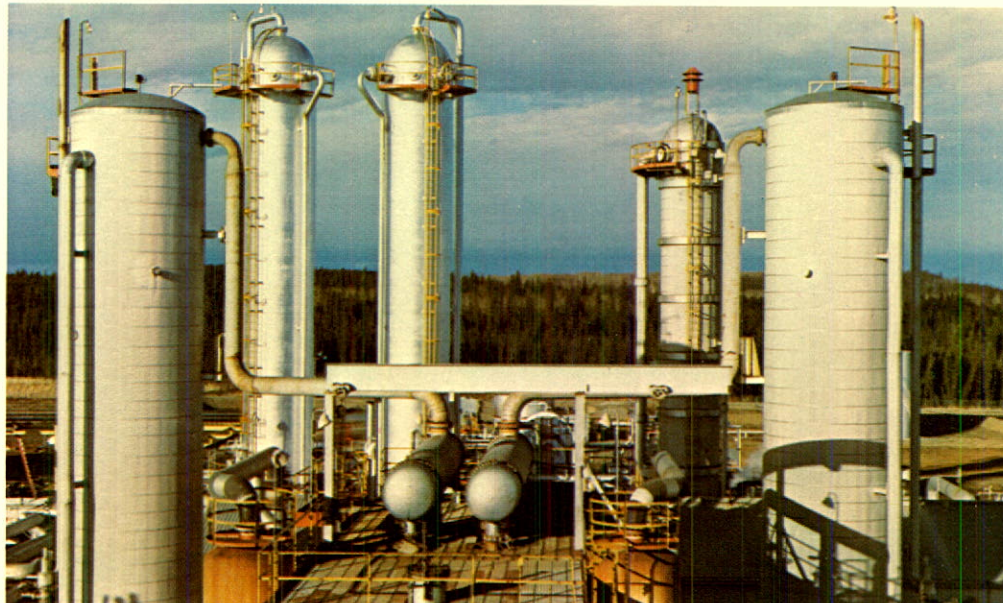
### Hudson's Bay Oil and Gas

In 1976 H.B.O.G. achieved further improvement in financial results with record levels of revenues, funds generated from operations and net earnings. These financial gains resulted almost entirely from increases in well head prices as production volumes have been restrained by Government restrictions on exports, lack of sustained growth in domestic markets, and declining productivity in a number of older fields.

Net earnings for 1976 were \$78,675,000, or \$4.15 per common share, an advance of 12.8% over the 1975 earnings of \$3.68 per common share. Funds generated from operations totalled \$140,074,000 or \$7.39 per common share, a gain of 16.6% over the prior year.

Revenues from all sources before deducting royalties increased by 24.8% to \$409,078,000. The upward trend in revenues is the direct result of price

New compression facilities at H.B.O.G.'s Edson Gas Plant.



adjustments by the Federal Government on July 1, 1976. Although a growth in revenues of \$81,296,000 was realized, it was severely eroded by royalties and taxes which increased by a total of \$43,000,000.

Production of crude oil and natural gas liquids declined by 10.2% to 70,033 barrels per day. Sales of natural gas averaged 418 million cubic feet per day, virtually unchanged from the previous year.

With substantial annual volumes of crude oil and natural gas being produced by the Company, it becomes progressively more difficult to maintain or increase total reserves and, in 1976, additions from drilling and development programs were insufficient to accomplish this goal. At the year end, reserves were:— crude oil, 225 million barrels; natural gas liquids, 81 million barrels; and natural gas, 3,374 billion cubic feet.

Expenditures for exploration and capital investment programs in 1976 totalled \$105,011,000.

An aggressive exploration and development program has been planned for 1977, calling for capital outlays and exploration expenses in the order of \$130,000,000.

### Siebens

Siebens reported continued growth in earnings and cash flow as a result of higher prices and increased production volumes. Net earnings increased to \$10,646,000 (\$1.16 per share) for the year ended October 31, 1976, compared with 54¢ per share for the previous year. Cash flow was up 79% to \$16,117,000, or \$1.75 a share. Exploration and development expenditures amounted to \$18,025,000 as Siebens became one of the more active drillers in Western Canada.

The Beaufort Sea is currently amongst the most interesting exploratory areas in Canada and, of seven sites announced for 1977 drilling, four are located on or offsetting lands in which Siebens has interests.

In June 1976 Siebens acquired 83% of Cavalier Energy Inc. for \$8,669,000. The acquisition added to reserves and land holdings, and enabled Siebens to assume ownership of nine gas plants in Alberta.

An active exploration and development program will continue in the current year. Siebens estimates that cash flow and earnings for 1977 will both increase by approximately 30%.

## Real Estate

Our merchandising activities have required us to develop extensive skills in the development and management of real estate. It is considered appropriate to employ these real estate skills outside the merchandising area to the extent that profitable opportunities and capital are available.

The Company's real estate interests (apart from land and buildings used in merchandising operations) consist principally of whole or partial ownership in a number of shopping centres in Canada, and of a 64.3% interest in Markborough Properties Limited (Markborough), a development company. Earnings from these real estate interests in 1976 before tax and interest amounted to \$24,169,000 compared with \$15,589,000 in the previous year.

### Markborough

Earnings of Markborough for the year ended October 31, 1976 improved to \$9,489,000 (\$2.37 per share) from \$4,283,000 (\$1.07 per share) in 1975. Cash flow was \$3.54 per share, up from \$1.70 per share the year before.

The most important factor in the improvement was the increased volume of land sales, \$40,933,000, compared with \$16,925,000 in 1975, and an average of \$13,960,000 in the five year period 1971/75. The majority of these sales were in the Meadowvale development in Mississauga, Ontario. Land sales tend to be uneven from year to year, coming in blocks as subdivisions are registered and serviced. It is anticipated that the last major holdings of land for residential use in Meadowvale will be ready for registration this year. It is likely that 900 acres of land in Meadowvale north of Highway 401 will be developed for commercial and industrial use rather than residential use, with development extended over a longer period of time than earlier anticipated.

A summer scene at Meadowvale.



During the year Markborough purchased 1,100 acres for future development, including 460 acres in Cleveland, Ohio, and 550 acres in Calgary, Alberta. Both these major blocks will be developed for residential use.

Revenue from income properties was \$8,720,000, up 12% from 1975.

Although land sales are expected to be substantial in 1977, they will not be as high as the record level of 1976. Accordingly, earnings of Markborough will be below those of 1976 but are budgeted to be above those of 1975.

### Hudson's Bay Company Real Estate

Earnings from real estate holdings other than Markborough, represented principally by investments in shopping centres, continued to improve in 1976.

Construction is nearing completion on two commercial buildings adjacent to our downtown stores. In Montreal we have a 100% interest in 2021 Union Avenue, six floors of office space built over our existing parkade. In Winnipeg we own a 33⅓% interest in Rupertsland Square, a 17-floor office and retail complex. During the year, the Company exercised an option to acquire a 25% interest in the site located between

Rupertsland Square and the Winnipeg Convention Centre. Development of this site will enable completion of an elevated pedestrian link from the Convention Centre, through Rupertsland Square to the downtown Bay store.

A \$5,000,000 modernization and enclosure program was completed at the 100% owned Cloverdale Mall centre in Toronto in 1976. Three shopping centres in which the Company has equity interests will be opened in 1977, at Chicoutimi, Quebec, 25%; Cranbrook, B.C., 33⅓%; and Brooks, Alberta, 25%. This will bring to 14 the number of shopping centres wholly or partially owned.

A summary of the Company's principal real estate holdings will be found on page 12 of this report.

## Corporate Information

### Head Office

Hudson's Bay House, 77 Main Street,  
Winnipeg, Manitoba R3C 2R1

### Principal Bankers

Canadian Imperial Bank of Commerce  
Bank of Montreal

### Registrars and Transfer Agents

The Royal Trust Company, Calgary, Montreal,  
Toronto, Vancouver and Winnipeg  
Williams & Glyn's Registrars Limited, London

### Stock Exchange Listings

London, Montreal, Toronto and Winnipeg

### Auditors

Peat, Marwick, Mitchell & Co.

## Principal Subsidiary Companies

(wholly-owned unless otherwise indicated)

### Incorporated in Canada

Hudson's Bay Company Acceptance Limited  
Purchases accounts receivable

Hudson's Bay Company Developments Limited  
Property owning company

Hudson's Bay Company Investments Limited  
Investment holding company

Hudson's Bay Company Properties Limited  
Property owning company

Hudson's Bay Company Properties (Quebec) Limited  
Property owning company

Hudson's Bay Company (Quebec) Limited  
Operating subsidiary in Quebec

Hudson's Bay Company Realty Limited  
Property owning company

Markborough Properties Limited  
Property development company  
2,573,002 common shares (64.3%)

### Incorporated in the United States of America

Hudson's Bay Company Fur Sales Incorporated  
Fur brokers

### Incorporated in England

Hudson's Bay and Annings Ltd.  
Fur brokers  
147,500 ordinary shares (59%)

Beaver House Limited  
Property owning company

## Principal Investments

### Merchandising

The G. W. Robinson Company, Limited  
Operates department stores in  
Hamilton-St. Catharines area  
108,178 common shares (27%)

### Natural Resources

Hudson's Bay Oil and Gas Company Ltd.  
Petroleum exploration and production  
4,008,656 common shares (21.2%)

Siebens Oil & Gas Ltd.  
Petroleum exploration and production  
3,203,000 shares (34.8%)

### Real Estate

City	Name	Area (sq. ft.)	Interest
<b>Shopping Centres</b>			
Vancouver	Champlain Mall	208,000	100 %
Vancouver	Richmond Centre	215,000	100 %
Vernon	Village Green Mall	311,000	25 %
Cranbrook	Tamarack Shopping Centre (under construction)	296,000	33 1/3 %
Calgary	Market Mall	689,000	25 %
Calgary	Southcentre	678,000	100 %
Edmonton	Southgate	684,000	40 %
Brooks	Cassils Shopping Centre (under construction)	111,000	25 %
Lloydminster	Lloydmall	108,000	100 %
Winnipeg	Unicity Fashion Square	550,000	33 1/3 %
Toronto	Cloverdale Mall	452,000	100 %
Toronto	Fairview Shopping Centre	700,000	25 %
Montreal	Place Vertu	700,000	25 %
Chicoutimi	Place du Royaume Phase III (under construction)	230,000	25 %
<b>Office/Commercial Buildings</b>			
Winnipeg	Hudson's Bay House	111,000	100 %
Winnipeg	Rupertsland Square (under construction)	248,000	33 1/3 %
Montreal	2021 Union Avenue (under construction)	151,000	100 %
London, England	Beaver House	145,000	100 %

## Board

George T. Richardson★◆  
Winnipeg  
President, James Richardson & Sons, Limited  
Governor

A. J. MacIntosh, Q.C.★  
Toronto  
Partner, Blake, Cassels & Graydon  
Deputy Governor

D. S. McGiverin★◆  
Toronto  
President

P. W. Wood★  
Toronto  
Executive Vice President

R. E. Sheen  
Toronto  
Vice President, Department Stores

I. A. Barclay  
Vancouver  
Chairman of the Board,  
British Columbia Forest Products Limited

M. Bélanger  
Quebec  
Partner, Bélanger, Dallaire, Gagnon & Associés

Sir Eric Drake, C.B.E.  
London  
Company Director

G. R. Hunter, M.B.E., Q.C.◆  
Winnipeg  
Partner, Pitblado & Hoskin

M. W. Jacomb★  
London  
Director, Kleinwort, Benson Limited

Josette D. Leman  
Montreal  
Travel Consultant

W. D. C. Mackenzie◆  
Calgary  
President, W. D. C. Mackenzie Consultants Ltd.

A. M. McGavin◆  
Vancouver  
Chairman of the Board,  
McGavin Toastmaster Limited

Dawn R. McKeag  
Winnipeg  
Company Director

G. C. Hoyer Millar  
London  
Director, J. Sainsbury Ltd.

J. H. Moore★  
London, Ontario  
Chairman & Chief Executive Officer,  
Brascan Limited

J. Bartlett Morgan  
Montreal  
Honorary Chairman, The Morgan Trust Company

The Rt. Hon. Lord Trend, P.C., G.C.B., C.V.O.  
Oxford, England  
Rector, Lincoln College

## Senior Management

L. J. Henry  
Vice President, Furs

M. H. MacKenzie  
Vice President, Personnel

J. G. W. McIntyre  
Vice President, Retail Development

T. I. Ronald  
Vice President, Finance

D. O. Wood  
Vice President, Northern Stores & Wholesale

A. R. Huband  
Secretary

C. W. Evans  
General Manager, Department Stores

J. E. Church  
General Merchandise Manager,  
Department Stores

A. A. Adamic  
General Manager, Western Region

H. L. Spelliscy  
General Manager, Edmonton Region

G. J. Kosich  
General Manager, Calgary Region

D. K. McConnell  
General Manager, Central Region

A. A. Guglielmin  
General Manager, Toronto Region

J. B. Bustard  
General Manager, Ottawa Region

P. Dalpé  
General Manager, Montreal Region

D. G. Buckley  
General Manager, Shop-Rite Catalogue Stores

D. H. Pitts  
General Manager, Northern Stores Department

G. A. Burrows  
General Manager, Wholesale Department

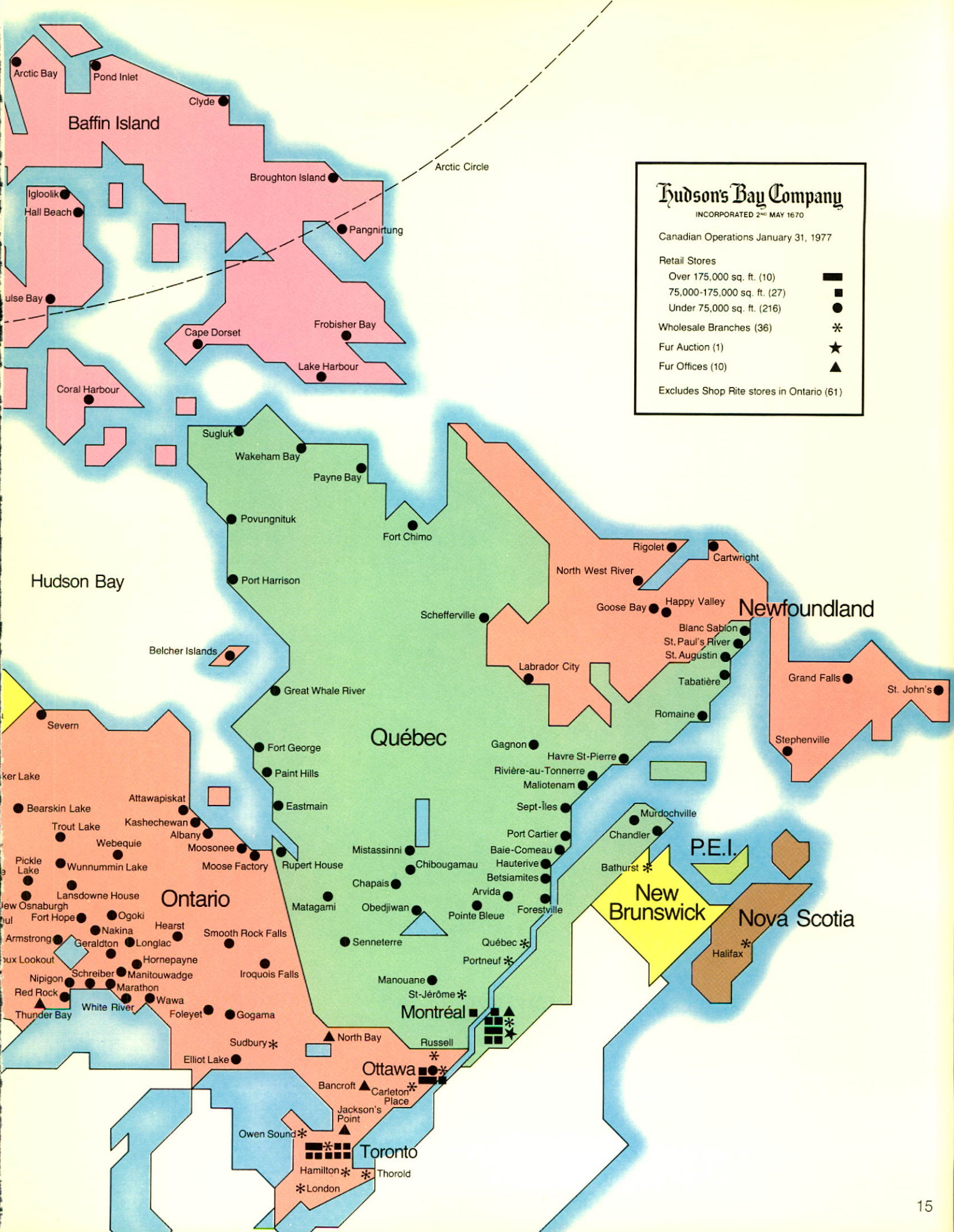
A. Cleven  
Manager, Fur Sales Department, Montreal

H. M. Dwan  
Managing Director,  
Hudson's Bay and Annings Limited

W. F. Thompson  
Senior Vice President,  
Hudson's Bay Wine & Spirits Limited





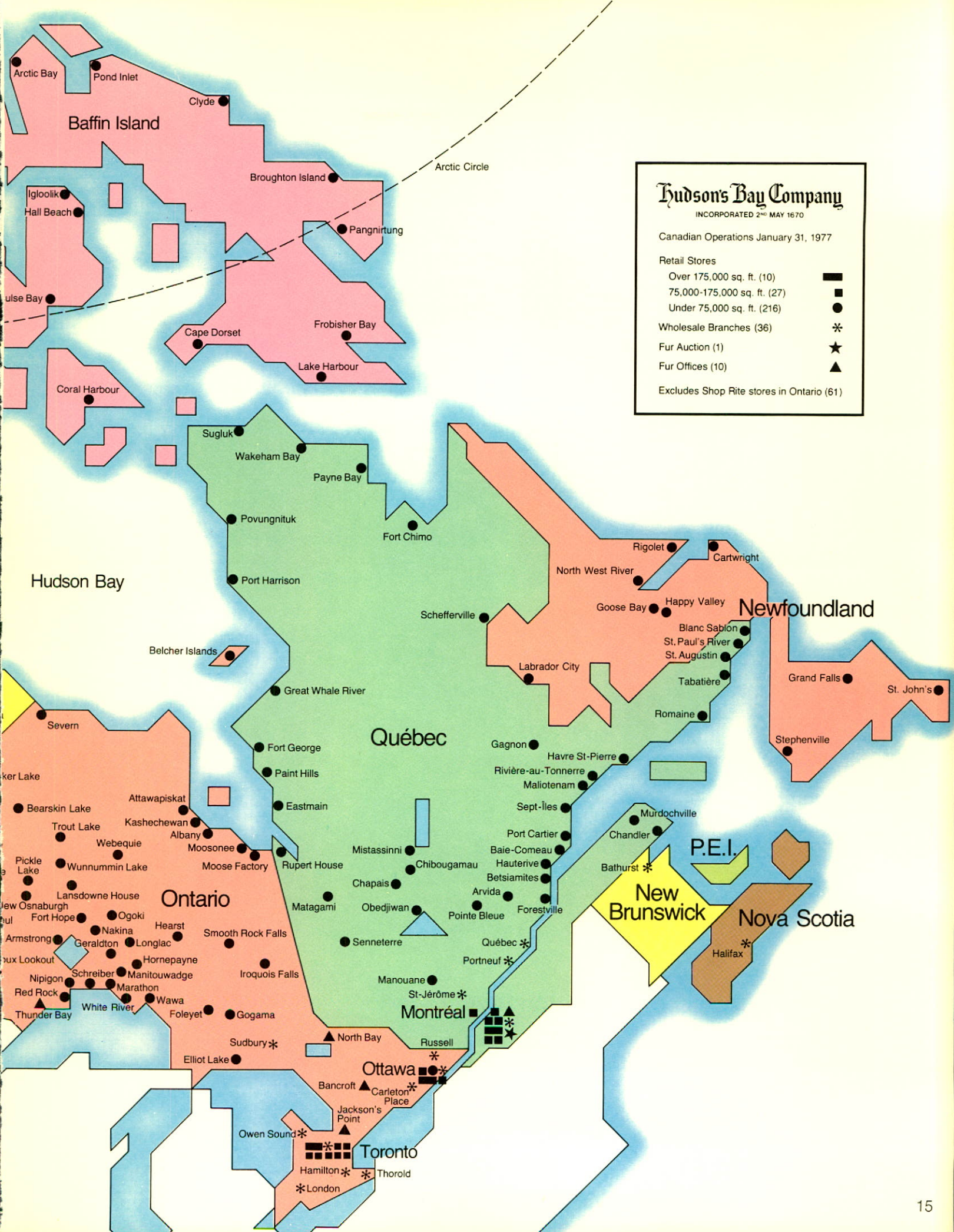


# Hudson's Bay Company

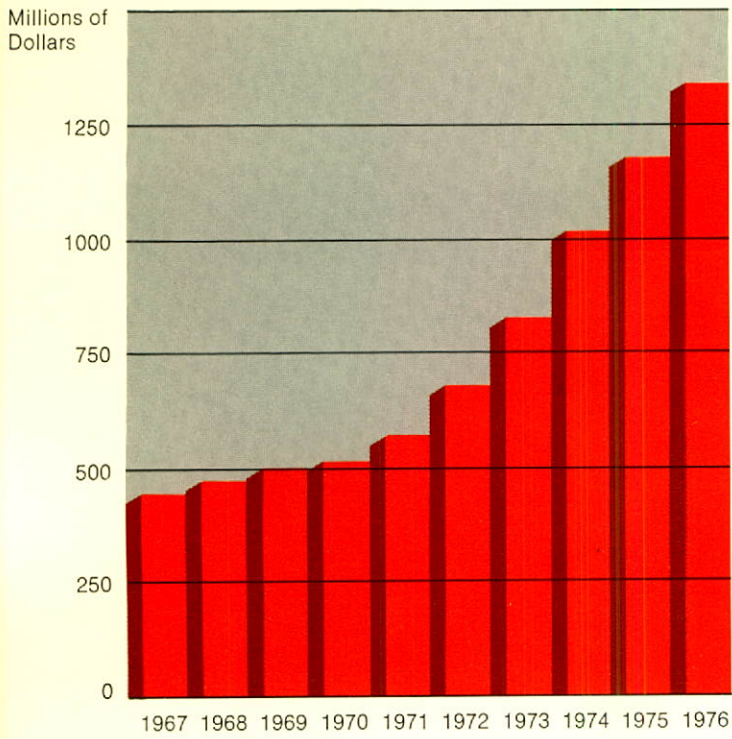
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Canadian Operations January 31, 1977

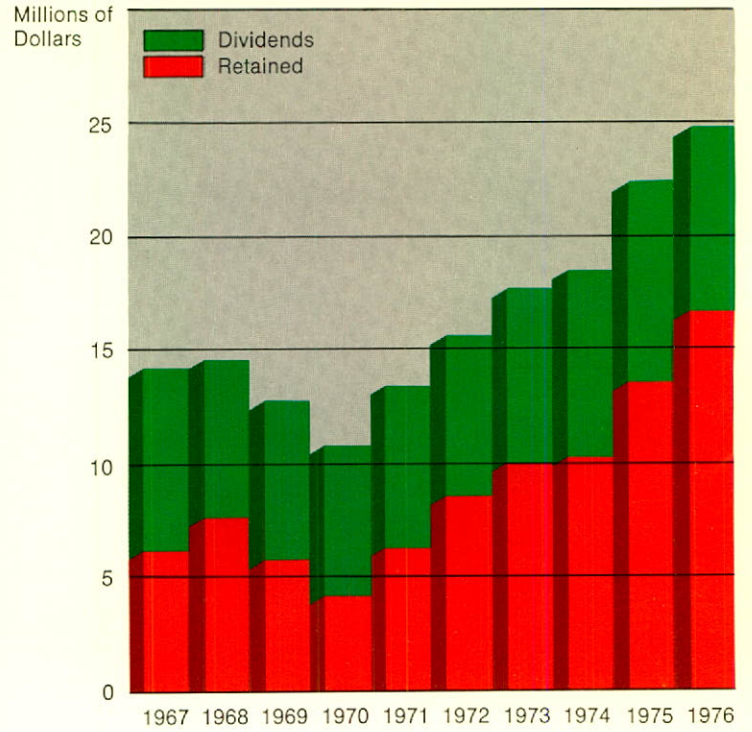
- Retail Stores**
- Over 175,000 sq. ft. (10)
  - 75,000-175,000 sq. ft. (27)
  - Under 75,000 sq. ft. (216)
- Wholesale Branches (36)**
- Fur Auction (1)**
- Fur Offices (10)**
- Excludes Shop Rite stores in Ontario (61)



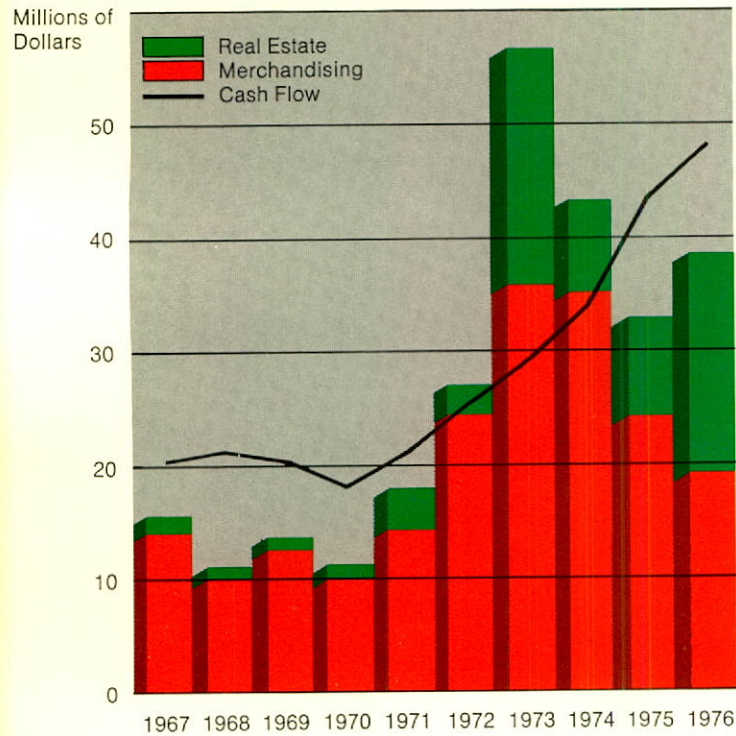
### Revenue



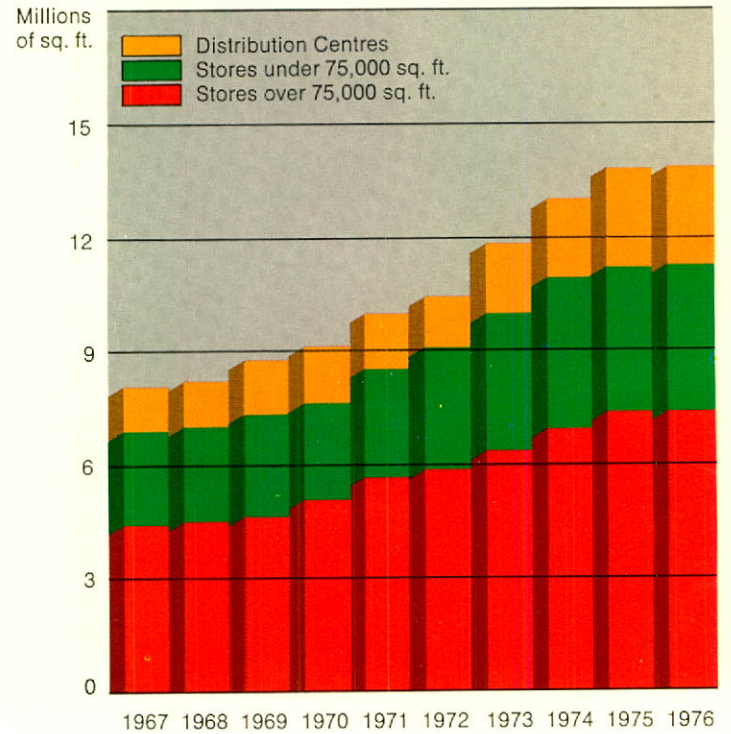
### Earnings



### Capital Expenditure and Cash Flow



### Retail Facilities



# Hudson's Bay Company

## Consolidated Statement of Earnings

Year Ended January 31, 1977

	This Year	Last Year
	\$	\$
<b>Sales and revenue</b> (Note 2)		
Merchandising		
Retail .....	992,575,000	892,766,000
Wholesale .....	263,461,000	231,995,000
Fur .....	26,987,000	21,178,000
	<u>1,283,023,000</u>	<u>1,145,939,000</u>
Real estate .....	55,436,000	35,371,000
Natural resources .....	10,480,000	8,020,000
	<u>1,348,939,000</u>	<u>1,189,330,000</u>
 <b>Costs and expenses</b> (Note 3)		
Merchandising .....	1,234,193,000	1,099,637,000
Real estate .....	31,267,000	19,782,000
Interest on long-term debt .....	29,059,000	25,135,000
Net short-term interest .....	5,346,000	2,508,000
	<u>1,299,865,000</u>	<u>1,147,062,000</u>
<b>Earnings before income taxes and minority interest</b> .....	49,074,000	42,268,000
<b>Income taxes</b> (Note 2) .....	21,184,000	18,548,000
<b>Net earnings before minority interest</b> .....	27,890,000	23,720,000
<b>Minority interest</b> .....	3,080,000	1,716,000
<b>Net earnings</b> .....	<u>24,810,000</u>	<u>22,004,000</u>
<b>Earnings per share</b> .....	<u>\$1.77</u>	<u>\$1.58</u>

## Consolidated Statement of Retained Earnings

Year Ended January 31, 1977

	This Year	Last Year
	\$	\$
<b>Retained earnings at beginning of year</b> .....	194,221,000	180,579,000
<b>Net earnings</b> .....	24,810,000	22,004,000
<b>Dividends paid</b> .....	(8,391,000)	(8,362,000)
<b>Retained earnings at end of year</b> .....	<u>210,640,000</u>	<u>194,221,000</u>

# Hudson's Bay Company Consolidated Balance Sheet

January 31, 1977

	This Year	Last Year
<b>Current assets</b>	<b>\$</b>	<b>\$</b>
Cash .....	4,746,000	5,394,000
Short-term securities at market value .....	6,646,000	8,028,000
Accounts receivable .....	233,504,000	198,610,000
Merchandise inventories .....	192,540,000	172,720,000
Prepaid expenses .....	5,223,000	3,194,000
	<u>442,659,000</u>	<u>387,946,000</u>
 <b>Land for sale and future development, at cost</b> ..	 <b>100,533,000</b>	 78,285,000
<b>Secured receivables</b> (Note 4) .....	<b>31,825,000</b>	17,920,000
<b>Investments</b> (Note 5) .....		
Hudson's Bay Oil and Gas Company Limited .....	10,095,000	10,095,000
Siebens Oil & Gas Ltd. ....	13,786,000	10,047,000
Other .....	8,811,000	11,033,000
	<u>32,692,000</u>	<u>31,175,000</u>
 <b>Fixed assets</b>		
Land, at cost .....	36,090,000	33,751,000
Buildings, at cost .....	260,611,000	238,290,000
Equipment and leasehold improvements, at cost ..	125,688,000	114,435,000
	<u>422,389,000</u>	<u>386,476,000</u>
Less accumulated depreciation .....	119,758,000	107,597,000
	<u>302,631,000</u>	<u>278,879,000</u>
 <b>Deferred charges</b> .....	 <b>6,442,000</b>	 5,473,000
 <b>Goodwill</b> .....	 <b>22,217,000</b>	 22,217,000
	<u>938,999,000</u>	<u>821,895,000</u>

On behalf of the Board:

George T. Richardson Director

D. Magnus Director

	This Year	Last Year
	<b>\$</b>	<b>\$</b>
<b>Current liabilities</b>		
Bank indebtedness .....	<b>44,069,000</b>	27,851,000
Notes payable .....	<b>22,497,000</b>	3,067,000
Accounts payable and accrued expenses .....	<b>123,460,000</b>	123,440,000
Income taxes payable .....	<b>2,337,000</b>	3,780,000
Long-term debt due within one year .....	<b>6,945,000</b>	5,065,000
	<b><u>199,308,000</u></b>	<u>163,203,000</u>
 <b>Long-term debt</b> (Note 8)		
Mortgages .....	<b>79,310,000</b>	59,851,000
Bonds, notes and debentures .....	<b>339,771,000</b>	307,671,000
	<b><u>419,081,000</u></b>	<u>367,522,000</u>
<b>Pensions</b> (Note 6) .....	<b>2,460,000</b>	2,968,000
<b>Deferred income taxes</b> .....	<b>43,706,000</b>	33,887,000
<b>Minority interest in subsidiaries</b> .....	<b>20,022,000</b>	17,973,000
 <b>Shareholders' equity</b>		
Capital stock (Note 7)		
Ordinary shares without par value		
Authorized 20,000,000 shares		
Issued 14,095,593 shares		
(last year 13,984,893 shares) .....	<b>43,782,000</b>	42,121,000
Retained earnings .....	<b>210,640,000</b>	194,221,000
	<b><u>254,422,000</u></b>	<u>236,342,000</u>
	<b><u>938,999,000</u></b>	<u>821,895,000</u>

# Hudson's Bay Company

## Consolidated Statement of Assets Employed

January 31, 1977

	This Year	Last Year
	\$	\$
<b>Merchandising</b>		
Inventories	192,540,000	172,720,000
Accounts receivable	224,729,000	188,875,000
Accounts payable	(113,096,000)	(112,015,000)
Other current assets, net	6,468,000	5,200,000
Working capital (see below)	310,641,000	254,780,000
Fixed assets	200,947,000	195,232,000
Investments	6,124,000	5,628,000
Other assets	10,708,000	9,761,000
Pensions	(2,460,000)	(2,968,000)
Deferred income taxes	(20,103,000)	(16,869,000)
	<u>505,857,000</u>	<u>445,564,000</u>
<b>Real estate</b>		
Working capital deficiency (see below)	(425,000)	(2,082,000)
Land for sale and future development	100,533,000	78,285,000
Fixed assets and investments:		
Shopping centres	41,332,000	30,959,000
Commercial	47,872,000	40,332,000
Residential	15,167,000	17,760,000
Secured receivables	26,924,000	13,284,000
Other assets	635,000	349,000
Goodwill	22,217,000	22,217,000
Deferred income taxes	(23,603,000)	(17,018,000)
	<u>230,652,000</u>	<u>184,086,000</u>
<b>Natural resources</b>		
Hudson's Bay Oil and Gas Company Limited	10,095,000	10,095,000
Siebens Oil & Gas Ltd.	13,786,000	10,047,000
	<u>23,881,000</u>	<u>20,142,000</u>
<b>Assets employed</b>	<u>760,390,000</u>	<u>649,792,000</u>
<b>Provided from</b>		
Bonds and debentures	339,771,000	307,671,000
Mortgages	79,310,000	59,851,000
Short-term borrowings, net (see below)	66,865,000	27,955,000
	<u>485,946,000</u>	<u>395,477,000</u>
Minority interest in subsidiaries	20,022,000	17,973,000
Shareholders' equity		
Capital stock	43,782,000	42,121,000
Retained earnings	210,640,000	194,221,000
	<u>254,422,000</u>	<u>236,342,000</u>
	<u>760,390,000</u>	<u>649,792,000</u>

Working capital (deficiency) is shown before deduction of short-term borrowings, net—which comprises bank borrowings, short-term notes payable and current portion of long-term debt, less short-term securities.

# Hudson's Bay Company

## Consolidated Statement of Changes in Financial Position

Year Ended January 31, 1977

	This Year	Last Year
<b>Source of funds</b>	<b>\$</b>	<b>\$</b>
Net earnings before minority interest .....	<b>27,890,000</b>	23,720,000
Items not affecting working capital		
Equity in undistributed earnings of affiliates and joint ventures .....	<b>(5,346,000)</b>	(2,712,000)
Depreciation and amortization .....	<b>15,634,000</b>	13,982,000
Deferred income taxes .....	<b>9,819,000</b>	8,094,000
Provided from operations .....	<b>47,997,000</b>	43,084,000
Other investments .....	<b>3,829,000</b>	—
Long-term debt .....	<b>61,464,000</b>	35,000,000
Issue of shares .....	<b>1,661,000</b>	750,000
	<b>114,951,000</b>	78,834,000
 <b>Use of funds</b>		
Capital expenditures — merchandising .....	<b>19,295,000</b>	24,699,000
Capital expenditures — real estate .....	<b>19,408,000</b>	8,135,000
Land for sale and future development — net .....	<b>22,248,000</b>	1,926,000
Repayment of long-term debt .....	<b>9,905,000</b>	3,438,000
Increase in secured receivables .....	<b>13,905,000</b>	2,373,000
Dividends .....	<b>8,391,000</b>	8,362,000
Deferred charges .....	<b>1,652,000</b>	998,000
Other investments .....	—	3,494,000
Other — net .....	<b>1,539,000</b>	595,000
	<b>96,343,000</b>	54,020,000
 <b>Increase in working capital</b> .....	<b>18,608,000</b>	24,814,000
<b>Working capital at beginning of year</b> .....	<b>224,743,000</b>	199,929,000
<b>Working capital at end of year</b> .....	<b>243,351,000</b>	224,743,000
 <b>Changes in components of working capital</b>		
Reduction (increase) in net short-term borrowings	<b>(38,910,000)</b>	39,882,000
Accounts receivable .....	<b>34,894,000</b>	11,246,000
Merchandise inventories .....	<b>19,820,000</b>	10,012,000
Accounts payable and other .....	<b>2,804,000</b>	(36,326,000)
	<b>18,608,000</b>	24,814,000

# Hudson's Bay Company

## Notes to the Consolidated Financial Statements

Year Ended January 31, 1977

### 1. Accounting policies

These consolidated financial statements are prepared in conformity with accounting principles generally accepted in Canada. The significant policies are summarized below:

- a) The consolidated financial statements include Hudson's Bay Company and all its subsidiary companies.
- b) Under the equity accounting method the Company reflects in earnings its equity in the income of Siebens Oil & Gas Ltd. and joint ventures in which the Company has significant influence over operating and financial policies. The investments in these enterprises are recorded at cost plus the Company's equity in their undistributed earnings since acquisition or formation. In accordance with recognized real estate industry practice the share of assets, liabilities, revenues and expenses of joint ventures of Markborough Properties Limited, a subsidiary company, are included in the consolidated financial statements on the proportionate line-by-line basis. Investments in other companies, including Hudson's Bay Oil and Gas Company Limited, are accounted for at cost and dividends are reflected in earnings when received.
- c) The accounts of the U.S. and U.K. subsidiaries are translated into Canadian dollars at approximately the exchange rates prevailing at balance sheet dates.
- d) In accordance with recognized industry practice, merchandise accounts receivable classified as current assets include customer instalment accounts of which a portion will not become due within one year.
- e) Merchandise inventories are valued at the lower of cost and net realizable value with cost determined on a first-in, first-out basis.
- f) Interest and real estate taxes are capitalized to the extent that they relate to properties which are either held for sale or development or are under construction. The amount so capitalized in the current year includes interest of \$5,699,000 (last year \$4,488,000).
- g) Buildings (other than income properties), equipment and leasehold improvements are depreciated, using the straight-line method, at rates which will fully depreciate the assets over their estimated useful lives. The depreciation rates applicable to the various classes of assets are as follows:

Buildings	2 - 5%	Transport	12 - 20%
Leasehold improvements	3 - 10%	Other equipment	7 - 15%

Buildings held for the purpose of producing rental income are depreciated on a 3% 40-year sinking fund basis. Under this method the depreciation charged against earnings is an amount which increases annually and comprises a predetermined fixed sum and 3% compound interest, which together will fully depreciate each building over a 40-year period.
- h) Goodwill is the excess of cost over the fair value of net tangible assets on the purchase of the controlling interest in Markborough Properties Limited in 1973.
- i) Deferred charges principally comprise debenture discount and expense which is amortized on the straight-line basis over the terms of the issues to which it relates. The amortization is included with interest on long-term debt in the consolidated statement of earnings.
- j) Earnings per share calculations are based on the weighted average number of shares outstanding during the year.

### 2. Investment income

Investment income, accounted for under the policy set out in note 1 b), is included in revenue. The Company's equity in the pretax income of companies and joint ventures accounted for under the equity accounting method amounts to \$7,777,000 (last year \$5,409,000) and the related income taxes of \$2,468,000 (last year \$1,841,000) are included within the consolidated income tax charge. Dividends received from other companies amount to \$5,804,000 (last year \$5,090,000).

### 3. Depreciation

Expenses include the following depreciation charged in accordance with the policy outlined in note 1 g): on merchandising assets \$13,580,000 (last year \$12,430,000); on real estate assets \$1,370,000 (last year \$1,051,000).



#### 4. Secured receivables

- a) Secured receivables include mortgages which arise principally from land transactions and loans outstanding under the employee share purchase plan.
- b) Secured receivables at January 31, 1977 bear interest at an average rate of 9.4% and mature as follows:

	\$
Year ending January 31, 1978 .....	6,144,000
1979 .....	23,376,000
1980 .....	2,030,000
1981 .....	809,000
1982 .....	846,000
Subsequent to January 31, 1982 .....	4,764,000
	<u>37,969,000</u>
Less amounts due within one year classified as accounts receivable . . . .	6,144,000
	<u>31,825,000</u>

Under certain conditions, the amounts due may be paid prior to maturity.

#### 5. Investments

- a) Hudson's Bay Oil and Gas Company Limited (H.B.O.G.)

The investment in H.B.O.G., carried at cost, consists of 4,008,656 common shares of which 2,083,334 have been deposited with The Royal Trust Company under the terms of the Trust Deed of the Company's \$100 million 6% exchangeable subordinated debentures.

	Per Share	
	\$	\$
Investment:		
At cost .....	2.52	10,095,000
At underlying H.B.O.G. book value December 31, 1976 . . . .	17.66	70,809,000
At quoted market Toronto Stock Exchange January 31, 1977	36.75	147,318,000

The common shares of H.B.O.G. are held 53.1% by Continental Oil Company, 21.2% by the Company and 25.7% by 8,600 other shareholders.

- b) Siebens Oil & Gas Ltd. (Siebens)

The investment in Siebens, accounted for under the equity accounting method, is 3,203,000 shares, representing 34.8% of the total issued common shares of that company. The market quotation at January 31, 1977 on the Toronto Stock Exchange was \$14.75 per share.

- c) Other

Other investments include joint ventures accounted for under the equity accounting method.

#### 6. Pensions

The unfunded actuarial liability for pensions, after taking into consideration pension benefit improvements made during the year, and net of related deferred income taxes, is \$4,865,000 of which \$2,460,000, principally for those who have retired, is carried as a provision on the balance sheet. The unfunded liability will be funded over the next 15 years.

#### 7. Capital stock

	Number of Common Shares	\$
Balance at February 1, 1975 .....	13,936,498	41,371,000
Issued under employee share purchase plan .....	48,395	750,000
Balance at January 31, 1976 .....	<u>13,984,893</u>	<u>42,121,000</u>
Issued under employee share purchase plan .....	110,700	1,661,000
Balance at January 31, 1977 .....	<u>14,095,593</u>	<u>43,782,000</u>

<b>8. Long-term debt</b>	This Year	Last Year
	\$	\$
Secured on Property		
Hudson's Bay Company Properties Limited		
5¾% first mortgage bonds series A due 1990	<b>11,945,000</b>	12,345,000
7½% first mortgage bonds series B due 1991	<b>8,225,000</b>	8,350,000
11½% first mortgage bonds series C due 1995	<b>33,250,000</b>	34,310,000
Hudson's Bay Company Developments Limited		
Mortgages 7% average repayable by instalments to 1988	<b>2,571,000</b>	2,947,000
Hudson's Bay Company Properties (Quebec) Limited		
Mortgages 8% average repayable by instalments to 1986	<b>2,909,000</b>	—
Markborough Properties Limited		
8½% sinking fund debentures due 1982	<b>10,000,000</b>	10,000,000
Mortgages and obligations on land for future development 8.9% average repayable by instalments to 1991	<b>43,422,000</b>	27,754,000
Mortgages on income properties 8.5% average repayable by instalments to 2004	<b>34,978,000</b>	32,718,000
	<b>147,300,000</b>	<u>128,424,000</u>
Secured on Accounts Receivable		
Hudson's Bay Company Acceptance Limited		
6% debentures series A due 1980	<b>10,000,000</b>	10,000,000
5¾% debentures series B due 1983	<b>10,000,000</b>	10,000,000
9¾% debentures series C due 1989	<b>18,726,000</b>	18,726,000
8¾% debentures series D due 1991	<b>20,000,000</b>	20,000,000
8¼% debentures series E due 1993	<b>20,000,000</b>	20,000,000
10½% debentures series F due 1996	<b>35,000,000</b>	—
	<b>113,726,000</b>	<u>78,726,000</u>
Unsecured		
Hudson's Bay Company		
9¾% series C notes due 1979	<b>30,000,000</b>	30,000,000
10¼% notes due 1981	<b>35,000,000</b>	35,000,000
Hudson's Bay Company (Quebec) Limited		
4¾% debentures due 1976	—	437,000
	<b>65,000,000</b>	<u>65,437,000</u>
Subordinated		
Hudson's Bay Company		
6% exchangeable debentures due 1993, sinking fund commencing 1984	<b>100,000,000</b>	100,000,000
	<b>426,026,000</b>	<u>372,587,000</u>
Bonds and debentures due within one year	<b>(2,375,000)</b>	(1,497,000)
Mortgage principal due within one year	<b>(4,570,000)</b>	(3,568,000)
	<b>419,081,000</b>	<u>367,522,000</u>

Maturities and sinking fund requirements during the five years ending January 31, 1982 are as follows:

1978—\$ 6,945,000	1979—\$ 7,718,000	1980—\$38,469,000
1981—\$17,257,000	1982—\$59,878,000	

The holders of the Hudson's Bay Company Acceptance Limited 9¾% debentures series C will have the right to be prepaid in 1980.

The holders of Hudson's Bay Company 6% exchangeable subordinated debentures have the right to exchange such debentures for outstanding common shares of Hudson's Bay Oil and Gas Company Limited at an exchange price of \$48 per share at any time prior to maturity.

### 9. Directors and officers

In the current year aggregate remuneration of 18 directors, in their capacity as directors, was \$100,000; aggregate remuneration of eight officers, in their capacity as officers, was \$754,000; five of the officers were also directors. In addition, four officers, three of whom were also directors, received aggregate remuneration of \$9,000 from Markborough Properties Limited in their capacity as directors of that subsidiary company.

Loans due from officers of the Company at January 31, 1977, principally in respect of the share purchase plan, amounted to \$561,000 (last year \$479,000).

### 10. Commitments

Minimum annual rentals under major property leases amount to approximately \$10,800,000 for which the remaining average term is 22 years.

The Company has commitments, along with others, relating to its investments in certain shopping centre companies and joint ventures. These are:

- a) A commitment to meet certain obligations of two shopping centre companies in the event of their default in payment of long term mortgage bonds secured by the assets of these two companies.
- b) The guarantee, severally, of indebtedness of three real estate joint ventures.
- c) Markborough Properties Limited is contingently liable for obligations of its co-owners in unincorporated joint ventures.

In the event that the Company or Markborough Properties Limited had to meet any of these commitments they would have a claim on the assets of the applicable development. The value of the assets of each development exceeds the related contingent commitment.

Under an agreement to purchase additional convertible preferred shares of The G. W. Robinson Company, Limited, \$1,362,000 will be due in 1978. After the purchase of these preferred shares and on their conversion by 1981 to common shares, the Company's interest in The G. W. Robinson Company, Limited will be increased to 49.9%.

### 11. Federal anti-inflation legislation

The Company and its Canadian subsidiaries are subject to, and management believes they have complied with, controls on prices, profits, compensation and dividends to shareholders under the Canadian Federal Government's anti-inflation program.

### Auditors' Report to the Shareholders

We have examined the consolidated balance sheet and the consolidated statement of assets employed of Hudson's Bay Company as at January 31, 1977 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. For Hudson's Bay Company and for those other companies of which we are the auditors and which are consolidated or are accounted for by the equity method in these financial statements, our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. For Markborough Properties Limited which is consolidated and for other companies accounted for by the equity method in these financial statements, we have relied on the reports of the auditors who have examined their financial statements for their respective latest fiscal years, and have obtained such other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Hudson's Bay Company as at January 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Winnipeg, Canada  
March 4, 1977

*Peat, Marwick, Mitchell & Co.*

Chartered Accountants

# Ten Year Consolidated Financial Summary

	1976	1975
<b>Results for year (\$000's)</b>		
Sales and revenue		
Retail .....	992,575	892,766
Wholesale .....	263,461	231,995
Fur .....	26,987	21,178
Merchandising .....	1,283,023	1,145,939
Real estate .....	55,436	35,371
Natural resources .....	10,480	8,020
	<u>1,348,939</u>	<u>1,189,330</u>
Fur consignment sales .....	244,344	185,252
<b>Source of earnings</b>		
Retail .....	34,922	34,868
Wholesale .....	7,622	6,897
Fur .....	6,286	4,537
Merchandising .....	48,830	46,302
Real estate .....	24,169	15,589
Natural resources .....	10,480	8,020
Interest on long-term debt .....	(29,059)	(25,135)
Net short-term interest .....	(5,346)	(2,508)
Earnings before income taxes and minority interest	49,074	42,268
Income taxes .....	21,184	18,548
Net earnings before minority interest .....	27,890	23,720
Minority interest .....	3,080	1,716
Net earnings .....	<u>24,810</u>	<u>22,004</u>
Dividends .....	8,391	8,362
Earnings retained .....	16,419	13,642
<b>Cash flow</b>		
Cash flow .....	47,997	43,084
Capital expenditures .....	38,703	32,834
Depreciation .....	14,950	13,481
<b>Year end financial position (\$000's)</b>		
Merchandising .....	505,857	445,564
Real estate .....	230,652	184,086
Natural resources .....	23,881	20,142
Assets employed .....	760,390	649,792
Debt .....	485,946	395,477
Minority interest .....	20,022	17,973
Shareholders' equity .....	<u>254,422</u>	<u>236,342</u>
<b>Per share results (Dollars)</b>		
Net earnings .....	1.77	1.58
Dividends .....	.60	.60
Shareholders' equity .....	18.05	16.90
Including equity in undistributed earnings of HBOG		
Net earnings .....	2.55	2.28
Shareholders' equity .....	22.36	20.46
<b>Shareholders and employees</b>		
Number of shareholders .....	21,861	22,806
Shares outstanding (000's) .....	14,096	13,985
Range in share price (Dollars) .....	20 <sup>7</sup> / <sub>8</sub> –13 <sup>1</sup> / <sub>2</sub>	18 <sup>5</sup> / <sub>8</sub> –14 <sup>1</sup> / <sub>4</sub>
Number of employees .....	20,000	20,000

Note: Where appropriate, figures have been restated and non-recurring items have been excluded for the purpose of comparability.

1974	1973	1972	1971	1970	1969	1968	1967
780,854	641,063	538,989	440,685	406,096	393,556	377,732	355,417
190,875	153,456	126,414	111,612	102,788	91,312	84,043	78,735
22,304	21,190	15,475	13,565	10,172	12,787	13,887	11,166
994,033	815,709	680,878	565,862	519,056	497,655	475,662	445,318
21,699	4,788	862	-	-	-	-	-
6,308	5,853	5,485	4,927	4,410	4,193	4,232	4,185
1,022,040	826,350	687,225	570,789	523,466	501,848	479,894	449,503
175,661	167,250	131,666	109,238	81,723	92,258	110,214	90,803
32,308	27,666	23,738	19,225	17,929	20,319	21,666	20,989
5,808	4,051	3,316	3,137	2,668	2,361	2,650	2,482
4,719	4,968	2,993	2,541	328	1,033	2,184	936
42,835	36,685	30,047	24,903	20,925	23,713	26,500	24,407
11,253	2,261	715	-	-	-	-	-
6,308	5,852	5,485	4,927	4,410	4,193	4,232	4,185
(20,142)	(11,784)	(7,464)	(6,907)	(5,525)	(3,503)	(2,873)	(2,158)
(5,291)	254	(1,404)	188	(109)	(614)	(424)	(840)
34,963	33,268	27,379	23,111	19,701	23,789	27,435	25,594
15,514	15,158	11,725	9,798	8,729	10,832	12,732	11,486
19,449	18,110	15,654	13,313	10,972	12,957	14,703	14,108
1,029	446	-	-	-	-	-	-
18,420	17,664	15,654	13,313	10,972	12,957	14,703	14,108
8,286	7,661	7,048	7,048	6,828	6,980	6,872	7,929
10,134	10,003	8,606	6,265	4,144	5,977	7,831	6,179
34,275	29,833	25,507	21,277	18,207	20,419	21,574	20,527
43,665	56,907	27,282	17,849	11,124	14,039	10,995	15,814
11,750	9,352	7,607	6,342	5,963	6,966	6,198	5,907
451,201	378,913	308,929	272,711	246,665	235,013	200,430	191,819
173,222	146,607	7,630	5,127	2,069	1,635	1,645	1,520
17,763	16,305	10,095	10,095	10,095	10,095	10,095	10,095
642,186	541,825	326,654	287,933	258,829	246,743	212,170	203,434
403,618	315,356	130,219	100,478	78,696	69,871	41,613	41,978
16,618	16,180	754	380	-	-	-	-
221,950	210,289	195,681	187,075	180,133	176,872	170,557	161,456
1.33	1.29	1.16	.98	.81	.96	1.08	1.04
.60	.56	.52	.52	.50	.51	.51	.59
15.93	15.23	14.44	13.80	13.29	13.05	12.58	11.91
1.94	1.67	1.39	1.17	.96	1.09	1.19	1.12
18.81	17.51	16.38	15.13	14.43	14.04	13.44	12.66
24,036	24,474	24,880	25,558	28,945	32,142	31,066	30,201
13,936	13,809	13,553	13,553	13,553	13,553	13,553	13,553
20-9¾	22¾-15	21½-16½	20-14½	22-11½	25¼-17	27¼-19¾	22¾-15¾
20,000	18,000	17,000	16,000	15,000	15,000	15,000	14,000

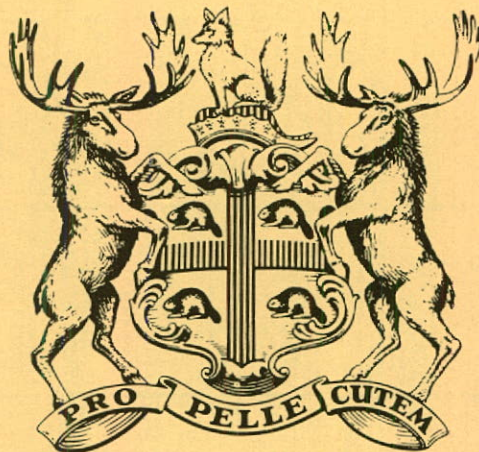
# The Company – A Brief Description

## The company today

**Merchandising . . .** More than 250 stores, ranging from Newfoundland to the Yukon and from the Arctic Islands to the United States border, serve the diversified needs of Canadians. The Bay is strongly represented in ten of Canada's important cities and is the leading retailer throughout the Canadian North. Shop-Rite Catalogue stores are located in Ontario. The Wholesale Department distributes giftwares, confectionery and tobacco products through a network of branches located from coast to coast. The Company's famous blankets and spirits are sold throughout Canada and the United States.

The Company maintains its traditional interest in fur with auction houses in Montreal, New York and London.

**Natural Resources . . .** The Company's natural resource interests consist of equity investments in two Canadian petroleum companies. HUDSON'S BAY OIL AND GAS COMPANY LIMITED, 21.2% owned, was formed in the 1920's as a joint venture between HBC and Continental Oil Company, and is today one of Canada's leading exploration and production companies. Most of its current production of oil and natural gas is from the province of Alberta. Exploration rights are owned in Canada and many other countries. SIEBENS OIL & GAS LTD., 34.8% owned, is a Canadian company whose emphasis at this stage of its development is on exploration. Siebens holds exploration rights in many areas of the world including western Canada, the Arctic Islands, the Atlantic Coast and the North Sea. Most of its current production is from royalty rights acquired in 1973 from HBC.



**Real Estate . . .** The Company's real estate interests consist principally of whole or partial ownership of shopping centres and commercial buildings in Canadian cities, ownership of Beaver House Limited in London, England, and of a 64.3% interest in MARKBOROUGH PROPERTIES LIMITED. Markborough is a Canadian property development company with substantial holdings of residential, commercial and industrial properties located principally in the Toronto area.

**Personnel . . .** In its various activities, the Company employs over 20,000 people.

## History

**Incorporation . . .** King Charles II granted to 18 Adventurers a Charter incorporating them as The Governor and Company of Adventurers of England Trading into Hudson's Bay on May 2, 1670. This followed the successful voyage of the ketch "Nonsuch," with Des Groseilliers aboard, to Hudson Bay to trade for furs.

In 1970, three hundred years after its incorporation, the Company was continued as a Canadian Corporation and the headquarters were transferred from the United Kingdom to Canada.

**Competition . . .** During the first century of the Company's existence the men on the Bay established forts, traded with the Indians and were involved in wars with the French.

As competition from the Montreal-based North West Company increased in the 1770's, the Company moved into the interior and gradually built a network of routes and forts spread out over the north and west. The two rival companies amalgamated under the Hudson's Bay Company name in 1821.

**Deed of Surrender . . .** In 1870, by Deed of Surrender, the Company's chartered territory was formally transferred to the Government of Canada in return for farm lands in the Prairie Provinces which were sold to settlers during the next 85 years.

Following the Deed of Surrender the Company turned its attention to the retail trade which is now its most important activity.



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