

**Form 51-102F3
Material Change Report**

Item 1 Name and Address of Company

Hudson's Bay Company ("HBC" or the "Company")
401 Bay Street, Suite 500
Toronto, Ontario M5H 2Y4

Item 2 Date of Material Change

March 3, 2020

Item 3 News Release

A press release was disseminated by the Company on March 3, 2020 through the facilities of Business Wire and was filed on SEDAR under the Company's corporate profile at www.sedar.com and on the Company's website at www.hbc.com. A copy of the press release is attached as Schedule "A". Unless otherwise indicated, all amounts are expressed in Canadian dollars.

Item 4 Summary of Material Change

On March 3, 2020, by way of a statutory plan of arrangement under the *Canada Business Corporations Act* (the "CBCA") and pursuant to the terms of an arrangement agreement dated October 20, 2019, as amended on January 3, 2020 (the "Arrangement Agreement"), the Company purchased for cancellation all of its outstanding common shares (the "Common Shares"), excluding Common Shares owned by certain continuing shareholders, for cash consideration of \$11.00 per Common Share in a privatization transaction (the "Arrangement").

In addition, Ms. Helena Foulkes will step down from her role as the Company's Chief Executive Officer effective March 13, 2020.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On March 3, 2020, the Company completed the Arrangement under section 192 of the CBCA and pursuant to the Arrangement Agreement, whereby the Company purchased for cancellation all of the Common Shares, excluding Common Shares owned by certain continuing shareholders, for cash consideration of \$11.00 per Common Share.

As a result of the completion of the Arrangement, the Common Shares were delisted from the Toronto Stock Exchange at the close of trading on March 4, 2020. HBC has also applied to cease being a reporting issuer in all of the provinces and territories of Canada and thus will terminate its reporting obligations in Canada upon approval of such application.

In addition, Ms. Foulkes will step down from her role as the Company's Chief Executive Officer effective March 13, 2020. Mr. Richard Baker, HBC's Governor and Executive Chairman, will take on the Chief

Executive Officer role in addition to his current responsibilities. He will be supported by the Company's senior leadership team, including the dedicated presidents of each retail business.

Further information regarding the Arrangement is contained in the amended and restated management information circular of the Company dated January 30, 2020 (the "**Circular**") in connection with the special meeting of the shareholders of the Company. The Circular, Arrangement Agreement and related documents have been filed under the Company's profile on SEDAR at www.sedar.com.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

None.

Item 8 Executive Officer

Further information regarding the matters described in this report may be obtained from David Schwartz, Executive Vice President, General Counsel & Corporate Secretary, who is knowledgeable about the details of the material change and may be contacted at (905) 792-4400.

Item 9 Date of Report

March 10, 2020.

Caution Regarding Forward-Looking Statements

Certain statements made in this material change report are forward-looking statements within the meaning of applicable securities laws. 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 material change report 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 factors which are beyond HBC's control and the effects of which can be difficult to predict. 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 the Circular, 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 material change report describe HBC's expectations at the date of this material change report 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 material change report whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements.

**Schedule “A”
Press Release**

See attached.

HBC Completes Privatization Transaction

Helena Foulkes steps down as CEO and Richard Baker assumes the role

TORONTO & NEW YORK--(BUSINESS WIRE)--March 3, 2020--HBC (TSX: HBC) has successfully completed its plan of arrangement resulting in HBC becoming a private company.

Richard Baker, HBC's Governor and Executive Chairman commented, "This is a great outcome for HBC and all of its stakeholders. The continuing shareholder group is resolved to doing what is right for our customers, associates, communities and partners. As current and future generations change the way they live, shop and work, we are committed to transforming HBC to capitalize on these shifts. It will take patient capital and a long-term view to fully unleash HBC's potential at the intersection of real estate and retail."

Additionally, Helena Foulkes will step down from her role as CEO effective March 13, 2020. Mr. Baker will take on the CEO role in addition to his current responsibilities. He will be supported by the company's senior leadership team, including the dedicated presidents of each retail business.

"The company and I are grateful for Helena's leadership and significant accomplishments over the last two years. Together, we have simplified our company, strengthened retail operations and reinvigorated our focus on the customer. Each of our businesses is well positioned to take advantage of opportunities in their unique markets and we are optimistic about this exciting next chapter for our company. Furthermore, we are confident in our go-forward leadership team and our ability to drive HBC forward," concluded Mr. Baker.

Ms. Foulkes shared, "I want to thank the entire HBC team for their trust and dedication over the past two years as we worked to transform the company. We made bold moves to streamline the business, modernize our marketing, seize digital opportunities, bolster our senior leadership team and empower each of our retail businesses to excel in the future. I'm proud of the work we have done and how HBC embraced cultural change to prioritize delivering for our customers and creating exceptional experiences."

Privatization Transaction Details

Under the terms of the plan of arrangement to take HBC private, the company has purchased for cancellation all of its common shares, excluding shares owned by certain continuing shareholders, for cash consideration of \$11.00 per common share.

The company's common shares are expected to be delisted from the Toronto Stock Exchange at the close of trading on March 4, 2020. HBC has applied to cease being a reporting issuer in all of the provinces and territories of Canada.

Shareholders who held their common shares through a broker or intermediary may contact that broker or intermediary for instructions and assistance in receiving the consideration for such common shares. Shareholders who held their shares in certificated form are required to complete and sign a letter of transmittal and deliver it, together with their share certificates and the other required documents, to TSX Trust Company. All questions regarding the consideration, including any request for another letter of transmittal, should be directed to the registrar and transfer agent, TSX Trust Company, which can be contacted at 1-866-600-5869 or 416-342-1091 or tmxeinvestorservices@tmx.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

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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 factors, which are beyond HBC's control and the effects of which can be difficult to predict.

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 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.

Required Early Warning Report Information

HBC's head office is located at Suite 500, 401 Bay Street, Toronto, Ontario, Canada M5H 2Y4.

The continuing shareholders and their affiliates and associates have ownership and control over an aggregate of 141,293,618 common shares (100% of the issued and outstanding common shares). All Series A preferred shares have been converted into common shares in connection with the completion of the arrangement.

The continuing shareholders intend to cause the common shares to cease to be listed on the Toronto Stock Exchange and HBC has submitted an application to cease to be a reporting issuer under applicable Canadian securities laws and to otherwise terminate HBC's public reporting requirements.

Early warning reports will be filed by the continuing shareholders, as applicable, with applicable Canadian securities regulatory authorities. To obtain copies of the early warning reports, please contact Joele Frank, Wilkinson Brimmer Katcher at (212) 355-4449 (Contact: Matthew Sherman / Kelly Sullivan / Annabelle Rinehart / Matthew Gross).

Contacts

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