



Special Committee of the Board of HBC Comments on Amended Offer from Catalyst Capital Group

August 15, 2019

Advises Shareholders to Exercise Caution with Respect to Amended Offer

TORONTO & NEW YORK--(BUSINESS WIRE)--Aug. 15, 2019-- The Special Committee of the Board of Directors of Hudson's Bay Company (TSX: HBC) ("HBC" or the "Company") today commented on the amended unsolicited offer made on August 7, 2019 to shareholders by the Catalyst Capital Group Inc., ("Catalyst") to acquire up to 19,782,393 common shares of the Company at a price of \$10.11 per common share in cash (the "Amended Catalyst Offer"). The initial offer by Catalyst made on July 22, 2019 was for up to 14,836,795 common shares, also at a price of \$10.11 per common share in cash.

Catalyst Declines Request to Extend the Expiry Date

The expiry date of the Amended Catalyst Offer is August 16, 2019, which is significantly earlier than the expected September completion of the formal valuation of HBC's common shares being prepared under the supervision of the Special Committee. In view of this, the Special Committee requested that Catalyst extend the expiry date of its offer to allow time for the Special Committee and its financial advisors to complete the valuation analysis and an evaluation of available strategic alternatives; however, Catalyst has declined to do so.

HBC Shareholders Should Exercise Caution with Respect to the Amended Catalyst Offer

The Special Committee reiterates its advice to shareholders to exercise caution regarding a decision to tender to the Amended Catalyst Offer. The Amended Catalyst Offer is an offer to acquire up to 19,782,393 HBC common shares, or approximately 10.7% of the Company's 184,076,650 outstanding common shares. The Special Committee wants to remind HBC shareholders that the Amended Catalyst Offer is not a true alternative to the privatization transaction proposed by a group of HBC shareholders (the "Shareholder Group"). If a revised proposal is received from the Shareholder Group and an agreement is reached with respect to the privatization transaction, the transaction would involve the acquisition by the Company of 100% of the common shares held by minority shareholders.

If an agreement with respect to a privatization transaction is reached with the Shareholder Group, completion of the transaction will be subject to approval of a majority of minority shareholders of the Company (being shareholders not participating in or affiliated with the Shareholder Group). If all common shares subject to the Amended Catalyst Offer are taken up and paid for, Catalyst will control a meaningful portion of the common shares held by the minority shareholders.

As previously disclosed, the Amended Catalyst Offer is not a formal take-over bid for purposes of Canadian provincial securities laws, it does not provide shareholders with certain of the protections that such laws require be provided to shareholders in a formal take-over bid.

Status of Shareholder Group Proposal

As previously disclosed, the Special Committee has informed the Shareholder Group that, based on the initial analysis completed by the Special Committee's financial advisors and other factors, the price of \$9.45 per common share proposed by the Shareholder Group is inadequate. The Special Committee has asked the Shareholder Group to indicate whether it intends to make a revised proposal once the Special Committee has received the formal valuation of the Company's common shares that is being prepared under the supervision of the Special Committee.

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 privatization proposal received by the company, including the terms and conditions of the proposal; the review and evaluation of the privatization proposal by the Special Committee, 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, the Special Committee and the Shareholder Group cannot come to an agreement on the terms and conditions of a privatization transaction or will not proceed with giving shareholders an opportunity to accept or vote in favour of a privatization transaction; (b) the possibility that the terms and conditions of any definitive agreement in respect of a privatization transaction 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 privatization transaction; (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 a privatization 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" 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 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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