

NOTICE OF HEARING TO APPROVE CLASS ACTION SETTLEMENT AND CLASS COUNSEL FEES

Read this notice carefully as it may affect your rights.

PURPOSE OF THIS NOTICE

This is a court-approved notice to class members in a certified class action brought by members of the Simpsons, Limited Supplementary Pension Plan as of January 1, 1988, which is now known as the Dumai Pension Plan, (the "Pension Plan") against Hudson's Bay Company ("HBC") and others in the Ontario Superior Court of Justice (File No. 02-CV-233990CP). The action relates to the use of surplus assets in the Pension Plan.

If you were a member, retiree or beneficiary of the Pension Plan as of January 1, 1988 and did not opt out of the action by August 15, 2005 (a "Class Member"), you may be affected by this notice.

The Pension Plan was merged with the Retirement Plan for Employees of K-Mart effective January 1, 2000 and with the Hudson's Bay Pension Plan, the Hudson's Bay Company Executive Plan and the Zellers Inc. Pension Plan effective January 1, 2002 to form the Hudson's Bay Company Pension Plan. As the merger of the Pension Plan with these other pension plans has not yet been approved by regulatory authorities, the Pension Plan is referred to in the settlement as a separate plan.

TRIAL DECISION AND APPEALS

On July 31, 2007, the trial judge found that HBC was entitled to amend the Pension Plan to expand the class of membership to include employees of affiliated companies, to provide for these employees to receive pension benefits on a defined contribution basis and to fund the required employer contributions from the surplus in the Pension Plan. The trial judge also found that Class Members (as defined below) would have a claim to the surplus funds if the Pension Plan were wound up.

The Plaintiffs have appealed the former finding and HBC has cross-appealed the latter finding. The appeal and cross-appeal have not

yet been heard by the Court of Appeal for Ontario.

SETTLEMENT

The plaintiffs, HBC and other corporate defendants have reached a settlement, subject to court approval at a public hearing, that provides that:

In full and final settlement of the claims of Class Members and without any admission of liability or wrongdoing by HBC:

1. The plaintiffs will abandon their appeal of the trial decision. HBC can proceed with its cross-appeal appealing the trial judge's finding that on any future termination of the Pension Plan, the Pension Plan members would be entitled to any surplus assets remaining in the trust fund after provision for any liabilities of the Pension Plan;

2. \$8.5 million of the Pension Plan will be paid or used as follows (the breakdown below being approximate amounts):

(a) up to \$1,454,301 for legal fees to legal counsel to Class Members ("Class Counsel") (together with an additional \$45,699 in legal fees, disbursements and taxes previously received pursuant to an endorsement of Cullity J dated May 23, 2006) plus additional amounts for disbursements and applicable taxes estimated at \$225,000 as approved by the Court ("Class Counsel Fees").

(b) \$682,070 to The Law Foundation of Ontario as a statutorily required payment to the Class Proceedings Fund ("CPF Levy"); and

(c) \$2.0 million to provide a one-time percentage increase, effective January 1, 2009, in the monthly pension benefit amount for Class Members who are receiving a retirement pension from the Pension Plan as at December 31, 2008, which is expected to be approximately 7.9% for Class Members whose

pension was in pay on June 1, 2001, and a pro-rated lesser percentage increase for Class Members who commenced receiving a retirement pension from the Pension Plan after that date;

(d) \$4,138,629 to be distributed (unless a different distribution is required to satisfy regulatory authorities)

(i) to make a \$500 payment to each Class Member who was an active or deferred vested member of the Pension Plan as at December 31, 2008;

(ii) to make a payment to the estate of each Class Member who

(A) had a non-contingent pension benefit entitlement under the Pension Plan as at January 1, 1994,

(B) died after January 1, 1994 but before August 6, 2002; and

(C) in respect of whom there was not a surviving spouse with entitlement under the Pension Plan at August 6, 2002,

in the amount of \$100 per year for each full year between January 1, 1994 and the date of such Class Member's death, provided a representative of such estate files a claim by the deadline and in accordance with the directions set out below; and

(iii) to pay the balance pro-rata among Class Members as at August 6, 2002, based on their pension benefit amount determined at December 31, 2001;

APPROVAL HEARING

Class Counsel will ask the Court to approve the settlement and the amount of Class Counsel Fees and CPF Levy on June 25, 2009 beginning at 10:00 a.m. at Osgoode Hall, 130 Queen Street West, Toronto, Ontario.

At the hearing, the Court will consider any objections to the approval of the settlement, Class Counsel Fees or the CPF Levy. Objections may be made in writing and sent to Koskie Minsky LLP (20 Queen St. W., Suite 900, Box 52, Toronto, ON M5H 3R3, fax: (416) 977-3316 Attention: HBC Class Action) before June 19, 2009 and/or may be made in person at Court. Objectors are entitled to attend the hearing and be heard in person or through their representatives.

Class Members who agree with or do not oppose the settlement need not take any steps in connection with this notice. If you believe you are a Class Member or a representative of a Class Member who is entitled to receive proceeds of the settlement and you did not receive this notice by mail, please immediately forward your current contact information to the Pension Plan administrator at the address below:

If you require further information, please visit Class Counsel's website at www.kmlaw.ca, write to hbc Pension@kmlaw.ca or call 1-866-778-7986.

Legal representatives of the estates of Class members who had a non-contingent pension benefit entitlement under the Pension Plan as at January 1, 1994, and died after January 1, 1994 but before August 6, 2002, without a surviving spouse with entitlement under the Plan at August 6, 2002, who wish to make a claim under this settlement should immediately identify themselves in writing to HBC at Pension Department, Hudson's Bay Company, 176 Yonge Street Toronto, Ontario M5C 2L7, fax: (416) 861-6813 Attention: HBC Class Action and request a claims form. Claims forms can be sent to HBC by way of mail or facsimile at the address above. If HBC has not received a claim form from the legal representative of an estate by September 1, 2009, the entitlement of that estate to any proceeds under this settlement will be forever extinguished.

Questions about this Notice should NOT be directed to the Court.