

Document 0798

[20798001]

Hudson's Bay Co. announced terms of a previously proposed rights issue that is expected to raise about 396 million Canadian dollars ( US\$ 337 million ) net of expenses .

[20798002]

Proceeds of the offering will be used to redeem CS 264 million of preferred shares and to reduce short-term debt , the company said .

[20798003]

Canada's largest department store operator said the rights offering will entitle holders of its ordinary shares , except residents in the U.S. and Britain , to subscribe for two additional shares for every five shares held at a price of CS 31.25 a share .

[20798004]

The record date is Nov. 9 .

[20798005]

The company has about 31 million ordinary shares outstanding .

[20798006]

On the Toronto Stock Exchange , Hudson's Bay shares closed at CS 35 , up 12.5 cents .

[20798007]

Hudson's Bay said that Woodbridge Co. , which currently holds about 77 % of the ordinary shares , will subscribe for all the shares to which it is entitled and for any shares that are n't otherwise taken up .

[20798008]

Woodbridge is a holding company owned by Toronto's Thomson family .

[20798009]

Hudson's Bay said it will redeem 9.5 million Series H preferred shares on Oct. 31 at a price of CS 27.75 each .

[20798010]

The move was approved at a special shareholders' meeting yesterday .

[20798011]

Gary Lukassen , chief financial officer , said redemption of the preferred shares , originally issued at CS 25 each , will eliminate dividend payments of CS 17.9 million annually .