UNDERTAKING

TO: **Ontario Securities Commission (the "OSC")**

RE: **Hudson's Bay Company (the "Company")**

On October 24, 2017, the Company announced, *inter alia*, an aggregate U.S.$500 million equity investment by Rhône Capital (together with Rhône Group and its affiliates, including its investment vehicle Fabric Luxembourg Holdings S.a r.l., "**Rhône**") in the Company in the form of 8-year mandatory convertible Series A preferred shares (the "**Preferred Shares**", and such investment, the "**Private Placement**"), pursuant to which Rhône has subscribed for 50,919,608 Preferred Shares based on an initial liquidation preference and conversion price of U.S.$9.82 (C$12.42) per share (the "**Preferred Conversion Price**").

Pursuant to the terms of the Preferred Shares:

(a) subject to certain carve-outs, if, prior to the first anniversary of closing of the Private Placement, the Company issues common shares of the Company (the "**Common Shares**") or other equity securities at a price below U.S.$9.82, the Preferred Conversion Price will be adjusted to match the issuance price of any such Common Shares or other equity securities (the "**Price Protection Feature**"); and

(b) the holders of the Preferred Shares are entitled to vote for all matters on which holders of Common Shares vote, and to the greatest extent possible, will vote with the holders of Common Shares as a single class. Each Preferred Share is entitled to a single vote, and each holder of Preferred Shares is deemed to hold, for the sole purpose of voting at any meeting of shareholders of the Company at which such holder is entitled to vote, the number of Preferred Shares equal to the number of whole Common Shares into which such holder's registered Preferred Shares are convertible as of the record date for the determination of shareholders entitled to vote at such shareholders meeting.

The Company hereby undertakes to:

1. provide OSC Staff with sufficient advance notice in the event that the Company intends to issue equity securities that would trigger the Price Protection Feature; and

2. disclose the number of outstanding votes attaching to the Preferred Shares in any filing in which it discloses the number of outstanding Preferred Shares.

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DATED as of the 6th day of December, 2017.

HUDSON'S BAY COMPANY

By: *(signed) David J. Schwartz*

Name: David J. Schwartz

Title: Executive Vice President, General Counsel and Corporate Secretary