

Leading Proxy Advisory Firms Glass Lewis and Egan-Jones Recommend HBC Shareholders Vote “FOR” the Privatization Agreement With a Group of HBC Continuing Shareholders

HBC Recommends Shareholders Vote “FOR” the Transaction Agreement

Shareholders are encouraged to vote before the proxy voting deadline of 10:00 am ET on December 13, 2019

TORONTO & NEW YORK--(BUSINESS WIRE)--December 11, 2019--Hudson's Bay Company (TSX: HBC) ("HBC" or the "Company") today announced that Glass Lewis and Egan-Jones have both recommended that HBC shareholders vote “**FOR**” the transaction in which HBC will become a private company. With this transaction, HBC will be owned by certain continuing shareholders (the “Continuing Shareholders”) and the Company’s other shareholders (the “Minority Shareholders”) will receive \$10.30 per share in cash.

David Leith, Chair of the Special Committee, said, “We are pleased that Glass Lewis and Egan-Jones understand the Special Committee’s process and recommendation and have both recommended that shareholders vote for the proposed transaction. The support of these independent proxy advisors further demonstrates that this transaction represents the best path forward for HBC, is fair to the Minority Shareholders, and provides certain and immediate value at a significant market premium. Their recommendations also reinforce the comprehensive nature of the Special Committee’s evaluation, including consideration of the applicable risks, opportunities and alternatives available, as well as an acknowledgement of our efforts, including extensive negotiations to maximize value for our shareholders.”

Proxy Advisory Firms Recommendations

In making its recommendation **FOR**, Glass Lewis concluded that:

- “[T]he Arrangement Agreement would provide unaffiliated shareholders with certainty of value for their HBC shares at a sizable market premium and a relatively attractive valuation.”
- “[I]n the absence of the proposed transaction contemplated under the Arrangement Agreement, we believe it is reasonable to expect that the Company’s share price would experience a substantial decline in value in the immediate term, with any future price recovery subject to further material uncertainty.”
- “[W]e believe that the special committee has made a reasonable determination and conclusion in rejecting the Catalyst Proposal. Since the Continuing Shareholders, who collectively hold a majority of the Company’s voting power, have clearly expressed that they would oppose the Catalyst Proposal in their capacity as HBC shareholders, we simply see no viable path for the Catalyst Proposal to achieve any of the requisite shareholder vote hurdles at this time. Therefore, we believe it would be nonsensical for the board to terminate the Arrangement Agreement, and imprudent for HBC shareholders to reject the Arrangement Agreement, simply for the

opportunity to consider an alternative proposal that would ultimately stand no chance of being approved.”

- “In our view, rejecting the Arrangement Agreement would only potentially make sense here for those shareholders who have an aggressive risk tolerance and a particularly strong conviction regarding the Company’s upside (and the Company’s ability to achieve such upside).”

In recommending a vote **FOR** the transaction, Egan-Jones noted that:

- The proxy advisory firm’s review “centered on the Proposals in the context of maximizing shareholder value”
- “Based on the review of publicly available information on strategic, corporate governance and financial aspects of the proposed transaction, Egan-Jones views the proposed transaction to be a desirable approach in maximizing shareholder value.”
- “After careful consideration, we believe that approval of the plan of arrangement is in the best interests of the Company and its shareholders and its advantages and opportunities outweigh the risks associated to the transaction.”
- “The Company and the retail and department store real estate industry as a whole face numerous risks and uncertainties which are expected to negatively affect the trading price of the Common Shares.”

Special Meeting of Shareholders on December 17, 2019

Each shareholder’s vote is important regardless of the number of shares owned. The Special Committee and the Board (excluding conflicted directors) recommend that Minority Shareholders vote in favour of the transaction in advance of the proxy voting deadline of 10:00 a.m. ET on Friday, December 13, 2019 or at the Special Meeting of shareholders that will be held on Tuesday, December 17, 2019 at 10:00 a.m. ET for shareholders to approve the transaction. Shareholders with questions about how to vote their shares may contact the HBC’s proxy solicitation agent, Kingsdale Advisors, by telephone at 1-866-581-0512 (toll-free) or 1-416-867-2272 (collect) or by email at contactus@kingsdaleadvisors.com.

Materials related to the Special Meeting, will be available under HBC’s profile on SEDAR at www.sedar.com and on HBC’s website at www.investor.hbc.com. Shareholders can access voting instructions and additional information about the transaction, including the Management Information Circular, by visiting www.HBCGoPrivate.com.

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 recommending the privatization transaction, the timing of 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 Management Information Circular dated November 14, 2019, 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.

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