

Letter from Our CEO

April 27, 2018

NOTICE OF DATA BREACH

To Our Valued Customers,

As we previously shared, we recently became aware of a data security issue involving customer payment card data at Saks Fifth Avenue, Saks OFF 5TH and Lord & Taylor locations in North America. Based on our investigation to date, there is no indication that this issue affects our e-commerce or other digital platforms, or Hudson's Bay, Home Outfitters, or HBC Europe. Our customers are our top priority and we take the protection of their information very seriously. We deeply regret any concern this issue may have caused. Throughout this process, we have made it our goal to work quickly to provide support and information to our customers. We have taken steps, as described below, to address this issue and help protect our customers.

What Happened?

As soon as we became aware of a potential issue, we quickly engaged leading data security experts to conduct an investigation. We also have been working with law enforcement authorities and coordinating with the payment card companies. Based on the investigation to date, we understand that, around July 1, 2017, malware began running on certain point of sale systems at potentially all Saks Fifth Avenue, Saks OFF 5TH and Lord & Taylor locations in North America. We have contained the issue and believe it no longer poses a risk to customers shopping at our stores. Not all customers who shopped at the potentially impacted stores during the relevant time period are affected by this issue. We want to reassure affected customers that they will not be liable for fraudulent charges that may result from this matter.

What Information Was Involved?

The malware was designed to collect customers' payment card information, including cardholder name, payment card number and expiration date. We have no evidence based on the investigation that contact information, Social Security or Social Insurance numbers, driver's license numbers, or PINs associated with the cards were affected by this issue. The investigation has found that this issue did not affect Saks Fifth Avenue credit cards, which are the 9-digit to 14-digit cards that can be used by customers only when shopping at Saks Fifth Avenue or Saks OFF 5TH.

What We Are Doing

As we previously disclosed, we identified the issue, took steps to contain it, and believe it no longer poses a risk to customers shopping at our stores. As indicated above, we quickly engaged leading data security experts to conduct an investigation. We also have been working with law enforcement authorities and coordinating with the payment card companies. We continue to take steps to enhance the security of our systems and prevent this type of issue from happening again.

What You Can Do

We encourage potentially impacted customers to consider the following data security recommendations:

- Register for Identity Protection Services. We have arranged with AllClear ID to provide potentially impacted customers with identity protection services, including credit and web monitoring, at no cost to them. Information about these services is contained in the Reference Guide below and at <https://hbc.allclearid.com/>.
- Review Your Account Statements. We encourage you to remain vigilant by reviewing your account statements. If you believe there is an unauthorized charge on your card, please contact your card issuer immediately. We want to reassure our customers that they will not be liable for fraudulent charges that may result from this matter.
- Order a Credit Report. If you are a U.S. resident, you are entitled under U.S. law to one free credit report annually from each of the three nationwide consumer reporting agencies. To order your free credit report, visit www.annualcreditreport.com or call toll-free at 1-877-322-8228. If you are a Canadian resident, you may order a copy of your credit report from each of the major Canadian credit reporting agencies by contacting Equifax Canada at www.equifax.ca or 1-800-465-7166 or TransUnion Canada at www.transunion.ca, 1-800-663-9980 (English) or 1-877-713-3393 (French).
- Review the Reference Guide. The Reference Guide below provides additional recommendations on the protection of personal information.

For More Information

If you have any questions about this issue, please call 1-855-270-9187, Monday - Saturday, 8 am - 8 pm CT.

We deeply regret any inconvenience or concern this may cause our customers.

Sincerely,

Helena Foulkes
CEO, HBC

REFERENCE GUIDE

Potentially impacted customers may take the following steps:

Register for Identity Protection Services. We have arranged with AllClear ID to provide potentially impacted customers with identity protection services, including credit and web monitoring, at no cost to them. The following identity protection services start on April 4, 2018, and will be available at any time during the next 12 months.

- **AllClear Identity Repair:** This service is automatically available to potentially impacted customers with no enrollment required. If a problem arises, customers may receive fraud assistance by calling 1-855-270-9187, Monday – Saturday, 8 am – 8 pm CT, and a dedicated investigator will help them recover financial losses, restore their credit, and return their identity to its proper condition.
- **AllClear Fraud Alerts with Credit Monitoring:** For U.S. residents, this service includes the ability to set, renew, and remove 90-day fraud alerts on a credit file to help protect against credit fraud. In addition, this offering includes credit monitoring services, a once annual credit score and credit report, and a \$1 million identity theft insurance policy. To enroll in this service, customers will need to provide certain information to AllClear ID. Potentially impacted customers may sign up online at <https://hbc.allclearid.com/> or by calling 1-855-270-9187.
- **AllClear Identity Theft Monitoring Canada:** For Canadian residents, this service offers additional layers of protection, including identity theft monitoring that delivers actionable alerts by phone. To enroll in this service, customers will need to provide certain information to AllClear ID. Potentially impacted customers may sign up by calling 1-855-270-9187 or by emailing global@allclearid.com.
- **TransUnion Canada Credit Monitoring:** For Canadian residents, this service is available through TransUnion of Canada, Inc. (“TransUnion”) and includes 12 months of credit monitoring and credit file access. Customers who enroll in this service will receive fraud-watch emails that will alert them when changes are made to their credit file, such as new credit-related inquiries, new accounts, late payments and more. To request a TransUnion Canada Credit Monitoring code, potentially impacted customers may call 1-855-270-9187 or email global@allclearid.com.

Please note: Additional steps may also be required to activate the monitoring options.

CLICK HERE IF YOU ARE A U.S. RESIDENT *[Link to the section below “FOR U.S. RESIDENTS”]*

CLICK HERE IF YOU ARE A CANADIAN RESIDENT *[Link to the section below “FOR CANADIAN RESIDENTS”]*

FOR U.S. RESIDENTS

Order Your Free Credit Report. To order your free credit report, visit www.annualcreditreport.com, call toll-free at 1-877-322-8228, or complete the Annual Credit Report Request Form on the U.S. Federal Trade Commission's ("FTC") website at www.consumer.ftc.gov and mail it to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. The three consumer reporting agencies provide free annual credit reports only through the website, toll-free number or request form.

When you receive your credit report, review it carefully. Look for accounts you did not open. Look in the "inquiries" section for names of creditors from whom you haven't requested credit. Some companies bill under names other than their store or commercial names. The consumer reporting agency will be able to tell you when that is the case. Look in the "personal information" section for any inaccuracies in your information (such as home address and Social Security number). If you see anything you do not understand, call the consumer reporting agency at the telephone number on the report. Errors in this information may be a warning sign of possible identity theft. You should notify the consumer reporting agencies of any inaccuracies in your report, whether due to error or fraud, as soon as possible so the information can be investigated and, if found to be in error, corrected. If there are accounts or charges you did not authorize, immediately notify the appropriate consumer reporting agency by telephone and in writing. Consumer reporting agency staff will review your report with you. If the information cannot be explained, then you will need to call the creditors involved. Information that cannot be explained also should be reported to your local police or sheriff's office because it may signal criminal activity.

You have rights under the federal Fair Credit Reporting Act ("FCRA"). These include, among others, the right to know what is in your file; to dispute incomplete or inaccurate information; and to have consumer reporting agencies correct or delete inaccurate, incomplete, or unverifiable information. For more information about the FCRA, please visit <https://www.consumer.ftc.gov/articles/pdf-0096-fair-credit-reporting-act.pdf> or www.ftc.gov.

Report Incidents. If you detect any unauthorized transactions in a financial account, promptly notify your payment card company or financial institution. If you detect any incident of identity theft or fraud, promptly report the incident to law enforcement, the FTC and your state Attorney General. If you believe your identity has been stolen, the FTC recommends that you take these steps:

- Close the accounts that you have confirmed or believe have been tampered with or opened fraudulently. For streamlined checklists and sample letters to help guide you through the recovery process, please visit <https://www.identitytheft.gov/>.
- File a local police report. Obtain a copy of the police report and submit it to your creditors and any others that may require proof of the identity theft crime.

You can contact the FTC to learn more about how to protect yourself from becoming a victim of identity theft and how to repair identity theft:

Federal Trade Commission
 Consumer Response Center
 600 Pennsylvania Avenue, NW
 Washington, DC 20580
 1-877-IDTHEFT (438-4338)
www.ftc.gov/idtheft/

Consider Placing a Fraud Alert on Your Credit File. To protect yourself from possible identity theft, consider placing a fraud alert on your credit file. A fraud alert helps protect you against the possibility of an identity thief opening new credit accounts in your name. When a merchant checks the credit history of someone applying for credit, the merchant gets a notice that the applicant may be the victim of identity theft. The alert notifies the merchant to take steps to verify the identity of the applicant. You can place a fraud alert on your credit report by calling any one of the toll-free numbers provided below. You will reach an automated telephone system that allows you to flag your file with a fraud alert at all three consumer reporting agencies. For more information on fraud alerts, you also may contact the FTC as described above.

Equifax	Equifax Credit Information Services, Inc. P.O. Box 740241 Atlanta, GA 30374	1-800-525-6285	www.equifax.com
Experian	Experian Inc. P.O. Box 9554 Allen, TX 75013	1-888-397-3742	www.experian.com
TransUnion	TransUnion LLC P.O. Box 2000 Chester, PA 19022-2000	1-800-680-7289	www.transunion.com

Consider Placing a Security Freeze on Your Credit File. You may wish to place a “security freeze” (also known as a “credit freeze”) on your credit file. A security freeze is designed to prevent potential creditors from accessing your credit file at the consumer reporting agencies without your consent. There may be fees for placing, lifting, and/or removing a security freeze, which generally range from \$5-\$20 per action. *Unlike a fraud alert, you must place a security freeze on your credit file at each consumer reporting agency individually.* For more information on security freezes, you may contact the three nationwide consumer reporting agencies or the FTC as described above. As the instructions for establishing a security freeze differ from state to state, please contact the three nationwide consumer reporting agencies to find out more information.

The consumer reporting agencies may require proper identification prior to honoring your request. For example, you may be asked to provide:

- Your full name with middle initial and generation (such as Jr., Sr., II, III);
- Your Social Security number;
- Your date of birth;
- Addresses where you have lived over the past five years;

- A legible copy of a government-issued identification card (such as a state driver's license or military ID card); and/or
- Proof of your current residential address (such as a current utility bill or account statement).

Additional Resources.

For Iowa Residents. You may contact law enforcement or the Iowa Attorney General's Office to report suspected incidents of identity theft. This office can be reached at:

Office of the Attorney General of Iowa
Hoover State Office Building
1305 E. Walnut Street
Des Moines, IA 50319
(515) 281-5164
www.iowaattorneygeneral.gov

For Maryland Residents. You can obtain information from the Maryland Office of the Attorney General about steps you can take to avoid identity theft. You may contact the Maryland Attorney General at:

Maryland Office of the Attorney General
Consumer Protection Division
200 St. Paul Place
Baltimore, MD 21202
(888) 743-0023 (toll-free in Maryland)
(410) 576-6300
www.oag.state.md.us

For Massachusetts Residents. You have the right to obtain a police report and request a security freeze as described above. The consumer reporting agencies may charge you a fee of up to \$5 to place a security freeze on your account, and may require that you provide certain personal information (such as your name, Social Security number, date of birth, and address) and proper identification (such as a copy of a government-issued ID card and a bill or statement) prior to honoring your request. There is no charge, however, to place, lift or remove a security freeze if you have been a victim of identity theft and you provide the consumer reporting agencies with a valid police report.

For North Carolina Residents. You can obtain information from the North Carolina Attorney General's Office about preventing identity theft. You can contact the North Carolina Attorney General at:

North Carolina Attorney General's Office
9001 Mail Service Center
Raleigh, NC 27699-9001
(877) 566-7226 (toll-free in North Carolina)

(919) 716-6400
www.ncdoj.gov

For Oregon Residents. We encourage you to report suspected identity theft to the Oregon Attorney General at:

Oregon Department of Justice
1162 Court Street NE
Salem, OR 97301-4096
(877) 877-9392 (toll-free in Oregon)
(503) 378-4400
<http://www.doj.state.or.us>

For Rhode Island Residents. You may obtain information about preventing and avoiding identity theft from the Rhode Island Office of the Attorney General at:

Rhode Island Office of the Attorney General
Consumer Protection Unit
150 South Main Street
Providence, RI 02903
(401)-274-4400
<http://www.riag.ri.gov>

You have the right to obtain a police report and request a security freeze as described above. The consumer reporting agencies may charge you a fee of up to \$10 to place a security freeze on your account, and may require that you provide certain personal information (such as your name, Social Security number, date of birth, and address) and proper identification (such as a copy of a government-issued ID card and a bill or statement) prior to honoring your request for a security freeze. There is no charge, however, to place, lift or remove a security freeze if you have been a victim of identity theft and you provide the consumer reporting agencies with a valid police report.

FOR CANADIAN RESIDENTS

Order Your Free Credit Report. To order your free credit report, you may contact each of the major Canadian credit reporting agencies listed below.

Report Incidents. If you detect any unauthorized transactions in a financial account, promptly notify your payment card company or financial institution. If you detect any incident of identity theft or fraud, promptly report the incident to your local law enforcement agency, Service Canada at www.servicecanada.gc.ca, or the Canadian Anti-Fraud Centre at www.antifraudcentre-centreantifraude.ca or 1-888-495-8501.

Consider Placing a Fraud Alert on Your Credit File. To protect yourself from possible identity theft, consider placing a fraud alert on your credit file. A fraud alert helps protect you against the possibility of an identity thief opening new credit accounts in your name. When a

merchant checks the credit history of someone applying for credit, the merchant gets a notice that the applicant may be the victim of identity theft. The alert notifies the merchant to take steps to verify the identity of the applicant. To place a fraud alert, contact either of the two major credit reporting agencies listed below and request that a fraud alert be put on your file.

Equifax Canada	Equifax Canada Consumer Relations Department; P. O. Box 190, Station Jean-Talon Montreal, Quebec H1S 2Z2	1-800-465-7166	www.equifax.ca
TransUnion Canada	TransUnion Canada Attention: Consumer Relations P.O. Box 338, LCD1 Hamilton, Ontario L8L 7W2 For French correspondence: TransUnion Canada Centre de relations au consommateur CP 1433, succursale St- Martin Laval (Québec) H7V 3P7	1-800-663-9980 (English) 1-877-713-3393 (French)	www.transunion.ca

HBC: Updated Website FAQs

1. What happened?

As we previously shared, we recently became aware of a data security issue involving customer payment card data at Saks Fifth Avenue, Saks OFF 5TH and Lord & Taylor locations in North America. As soon as we became aware of a potential issue, we quickly engaged leading data security experts to conduct an investigation. We also have been working with law enforcement authorities and coordinating with the payment card companies. Based on the investigation, we understand that, around July 1, 2017, malware began running on certain point of sale systems at potentially all Saks Fifth Avenue, Saks OFF 5TH and Lord & Taylor locations in North America. There is no indication based on our investigation that this affects our e-commerce or other digital platforms, or Hudson's Bay, Home Outfitters, or HBC Europe. We have contained the issue and believe it no longer poses a risk to customers shopping at our stores. Not all customers who shopped at the potentially impacted stores during the relevant time period are affected by this issue.

2. What information was affected by this issue?

The malware was designed to collect customers' payment card information, including cardholder name, payment card number and expiration date. We have no evidence based on the investigation that contact information, Social Security or Social Insurance numbers, driver's license numbers, or PINs associated with payment cards were affected by this issue. The investigation has found that this issue did not affect Saks Fifth Avenue credit cards, which are the 9-digit to 14-digit cards that can be used by customers only when shopping at Saks Fifth Avenue or Saks OFF 5TH.

3. How do I know if my payment card data was affected by this issue?

While we do not know if your specific payment card is affected by this issue, we encourage potentially impacted customers to refer to their payment card statements to identify the payment card they may have used at Saks Fifth Avenue, Saks OFF 5TH or Lord & Taylor locations in North America from July 1, 2017 through March 31, 2018. Not all customers who shopped at the potentially impacted stores during the relevant time period are affected by this issue. If you believe there is an unauthorized charge on your card, please contact the card issuer immediately. We want to reassure affected customers that they will not be liable for fraudulent charges that may result from this matter. It is always a good idea to be checking your statements regularly.

The investigation has found that this issue did not affect Saks Fifth Avenue credit cards, which are the 9-digit to 14-digit cards that can be used by customers only when shopping at Saks Fifth Avenue or Saks OFF 5TH. In addition, there is no indication that this issue affects payment cards used on our e-commerce or other digital platforms.

4. Is it safe to use a payment card at our stores?

We identified the issue, took steps to contain it, and believe it no longer poses a risk to customers shopping at our stores.

5. What are you doing to assist potentially impacted customers?

We have arranged with AllClear ID to provide potentially impacted customers with identity protection services, including credit and web monitoring, at no cost to them. Information about these services is contained in the Reference Guide above and at <https://hbc.allclearid.com/>.

6. Will I be liable for fraudulent charges that may result from this matter?

We want to reassure affected customers that they will not be liable for fraudulent charges that may result from this matter. We encourage you to review your account statements and contact your card issuer immediately if you identify an unauthorized charge on your card. We have arranged to provide potentially impacted customers with identity protection services, including credit and web monitoring, at no cost to them.

7. What should I do to help protect my information?

We encourage you to review your account statements and contact your card issuer immediately if you identify an unauthorized charge on your card. We want to reassure affected customers that they will not be liable for fraudulent charges that may result from this matter.

If you are a U.S. resident, you are entitled under U.S. law to one free credit report annually from each of the three nationwide consumer reporting agencies. To order your free credit report, visit www.annualcreditreport.com or call toll-free at 1-877-322-8228. We encourage you to review your account statements and monitor your free credit reports. For more information about steps you can take to protect your credit files, you can contact any one of the consumer reporting agencies at:

Equifax	1-800-525-6285	www.equifax.com
Experian	1-888-397-3742	www.experian.com
TransUnion	1-800-680-7289	www.transunion.com

If you are a Canadian resident, you may order a copy of your credit report from each of the major Canadian credit reporting agencies by contacting Equifax Canada at www.equifax.ca or 1-800-465-7166 or TransUnion Canada at www.transunion.ca, 1-800-663-9980 (English) or 1-877-713-3393 (French).

8. How do I find out more about the identity protection services?

We have arranged to provide potentially impacted customers with identity protection services, including credit and web monitoring, at no cost to them. Information about these services is contained in the Reference Guide above and at <https://hbc.allclearid.com/>. If you have any questions about this issue, please call 1-855-270-9187, Monday - Saturday, 8 am - 8 pm CT.

9. Where can I get more information?

If you have any questions about this issue, please call 1-855-270-9187, Monday - Saturday, 8 am - 8 pm CT.

HBC Provides Update on Previously-Announced Data Security Issue at Saks Fifth Avenue, Saks OFF 5TH and Lord & Taylor Locations in North America

NEW YORK & TORONTO--(April 27, 2018)--HBC (TSX:HBC) today provided an update on its investigation into the previously-disclosed data security issue involving customer payment card data at Saks Fifth Avenue, Saks OFF 5TH and Lord & Taylor locations in North America.

HBC contained the issue on March 31, 2018 and believes it no longer poses a risk to customers shopping at its stores. The company wants to reassure affected customers that they will not be liable for fraudulent charges that may result from this matter.

HBC CEO Helena Foulkes said, “Our customers are our top priority and we take the protection of their information very seriously. We deeply regret any concern this issue may have caused. Throughout this process, we have made it our goal to work quickly to provide support and information to our customers and we will continue to serve them with that same dedication.”

As soon as HBC became aware of a potential issue, the company quickly engaged leading data security experts to conduct an investigation. HBC also has been working with law enforcement authorities to address this criminal activity and has been coordinating with the payment card companies. Based on the investigation to date, the company has determined the following:

- Around July 1, 2017, malware began running on certain point of sale systems at potentially all Saks Fifth Avenue, Saks OFF 5TH and Lord & Taylor locations in North America.
- Not all customers who shopped at the potentially impacted stores during the relevant time period are affected by this issue.
- There is no indication that this issue affects the company’s e-commerce or other digital platforms, or Hudson’s Bay, Home Outfitters, or HBC Europe.
- The malware was designed to collect customers’ payment card information, including cardholder name, payment card number and expiration date. The company has no evidence that contact information, Social Security or Social Insurance numbers, driver’s license numbers, or PINs associated with the cards were affected by this issue.
- The investigation has found that this issue did not affect Saks Fifth Avenue credit cards, which are the 9-digit to 14-digit cards that can be used by customers only when shopping at Saks Fifth Avenue or Saks OFF 5TH.

HBC has arranged to provide potentially impacted customers with identity protection services, including credit and web monitoring, at no cost to them. Those customers can register for identity protection services at <https://hbc.allclearid.com/>. HBC encourages customers to review

their account statements and contact their card issuer immediately if they identify an unauthorized charge on their card.

HBC has put in place a dedicated call center for customers to obtain more information about this matter. Customers with questions may call 1-855-270-9187, Monday through Saturday, 8:00 am to 8:00 pm CT. Updated information regarding this issue has been posted at <https://www.saksfifthavenue.com/securityinformation/notice.html>, <https://www.saksoff5th.com/security-information/notice.html>, and <https://www.lordandtaylor.com/security-information/notice.html>.

HBC directs investors to its public filings available at www.sedar.com and at www.hbc.com for additional information and risk factors.

Hudson's Bay Company

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