



HBC Announces Formation of Special Committee of Independent Directors to Review Proposal from Shareholder Group

June 10, 2019

TORONTO & NEW YORK--(BUSINESS WIRE)--Jun. 10, 2019-- HBC (TSX: HBC) announced that its Board of Directors has formed a Special Committee of independent directors to review the June 10, 2019 proposal from a group of HBC shareholders for the privatization of the Company at a price of C\$9.45 per share, payable in cash.

The group of HBC shareholders submitting the proposal includes individuals and entities related to, or affiliated with, Richard A. Baker, Governor and Executive Chairman of HBC; Rhône Capital L.L.C.; WeWork Property Advisors; Hanover Investments (Luxembourg) S.A.; and Abrams Capital Management, L.P., collectively called the Continuing Shareholders. The group disclosed that they collectively own approximately 57% of the outstanding common shares of HBC on an as-converted basis.

The Special Committee of independent directors is composed of David Leith (chair of the Special Committee), Stephanie Coyles, Wayne Pommen, Earl Rotman and Matthew Rubel. The Special Committee has retained Blake, Cassels & Graydon LLP as legal counsel and J.P. Morgan Securities as financial advisor to assist in its review. The Special Committee will oversee the preparation of a formal valuation by an additional independent valuator regarding the proposed privatization transaction.

The proposed transaction from the Continuing Shareholders represents a premium of 48% to HBC's closing share price on the Toronto Stock Exchange on June 7, 2019 and a premium of 39% to its 20-day average closing price.

The Special Committee noted that no decision has been made and it intends to carefully and thoroughly review the proposal with the assistance of its outside financial and legal advisors. There can be no assurance that any definitive agreement will be executed or that the proposed transaction will be approved or consummated. HBC noted that the Continuing Shareholders have advised the Company that they are not interested in an alternative transaction that would result in the sale of the Continuing Shareholders' interest in HBC or the acquisition by a third party of HBC or any of its material assets.

HBC does not intend to comment on or disclose further developments regarding the Special Committee's evaluation unless and until it deems further disclosure is appropriate or required.

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 take-private proposal received by the Company from the Continuing Shareholders, including the terms and conditions of the proposal; the review and evaluation of the take-private proposal by the Special Committee with the assistance of its outside financial and legal advisors; 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 Company, its Board of Directors, its Special Committee and the Continuing Shareholders cannot come to an agreement on the terms and conditions of the take-private proposal or will not proceed with giving shareholders an opportunity to accept or vote in favour of the take-private proposal; (b) the possibility that the terms and conditions of any definitive agreement in respect of a take-private proposal will differ from those that are currently contemplated; (c) if a definitive agreement is reached, the failure to obtain or satisfy, in a timely manner or otherwise, required shareholder and regulatory approvals and other conditions of closing necessary to complete any take-private proposal; (d) credit, market, currency, operational, real estate, liquidity and funding risks generally, including changes in economic conditions, interest rates or tax rates; (e) risks and uncertainties relating to information management, technology, supply chain, product safety, changes in law, competition, seasonality, commodity price and business and (f) 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 take-private proposal.

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" section 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.

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 more than 300 stores and about 40,000 employees around the world. HBC's leading businesses across North America include Saks Fifth Avenue, Hudson's Bay, Lord + Taylor, and Saks OFF 5TH.

HBC also has significant investments in joint ventures. It has partnered with Simon Property Group Inc. in the HBS Global Properties 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. HBC has partnered with SIGNA Retail Holdings for real estate and retail joint ventures in Europe.

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