

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF **NORDSTROM CANADA RETAIL,
INC., NORDSTROM CANADA HOLDINGS, LLC** and
NORDSTROM CANADA HOLDINGS II, LLC

APPLICANTS

**MOTION RECORD
(Motion to Accept Filing of a Plan and Authorize
Creditors' Meeting to Vote on the Plan)**

December 13, 2023

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TO: **SERVICE LIST**

Court File No.: CV-23-00695619-00CL

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SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES' CREDITORS
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AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF NORDSTROM CANADA RETAIL, INC.,
NORDSTROM CANADA HOLDINGS, LLC and NORDSTROM
CANADA HOLDINGS II, LLC (the “**Applicants**”)

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF **NORDSTROM CANADA RETAIL,**
INC., NORDSTROM CANADA HOLDINGS, LLC and
NORDSTROM CANADA HOLDINGS II, LLC

APPLICANTS

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TAB 1

Court File No. CV-23-00695619-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF **NORDSTROM CANADA RETAIL,**
INC., NORDSTROM CANADA HOLDINGS, LLC and
NORDSTROM CANADA HOLDINGS II, LLC

APPLICANTS

NOTICE OF MOTION
(Motion to Accept Filing of a Plan and Authorize
Creditors' Meeting to Vote on the Plan)

The Applicants, Nordstrom Canada Retail, Inc., Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC, will make a motion before the Honourable Chief Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) on December 20, 2023, at 9:00 a.m. (ET), or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The Motion is to be heard

- ☐ In writing
- ☒ In person
- ☐ By telephone conference
- ☐ By video conference

at the following location:

Courtroom 4, 130 Queen Street West, Toronto, Ontario M5H 2N5

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THE MOTION IS FOR

1. An Order substantially in the form attached at Tab 3 of the Motion Record, among other things:

- (a) accepting the filing of the Consolidated Plan of Compromise and Arrangement in respect of the Nordstrom Canada Entities dated December 13, 2023 (the “**Plan**”);
- (b) authorizing the Nordstrom Canada Entities to establish one class of Affected Creditors for the purpose of considering and voting on the Plan (the “**Unsecured Creditors’ Class**”);
- (c) authorizing the Nordstrom Canada Entities to call, hold and conduct a meeting of the Affected Creditors (the “**Creditors’ Meeting**”) to consider and vote on a resolution to approve the Plan, and approving the procedures to be followed with respect to the calling and conduct of the Creditors’ Meeting;
- (d) setting the date for the hearing of the Nordstrom Canada Entities’ motion seeking sanction of the Plan should the Plan be approved by the required majority of Affected Creditors at the Creditors’ Meeting;
- (e) extending the Stay Period (and by extension, the Co-Tenancy Stay) until and including April 5, 2024; and

2. Such further and other relief as this Honourable Court may deem just.

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THE GROUNDS FOR THE MOTION ARE:

3. On March 2, 2023, the Applicants were granted protection under the CCAA pursuant to an Initial Order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The Initial Order extended the benefits and authorizations of the Initial Order to Nordstrom Canada Leasing LP (“**Canada Leasing LP**”, together with the Applicants, the “**Nordstrom Canada Entities**”);

4. The Initial Order, among other things: (i) appointed Alvarez & Marsal Canada Inc. as monitor (the “**Monitor**”) in these CCAA proceedings; (ii) granted an initial stay of proceedings against the Nordstrom Canada Entities, the Monitor, and their respective employees, directors, advisors, officers, and representatives until March 12, 2023 (the “**Stay Period**”); (iii) granted a Co-Tenancy Stay¹; (iv) granted the Parent Stay; and (v) approved the creation of an Employee Trust and appointed Ursel Phillips Fellows Hopkinson LLP as Employee Representative Counsel;

5. On March 10, 2023, the Court granted an Amended and Restated Initial Order which, among other things: (i) extended the Stay Period (including the Co-Tenancy Stay) and the Parent Stay to March 20, 2023; and (ii) approved a key employee retention plan and granted a related charge (the “**KERP Charge**”);

6. On March 20, 2023, the Court granted an Order (the “**Sale Approval Order**”), pursuant to which the Nordstrom Canada Entities conducted the Liquidation Sale, with the assistance of the Consultant and in consultation with the Monitor, in order to maximize the value of merchandise,

¹ Capitalized terms not otherwise defined have the meanings given to them in the Affidavit of Misti Heckel sworn December 13, 2023 or the Plan.

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furnishings, trade fixtures, and equipment for the benefit of the Nordstrom Canada Entities' stakeholders;

7. On May 30, 2023, the Court granted an order (the "**Claims Procedure Order**"), which, among other things: (i) approved a claims process for filing and determining Claims (as defined in the Claims Procedure Order) against the Nordstrom Canada Entities and the current and former Directors and Officers of the Nordstrom Canada Entities (the "**Claims Process**"); and (ii) extended the Stay Period (including the Co-Tenancy Stay) and Parent Stay to September 29, 2023;

8. On July 17, 2023, the Court granted two Approval and Vesting Orders which, among other things, approved the transactions contemplated by an Assignment and Assumption of Leases between Canada Leasing LP and Winners Merchants International L.P. with respect to the Deerfoot Meadows and Vaughan Mills Nordstrom Rack Leases, and an Assignment and Assumption of Lease between Canada Leasing LP and G2MC Inc. with respect to the Heartland Nordstrom Rack Lease;

9. On September 27, 2023, the Court granted an order which, among other things, extended the Stay Period (and by extension, the Co-Tenancy Stay) until and including December 22, 2023, approved the wind-up and termination of the Employee Trust and discharged the KERP Charge. The Nordstrom Canada Entities did not seek an extension of the Parent Stay, which expired in accordance with its terms on September 30, 2023;

10. Since the Stay Period was last extended on September 27, 2023, the Nordstrom Canada Entities have made significant progress in these CCAA proceedings, including, in close consultation with the Monitor, by:

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- (a) completing the Final Reconciliation of all funds realized in the Liquidation Sale;
- (b) continuing to implement the Claims Process and working to resolve creditor Claims filed in the Claims Process;
- (c) working to effect the wind-up and termination of the Employee Trust;
- (d) reaching definitive agreements on (i) the Claims of Cadillac Fairview Corporation and its affiliates (collectively, “**Cadillac Fairview**”), the Landlord of five of the former Nordstrom full-line stores in Canada, in the CCAA estate and the claims associated with the indemnities granted by Nordstrom US to Cadillac Fairview in respect of the Cadillac Fairview Leases, and (ii) the Claims of Oxford Properties Group (“**Oxford**”), the Landlord of the former Nordstrom Yorkdale full-line store in Canada, in the CCAA estate and the claims associated with the indemnity granted by Nordstrom US to Oxford in respect of the Yorkdale Lease, in each case, to resolve such indemnity claims and to provide a framework for the resolution of the respective Claims in the CCAA estate;
- (e) reaching definitive agreements to resolve the Claims of the Nordstrom Rack Landlords whose Leases were disclaimed in the CCAA proceedings;
- (f) reaching an agreement with the Canada Revenue Agency with respect to the CRA NCH Assessments; and
- (g) developing the Plan to be presented to the Affected Creditors for their consideration at the Creditors’ Meeting;

The Plan

11. The Nordstrom Canada Entities, with the support of Nordstrom US as Plan Sponsor and the Monitor, have developed the Plan to present to the Affected Creditors;
12. In developing the Plan, the Nordstrom Canada Entities have had extensive discussions and/or negotiations with Nordstrom US, the Monitor, and a number of other stakeholders;
13. The Nordstrom Canada Entities and their counsel have analyzed various economic and legal structures for a potential plan and discussed the development of a plan with Nordstrom US, its advisors, and the Monitor;
14. The Nordstrom Canada Entities have sought to achieve a fair and equitable balance in the Plan, while taking into consideration the interests of all stakeholders with an economic interest in these CCAA proceedings;
15. The Plan, should it be accepted by the Affected Creditors and approved by the Court, will complete the controlled, orderly, and timely wind down of the Nordstrom Canada Entities and effect a global resolution of the CCAA proceedings;
16. If implemented, the Plan will provide for a compromise and settlement of all Affected Claims and effect timely distributions in respect of Proven Claims;
17. The Plan's principal features include the following:
 - (a) *Consolidated Plan:* The Plan provides for the compromise and settlement of the Affected Claims on a consolidated basis. Despite being separate legal entities, the

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business activities of the Nordstrom Canada Entities were intertwined and together represented the “Nordstrom” business in Canada;

- (b) *Single class of creditors:* The Plan creates a single class of Affected Creditors for voting and distribution purposes – the Unsecured Creditors’ Class – that would be entitled to vote as a single class of creditors. Each Affected Creditor with a Proven Claim will receive an initial distribution in an amount equal to its Pro Rata Share of the Cash in the Consolidated Cash Pool Account on the Initial Distribution Date, with further distributions to be made in accordance with the Plan;
- (c) *Unsecured Creditors’ Class Recoveries:* The Nordstrom Canada Entities expect that all Affected Creditors will receive distributions of approximately 71% to 75% of their Affected Claims that are Proven Claims;
- (d) *Convenience Class:* Each Affected Creditor with Proven Claims in the aggregate that are less than or equal to \$15,000 are deemed to be “Convenience Class Creditors” and to vote in favour of the Plan. Each Affected Creditor with Proven Claims in the aggregate in excess of \$15,000 can elect to be treated for all purposes as a Convenience Class Creditor and will be deemed to have a Proven Claim in the amount of \$15,000. On the Initial Distribution Date, each Convenience Class Creditor will receive a distribution in the full amount of its Convenience Class Claim;
- (e) *Treatment of Intercompany Claims:* The Plan provides that the Sanction and Vesting Order would order that the Intercompany Claims set out in Schedule “A”

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to the Plan are deemed to be Proven Claims for the purposes of the Claims Procedure Order and the Plan. Holders of Intercompany Claims are not entitled to vote at the Creditors' Meeting;

- (f) *Reserves and distribution pools:* The Plan contemplates that the Nordstrom Canada Entities will create the NCL ITC Cash Pool, comprised of the Cash amount of any NCL FLS Distribution ITCs as and when received by NCL, and a Consolidated Cash Pool, comprised of all Cash of the Nordstrom Canada Entities, less (i) the Administrative Reserve Account, comprised of the Cash of Nordstrom Canada necessary to establish the Administrative Reserve; and (ii) the Disputed Claims Reserve Account, comprised of the Cash of Nordstrom Canada necessary to establish the Disputed Claims Reserve, pending the final resolution of any Disputed Claims;
- (g) *Releases:* The Plan will provide for releases of (i) each of the Nordstrom Canada Entities and their respective Directors, Officers, current and former employees, advisors, legal counsel and agents; (ii) the Monitor and their respective affiliates, and each of their current and former directors, officers, employees, representatives, advisors, legal counsel, and agents; (iii) counsel to the Directors and Officers; (iv) the Trustee; (v) Employee Representative Counsel; and (vi) Nordstrom US, its subsidiaries, and their current and former directors, officers, employees, respective advisors, legal counsel and agents. It is appropriate to include the release in favour of Nordstrom US in the Plan, as its contributions to these CCAA proceedings will

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result in materially higher and significantly accelerated recoveries for the Affected Creditors;

- (h) *Unaffected Claims:* Certain claims are to be unaffected under the Plan and are not entitled to vote on, or receive any distributions under the Plan, including any Excluded Claim, Claim in respect of the Administrative Reserve Costs, FLS Landlord Guarantee Claim, Priority Claim, and Insured Claim. Through constructive negotiation, the FLS Landlords and Nordstrom US have reached agreements, outside of the Plan, that resolve all FLS Landlord Guarantee Claims and that contractually release Nordstrom US from the FLS Landlord Guarantee Claims;
- (i) *Equity Claims:* Persons holding Equity Claims will not be entitled to vote at the Creditors' Meeting and are not entitled to any distributions under the Plan or to otherwise receive any compensation in respect of those Equity Claims;

Meeting Order

18. The proposed Meeting Order authorizes the Nordstrom Canada Entities to convene a virtual meeting of the Unsecured Creditors' Class to consider and vote on the Plan;

19. The proposed Meeting Order provides for comprehensive notification of the Creditors' Meeting to the Affected Creditors, and contemplates that the Monitor will:

- (a) not later than January 15, 2024 or as soon as practicable thereafter, send the Letter to Creditors, Notice of Creditors' Meeting, the Proxy, the Convenience Class Claim

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Election, the Resolution, the Plan, and the Meeting Order (collectively, the “**Meeting Materials**”), to Affected Creditors and Employee Representative Counsel;

- (b) within four Business Days following the date of the Meeting Order, post a copy of the Meeting Materials to the Monitor’s Website, and send a copy of the Meeting Materials to the Service List;
- (c) upon request by any Affected Creditor with a Voting Claim, received not less than five Business Days prior to the Creditors’ Meeting, provide written or electronic copies of the Meeting Materials to such Affected Creditor; and
- (d) cause a notice of the Creditors’ Meeting to be published once in *The Globe and Mail* (National Edition) on or before January 15, 2024;

20. The proposed Meeting Order provides that the Creditors’ Meeting will be held at 10:00 a.m. on March 1, 2024 by electronic or virtual means;

21. The proposed Meeting Order also provides for, among other things:

- (a) the requirements for approval of the Plan, including that the Plan must receive an affirmative vote by the Required Majority at the Creditors’ Meeting;
- (b) procedures that will govern the conduct of the meeting, including that a representative of the Monitor will act as Chair of the Creditors’ Meeting and,

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subject to any further Order of this Court, will decide all matters relating to the conduct of the Creditors' Meeting;

- (c) the voting procedure at the Creditors' Meeting and the procedure and deadlines for an Affected Creditor to submit a Proxy or to notify the Monitor of its intention to attend and vote at the Creditors' Meeting in order to obtain a Personal Meeting Identifier;
- (d) the process by which the Monitor will keep a separate record of votes cast by Affected Creditors holding Disputed Claims;
- (e) the process and requirements for assigning claims;
- (f) the ability of the Nordstrom Canada Entities to make amendments to the Plan; and
- (g) that in the event the Plan is approved by the Required Majority, the Nordstrom Canada Entities will bring the Sanction Motion on March 12, 2024 (or such later date as is acceptable to the Nordstrom Canada Entities and the Monitor);

Stay Extension

22. The Applicants are seeking to extend the Stay Period (and by extension, the Co-Tenancy Stay), to and including April 5, 2024;

23. An extension of the Stay Period, including the Co-Tenancy Stay, is necessary to allow the Affected Creditors to consider and vote on the Plan and, if they approve the Plan, to permit the Nordstrom Canada Entities to bring the Sanction Motion;

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24. The Nordstrom Canada Entities have sufficient cash resources to continue their wind down through to April 5, 2024;

25. The Monitor supports the request to extend the Stay Period and the Co-Tenancy Stay;

26. The Nordstrom Canada Entities have acted, and continue to act, in good faith and with due diligence in pursuing a controlled and orderly wind down;

Other Grounds

27. The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;

28. Rules 1.04, 1.05, 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, and sections 106 and 137 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended; and

29. Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

30. The affidavit of Misti Heckel sworn December 13, 2023;

31. The Seventh Report of the Monitor, to be filed; and

32. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

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December 13, 2023

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Lawyers for the Applicants

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.
1985, C. C-36, AS AMENDED**

Court File No: CV-23-00695619-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
NORDSTROM CANADA RETAIL, INC., NORDSTROM CANADA HOLDINGS, LLC AND
NORDSTROM CANADA HOLDINGS II, LLC

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

NOTICE OF MOTION

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TAB 2

|Court File No. CV-23-00695619-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF **NORDSTROM CANADA RETAIL,
INC., NORDSTROM CANADA HOLDINGS, LLC** and
NORDSTROM CANADA HOLDINGS II, LLC

APPLICANTS

**AFFIDAVIT OF MISTI HECKEL
(Sworn December 13, 2023)**

I, Misti Heckel, of the City of Renton, in the State of Washington, MAKE OATH AND
SAY:

1. I am the President of Nordstrom Canada Retail, Inc. ("**Nordstrom Canada**"), and President and Treasurer of Nordstrom Canada Holdings, LLC ("**NCH**") and Nordstrom Canada Holdings II, LLC ("**NCHII**"), and together with Nordstrom Canada and NCH, the "**Applicants**"). Together, the Applicants and Nordstrom Canada Leasing LP ("**Canada Leasing LP**" or "**NCL**") are defined herein as the "**Nordstrom Canada Entities**".

2. In addition to my role as President of Nordstrom Canada and President and Treasurer of NCH and NCHII, I am currently the Vice President - Tax of Nordstrom, Inc. ("**Nordstrom US**"), the indirect parent of the Nordstrom Canada Entities. In my role, I have oversight of the tax function for the Nordstrom Canada Entities and am involved in the financial and tax matters related

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to the Nordstrom Canada Entities. I am familiar with the business, and have relied upon the books and records, of the Nordstrom Canada Entities. As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources of information, I have so stated, and I believe them to be true. In preparing this affidavit, I have also consulted with the senior management teams of the Applicants and Nordstrom US, as applicable, and Nordstrom US' and the Applicants' respective legal advisors. The Nordstrom Canada Entities and Nordstrom US do not waive or intend to waive any applicable privilege by any statement herein.

3. This affidavit is made in support of a motion by the Applicants for an order, among other things:

- (a) accepting the filing of the Consolidated Plan of Compromise and Arrangement in respect of the Nordstrom Canada Entities dated December 13, 2023 (the “**Plan**”);
- (b) authorizing the Nordstrom Canada Entities to establish one class of Affected Creditors for the purpose of considering and voting on the Plan (the “**Unsecured Creditors’ Class**”);
- (c) authorizing the Nordstrom Canada Entities to call, hold and conduct a meeting of the Affected Creditors (the “**Creditors’ Meeting**”) to consider and vote on a resolution to approve the Plan, and approving the procedures to be followed with respect to the calling and conduct of the Creditors’ Meeting;

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- (d) setting the date for the hearing of the Nordstrom Canada Entities' motion seeking sanction of the Plan should the Plan be approved by the required majority of Affected Creditors at the Creditors' Meeting; and
 - (e) extending the Stay Period (and by extension, the Co-Tenancy Stay) until and including April 5, 2024.
4. All references to monetary amounts in this affidavit are in Canadian dollars unless noted otherwise.
5. This affidavit is organized into the following sections:
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 - (iii) Director and Officer Claims 19
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A. Overview of the Plan

6. The Nordstrom Canada Entities, with the support of Nordstrom US as Plan Sponsor and the Monitor, have developed the Plan to present to the Affected Creditors. A copy of the Plan is attached as **Exhibit “A”**. All capitalized terms not otherwise defined herein have the meanings given to them in the Plan.

7. The Plan, should it be accepted by the Affected Creditors, approved by the Court and implemented in accordance with its terms, would represent the culmination of the controlled, orderly wind down of the Nordstrom Canada Entities with the support of Nordstrom US. The Plan provides for material recoveries for Affected Creditors with Proven Claims and efficient, near-term distributions to such Creditors. In developing the Plan, the Nordstrom Canada Entities have had extensive discussions and/or negotiations with Nordstrom US, the Monitor, and a number of other stakeholders. The Nordstrom Canada Entities have sought to achieve a fair and equitable balance in the Plan, while taking into consideration the interests of all stakeholders with an economic interest in these CCAA proceedings.

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8. The Plan contemplates that a single class of Affected Creditors will consider and vote on the Plan. The Nordstrom Canada Entities propose that the Creditors' Meeting will be held virtually at 10:00 a.m. on March 1, 2024.

9. If approved, sanctioned, and implemented, the Plan will:

- (a) complete the controlled, orderly and timely wind down of the Nordstrom Canada Entities;
- (b) provide for a compromise and settlement of all Affected Claims and effect timely distributions as provided for in the Plan in respect of Proven Claims;
- (c) effect a release and discharge of all Affected Claims and of all claims proposed to be released pursuant to the Plan; and
- (d) effect a global resolution of the CCAA proceedings.

10. The Plan is being put forward by the Nordstrom Canada Entities on a consolidated basis with the expectation that, on balance, the Affected Creditors as a whole will derive a greater benefit from the implementation of the Plan than would result from a non-consolidated plan or results that could have been achieved in a bankruptcy of the Nordstrom Canada Entities.

11. Under the Plan, on the Initial Distribution Date:

- (a) each Other Priority Claim Creditor will receive a distribution in the full amount of its Other Priority Claim;

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- (b) each Convenience Class Creditor will receive a distribution in the full amount of its Convenience Class Claim; and
- (c) each Affected Creditor with a Proven Claim will receive an initial distribution in an amount equal to its Pro Rata Share of the Cash in the Consolidated Cash Pool Account on that date, with further distributions to Affected Creditors to be made in accordance with the Plan, provided that the amount of the distribution paid to each Supporting Rack Landlord on the Initial Distribution Date will be the full amount required to be paid to such Supporting Rack Landlord pursuant to its Supporting Rack Landlord Settlement Agreement (defined below) with no further distributions to be made to the Supporting Rack Landlords under the Plan.

12. Based on the most up-to-date information from the Nordstrom Canada Entities and the Monitor, and subject to the caveats and limitations described below, the Nordstrom Canada Entities expect that all Affected Creditors will receive distributions of approximately 71% to 75% of their Affected Claims that are Proven Claims (as defined below).

13. I have been informed by the Monitor and believe that the Monitor will serve and file a report regarding the proposed Meeting Order before the Meeting Order hearing, which will include an illustrative estimated range of recovery analysis for Affected Creditors. The recovery analysis will necessarily be preliminary as there remain certain Claims that have not yet been finalized for distribution purposes and certain components of the analysis remain as estimates. However, based on the advanced state of the CCAA proceedings, the Nordstrom Canada Entities and the Monitor believe that the range of recovery set out in the immediately preceding paragraph will not

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materially change. As set out in the proposed Meeting Order, no later than seven days before the date of the Creditors' Meeting, the Monitor will serve a report regarding the Plan on the Service List and promptly cause such report to be posted on the Monitor's Website (as defined below).

14. As described below, an essential component of the Plan is the involvement of Nordstrom US as Plan Sponsor. Nordstrom US is by far the largest single creditor of the Nordstrom Canada Entities. The Plan contemplates that Nordstrom US makes significant economic contributions to these CCAA proceedings, including by not recovering amounts in respect of certain Intercompany Claims, taking financial responsibility for the CRA NCH Assessments and making a direct and significant monetary contribution to the Plan. It will also continue to provide the necessary shared services that will enable the conclusion of the wind down as contemplated by the Plan.

15. As a result of these and other contributions, the Plan provides that the Plan Sponsor will receive a full and final release of matters relating to the Nordstrom Canada Entities, excluding with respect to the FLS Landlord Guarantee Claims. The Nordstrom Canada Entities believe that it is appropriate to include the release in favour of Nordstrom US in the Plan, as its contributions to these CCAA proceedings will result in materially higher and significantly accelerated recoveries for the Affected Creditors.

16. In accordance with the terms of the Initial Order, the FLS Landlord Guarantee Claims are excluded from the release in the Plan. Through constructive negotiation, the FLS Landlords and Nordstrom US have reached agreements, outside of the Plan, that resolve all FLS Landlord Guarantee Claims and that contractually release Nordstrom US from the FLS Landlord Guarantee Claims. These agreements also provided the framework for the resolution of the CCAA Lease

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Claims (as defined below) in the CCAA proceedings, which were by far the largest third-party claims filed in the Claims Process (as defined below).

17. In order to provide clear and concise disclosure concerning the Plan to the Affected Creditors, the Nordstrom Canada Entities propose to include a letter to Affected Creditors as part of the Meeting Materials (the “**Letter to Creditors**”). It is contemplated that the Letter to Creditors will assist the Affected Creditors in their understanding and consideration of the Plan. A copy of the Letter to Creditors is attached as **Exhibit “B”**.

B. Background

18. On March 2, 2023 (the “**Filing Date**”), the Applicants were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an Initial Order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The stay of proceedings and other benefits and authorizations of the Initial Order were extended to Canada Leasing LP.

19. In support of the Initial Order, I swore an affidavit dated March 1, 2023 (the “**Initial Heckel Affidavit**”), which described, among other things, the business and operations of the Nordstrom Canada Entities, the events leading to the Nordstrom Canada Entities’ insolvency, their urgent need for relief under the CCAA, and their intended liquidation and responsible and orderly wind down within these CCAA proceedings. A copy of the Initial Heckel Affidavit (without exhibits) is attached as **Exhibit “C”**. All previous affidavits that I have sworn in these CCAA proceedings can be found on the Monitor’s Website (as defined below).

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20. Among other things, the Initial Order:

- (a) granted an initial stay of proceedings against the Nordstrom Canada Entities, the Monitor, and their respective employees, directors, advisors, officers and representatives acting in such capacities until March 12, 2023 (the “**Stay Period**”);
- (b) granted a “**Co-Tenancy Stay**” of potential rights, including termination rights and claims for rent reduction or abatement, that may be asserted by third-party tenants and occupants in commercial properties where Nordstrom Canada stores were located that arise as a result of the making of the Initial Order for the Stay Period;
- (c) granted an initial stay of proceedings against Nordstrom US and its direct and indirect subsidiaries (other than the Nordstrom Canada Entities) until March 12, 2023, relating to claims in connection with any indebtedness, indemnity, liability or obligation of Nordstrom US in respect of obligations that are the primary liability of or related to the Nordstrom Canada Entities, including indemnities granted by Nordstrom US under any Canadian real property leases (the “**Parent Stay**”); and
- (d) approved the creation of an Employee Trust and appointed Ursel Phillips Fellows Hopkinson LLP as Employee Representative Counsel.

21. In accordance with the Initial Order, Alvarez & Marsal Canada Inc., in its capacity as monitor within these CCAA proceedings (the “**Monitor**”), established a website (<http://www.alvarezandmarsal.com/NordstromCanada>) to post information and documents

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regarding these CCAA proceedings, including Orders, motion materials, Monitor's reports, and the service list (the "**Monitor's Website**").

22. On March 10, 2023, the Court granted an Amended and Restated Initial Order, among other things: (i) extending the Stay Period (including the Co-Tenancy Stay) and the Parent Stay to March 20, 2023; (ii) increasing the quantum of the Administration Charge and the Directors' Charge; (iii) increasing the quantum of pre-filing amounts the Nordstrom Canada Entities are authorized, but not required, to pay with the consent of the Monitor; and (iv) approving a key employee retention plan (the "**KERP**") and granting a related KERP Charge (as defined in the Amended and Restated Initial Order). A copy of the Amended and Restated Initial Order can be found on the Monitor's Website.

23. On March 20, 2023, the Court granted an order (the "**Sale Approval Order**") that, among other things:

- (a) approved an amended and restated consulting agreement between Nordstrom Canada and Canada Leasing LP (together, the "**Merchant**") and a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC, Gordon Brothers Canada, ULC, Tiger Asset Solutions Canada, ULC and B. Riley Retail Canada ULC (together, the "**Consultant**") dated March 16, 2023 (the "**Consulting Agreement**");
- (b) approved sale guidelines (the "**Sale Guidelines**") for the orderly liquidation of Merchandise and FF&E (each as defined in the Sale Approval Order) at each of the

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Merchant's stores through a "store closing", "everything must go", "everything on sale" or similar themed sale (the "**Liquidation Sale**");

- (c) authorized the Merchant, with the assistance of the Consultant, to undertake the Liquidation Sale in accordance with the terms of the Sale Approval Order, the Consulting Agreement, and the Sale Guidelines; and
- (d) extended the Stay Period (including the Co-Tenancy Stay) and the Parent Stay to June 30, 2023.

24. On March 22, 2023, Canada Leasing LP entered into a Consulting Services Agreement with Jones Lang LaSalle Real Estate Services, Inc. ("**JLL**") under which JLL was retained to support the potential sale, assignment, or transfer of the Nordstrom Canada Entities' Leases, among other things.

25. On May 30, 2023, the Court granted an order (the "**Claims Procedure Order**"), which, among other things:

- (a) approved a claims process for the identification, quantification, and resolution of Claims (as defined in the Claims Procedure Order) as against the Nordstrom Canada Entities and their respective current and former directors and officers;
- (b) established the Claims Bar Date and the Restructuring Period Claims Bar Date (each as defined in the Claims Procedure Order); and

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- (c) extended the Stay Period (including the Co-Tenancy Stay) and Parent Stay to September 29, 2023.

26. On July 17, 2023, the Court granted two Approval and Vesting Orders (collectively, the **“Approval and Vesting Orders”**) which, among other things, approved the transactions contemplated by an Assignment and Assumption of Leases between Canada Leasing LP and Winners Merchants International L.P. (**“Winners LP”**) with respect to the Deerfoot Meadows and Vaughan Mills Nordstrom Rack Leases (the **“Winners Agreement”**), and an Assignment and Assumption of Lease between Canada Leasing LP and G2MC Inc. with respect to the Heartland Nordstrom Rack Lease (the **“G2MC Agreement”**).

27. On September 27, 2023, the Court granted an order (the **“September Stay Extension Order”**) which, among other things, extended the Stay Period (and by extension, the Co-Tenancy Stay) until and including December 22, 2023, approved the wind-up and termination of the Employee Trust and discharged the KERP Charge. The Nordstrom Canada Entities did not seek an extension of the Parent Stay, which expired in accordance with its terms on September 30, 2023.

28. Since the Stay Period was extended on September 27, 2023, the Nordstrom Canada Entities have made significant progress in these CCAA proceedings, including, in close consultation with the Monitor, by:

- (a) completing the Final Reconciliation (as defined and described below) of all funds realized in the Liquidation Sale;

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- (b) continuing to implement the Claims Process and working to resolve creditor Claims filed in the Claims Process;
- (c) working to effect the wind-up and termination of the Employee Trust;
- (d) reaching definitive agreements on (i) the Claims of Cadillac Fairview Corporation and its affiliates (collectively, “**Cadillac Fairview**”), the Landlord of five of the former Nordstrom full-line stores in Canada, in the CCAA estate and the claims associated with the indemnities granted by Nordstrom US to Cadillac Fairview in respect of the Cadillac Fairview Leases, and (ii) the Claims of Oxford Properties Group (“**Oxford**”), the Landlord of the former Nordstrom Yorkdale full-line store in Canada, in the CCAA estate and the claims associated with the indemnity granted by Nordstrom US to Oxford in respect of the Yorkdale Lease, in each case, to resolve such indemnity claims and to provide a framework for the resolution of the respective Claims in the CCAA estate;
- (e) reaching definitive agreements to resolve the Claims of the Nordstrom Rack Landlords whose Leases were disclaimed in the CCAA proceedings;
- (f) reaching an agreement with the Canada Revenue Agency with respect to the CRA NCH Assessments (described below); and
- (g) developing the Plan to be presented to the Affected Creditors for their consideration at the Creditors’ Meeting.

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C. Update on the CCAA Proceedings

(a) Final Reconciliation of Liquidation Sale

29. Following the granting of the Sale Approval Order on March 20, 2023, the Liquidation Sale commenced on the morning of March 21, 2023, and continued in accordance with the Sale Approval Order until May 14, 2023, for Nordstrom Rack stores, and June 12, 2023, for Nordstrom full-line stores.

30. As described in my affidavit sworn September 20, 2023 (the “**Sixth Heckel Affidavit**”), under the terms of the Consulting Agreement, as consideration for its services, the Consultant was entitled to payment of a base fee equal to 1.5% of gross receipts from the sales of Merchandise¹ during the Sale term and 15% of the gross proceeds (net only of sales taxes) from the sales of FF&E. The Consultant was also entitled to payment of an additional incentive fee (the “**Additional Incentive Compensation**”) equal to the aggregate sum of the percentages set forth below (i.e., calculated back to first dollar) for the corresponding Gross Recovery Percentage achieved, provided however, that no Additional Incentive Compensation would be earned or payable where the Gross Recovery Percentage² was less than 131%:

¹ Capitalized terms in this section not otherwise defined have the meanings given to them in my affidavit sworn March 14, 2023.

² The Gross Recovery Percentages are based on a relationship between Cost Value and Retail Price — a “Cost Factor” of 43%. For every 25 basis points increase (or decrease) in the Cost Factor, each Additional Incentive Compensation Gross Recovery Percentage threshold will decrease (or increase) by 80 basis points. For certainty, in no event will the combined Merchandise Fee and Additional Incentive Compensation equal more than 3.1% of Gross Proceeds.

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Gross Recovery Percentage	Additional Incentive Compensation
131%-133.99%	An additional 0.4% of Gross Proceeds (total fee equal to 1.9% of Gross Proceeds)
134%-136.99%	An additional 0.4% of Gross Proceeds (total fee equal to 2.3% of Gross Proceeds)
137%-139.99%	An additional 0.4% of Gross Proceeds (total fee equal to 2.7% of Gross Proceeds)
Above 140%	An additional 0.4% of Gross Proceeds (total fee equal to 3.1% of Gross Proceeds)

31. Pursuant to the Consulting Agreement, the Nordstrom Canada Entities and the Consultant, in consultation with the Monitor, were required to complete the final reconciliation and settlement of all revenues, costs and expenses with respect to the Liquidation Sale (the “**Final Reconciliation**”).

32. The Final Reconciliation is now complete. The Liquidation Sale generated total receipts of approximately \$103.7 million from the sale of the Nordstrom Canada Entities’ Merchandise, and \$7.8 million from the sale of the Nordstrom Canada Entities’ FF&E. The Nordstrom Canada Entities also earned approximately \$0.6 million, or 7.5% of the gross proceeds, from the sale of the Additional Consultant Goods. As consideration for its services, the Consultant was paid a base fee equal to 1.5% of gross receipts from Merchandise, equal to \$1.6 million, \$1.2 million from the sale of FF&E, and Additional Incentive Compensation of 1.2%, equal to \$1.2 million (as the Gross Recovery Percentage was between 137% and 139.999%), totaling \$4.0 million.

(b) Claims Process

33. As discussed above, the Court granted the Claims Procedure Order on May 30, 2023, which set the general Claims Bar Date for August 4, 2023. Prior to the launch of the Claims Process, the Nordstrom Canada Entities and the Monitor had commenced working with vendors to reconcile

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the amounts of their Pre-Filing Claims. In addition, the Nordstrom Canada Entities identified and made available representatives with the appropriate knowledge and expertise to review the Nordstrom Canada Entities' records with respect to the Claims filed in the Claims Process. The Nordstrom Canada Entities and their counsel continue to meet with the Monitor weekly to discuss the status of the Claims Process and the efforts made to resolve creditor Claims in an efficient and streamlined manner.

34. As set out in the Claims Procedure Order, the Nordstrom Canada Entities, in consultation with the Monitor, have reviewed all Proofs of Claim and Notices of Dispute of Negative Notice Claim received in the Claims Process, and have communicated revisions, admittances or Notices of Revision or Disallowance to the vast majority of Claimants.

(i) Filed Claims

35. The Claims Procedure Order established a Claims Bar Date of August 4, 2023, for Pre-Filing Claims and Pre-Filing D&O Claims, and the later of: (i) 30 days after the date on which the Monitor sends a Negative Notice Claims Package or General Claims Package, as appropriate, with respect to a Restructuring Period Claim or Restructuring Period D&O Claim and (ii) August 4, 2023, for Restructuring Period Claims and Restructuring Period D&O Claims. A summary of the Proofs of Claim filed in the Claims Process prior to the Claims Bar Date and the Negative Notice Claims delivered by the Monitor to Claimants is provided below:

Claim Type	Number of Claims	Value of Claims
Landlord	12	\$647,599,929
Vendor	498	\$36,991,041

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Concession Vendor	14	\$3,565,453
Government	2	\$116,677
Litigation	2	\$430,422
Employee	110	\$1,761,157
Other	13	\$5,418
Total Pre-Filing Claims	651	\$690,470,097

36. In addition, as of December 11, 2023, 69 Claims, totaling \$2,805,099, were filed after the Claims Bar Date, none of which included any D&O Claims (the “**Late Filed Claims**”). The Nordstrom Canada Entities and the Monitor have reconciled the majority of the Late Filed Claims and are in the process of reconciling the others. The Nordstrom Canada Entities and the Monitor have considered the status of the Late Filed Claims in the context of the CCAA proceedings, including the fact that Affected Creditors are being asked to consider the Plan at this time and Affected Creditor distributions have yet to be made. The Monitor, in consultation with the Nordstrom Canada Entities, has determined it will be using its discretion pursuant to paragraph 8 of the Claims Procedure Order to admit solely these Late Filed Claims received as of December 11, 2023 into the Claims Process, subject to validation and reconciliation of such Late Filed Claims. However, the Nordstrom Canada Entities do not intend to summarily admit any further Late Filed Claims. I understand that any Proofs of Claim received after December 11, 2023, and the circumstances surrounding such further Late Filed Claims, will be analyzed by the Monitor and the Nordstrom Canada Entities on an individual basis to determine if they should be admitted into the Claims Process, taking into account the advanced stage of the CCAA proceedings.

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37. As of December 11, 2023, 597 Claims totaling \$684.6 million have been resolved. 123 Claims in the amount of \$8.7 million remain unresolved. The Nordstrom Canada Entities, with the assistance of the Monitor, are working to resolve these remaining Claims.

38. Four concession vendors have filed Claims in the Claims Process which would take priority over unsecured creditors. The Nordstrom Canada Entities, with the assistance of the Monitor, have resolved certain of these Claims, and certain of them are subject to ongoing discussions with claimants. The Plan provides that accepted priority claims of this type, which are included in the definition of “**Other Priority Claims**”, will be paid in full on the Initial Distribution Date from the Consolidated Cash Pool.

39. One of the Claims filed by a government entity is a “marker claim” filed by the Canada Revenue Agency (“**CRA**”) for any obligations owing by the Nordstrom Canada Entities to His Majesty the King in right of Canada, as represented by the Minister of National Revenue (the “**Minister**”), including any obligations related to the CRA NCH Assessments described below. It is not expected that the CRA “marker claim” will have a material effect on the projected unsecured creditor recoveries set out herein, assuming the implementation of the CRA Agreement described below.

(ii) **Employee Claims**

40. The Monitor delivered Negative Notice Claims to 95 employees totaling approximately \$1.3 million. A total of 15 employee and workplace-related claims (such claims, collectively the “**Employee Claims**”), totaling \$464,275 were filed by the Claims Bar Date. Of those Employee Claims, nine were Pre-Filing Claims totaling \$164,074, five were Restructuring Period Claims

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totaling \$224,437, and one was a Pre-Filing and Restructuring Period Claim totaling \$75,763. The Nordstrom Canada Entities and the Monitor have reviewed the Proofs of Claim for all such Employee Claims.

41. The Nordstrom Canada Entities, through their counsel, have provided the Monitor with applicable documentation and information regarding the Employee Claims. Counsel for the Nordstrom Canada Entities have met with the Monitor and Employee Representative Counsel to review and discuss the Employee Claims filed by Employee Representative Counsel. Agreements in principle have been reached regarding eight Employee Claims, subject to execution of mutually agreeable documentation. The Nordstrom Canada Entities, in consultation with the Monitor, continue to assess the remaining Employee Claims and to engage with Employee Representative Counsel to discuss the status of the remaining Employee Claims and to canvass proposals for resolution in an effort to address the Employee Claims in an efficient and streamlined manner.

42. The Nordstrom Canada Entities, in consultation with the Monitor, will continue to engage with Employee Representative Counsel to establish a process and procedure for the determination of any Employee Claims that are not able to be resolved in a mutually agreeable manner.

(iii) Director and Officer Claims

43. Two Pre-Filing D&O Claims totaling \$311,000 were filed by the Claims Bar Date. Both of these D&O Claims have been disallowed in full and the time for the Claimant to object to the disallowance has passed. As a result, all potential D&O Claims have been barred and extinguished pursuant to the Claims Procedure Order.

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(iv) **Intercompany Claims**

44. The Claims Procedure Order required the Monitor to review all Claims that may be asserted against any Nordstrom Canada Entity by or on behalf of any other Nordstrom Canada Entity or Nordstrom US or any of its affiliated companies, partnerships, or other corporate entities other than the Nordstrom Canada Entities (collectively, the “**Intercompany Claims**”), and prepare a report detailing its review of all Intercompany Claims, assessing the amount and characterization of such Claims (the “**Monitor’s Intercompany Claims Report**”).

45. The Monitor’s Intercompany Claims Report was served on August 3, 2023. The Claims Procedure Order provides that each Intercompany Claim identified in the Monitor’s Intercompany Claims Report is deemed to have been properly submitted through a Proof of Claim by the relevant entity as if such Claim was a Pre-Filing Claim or Restructuring Period Claim, as applicable.

46. Paragraph 45 of the Claims Procedure Order provides that “[a]n Intercompany Claim identified in the Monitor’s Intercompany Claims Report shall not be accepted or deemed to be accepted by the Nordstrom Canada Entities or the Monitor unless and until such Intercompany Claim has been approved by this Court upon a motion on notice to the Service List”. It is proposed that the Intercompany Claims will be approved as part of the Sanction and Vesting Order. Treatment of Intercompany Claims pursuant to the Plan is discussed in further detail below.

47. A summary of the Intercompany Claims as of August 3, 2023, which was included in the Monitor’s Intercompany Claims Report, is reproduced below:

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No.	Claim	Claim Type	Claim By	Claim Against	Claim Amount
AFFILIATE CLAIMS					
1.	NIL Canada Expansion Loan Claim	Pre-Filing Claim	NIL	NCH	\$309,832,891
2.	NINC-NCRI Services Claim	Pre-Filing Claim	Nordstrom US	NCRI	\$17,661,179
3.	NCRI Transfer Pricing Claim	Claim Receivable	NCRI	Nordstrom US	\$87,400,488
4.	NINC Employee Trust Subrogated Claim	Subrogated Pre-Filing Claim	Nordstrom US	NCRI	\$13,633,426
5.	NINC-NCL Services Claim	Pre-Filing Claim	Nordstrom US	NCL	\$495,582
6.	NINC-NCH Services Claim	Pre-Filing Claim	Nordstrom US	NCH	\$55,031
7.	NINC-NCHII Services Claim	Pre-Filing Claim	Nordstrom US	NCHII	\$56,829
INTRACOMPANY CLAIMS					
8.	NCL Pre-Filing Sublease Rent Claim	Pre-Filing Claim	NCL	NCRI	\$64,879,810
9.	NCL Post-Filing Sublease Rent Claim	Post-Filing Claim	NCL	NCRI	\$26,227,411
10.	NCL Sublease Termination Claim	Restructuring Period Claim	NCL	NCRI	
	A. NCL Master Lease Flow-Through Claim	Restructuring Period Claim	NCL	NCRI	\$TBD
	B. NCL Improvement Rent Claim	Restructuring Period Claim	NCL	NCRI	\$368,027,201
11.	NCRI-NCL Services Claim	Pre-Filing Claim	NCRI	NCL	\$55,046

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(c) Landlords

48. The Nordstrom Canada Entities, with the approval of the Monitor, issued notices of disclaimer to the Landlords of the South Edmonton Common and Willowbrook Langley Nordstrom Rack stores on May 3, 2023, and the One Bloor Street East Nordstrom Rack location on May 5, 2023, with each such disclaimer being effective 30 days after it was issued.

49. On June 22, 2023, the Nordstrom Canada Entities, with the approval of the Monitor, issued notices of disclaimer to the Landlords of all six of Nordstrom Canada's full-line store Leases to disclaim all of the full-line Leases, related amendment, assignment and extension agreements and subleases of premises subject to the full-line Leases. Such disclaimers became effective on July 22, 2023.

50. A description of the Nordstrom Canada Entities' activities with respect to transitioning the stores back to the Landlords in "broom swept" and clean condition can be found in the Sixth Heckel Affidavit. Additionally, as discussed in the Sixth Heckel Affidavit, the Nordstrom Canada Entities worked extensively with Landlords and municipalities to facilitate the removal of exterior signage from all Nordstrom full-line and Nordstrom Rack stores. The Nordstrom Canada Entities have now completed the removal or covering, as applicable, of all exterior signage from all Nordstrom full-line and Rack stores in Canada. The removal of exterior signage went smoothly, and there are no known remaining issues related to exterior signage.

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(i) **Lease Monetization and Transaction Process**

51. As discussed in my affidavit sworn May 19, 2023 (the “**Fourth Heckel Affidavit**”), beginning in late March 2023, the Nordstrom Canada Entities, with the assistance of their real estate advisor JLL, and under the supervision of the Monitor, implemented a lease transaction process for the Nordstrom Canada Entities’ Leases (the “**Lease Monetization Process**”). While a comprehensive overview of the Lease Monetization Process is provided in the Fourth Heckel Affidavit, by way of summary:

- (a) 213 parties were contacted by, or reached out directly to, JLL to discuss the process for bidding on one or more of the Leases. Twenty-eight parties executed non-disclosure agreements with Canada Leasing LP and were granted access to a data room containing confidential information to assist potential bidders with their due diligence;
- (b) on April 19, 2023, JLL requested that each interested party submit an expression of interest by no later than 5:00 p.m. (Eastern Time) on April 28, 2023, confirming which Nordstrom Rack Leases it was interested in, the consideration it was willing to provide for same, and any conditions for the closing of a transaction concerning any such Lease (each a “**Nordstrom Rack EOI**”);
- (c) the Nordstrom Canada Entities received Nordstrom Rack EOIs from third-party retailers for the assignment and assumption of four of the seven Nordstrom Rack Leases;

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- (d) upon receipt of the Nordstrom Rack EOIs, the Nordstrom Canada Entities and JLL, in consultation with the Monitor, undertook negotiations with bidders who submitted the most attractive, non-conflicting bids for each Nordstrom Rack Lease, including providing draft assignment agreements to certain of the potential assignees;
- (e) on May 24, 2023, JLL sent potentially interested parties an email requesting that each party confirm which Nordstrom Canada full-line store Leases it was interested in, the consideration it was willing to provide for same, and any conditions to closing of a transaction concerning any such Lease (each a “**Nordstrom Full-Line Store EOI**”) by no later than 5:00 p.m. (Eastern Time) on June 8, 2023 (the “**Full-Line Store EOI Deadline**”); and
- (f) as of the Full-Line Store EOI Deadline, the Nordstrom Canada Entities had received Nordstrom Full-Line Store EOIs from third parties for potential transactions involving each of the Nordstrom Canada full-line store Leases. The Nordstrom Canada Entities discussed the Nordstrom Full-Line Store EOIs with JLL, the Monitor and the applicable Landlords. No executable transactions acceptable to the applicable Landlords for the assignment of Nordstrom Canada full-line store Leases emerged as a result of these discussions and the lease transaction process.

52. As discussed in my affidavit sworn July 11, 2023 (the “**Fifth Heckel Affidavit**”), the Nordstrom Canada Entities, with the assistance of JLL and the Monitor, continued to negotiate

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lease transactions for the four Nordstrom Rack Leases that were not disclaimed. Those negotiations culminated in the execution of the Winners Agreement and the G2MC Agreement.

53. The Winners Agreement included transactions for the Leases of the Vaughan Mills, Deerfoot Meadows, and Ottawa Train Yards Nordstrom Rack locations. The Ottawa Train Yards Landlord exercised its right to terminate the Lease, and on September 1, 2023, the Ottawa Train Yards Lease was terminated and keys to the Ottawa Train Yards Nordstrom Rack store were returned to the Ottawa Train Yards Landlord.

54. The closing date for the transactions for the Vaughan Mills and Deerfoot Meadows Nordstrom Rack Leases is February 1, 2024. The transactions are currently expected to close on February 1, 2024, as contemplated.

55. As discussed in the Sixth Heckel Affidavit, the transaction under the G2MC Agreement for the Heartland Nordstrom Rack Lease has closed.

(ii) Settlement Agreements with Landlords of Nordstrom Full-Line Stores

56. The Initial Order provides that any Landlord claim pursuant to an indemnity, guarantee or surety executed by Nordstrom US shall be unaffected and shall not be released or affected in any way in any plan of compromise or arrangement filed by the Nordstrom Canada Entities in these CCAA proceedings. As set out in the Initial Heckel Affidavit, the six former Nordstrom full-line store Leases are subject to indemnities granted by Nordstrom US in favour of the applicable Landlord (each an “**Indemnity**”). In addition, the Landlords of the Nordstrom full-line stores, Cadillac Fairview and Oxford (collectively, the “**FLS Landlords**”), each filed Restructuring

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Period Claims in the Claims Process (any Proof of Claim filed by a Landlord, a “**CCAA Lease Claim**”).

57. As described in the Sixth Heckel Affidavit, the Nordstrom Canada Entities and Nordstrom US entered into discussions with each of the FLS Landlords, separately, to reach agreements to resolve the respective Landlord’s Indemnity claim (each a “**FLS Landlord Guarantee Claim**”) and to provide a framework for the resolution of their respective CCAA Lease Claims.

58. Between late September and mid-October, the Nordstrom Canada Entities and Nordstrom US, among others, entered into separate settlement agreements and termination and release agreements (collectively, the “**FLS Landlord Settlement Agreements**”) with each of the FLS Landlords for a resolution of the FLS Landlord Guarantee Claims, and to resolve all the issues between the FLS Landlords, the Nordstrom Canada Entities and Nordstrom US, respectively, in these CCAA proceedings, including the CCAA Lease Claims and the support to be provided to the Nordstrom Canada Entities by the FLS Landlords.

59. The key terms of the FLS Landlord Settlement Agreements include the following:

- (a) payment by Nordstrom US, directly or indirectly, to the FLS Landlords of, in the aggregate, cash in the amount of \$174,700,000, exclusive of HST;
- (b) once all required payments are made under the FLS Landlord Settlement Agreements, the FLS Landlord Guarantee Claims shall be fully and finally resolved and comprehensive releases will come into effect;

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- (c) the CCAA Lease Claims of the FLS Landlords shall be accepted and proven in the Claims Process at an aggregate amount agreed by Nordstrom US and the Nordstrom Canada Entities, with the consent of the Monitor;
- (d) in recognition of the payments made by Nordstrom US under the FLS Landlord Settlement Agreements, an amount equal to any payment or distribution ultimately received by an FLS Landlord from the Nordstrom Canada Entities, or any other Person, in respect of their CCAA Lease Claims, net of any HST/GST³ thereon or included therein, shall be paid forthwith (and in any event no more than one Business Day following receipt thereof), by such FLS Landlord to Nordstrom US;
- (e) The FLS Landlords agree that they shall:
 - (i) either consent to or not oppose the motion by the Nordstrom Canada Entities for a meeting order in these CCAA proceedings;
 - (ii) vote all of their respective CCAA Lease Claims (a) in favour of the approval, consent, ratification and adoption of the Plan to the extent permitted by applicable Law; (b) against any action that would result in any breach of any representation, warranty, covenant, or agreement or other obligation of the FLS Landlords under their respective FLS Landlord Settlement Agreement; and (c) against any transaction or plan which is contrary to the respective FLS Landlord Settlement Agreement or the Plan;
 - (iii) either consent or not oppose the motion by the Nordstrom Canada Entities for a sanction order in respect of the Plan;
 - (iv) not take any action that is inconsistent with or is intended or likely to interfere with or frustrate the consideration, acceptance, implementation or

³ “**HST/GST**” means the goods and services tax and harmonized sales tax imposed under the *Excise Tax Act* (Canada), R.S.C. 1985, c. E-15, as amended, and any regulations thereunder, and any equivalent or corresponding tax imposed under any applicable provincial or territorial legislation imposing a similar value added or multi-staged tax.

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consummation of the respective FLS Landlord Settlement Agreement or the Plan;

- (v) not, on or after the date of their respective FLS Landlord Settlement Agreement, withdraw, modify, or qualify, or propose to withdraw, modify, or qualify, in any manner adverse to the Nordstrom Canada Entities, their approval, recommendation or support for the Plan; and
 - (vi) not sell, assign, transfer, pledge, encumber or hypothecate any of the CCAA Lease Claims.
- (f) Cadillac Fairview's FLS Landlord Settlement Agreement also provides that the CCAA Tax Claims⁴ shall be disallowed by the Nordstrom Canada Entities in the Claims Process and Cadillac Fairview shall not object to any such disallowance; and
- (g) Oxford's FLS Landlord Settlement Agreement also provides that:
- (i) the Nordstrom Canada Entities and Yorkdale Shopping Centre Holdings Inc. ("**YSCHI**") shall work cooperatively in respect of all matters relating to the proceedings commenced as a result of the realty tax appeals filed by Canada Leasing LP before the Assessment Review Board for tax years 2020, 2021, 2022, and 2023 (the "**Realty Tax Appeals**"); and
 - (ii) the Nordstrom Canada Entities shall, with the support of the Monitor, seek approval of the Court to assign, set over and transfer to YSCHI, any and all of Canada Leasing LP's right, title and interest in and to any amounts recovered by Canada Leasing LP pursuant to the Realty Tax Appeals. Subsequent to entering into the FLS Landlord Settlement Agreement with YSCHI, the Realty Tax Appeals for years 2020 and 2023 were discontinued, leaving only the appeals for 2021 and 2022 to be transferred to the Landlord pursuant to the Plan.

60. After significant discussions and negotiations among Nordstrom US, the Nordstrom Canada Entities and the Monitor, the CCAA Lease Claims of the FLS Landlords were

⁴ "**CCAA Tax Claims**" means the claim filed by Cadillac Fairview for certain priority amounts for Taxes (As defined in the respective Leases).

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subsequently accepted and proven in the Claims Process at an amount equal to four and a half years' rent under the Lease for an aggregate amount of Proven Claims of \$121.6 million. Based on current modelling, between approximately \$86.8 million and \$91.2 million is forecast to be paid on account of the CCAA Lease Claims of the FLS Landlords, which amount is to be paid by the FLS Landlords to Nordstrom US as set out in paragraph 59(d) hereof.

(iii) Settlement Agreements with Landlords of Nordstrom Rack Stores

61. As part of the Claims Process, the Nordstrom Canada Entities, with the assistance of the Monitor, entered into discussions with the Nordstrom Rack Landlords who had their Leases disclaimed as part of the CCAA proceedings, being the Landlords of the One Bloor Street East, Willowbrook Langley, and South Edmonton Common Nordstrom Rack locations (each a **"Supporting Rack Landlord"**), regarding a resolution of their CCAA Lease Claims.

62. As a result of these discussions, the Nordstrom Canada Entities have entered or will be entering into separate Settlement Agreements with the Supporting Rack Landlords in respect of, among other things, such Landlords' Proven Claims pursuant to the Claims Procedure Order and the Plan (each a **"Supporting Rack Landlord Settlement Agreement"**).⁵

63. Key terms of each of the Supporting Rack Landlord Settlement Agreements include the following:

⁵ Although all substantive and economic terms have been agreed upon, one of the Supporting Rack Landlord Settlement Agreements has not yet been formally executed as the parties are finalizing certain technical aspects of the agreement.

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- (a) the Nordstrom Canada Entities and the Supporting Rack Landlord agree that its respective CCAA Lease Claim shall be accepted and proven in the Claims Process, with the consent of the Monitor, at an amount (the “**Accepted Claim Amount**”) that shall result in the Nordstrom Canada Entities paying a cash distribution of one year of rent under the respective Lease to the Supporting Rack Landlord under the Plan (the “**Rack Landlord Settlement Payment**”). Based on current modelling, the Nordstrom Canada Entities and the Monitor project that this will result in a Proven Claim for each Supporting Rack Landlord equal to approximately 17 months’ rent under the respective Lease;
- (b) the Nordstrom Canada Entities agree to pursue the completion of the settlement contemplated by way of the Plan. The Nordstrom Canada Entities shall file the Plan with the Court consistent with the terms of the Supporting Rack Landlord Settlement Agreements, recommend to any Person entitled to vote on the Plan that they vote to approve the Plan and take all reasonable actions necessary to obtain approval of the Plan;
- (c) the Supporting Rack Landlord agrees that it shall:
 - (i) consent to the motion by the Nordstrom Canada Entities for a meeting order in the CCAA proceedings;
 - (ii) vote all of its CCAA Lease Claims (a) in favour of the approval, consent, ratification and adoption of the Plan (b) against any action that would result in any breach of any representation, warranty, covenant, or agreement or other obligation of the Supporting Rack Landlord under the Supporting Rack Landlord Settlement Agreement or Plan; and (c) against any transaction or plan which is contrary to the Supporting Rack Landlord Settlement Agreement or Plan;

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- (iii) consent to the motion by the Nordstrom Canada Entities for a sanction order in respect of the Plan in the CCAA Proceedings;
- (iv) not take any action, directly or indirectly, that is inconsistent with or is intended or likely to interfere with or frustrate the consideration, acceptance, implementation or consummation of the Supporting Rack Landlord Settlement Agreement or the Plan;
- (v) not, on or after the date of the Supporting Rack Landlord Settlement Agreement, withdraw, modify, or qualify, or propose to withdraw, modify, or qualify, in any manner adverse to the Nordstrom Canada Entities, its approval, recommendation or support for the Plan; and
- (vi) not sell, assign, transfer, pledge, encumber or hypothecate any of the CCAA Lease Claims.

64. In addition to the key terms described above, the Supporting Rack Landlord Settlement Agreement entered into with First Capital Holdings (Ontario) Corporation and First Capital Realty Inc. (together with First Capital Holdings (Ontario) Corporation, “**First Capital**”)⁶, the Landlord of the former One Bloor Street East Nordstrom Rack store, contains a provision wherein First Capital acknowledges and confirms to Nordstrom US and the Nordstrom Canada Entities that, upon receipt of the Settlement Payment, First Capital consents to a release of the Indemnity Agreement in respect of the Lease dated December 15, 2015 (the “**Indemnity Release**”) such that Nordstrom US and its affiliates (other than the Nordstrom Canada Entities):

- (a) shall have no liability or obligation to any Person with respect to the Settlement Payment or any other agreement made by the Nordstrom Canada Entities; and

⁶ Unlike the indemnities relating to the FLS Leases, Nordstrom US and the Nordstrom Canada Entities have consistently taken the position that the Nordstrom US indemnity relating to the One Bloor Street East Nordstrom Rack store expired in accordance with its terms, prior to the commencement of these CCAA proceedings.

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- (b) upon the effectiveness of the Indemnity Release, shall have no liability or obligation to any Person in respect of the Lease or the Indemnity.

65. The Nordstrom Canada Entities believe the settlement of the Nordstrom full-line store Landlords' CCAA Lease Claims, with the consent of the Monitor, at four and a half years of annual rent is fair and reasonable under the circumstances. As set out above, the terms of the Supporting Rack Landlord Settlements contemplate settlement of the CCAA Lease Claims at an amount equal to approximately 17 months of rent under the respective Lease. Each of the former Nordstrom full-line stores were significantly larger than the Nordstrom Rack locations, were generally in more valuable shopping centres in primary real estate markets and each of the Nordstrom full-line stores was an anchor tenant of its respective shopping centre. Securing a replacement anchor tenant, modifying the premises to instead house multiple tenants, or accommodating other uses will likely present a greater challenge for the former Nordstrom full-line store Landlords and will likely result in a significantly longer period of reconfiguration than will be experienced by the Supporting Rack Landlords.

(d) Wind-Up and Termination of the Employee Trust

66. The Initial Order approved the creation of the Employee Trust for the benefit of employees of Nordstrom Canada that was funded outside the estate by Nordstrom US. The agreement establishing the Employee Trust (the "**Trust Agreement**") provided that the Monitor was the administrator (the "**Administrator**"), Gale Rubenstein, in her personal capacity, was the trustee (the "**Trustee**"), and Nordstrom US was the settlor of the Employee Trust ("**Settlor**").

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67. Nordstrom US, as Settlor, made an initial contribution to the Employee Trust of \$14 million on March 13, 2023, and an additional final contribution of \$1.2 million on September 13, 2023.

68. The September Stay Extension Order approved the wind-up and termination of the Employee Trust following the completion of remaining activities, including tax filings and related payments (if any), and the release of the Administrator, Trustee, and Settlor from their respective obligations under the Trust Agreement and from any claims relating to their activities as Administrator, Trustee and Settlor, respectively. For the wind-up and termination to come into effect, the September Stay Extension Order required delivery by the Monitor of a certificate stating that the Monitor has received written confirmations from the Trustee, the Administrator, the Settlor, Nordstrom Canada and Employee Representative Counsel, as applicable, that no further actions are required to be done pursuant to the terms of the Employee Trust, including that (i) all required payments under the Employee Trust have been made; and (ii) such persons confirm their consent to the termination and wind-up of the Employee Trust (the “**Employee Trust Certificate**”).

69. Following the granting of the September Stay Extension Order, as part of the final reconciliation required under section 2.1(d) of the Trust Agreement, Nordstrom Canada and the Monitor:

- (a) reconciled the statutory termination and severance payments from the Nordstrom payroll system to the Employee Trust payment tracker maintained by the Monitor;
- (b) reconciled Employee Trust Top-Up payments from the Nordstrom payroll system to the Employee Trust payment tracker; and

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- (c) reconciled total payroll (including Employee Trust reimbursable payments) to payments processed through the Nordstrom Canada bank account.

70. On October 23, 2023, a final reimbursement in the amount of \$6,463.86 was wired to Nordstrom Canada as reimbursement for items identified in the final reconciliation. The Employee Trust has therefore reimbursed Nordstrom Canada a total of \$14,599,347. The remainder of the \$15.2 million funded by Nordstrom US has been used to pay for the costs and expenses of the Employee Trust, with approximately \$400,000 projected to be returned to Nordstrom US.

71. Since the September Stay Extension Order was granted, the final two employees of Nordstrom Canada have met the Deemed Release Terms as defined in the Trust Agreement.

72. The Monitor has not yet delivered the Employee Trust Certificate. The Monitor and the Trustee, with the assistance of the tax preparer, are working to complete the final tax return for the Employee Trust. The Nordstrom Canada Entities will provide an update to the Court on the timing of the termination of the Employee Trust at the upcoming hearing.

(e) **Letter Agreement with the CRA**

73. The Nordstrom Canada Entities, with the assistance of the Monitor, have been engaged with the CRA regarding certain Notices of Assessment issued by the CRA against NCH under Part XIII of the *Income Tax Act* dated June 27, 2023 (the “**CRA NCH Assessments**”). NCH filed Notices of Objection with respect to the CRA NCH Assessments on September 22, 2023 in a timely manner as it disagrees with such assessments (the “**NCH Objections**”).

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74. The CRA NCH Assessments reflect the Minister's position that NCH is liable to pay non-resident withholding tax pursuant to Part XIII of the *Income Tax Act* on behalf of NIL pursuant to subsection 215(6) in respect of interest paid by NCH to NIL in 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021 (the "**Relevant Years**") with respect to the Canada Expansion Loan. The CRA NCH Assessments also assess penalties and arrears interest and are estimated to be in the total amount of approximately \$36 million as at June 27, 2023.

75. In order to resolve the CRA NCH Assessments as against the Nordstrom Canada Entities for the benefit of their third-party creditors and the CCAA proceedings as a whole, NIL, NCH and the Minister have entered into an agreement (the "**CRA Agreement**") whereby the Minister will vacate the CRA NCH Assessments as against NCH, and instead assess and accept security from NIL. NIL does not agree with and retains its entitlement to dispute the merits of the Minister's position. The key terms of the agreement include:

- (a) As soon as reasonably possible, but in no event later than January 5, 2024, NIL will deliver to the Minister an original irrevocable standby letter of credit in the amount of \$39,298,779 (the "**Interim ISLC**"), which will secure the NIL Assessments described below.
- (b) The Minister will make reasonable efforts to:
 - (i) issue Notices of Assessment to NIL by January 22, 2024 assessing non-resident withholding tax under Part XIII of the *Income Tax Act*, arrears interest, and applicable penalties on substantially the same basis as the CRA NCH Assessments (the "**NIL Assessments**"); and

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- (ii) advise NCH and NIL by January 29, 2024 of the letter of credit amount that the Minister requires NIL to post as security for payment of the NIL Assessments (the “**LC Amount**”).
- (c) The Minister will take all necessary steps to vacate the CRA NCH Assessments and make reasonable best efforts by no later than 15 business days after receipt of the Interim ISLC to withdraw and vacate the CRA NCH Assessments or issue nil reassessments, such that there will be no further claims or new assessments against NCH in respect of the potential claims reflected in the CRA NCH Assessments.
- (d) If the LC Amount is greater or less than \$39,298,779, then NIL will deliver to the Minister an amended or replacement letter of credit in the LC Amount (the “**ISLC**”), which the Minister will accept, in substitution for the Interim ISLC.
- (e) The Minister agrees not to draw-down on the Interim ISLC or the ISLC except in certain specified circumstances.
- (f) Nothing in the CRA Agreement limits NIL’s right to challenge the NIL Assessments on their merits (including by way of objection or appeal) or to seek relief from the competent authorities of Canada and/or the United States under the *Canada-United States Tax Convention*.
- (g) Provided that the Minister receives the Interim ISLC or ISLC, the Minister agrees that no distributions in the CCAA proceedings will be made to the Receiver General for Canada in respect of the CRA NCH Assessments nor will the Minister have any further recourse against NCH on account of the CRA NCH Assessments.

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76. As discussed further below, a condition precedent to the implementation of the Plan is that the Minister shall have withdrawn and vacated the CRA NCH Assessments as contemplated by the CRA Agreement.

D. Development of the Plan

77. As described above, the Court granted the Sale Approval Order that, among other things, authorized the Merchant, with the assistance of the Consultant, to undertake the Liquidation Sale in accordance with the terms of the Sale Approval Order, the Consulting Agreement, and the Sale Guidelines. The Court also granted two Approval and Vesting Orders, which among other things, approved the transactions completed by the Winners Agreement and the G2MC Agreement.

78. The Nordstrom Canada Entities have completed the Liquidation Sale for the six Nordstrom full-line stores and seven Nordstrom Rack stores and closed the transaction under the G2MC Agreement. Through these two processes – the Liquidation Sale and the Lease transaction process – the Nordstrom Canada Entities sought to maximize the value of their assets for distribution to their stakeholders.

79. The Liquidation Sale resulted in net proceeds of approximately \$107.7 million (after payment of Consultant fees and the reimbursement of third-party costs associated with the removal of FF&E and decommissioning/repair work to ready the stores for handover) and the transactions in the Lease Monetization Process resulted in a significant reduction of Landlord claims in the estate that would otherwise arise from the disclaimer of those Leases, as described in the Fifth Heckel Affidavit, and additional proceeds from the assigned Leases.

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80. The Nordstrom Canada Entities have moved from the realization phase of these CCAA proceedings to implementing the Claims Process and developing a Plan that would distribute the proceeds in a fair, equitable and timely manner and complete the orderly wind down of the Nordstrom Canada Entities' business.

81. Since the Stay Period was last extended on September 27, 2023, the Nordstrom Canada Entities and their counsel have analyzed various economic and legal structures for a potential plan and discussed the development of a plan with Nordstrom US, its advisors, and the Monitor.

82. The Plan establishes voting and distribution mechanisms in respect of Creditors' Claims filed in the Claims Process that have been accepted by the Nordstrom Canada Entities, in consultation with the Monitor, and finally determined under the Claims Procedure Order ("**Proven Claims**").

83. To develop a plan that would maximize recoveries for third-party creditors, the Nordstrom Canada Entities and Nordstrom US have agreed that Nordstrom US as Plan Sponsor will make certain financial and other contributions to the Plan.

84. As described above, the Nordstrom Canada Entities, with the assistance of the Monitor, have also had extensive discussions and negotiations with counsel representing the Landlords of Nordstrom Canada's former retail Leases. Ultimately, these parties, who collectively, by far, filed the largest third-party Claims in the Claims Process, have agreed to resolve their Claims in accordance with the proposed Plan, including settling the value of their CCAA Lease Claims in the CCAA estate pursuant to the FLS Landlord Settlement Agreements and the Supporting Rack Landlord Settlement Agreements.

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85. Counsel for the Nordstrom Canada Entities and the Monitor also met with Employee Representative Counsel to discuss the development of the Plan and address their questions regarding the Plan. The Nordstrom Canada Entities understand that Employee Representative Counsel will post updates concerning the Creditors' Meeting and Plan to its dedicated website for the CCAA proceedings.

E. The Plan

86. If approved, sanctioned and implemented, the Plan will complete the controlled, orderly and timely wind down of the Nordstrom Canada Entities, provide for a compromise and settlement of all Affected Claims, effect a release and discharge of all Affected Claims and of all claims proposed to be released pursuant to the Plan and effect a global resolution of these CCAA proceedings. On the Plan Implementation Date, each Affected Claim will be fully and finally compromised, released, settled and discharged under the Plan.

(a) The Consolidated Plan

87. The Plan provides for the compromise and settlement of the Affected Claims on a consolidated basis. As described in the Initial Heckel Affidavit, despite being separate legal entities, the business activities of the Nordstrom Canada Entities were intertwined and together represented the "Nordstrom" business in Canada. Nordstrom Canada acted as the retail operating entity in Canada, including by employing all former Canadian employees. Each store location formerly operated by Nordstrom Canada was leased by a third-party landlord to Canada Leasing LP and thereafter subleased by Canada Leasing LP to Nordstrom Canada by a separate sublease in accordance with the applicable Lease.

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88. In addition, prior to the commencement of these CCAA proceedings (and during the CCAA proceedings pursuant to the Wind-Down Agreement, which is defined in the Initial Heckel Affidavit), Nordstrom US provided the Nordstrom Canada Entities with (i) administrative and business support services, including legal, finance, accounting, bill processing, payroll, human resources, merchandising, strategy, and information technology project support (collectively, the “**Shared Services**”) and (ii) the right to use intellectual property under an inter-affiliate license and services agreement between Nordstrom US and Nordstrom Canada (the “**License and Services Agreement**”). Under the License and Services Agreement, Nordstrom Canada agreed to operate the Canadian retail stores and Nordstrom.ca. Other inter-affiliate services agreements were entered into between Nordstrom US and the other Nordstrom Canada Entities, and between Nordstrom Canada and Canada Leasing LP such that the Nordstrom Canada Entities together operated the Nordstrom business in Canada, dependent on the Shared Services and rights to use the intellectual property provided by Nordstrom US. The Nordstrom Canada Entities have paid Nordstrom US for the provision of such services, net of any Shared Service fees owed by Nordstrom US to the Nordstrom Canada Entities, pursuant to the fee structure set forth in the Wind-Down Agreement.

89. As further described in the Initial Heckel Affidavit, the Nordstrom Canada Entities maintained a centralized cash management system which was administered by Nordstrom US from its head office in Seattle to collect, transfer and disburse funds generated by the operations of the Nordstrom Canada Entities. The Nordstrom Canada Entities were dependent upon Nordstrom US for Shared Services, such as treasury, banking and related services that were provided through the License and Services Agreement.

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90. The Nordstrom Canada Entities, or any of them on an individual basis, did not prepare stand-alone financial statements. As a publicly traded company, Nordstrom US files consolidated financial statements with the US Securities and Exchange Commission, which, prior to the CCAA proceedings, included the consolidated results of operations in the US and Canada.

91. As a result of the foregoing, the Nordstrom Canada Entities have developed the Plan to present to their Affected Creditors on a consolidated basis.

(b) Classification of Creditors

92. The Plan creates a single class of Affected Creditors for voting and distribution purposes – the Unsecured Creditors’ Class – that would be entitled to vote as a single class of creditors and then receive cash distributions under the Plan in respect of their Proven Claims. The procedures for valuing Voting Claims⁷ and resolving disputes and entitlements to voting are set forth in the Claims Procedure Order, the Meeting Order, the Plan and the CCAA.

93. Certain Claims are to be unaffected by the Plan (defined in the Plan as “**Unaffected Claims**”) and will not be compromised. The Unaffected Claims include any: (a) Excluded Claim; (b) Claim in respect of the Administrative Reserve Costs; (c) FLS Landlord Guarantee Claim; (d) Priority Claim; and (e) Insured Claim.

⁷ “**Voting Claim**” means the amount of the Affected Claim of an Affected Creditor as finally determined for voting purposes in accordance with the Claims Procedure Order and the Meeting Order entitling such Affected Creditor to vote at the Creditors’ Meeting in accordance with the provisions of the Meeting Order, the Plan and the CCAA, and includes, for greater certainty, a Proven Claim.

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94. Persons holding Equity Claims will not be entitled to vote at the Creditors' Meeting and are not entitled to any distributions under the Plan or to otherwise receive any compensation in respect of those Equity Claims.

95. The Plan Sponsor will also not be entitled to vote on the Plan, including in respect of any amounts paid to any FLS Landlords in respect of any FLS Landlord Guarantee Claim. The CCAA Lease Claims of the FLS Landlords will also not be voted at the Creditors' Meeting as the Plan Sponsor will receive amounts distributed in respect of such Claims from the FLS Landlords.

96. Insured Claims will not be compromised, settled, released or discharged by the Plan. Any Person with an Insured Claim is limited to recovery in respect of the applicable Insurance Policies and not from the Nordstrom Canada Entities.

(c) Key Elements of the Plan

97. On the Plan Implementation Date, consistent with the consolidated approach adopted for the Plan, the Nordstrom Canada Entities will use all their cash to establish the following applicable Cash Pools and Cash Reserves:

- (a) **Consolidated Cash Pool** – Each of the Nordstrom Canada Entities shall deliver or cause to be delivered to Nordstrom Canada all of its Cash, if any, including all proceeds of sale from the Liquidation Sale and the Lease Monetization Process, which Cash shall be held by Nordstrom Canada in the Consolidated Cash Pool Account for itself and as nominee for the other Nordstrom Canada Entities (to the extent of their contributions). In addition, NCL shall become obligated to deliver

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or cause to be delivered to Nordstrom Canada from and after the Plan Implementation Date, the Cash amount of any NCL Rack Distribution ITCs as and when received by NCL, which Cash shall be held by Nordstrom Canada in the Consolidated Cash Pool Account as nominee for NCL.

- (b) **NCL ITC⁸ Cash Pool** – NCL shall become obligated to deliver or cause to be delivered to Nordstrom Canada, from and after the Plan Implementation Date, the Cash amount of any NCL FLS Distribution ITCs as and when received by NCL, which Cash shall be held by Nordstrom Canada in the NCL ITC Cash Pool Account as nominee for NCL. The NCL ITC Cash Pool is therefore comprised of all Cash received by NCL on account of ITCs resulting from distributions made to FLS Landlords pursuant to the Plan. Only these Creditors of NCL (i.e., the FLS Landlords) are entitled to receive distributions from the NCL ITC Cash Pool because these ITCs are only created by payments made to these Creditors of NCL.

In addition to the NCL ITCs, the Plan addresses Plan Sponsor ITCs, which are generated as a result of payments by the Plan Sponsor under the FLS Landlord Settlement Agreements, described above. Plan Sponsor ITCs will be received or realized by NCL. Pursuant to the Plan, the Plan Sponsor ITCs are held in trust by

⁸ An “ITC” means an input tax credit receivable and claimed under the *Excise Tax Act* (Canada), R.S.C. 1985, c. E-15, as amended, and any regulations thereunder, or any equivalent or corresponding amount receivable and claimed under any applicable provincial or territorial legislation imposing a similar value-added or multi-staged tax, on account of HST/GST paid or payable.

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NCL for the benefit of the Plan Sponsor as and when received or otherwise realized and are not contributed to either of the Cash Pools or the Cash Reserves.

- (c) **Administrative Reserve Account** – Nordstrom Canada, on behalf of itself and each of the other Nordstrom Canada Entities, shall transfer the Cash necessary to establish the Administrative Reserve to the Administrative Reserve Account from the Consolidated Cash Pool, for the purpose of paying the “**Administrative Reserve Costs**”, which are enumerated in the Plan.
- (d) **Disputed Claims Reserve Account** – Nordstrom Canada, on behalf of itself and each of the other Nordstrom Canada Entities, shall transfer the Cash necessary to establish the Disputed Claims Reserve to the Disputed Claims Reserve Account from the Consolidated Cash Pool, pending the final resolution of any Disputed Claims in accordance with the Plan.

98. Each Affected Creditor with Proven Claims in the aggregate that are less than or equal to \$15,000 are deemed to be “Convenience Class Creditors” and to vote in favour of the Plan. Each Affected Creditor with Proven Claims in the aggregate in excess of \$15,000 can elect to be treated for all purposes as a Convenience Class Creditor.

99. The Administration Charge and the Directors’ Charge will continue and will be deemed to attach solely against the Consolidated Cash Pool, the NCL ITC Cash Pool and the Cash Reserves, in the order of priority set out in the Initial Order.

100. On the Plan Implementation Date, certain parties will be released, as follows:

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- (a) each of the Nordstrom Canada Entities and their respective Directors, Officers, current and former employees, advisors, legal counsel and agents from all Claims, including any Claims based on any occurrence taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan, subject to certain specified carve-outs;
- (b) (i) the Monitor, A&M, and their respective affiliates, and each of their current and former directors, officers, employees, representatives, advisors, legal counsel and agents, (ii) counsel to the Directors and Officers, (iii) the Trustee, and (iv) Employee Representative Counsel, from all Claims, including any Claims based on any occurrence taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan, subject to certain specified carve-outs; and
- (c) the Plan Sponsor, the Plan Sponsor Subsidiaries and their current and former directors, officers and employees and their respective advisors, legal counsel and agents from all Claims, including any Claims based on any occurrence taking place on or prior to the later of the Plan Implementation Date and the dates on which actions are taken to implement the Plan, subject to certain specified carve-outs including the FLS Landlord Guarantee Claims.

(d) Treatment of Intercompany Claims

101. As discussed above, the Claims Procedure Order provides that an Intercompany Claim identified in the Monitor's Intercompany Claims Report shall not be accepted by the Nordstrom

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Canada Entities or the Monitor unless and until such Intercompany Claim has been approved by the Court. The Plan provides that the Sanction and Vesting Order would order that the Intercompany Claims set out in Schedule “A” to the Plan are deemed to be Proven Claims for the purposes of the Claims Procedure Order and the Plan. All of the amounts set out in Schedule “A” to the Plan are for amounts equal to or less than the amount set out for such Claim in the Monitor’s Intercompany Claims Report, other than the NINC Employee Trust Subrogated Claim. A copy of Schedule “A” to the Plan is separately attached as **Exhibit “D”** for ease of reference.

102. On the Plan Implementation Date, the Plan Transaction Steps set out in section 5.2 of the Plan will occur, including with respect to the Intercompany Claims, as follows:

- (a) NINC-NCH Services Claim: “**NINC-NCH Services Claim**” means the Pre-Filing Claim by the Plan Sponsor against NCH for unpaid fees relating to the provision of shared services pursuant to the NINC-NCH Services Agreement, in the amount of \$55,031 and identified as Claim No. 6 under the Intercompany Claims Report. The Plan Sponsor shall cause the NINC-NCH Services Claim to be contributed down the corporate ownership chain to the capital of NCH, in full and final settlement and extinguishment of the NINC-NCH Services Claim.
- (b) NINC-NCHII Services Claim: “**NINC-NCHII Services Claim**” means the Pre-Filing Claim by the Plan Sponsor against NCHII for unpaid fees relating to the provision of shared services pursuant to the NINC-NCHII Services Agreement, in the amount of \$56,829 and identified as Claim No. 7 under the Intercompany Claims Report. The Plan Sponsor shall cause the NINC-NCHII Services Claim to

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be contributed down the corporate ownership chain to the capital of NCH, and NCH shall in turn contribute the NINC-NCHII Services Claim to the capital of NCHII, in full and final settlement and extinguishment of the NINC-NCHII Services Claim.

- (c) NINC-NCRI Services Claim and the NCRI Transfer Pricing Claim: “**NINC-NCRI Services Claim**” means a Pre-Filing Claim by the Plan Sponsor against Nordstrom Canada for unpaid fees relating to the provision of shared services and the licensing of intellectual property pursuant to the License and Services Agreement, in the amount of \$17,661,179 and identified as Claim No. 2 under the Intercompany Claims Report. “**NCRI Transfer Pricing Claim**” means a claim by Nordstrom Canada against the Plan Sponsor for unpaid transfer pricing payments pursuant to the “Transfer Pricing Policy” under the License and Services Agreement, in the amount of \$87,400,488 and identified as Claim No. 3 under the Intercompany Claims Report. “**Net NINC-NCRI Services Claim**” means the remaining balance of the NINC-NCRI Services Claim of \$17,461,179, having been reduced by \$200,000, being the fair market value of the Canada Customer Data, as a result of the partial settlement and satisfaction in accordance with the Plan Transaction Steps. In full and final settlement and satisfaction of the Net NINC-NCRI Services Claim and the NCRI Transfer Pricing Claim:

- (i) Nordstrom Canada and the Plan Sponsor will fully and finally settle and satisfy the Net NINC-NCRI Services Claim (a Claim owing by Nordstrom Canada to NINC) by way of set-off of such claim against the NCRI Transfer Pricing Claim (a Claim owing by NINC to Nordstrom Canada), such that the amount of the NCRI Transfer Pricing Claim will be partially settled and reduced to the Net NCRI Transfer Pricing Claim; and

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- (ii) The Plan Sponsor will pay to Nordstrom Canada the Cash amount of the Net NCRI Transfer Pricing Claim in the amount of \$69,939,309 in full and final settlement and satisfaction of this Claim.
- (d) NCL Post-Filing Sublease Rent Claim: “**NCL Post-Filing Sublease Rent Claim**” means NCL’s Post-Filing Claim as against Nordstrom Canada for unpaid Real Estate Improvement Rent, in the amount of \$26,227,411 and identified as Claim No. 9 under the Intercompany Claims Report. Nordstrom Canada will pay from its Cash to NCL the Cash amount of the NCL Post-Filing Sublease Rent Claim in the amount of \$26,227,411 in full and final settlement and satisfaction of this Claim.
- (e) NCL-NCRI Claims Settlement Agreement: “**NCL-NCRI Claims Settlement Agreement**” means the agreement between NCL and Nordstrom Canada, to be deemed effective on the Plan Implementation Date, which results in the full and final settlement and satisfaction of the NCL Pre-Filing Sublease Rent Claim (Intercompany Claim No. 8), the NCL Sublease Termination Claim (Intercompany Claim No. 10) and the NCRI-NCL Services Claim (Intercompany Claim No. 11). The NCL-NCRI Claims Settlement Agreement will be, and will be deemed to be, effective, pursuant to which NCL will direct Nordstrom Canada to contribute the NCL-NCRI Claims Settlement Amount to the Consolidated Cash Pool for the benefit of NCL.

103. The three remaining Intercompany Claims included in the Intercompany Claims Report not described above will be proven and distributed from the Consolidated Cash Pool on a *pro rata* basis pursuant to the Plan as follows:

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- (a) NIL Canada Expansion Loan Claim: “**NIL Canada Expansion Loan Claim**” means a Pre-Filing Claim by NIL against NCH, in the amount of \$309,832,891, in respect of loans advanced by NIL under the NIL Canada Expansion Loan Agreement, which is identified as Claim No. 1 under the Intercompany Claims Report. Pursuant to the Plan, the NIL Canada Expansion Loan Claim shall be a Proven Claim in an amount which will generate total distributions under the Plan on account of such Claim equal to (and in any case no greater than) the Cash on hand at NCH available for distribution to Affected Creditors on the Plan Implementation Date, being approximately \$0.9 million. As a consequence, Nordstrom US (through NIL) will not recover the vast majority of the NIL Canada Expansion Loan Claim. Current modelling forecasts the NCL Canada Expansion Loan Claim to be proven in the amount of \$1.2 million, representing more than \$300 million not being recovered by the Plan Sponsor.
- (b) NINC Employee Trust Subrogated Claim: “**NINC Employee Trust Subrogated Claim**” means a subrogated Pre-Filing Claim by the Plan Sponsor against Nordstrom Canada authorized pursuant to the Initial Order in respect of the aggregate gross amounts paid to beneficiaries directly or indirectly from the Employee Trust, which was in the amount of \$13,633,426 as at the date of the Intercompany Claims Report and now constitutes a final amount of \$14,599,347, and is identified as Claim No. 4 under the Intercompany Claims Report.
- (c) NINC-NCL Services Claim: “**NINC-NCL Services Claim**” means a Pre-Filing Claim by the Plan Sponsor against NCL for unpaid fees relating to the provision of

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shared services pursuant to the NINC-NCL Services Agreement between the Plan Sponsor and NCL, in the amount of \$495,582 and identified as Claim No. 5 under the Intercompany Claims Report.

104. Nordstrom US will not recover on other Claims which could be subrogated Claims as against the Nordstrom Canada Entities in the amount of approximately \$1 million.

105. Holders of Intercompany Claims are not entitled to vote at the Creditors' Meeting.

(e) Distributions under the Plan

106. On the Initial Distribution Date, Nordstrom Canada, on behalf of itself and each of the other Nordstrom Canada Entities, will distribute the Cash in the Consolidated Cash Pool as follows:

- (a) first, each Other Priority Claim⁹ Creditor will receive a distribution in full amount of its Other Priority Claim, in full and final settlement and satisfaction of its Other Priority Claim;
- (b) second, each Convenience Class Creditor will receive a distribution in the full amount of its Convenience Class Claim, in full and final settlement and satisfaction of its Proven Claim;

⁹ “**Other Priority Claim**” means a Claim identified and accepted by the Nordstrom Canada Entities, in consultation with the Monitor, as a proven “priority claim” pursuant to the Claims Procedure Order.

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- (c) third, each Affected Creditor (other than a Convenience Class Creditor) with a Proven Claim will receive an initial distribution in respect of such Proven Claim in an amount equal to its Pro Rata Share of the Cash in the Consolidated Cash Pool Account on the Initial Distribution Date provided that, notwithstanding the Pro Rata Share distribution to such Affected Creditors, the amount of the distribution paid to each Supporting Rack Landlord on the Initial Distribution Date will be the full amount required to be paid to such Supporting Rack Landlord pursuant to its Supporting Rack Landlord Settlement Agreement (i.e., the Rack Landlord Settlement Payments), with no further distributions to be made to the Supporting Rack Landlords under the Plan. The amount of the Rack Landlord Settlement Payments shall be based on a Proven Claim for such Supporting Rack Landlord determined by the Nordstrom Canada Entities, with the consent of the Monitor, no less than five (5) Business Days prior to the Plan Implementation Date.

107. From and after the Initial Distribution Date, as frequently as the Nordstrom Canada Entities and the Monitor may determine, Nordstrom Canada, on behalf of itself and each of the other Nordstrom Canada Entities, as applicable, will distribute to each Affected Creditor with a Disputed Claim that has become a Proven Claim an amount of Cash from the Disputed Claims Reserve Account equal to the aggregate amount of all distributions such Affected Creditor would have already received pursuant to the Plan had its Claim been accepted as a Proven Claim prior to the applicable Distribution Date. Any remaining balance in the Disputed Claims Reserve Account relating to such Affected Creditor's Disputed Claim will be deposited into the Consolidated Cash

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Pool Account for distribution to each Affected Creditor with a Proven Claim in an amount equal to such Affected Creditor's respective Pro Rata Share.

108. From and after the Initial Distribution Date, as frequently as the Nordstrom Canada Entities and the Monitor may determine, Nordstrom Canada, on behalf of NCL, will make a distribution to each FLS Landlord with a Proven Claim in an amount equal to the amount of Cash in the NCL ITC Cash Pool Account multiplied by the FLS Landlord ITC Share in respect of such FLS Landlord applicable to such distribution. Although the Plan is consolidated, as described above, the creation of and distributions from the NCL ITC Cash Pool ensure that ITCs which are created solely from distributions to the FLS Landlords are distributed to such Landlords. From and after the Plan Implementation Date, NCL will deliver or cause to be delivered to Nordstrom Canada the Cash amount of any NCL Rack Distribution ITCs as and when received by NCL, which Cash shall be held by Nordstrom Canada in the Consolidated Cash Pool Account as nominee for NCL.

109. No later than the Initial Distribution Date, Nordstrom Canada, on behalf of itself and each of the other Nordstrom Canada Entities, shall distribute Cash from the Administrative Reserve to pay certain Administrative Reserve Costs to the extent they are due and owing on such date, as set out in the Plan.

110. To the extent any Plan Sponsor ITCs are held by NCL on the Plan Implementation Date, and at such later time or times that any additional Plan Sponsor ITCs are received or realized by NCL, the full Cash amount of such Plan Sponsor ITCs will be paid to the Plan Sponsor.

111. On the Final Distribution Date, once there are no remaining Disputed Claims, Nordstrom Canada, on behalf of itself and each of the other Nordstrom Canada Entities will:

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- (a) first, pay any final Administrative Reserve Costs from the Administrative Reserve Account;
- (b) second, contribute any balance remaining in the Administrative Reserve Account and the Disputed Claims Reserve Account to the Consolidated Cash Pool Account;
- (c) third, distribute to the Affected Creditors with Proven Claims an amount equal to such Affected Creditor's respective Pro Rata Share of any Cash in the Consolidated Cash Pool Account, in full and final settlement, satisfaction and extinguishment of such Affected Creditor's Proven Claim; and
- (d) fourth, provide written notice to the Monitor that it has completed its duties to fully and finally effect all distributions, disbursements and payments in accordance with the Plan.

112. To the extent that payments are not cashed and become stale-dated or are returned as undeliverable, the Affected Creditor must notify the Monitor of the Affected Creditor's current address or wire particulars, at which time all such distributions will be made to such Creditor. All claims for undeliverable or uncashed distributions in respect of Proven Claims must be made no later than the date that is four months following the Initial Distribution Date. If notice is not given before the deadline, the Affected Creditor's Claim will be forever discharged and barred and the Cash that otherwise would have been payable to that Affected Creditor will be returned to the Consolidated Cash Pool Account.

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113. An Affected Creditor may transfer or assign the whole of its Claim for distribution purposes after the Creditors' Meeting provided that the Nordstrom Canada Entities are not obliged to make distributions to any such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment has been received and acknowledged by the Monitor in writing.

(f) Plan Sponsor Releases and Landlord Guarantee Claims

114. As described above, Nordstrom Canada's full-line store Leases were each subject to an Indemnity granted by Nordstrom US in favour of the applicable FLS Landlord. These FLS Landlord Guarantee Claims are required to be dealt with outside of the CCAA proceedings, pursuant to paragraph 15 of the Initial Order.

115. The Plan provides that the FLS Landlords, with respect to and to the extent of their FLS Landlord Guarantee Claims, shall be Unaffected Claims. Further, the Plan does not release or discharge any FLS Landlord Guarantee Claim. The FLS Landlord Guarantee Claims have been consensually resolved outside the Plan and the Plan does not purport to settle or otherwise resolve them.

116. The release of the Plan Sponsor in the Plan, excluding the FLS Landlord Guarantee Claims, is a necessary precondition to the contributions made by Nordstrom US under the Plan. The Nordstrom Canada Entities believe that Nordstrom US' involvement as Plan Sponsor is essential to achieving a successful Plan because, on balance, it will result in significantly higher and more timely recoveries to Affected Creditors as a whole from the Nordstrom Canada Entities' estates on

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a consolidated basis than they would receive from a non-consolidated plan or results that could have been achieved in bankruptcy proceedings.

117. Additionally, the Nordstrom Canada Entities believe that it is appropriate to release the Plan Sponsor in the Plan given that Nordstrom US has contributed, and continues to contribute, to the orderly wind down of the Nordstrom Canada Entities in a tangible and material way and will continue to do so after the Plan Implementation Date.

118. Nordstrom US' material contributions to these CCAA proceedings and the Plan include the following:

- (a) engaging in significant negotiations and discussions with the Nordstrom Canada Entities and the Monitor to resolve the CCAA Lease Claims associated with the FLS Landlords (the largest third-party Claims filed in the Claims Process) in a timely manner, without litigation, and at a level that resulted in a material increase to the unsecured creditor recovery;
- (b) not recovering on over \$300 million of the NIL Canada Expansion Loan Claim, which was a Pre-Filing Claim in the amount of \$309,832,891 and will be proven in the amount of approximately \$1.2 million and not recovering on other Claims against the Nordstrom Canada Entities of approximately \$1 million;
- (c) causing its wholly-owned subsidiary NIL to enter into the CRA Agreement with the CRA to vacate the CRA NCH Assessments in the amount of approximately \$36

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million as at June 27, 2023, and to cause the CRA to instead assess and accept security from NIL;

- (d) paying the approximately \$70 million transfer pricing amount due to Nordstrom Canada (after netting amounts owing by Nordstrom Canada for shared services);
- (e) funding the Employee Trust in the amount of \$15.2 million to cover payments to employees and the cost of administering the Employee Trust for the benefit of Nordstrom Canada's employees;
- (f) providing ongoing shared services to facilitate the orderly wind down of the Nordstrom Canada Entities' business;
- (g) maintaining the books and records of the Nordstrom Canada Entities for purposes of the completion of the Claims Process and the performance of the Nordstrom Canada Entities' duties under the Plan, or as the Nordstrom Canada Entities may otherwise be required under Applicable Law;
- (h) providing stability and certainty for the Nordstrom Canada Entities on filing for CCAA protection by entering into a new administrative services agreement, the Wind-Down Agreement, pursuant to which Nordstrom US agreed, in exchange for a fee, to continue providing Shared Services including required intellectual property and to provide \$15 million in debtor-in-possession financing, on reasonable terms, should such financing be required in these CCAA proceedings

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(although this financing was not ultimately required by the Nordstrom Canada Entities); and

- (i) pursuant to the Credit Agreement Amendment (as defined in the Initial Heckel Affidavit), removing Nordstrom Canada as a Loan Party to the Credit Agreement, negotiating for the release of Nordstrom Canada from its guaranty provided pursuant to the Guaranty Agreement and obtaining a release and discharge of the security interest granted by Nordstrom Canada to the Agent pursuant to the Canadian Security Agreement, among other things.

119. The Nordstrom Canada Entities note that if Nordstrom US recovered on all of its Claims against the Nordstrom Canada Entities, the recovery for Affected Creditors would be materially reduced. I understand that the Monitor agrees with this view.

120. The Nordstrom Canada Entities believe that the Releases are rationally related to the Plan and are in fact crucial to the successful implementation of the Plan. The Nordstrom Canada Entities have been advised by Tracie Hinson, the SVP Enterprise Operations of Nordstrom US, and believe that the aforementioned contributions of the Plan Sponsor are only available in the context of the Plan.

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(i) **The Plan Sponsor Support Agreement**

121. Attached as **Exhibit “E”** to this affidavit is a copy of the support agreement between Nordstrom US and the Nordstrom Canada Entities (the “**Plan Sponsor Support Agreement**”), which contains Nordstrom US’ agreement to be bound by the Plan.

122. The Plan Sponsor Support Agreement, dated December 13, 2023, provides that:

- (a) Nordstrom US agrees to be bound by the Plan and to perform, and cause its affiliates (other than the Nordstrom Canada Entities) to perform, all of the obligations of Nordstrom US and such affiliates under the Plan or incidental thereto, conditional upon the occurrence of the Plan Implementation Date; and
- (b) the Nordstrom Canada Entities agree to be bound by the Plan and to perform all of their respective obligations under the Plan, conditional upon the occurrence of the Plan Implementation Date. The Nordstrom Canada Entities agree to pursue the Plan, and will file the Plan with the Court consistent with the terms of the Plan Sponsor Support Agreement, recommend to any Person entitled to vote on the Plan that they vote to approve the Plan, and take all reasonable actions necessary to obtain approval of the Plan.

(g) **Other Plan Matters**

123. As described above, the Plan outlines the Plan Transaction Steps to be completed to implement the Plan. In addition to the Plan Transaction Steps related to the Intercompany Claims,

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described above, this includes the creation of the Consolidated and NCL ITC Cash Pool Accounts and both the Administrative and Disputed Claims Reserves, which are described above.

124. The Plan Transaction Steps also include:

- (a) payment by NCL to the Plan Sponsor of the full Cash amount of any Plan Sponsor ITCs held by NCL on the Plan Implementation Date. The Plan Sponsor ITCs were created solely from payments made by the Plan Sponsor and not from payments made by the Nordstrom Canada Entities. NCL will also be obligated to pay to the Plan Sponsor the Cash amount of any additional Plan Sponsor ITCs at such later time that such Plan Sponsor ITCs are received or realized by NCL;
- (b) the Nordstrom Canada Entities assigning, setting over and transferring to YSCHI, (a) any and all of NCL's right, title and interest in and to any amounts recovered by NCL pursuant to the Realty Tax Appeals¹⁰ and (b) on an "as is, where is" basis, any and all of NCL's right, title and interest in and to the Realty Tax Appeals, and all of NCL's benefits, burdens, obligations and liabilities related to such Realty Tax Appeals;
- (c) the transfer of the Canada Customer Data¹¹ by Nordstrom Canada to the Plan Sponsor (or its designee), in partial settlement and satisfaction of the NINC-NCRI Services Claim. Such Canada Customer Data will vest absolutely in and to the Plan

¹⁰ For purposes of the Plan, this means the two realty tax appeals referred to by (a) appeal number 3442661 for the taxation year 2021 and (b) appeal number 3487968 for the taxation year 2022, filed by NCL with respect to the former FLS Store located at Yorkdale Shopping Mall in Toronto, Ontario.

¹¹ "**Canada Customer Data**" means customer related data derived from the operation of the Business including, but not limited to, the Canada customer list(s).

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Sponsor (or its designee) free and clear of all Encumbrances pursuant to the Sanction and Vesting Order, such that the amount of the NINC-NCRI Services Claim shall be partially settled and reduced by \$200,000 to the Net NINC-NCRI Services Claim. Hilco Valuation Services provided a valuation of the Canada Customer Data for purposes of these CCAA proceedings. According to Hilco Valuation Services, the Canada Customer Data, on a standalone basis, separate and apart from any other intellectual property owned by Nordstrom Canada and its affiliates, is of nominal value (with a total net value of \$200,000).¹² The Nordstrom Canada Entities have reviewed this valuation and based on their knowledge of the Canada Customer Data, agree with such valuation. I am also informed that the Monitor believes the valuation is reasonable. The Nordstrom Canada Entities are in the process of considering privacy issues with respect to the Canada Customer Data and will address same at any motion for the Sanction and Vesting Order.

125. The implementation of the Plan will also be conditional on the fulfillment or waiver, where applicable, of certain conditions precedent, including that the Minister will have withdrawn and vacated the CRA NCH Assessments to the satisfaction of the Nordstrom Canada Entities and the Monitor, as described above.

126. The Plan also requires that the Plan Implementation Date must occur by no later than June 30, 2024, unless otherwise ordered by the Court.

¹² Hilco Valuation Services did not opine upon the ability of a buyer to legally obtain and utilize these assets under the CCAA and any other relevant Canadian law, including laws related to consumer privacy and anti-spam legislation.

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127. Upon receipt by the Monitor of written notice from the Nordstrom Canada Entities of the fulfilment or waiver of the conditions precedent to implementation of the Plan, the Monitor will deliver the Monitor's Plan Implementation Date Certificate to the Nordstrom Canada Entities and serve a copy thereof on the service list established in these CCAA proceedings. Following the Plan Implementation Date, the Monitor will file a copy of the Monitor's Plan Implementation Date Certificate with the Court and post a copy of same on the Monitor's Website.

128. If the Plan is approved by the Required Majority of the Affected Creditors at the Creditors' Meeting, the Nordstrom Canada Entities shall apply for the Sanction and Vesting Order. Among other things, the Sanction and Vesting Order will declare that following written notice from the Nordstrom Canada Entities to the Monitor that they have fully and finally effected all distributions in accordance with the Plan, the Monitor shall serve a copy of the Monitor's Plan Completion Certificate on the service list established in these CCAA proceedings, file a copy of the Monitor's Plan Completion Certificate with the Court and post a copy of same on the Monitor's Website.

F. The Proposed Meeting Order

129. The proposed Meeting Order authorizes the Nordstrom Canada Entities to convene the meeting of a single class of Creditors¹³ comprised of all Affected Creditors, the "Unsecured Creditors' Class", to consider and vote on the Plan. The Nordstrom Canada Entities propose that the Creditors' Meeting will be held at 10:00 a.m. on March 1, 2024 by electronic or virtual means.

¹³ All capitalized terms not otherwise defined in this section of the affidavit have the meanings given to them in the Meeting Order.

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(a) Notification

130. The Meeting Order provides for comprehensive notification of the Creditors' Meeting to the Affected Creditors. It is proposed that the Monitor will:

- (a) not later than January 15, 2024 or as soon as practicable thereafter, send the Letter to Creditors, Notice of Creditors' Meeting, the Proxy, the Convenience Class Claim Election, the Resolution, the Plan, and the Meeting Order (collectively, the **"Meeting Materials"**), to Affected Creditors and Employee Representative Counsel;
- (b) within four Business Days following the date of the Meeting Order, post a copy of the Meeting Materials to the Monitor's Website, and send a copy of the Meeting Materials to the Service List;
- (c) upon request by any Affected Creditor with a Voting Claim, received not less than five Business Days prior to the Creditors' Meeting, provide written or electronic copies of the Meeting Materials to such Affected Creditor; and
- (d) cause a notice of the Creditors' Meeting to be published once in *The Globe and Mail* (National Edition) on or before January 15, 2024.

(b) Conduct of the Creditors' Meeting

131. The Meeting Order provides that a representative of the Monitor will act as Chair of the Creditors' Meeting and, subject to any further order of this Court, will decide all matters relating

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to the conduct of the Creditors' Meeting. The Monitor may appoint one or more scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Creditors' Meeting. One or more individuals designated by the Monitor will act as secretary at the Creditors' Meeting.

132. The only Persons entitled to attend the Creditors' Meeting are: (i) Affected Creditors entitled to vote at the Creditors' Meeting (or, if applicable, and Person holding a valid Proxy on behalf of one or more Affected Creditors) and any such Affected Creditor's legal counsel and financial advisors; (ii) the Chair, the scrutineers, and the secretary; (iii) representatives of the Monitor and the Monitor's legal counsel; (iv) representatives of the Nordstrom Canada Entities and the Nordstrom Canada Entities' legal counsel; (v) representatives of the Plan Sponsor and the Plan Sponsor's legal counsel; and (vi) Employee Representative Counsel. Any other Person may be admitted to the Creditors' Meeting on invitation of the Nordstrom Canada Entities, in consultation with the Monitor.

(c) Voting

133. The voting procedures were designed to provide a fair and equitable opportunity for Affected Creditors to register their votes for or against the Plan. The Meeting Order and the Plan provide, *inter alia*:

- (a) At the Creditors' Meeting, the Chair will direct a vote on the Resolution to approve the Plan and any amendments or variations thereto as the Monitor, the Nordstrom Canada Entities and the Plan Sponsor may consider appropriate.

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- (b) The quorum required at the Creditors' Meeting will be one Affected Creditor with a Voting Claim present at the Creditors' Meeting in person (by electronic or virtual means) or by proxy.
- (c) An Affected Creditor will be permitted to attend the Creditors' Meeting in person (electronically or virtually) or may appoint the Monitor or another person to attend the Creditors' Meeting as its proxyholder in accordance with the process provided in the Meeting Order. The Meeting Order also appoints Employee Representative Counsel as proxyholder for Represented Employees of the Nordstrom Canada Entities. The Meeting Order contains provisions outlining the requirements for voting and sets out the procedure and deadlines for an Affected Creditor to submit a Proxy or to notify the Monitor of its intention to attend and vote at the Creditors' Meeting in order to obtain a Personal Meeting Identifier.
- (d) Each Affected Creditor with a Voting Claim will be entitled to vote as part of the Unsecured Creditors' Class in the amount equal to the dollar value of its Voting Claim. For the purposes of voting or distribution under the Plan, a Claim will be denominated in Canadian dollars. Any Claim in a currency other than Canadian dollars must be converted to Canadian dollars, and any such amount will be regarded as having been converted at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian dollars as at the Filing Date, which rate for US dollars is US\$1:Cdn\$1.3614.

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- (e) Each Convenience Class Creditor will be deemed to vote as part of the Unsecured Creditors' Class in favour of the Plan. Each such vote will have a value equal to such Convenience Class Creditor's Proven Claim. Any Creditor who validly elects to be a Convenience Class Creditor by submitting a Convenience Class Election prior to the Election/Proxy Deadline will be deemed to have a Proven Claim in the amount of \$15,000 and will be deemed to vote in favour of the Plan.
- (f) The CRA will have one vote in respect of its Disputed Claims, the dollar value of which will be equal to \$1, without prejudice to the determination of the dollar value of such Disputed Claims for distribution purposes in accordance with the Claims Procedure Order and the Plan.
- (g) Each Affected Creditor with a Disputed Claim (other than the CRA in respect of its Disputed Claims) will be entitled to one vote at the Creditors' Meeting in the amount of a Voting Claim equal to the dollar value for such Disputed Claim as set out in the Notice of Revision or Disallowance delivered by the Monitor in respect of such Disputed Claim (or, if a Notice of Revision or Disallowance has not been delivered, the dollar value of such Disputed Claim as set out in such Affected Creditor's Proof of Claim or Notice of Dispute of Negative Notice Claim, as applicable), without prejudice to the determination of the dollar value of such Disputed Claim for distribution purposes in accordance with the Claims Procedure Order. The Monitor will keep a separate record of votes cast by Affected Creditors holding Disputed Claims and will report on same in the Monitor's Report Regarding the Creditors' Meeting (as defined below).

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- (h) An Affected Creditor may transfer or assign the whole of its Claim prior to the Creditors' Meeting, provided that neither the Nordstrom Canada Entities nor the Monitor will be obligated to give notice to or otherwise deal with the transferee or assignee of such Claim as an Affected Creditor, until notice of the transfer or assignment has been received and acknowledged by the Monitor in writing.¹⁴
- (i) Certain Persons are not entitled to vote on the Plan, including Persons holding Unaffected Claims and Intercompany Claims.
- (j) The Chair will be authorized to adjourn, postpone or otherwise reschedule the Creditors' Meeting on one or more occasions (without the need to first convene such Creditors' Meeting for the purpose of any adjournment, postponement or other rescheduling thereof). None of the Nordstrom Canada Entities, the Chair or the Monitor will be required to deliver any notice of adjournment of the Creditors' Meeting or adjourned Creditors' Meeting, provided that the Monitor will: (a) if applicable, announce the adjournment of the Creditors' Meeting or adjourned Creditors' Meeting; (b) post notice of the adjournment at the originally designated time and location of the Creditors' Meeting or adjourned Creditors' Meeting, as applicable; (c) forthwith post notice of the adjournment on the Monitor's Website; and (d) provide notice of the adjournment to the Service List forthwith.

¹⁴ Where a Claim has been transferred or assigned in part, the transferor or assignor will retain the right to vote at the Creditors' Meeting in respect of the full amount of the Claim, and the transferee or assignee will have no voting rights at the Creditors' Meeting in respect of such Claim.

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(d) Amendments to the Plan

134. The Meeting Order provides that the Nordstrom Canada Entities, with the consent of the Monitor and the Plan Sponsor, are authorized to make and to file any Plan Modification prior to or at the Creditors' Meeting, in which case any such Plan Modification will form part of and be incorporated into the Plan considered by Affected Creditors at the Creditors' Meeting.

135. The Meeting Order also provides that post-meeting amendments can be effected by the Nordstrom Canada Entities, with the consent of the Monitor and the Plan Sponsor, either pursuant to an Order of the Court or where such an amendment concerns a matter which is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction and Vesting Order or to cure any errors, omissions or ambiguities. In either circumstance, the amendment cannot be materially adverse to the financial or economic interests of the Affected Creditors or the Unaffected Creditors.

(e) Approval and Court Sanction of the Plan

136. To be approved, the Plan must receive an affirmative vote by the Required Majority at the Creditors' Meeting. Following the vote at the Creditors' Meeting, the Monitor will tally the votes and determine whether the Plan has been approved by the Required Majority. The results of the Creditors' Meeting will be binding on all Affected Creditors, whether or not any such Affected Creditor is present or voting at the Creditors' Meeting, or was entitled to be present or vote at the Creditors' Meeting.

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137. The Nordstrom Canada Entities propose that, in the event that the Plan is approved by the Required Majority, the Nordstrom Canada Entities will bring the Sanction Motion on March 12, 2024 (or such later date as is acceptable to the Nordstrom Canada Entities and the Monitor).

138. The Monitor will provide a report to the Court as soon as practicable after the Creditors' Meeting (the "**Monitor's Report Regarding the Creditors' Meeting**") with respect to: (i) the results of voting at the Creditors' Meeting on the Resolution; (ii) whether the Required Majority has approved the Plan; (iii) the effect of the results of voting had all of the Affected Creditors with Disputed Claims also voted the full amount of their Disputed Claims; and (iv) in its discretion, any other matter relating to the Sanction Motion. A copy of the Monitor's Report Regarding the Creditors' Meeting, the Plan and a copy of the materials filed in respect of the Sanctions Motion will be served on the Service List and posted on the Monitor's Website prior to the Sanction Motion.

G. Extension of the Stay Period

139. The Initial Order granted a Stay Period until and including March 12, 2023. The Stay Period (including by extension the Co-Tenancy Stay) and the Parent Stay were extended to March 20, 2023, June 30, 2023, and later to September 29, 2023. The Stay Period (including by extension the Co-Tenancy Stay) were subsequently extended to December 22, 2023.

140. The Applicants are seeking to extend the Stay Period, including by extension the Co-Tenancy Stay, up to and including April 5, 2024. As set out above, the Nordstrom Canada Entities have made significant progress in these CCAA proceedings since the most recent stay extension motion. In particular, the Nordstrom Canada Entities have worked diligently to develop, and have

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developed, a comprehensive Plan to provide finality and certainty in these CCAA proceedings in a timely manner, and which is expected to provide significant recoveries to Creditors.

141. An extension of the Stay Period, including the Co-Tenancy Stay, is necessary to allow the Affected Creditors to consider and vote on the Plan and, if they approve the Plan, to permit the Nordstrom Canada Entities to bring the motion asking the Court to sanction the Plan. The Nordstrom Canada Entities believe that maintaining the Co-Tenancy Stay during the next stage of the case will continue to provide stability to the CCAA proceedings.

142. The Nordstrom Canada Entities have confirmed, in consultation with the Monitor, that they have sufficient cash resources to continue their wind down through to April 5, 2024. I understand that the Monitor will be filing a report with the Court prior to the hearing of this motion, which will include an updated cash flow forecast for the Nordstrom Canada Entities.

143. I believe that the Nordstrom Canada Entities have acted, and continue to act, in good faith and with due diligence in pursuing a controlled and orderly wind down. I believe that the proposed extension of the Stay Period, including the Co-Tenancy Stay, are in the best interests of the Nordstrom Canada Entities and their stakeholders. I am also informed by the Monitor that it supports the request to extend the Stay Period and the Co-Tenancy Stay.

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SWORN BEFORE ME over
videoconference this 13th day of December,
2023 in accordance with O. Reg. 431/20,
Administering Oath or Declaration Remotely.
The affiant is located in the City of Renton, in
the State of Washington and the commissioner
is located in the City of Toronto, in the
Province of Ontario.



Commissioner for Taking Affidavits
(or as may be)

HANNAH DAVIS
LSO# 85047N



MISTI HECKEL

This is Exhibit “A” referred to in the Affidavit of Misti Heckel
sworn December 13, 2023.



Commissioner for Taking Affidavits (or as may be)

HANNAH DAVIS

Court File No. CV-23-0695619-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF NORDSTROM CANADA RETAIL, INC.,
NORDSTROM CANADA HOLDINGS, LLC and NORDSTROM
CANADA HOLDINGS II, LLC

**CONSOLIDATED PLAN OF COMPROMISE
AND ARRANGEMENT**

pursuant to the *Companies' Creditors Arrangement Act*

December 13, 2023

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CONSOLIDATED PLAN OF COMPROMISE AND ARRANGEMENT

WHEREAS:

- A. Nordstrom Canada Retail, Inc. (“**NCRI**”), Nordstrom Canada Holdings, LLC (“**NCH**”) and Nordstrom Canada Holdings II, LLC (“**NCHII**”, and together with NCRI and NCH, collectively, the “**Applicants**”) and Nordstrom Canada Leasing LP (“**NCL**”, and together with the Applicants, collectively, the “**Nordstrom Canada Entities**”) are insolvent;
- B. The Applicants filed for and obtained protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on March 2, 2023, as amended and restated on March 10, 2023 (and as further amended, restated or varied from time to time, the “**Initial Order**”);
- C. The Initial Order declared that, although not an Applicant, NCL shall enjoy the protections and authorizations provided by the Initial Order;
- D. Pursuant to the Initial Order, the Applicants have the authority to file with the Court a plan of compromise or arrangement, which plan will provide, among other things, a method of distribution to creditors with proven claims and the framework for the completion of the orderly wind-down of the Nordstrom Canada Entities’ business; and
- E. On December 20, 2023, the Court issued an Order (as may be amended, restated or varied from time to time, the “**Meeting Order**”), *inter alia*, accepting this consolidated plan of compromise and arrangement under and pursuant to the CCAA (including the Schedules hereto, as may be amended, supplemented or replaced from time to time, the “**Plan**”) for filing with the Court. Pursuant to and in accordance with the Initial Order and the Meeting Order, the Applicants hereby propose and present this consolidated Plan.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In the Plan, unless otherwise stated or unless the subject matter or context otherwise requires:

“**A&M**” means Alvarez & Marsal Canada Inc.;

“**Administration Charge**” means the charge over the Property created by paragraph 53 of the Initial Order, and having the priority provided in paragraphs 54 and 56 of such Order;

“**Administrative Reserve**” means a Cash Reserve to be established on the Plan Implementation Date from the Consolidated Cash Pool (concurrently with the creation of the Disputed Claims Reserve and prior to any distributions to Affected Creditors therefrom) as authorized by the Court pursuant to the Sanction and Vesting Order, in an amount to be agreed by the Monitor and the Nordstrom Canada Entities five (5) Business Days prior to the Plan Implementation Date, and to be deposited by the Nordstrom Canada Entities into the Administrative Reserve Account for the purpose of paying the

Administrative Reserve Costs, which Administrative Reserve shall be subject to the Administrative Reserve Adjustment;

“Administrative Reserve Account” means a segregated interest-bearing trust account established by NCRI on behalf of itself and each of the Nordstrom Canada Entities to hold the Administrative Reserve on behalf of the beneficiaries thereof, under the supervision of the Monitor;

“Administrative Reserve Adjustment” means, on or after the Plan Implementation Date, a decrease in the Administrative Reserve in such amount and at such time(s) as the Monitor may determine to be appropriate, necessary or desirable, in consultation with the Nordstrom Canada Entities, and Cash in the amount of any such decrease shall be transferred to the Consolidated Cash Pool Account as appropriate;

“Administrative Reserve Costs” means costs incurred and payments to be made on or after the Plan Implementation Date (including costs incurred prior to the Plan Implementation Date which remain outstanding as of the Plan Implementation Date) in respect of:

- (a) the Monitor’s fees and disbursements (including of its legal counsel and other consultants and advisors) in connection with the performance of its duties under the Plan and in the CCAA Proceedings, including without limitation all costs associated with assisting the Nordstrom Canada Entities in completing the Claims Process, making distributions pursuant to this Plan, and the wind-down of the Nordstrom Canada Entities;
- (b) the Nordstrom Canada Entities’ fees and disbursements (including of their legal counsel and other consultants and advisors) in connection with the performance of their duties under the Plan and in the CCAA Proceedings, including without limitation all costs associated with completing the Claims Process, making distributions pursuant to this Plan, and the wind-down of the Nordstrom Canada Entities;
- (c) costs incurred by the Plan Sponsor in respect of the provision of any shared services in connection with the completion of the Claims Process and the performance of the Nordstrom Canada Entities’ duties under the Plan (including without limitation maintaining the books and records of the Nordstrom Canada Entities, and administering distributions, disbursements and payments under the Plan) pursuant to and in accordance with the Wind-Down Agreement, the Plan, and the Sanction and Vesting Order;
- (d) any third-party fees incurred in connection with the administration of distributions, disbursements and payments under the Plan;
- (e) any fees incurred in connection with the bankruptcy and/or the dissolution under corporate law or otherwise of the Nordstrom Canada Entities, including any retainer for the fees and disbursements of any trustee;
- (f) Post-Filing Claims;

- (g) Post-Filing Tax Claims;
- (h) the fees and disbursements of Employee Representative Counsel;
- (i) the fees and disbursements of any claims officers appointed under the Claims Procedure Order;
- (j) Excluded Claims, Government Priority Claims and Employee Priority Claims; and
- (k) any other reasonable amounts as the Monitor may determine in consultation with the Nordstrom Canada Entities;

“Affected Claim” means a Claim other than an Unaffected Claim;

“Affected Creditor” means a Creditor who has an Affected Claim;

“Applicable Law” means any law (including any principle of civil law, common law or equity), statute, Order, decree, judgment, rule, regulation, ordinance, or other pronouncement having the effect of law, whether in Canada or any other country or any domestic or foreign province, state, city, county or other political subdivision;

“Applicants” has the meaning ascribed thereto in the Recitals;

“Assessments” means Claims of His Majesty the King in Right of Canada or of His Majesty the King in Right of any province or territory or of any municipality or of any other Taxing Authority in any Canadian or other jurisdictions, including without limitation amounts which may arise or have arisen under any notice of assessment, notice of objection, notice of reassessment, notice of appeal, audit, investigation, demand or similar request from any Taxing Authority;

“Basic Sublease Rent” means all Basic Sublease Rent or Minimum Sublease Rent (each as defined in the applicable Sublease) required to be paid by NCRI to NCL under the applicable Sublease during the Term (as defined in the applicable Sublease) of the applicable Sublease;

“BIA” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

“Business” means the integrated operations and activities formerly carried on collectively by the Nordstrom Canada Entities;

“Business Day” means a day on which banks are open for business in the City of Toronto, Ontario, Canada, but does not include a Saturday, Sunday or a statutory holiday in the Province of Ontario;

“Canada Customer Data” means customer-related data derived from the operation of the Business including, but not limited to, the Canada customer list(s);

“Cash” means cash, certificates of deposit, bank deposits, commercial paper, treasury bills, amounts on account of ITCs (but excluding Plan Sponsor ITCs), refunds, cash collateral

posted on account of customs or other bonds, and any other cash equivalents, whether or not acquired or realized before or after the Plan Implementation Date;

“Cash Elected Amount” means \$15,000;

“Cash Management Bank” means any Person who is providing cash management services to any of the Nordstrom Canada Entities under the Cash Management System (as defined in the Initial Order);

“Cash Management Bank Claim” means any claim of any Cash Management Bank in connection with the provision of cash management services under the Cash Management System (as defined in the Initial Order) to any of the Nordstrom Canada Entities;

“Cash Reserves” means, collectively, the Administrative Reserve and the Disputed Claims Reserve, and **“Cash Reserve”** means any one of them;

“CCAA” has the meaning ascribed thereto in the Recitals;

“CCAA Charges” means collectively the Administration Charge and the Directors’ Charge;

“CCAA Proceedings” means the CCAA proceedings in respect of the Nordstrom Canada Entities commenced pursuant to the Initial Order;

“Claim” means a Pre-Filing Claim, a Restructuring Period Claim, a Pre-Filing D&O Claim, and a Restructuring Period D&O Claim, provided, however, that in any case the term “Claim” shall not include an Excluded Claim or any right, interest or claim of any Person that was previously released, barred, estopped, and/or permanently stayed, but shall include any claim arising through subrogation against any Nordstrom Canada Entity or any Director or Officer;

“Claims Bar Date” means: (a) in respect of a Pre-Filing Claim or a Pre-Filing D&O Claim, 5:00 p.m. on August 4, 2023; and (b) in respect of a Restructuring Period Claim or Restructuring Period D&O Claim, the later of (i) thirty (30) days after the date on which the Monitor sends a Negative Notice Claims Package or General Claims Package (each as defined in the Claims Procedure Order) with respect to such Claim, and (ii) 5:00 p.m. on August 4, 2023;

“Claims Procedure Order” means the Order of the Court made May 30, 2023 (including all schedules and appendices thereto) approving and implementing the claims procedure in respect of the Nordstrom Canada Entities and the Directors and Officers, and as may be further amended, restated or varied from time to time;

“Claims Process” means the procedures outlined in the Claims Procedure Order in connection with the assertion of Claims against any of the Nordstrom Canada Entities and/or the Directors and Officers;

“Conditions Precedent” means the conditions precedent to Plan implementation set out in Section 8.3;

“Consolidated Cash Pool” means the Cash pool comprised of all Cash of and contributed by the Nordstrom Canada Entities, excluding the Plan Sponsor ITCs, the NCL FLS Distribution ITCs and the Cash Reserves, and including without limitation the net proceeds of the Liquidation Sale, consolidated for purposes of making distributions to Creditors of all of the Nordstrom Canada Entities;

“Consolidated Cash Pool Account” means a segregated interest-bearing trust account established by NCRI to hold the Consolidated Cash Pool on behalf of itself and each of the other Nordstrom Canada Entities under the supervision of the Monitor;

“Convenience Class Claim” excludes a Disputed Claim and means: (a) one or more Proven Claims of an Affected Creditor that are less than or equal to \$15,000 in the aggregate; and (b) one or more Proven Claims of an Affected Creditor in an amount in excess of \$15,000 in the aggregate that such Affected Creditor has validly elected to value at \$15,000 for purposes of the Plan by filing a Convenience Class Claim Election by the Election/Proxy Deadline;

“Convenience Class Claim Election” means the election by an Affected Creditor with one or more Proven Claims that are in an amount in excess of \$15,000 in the aggregate, submitted by no later than the Election/Proxy Deadline, to receive only the Cash Elected Amount and pursuant to which such Affected Creditor is thereby deemed to have foregone any recovery on its Proven Claim in excess of the Cash Elected Amount, to vote in favour of the Plan in respect of such Proven Claims, and to receive no other entitlements under the Plan;

“Convenience Class Creditor” means a Person having a Convenience Class Claim (including, for greater certainty, any Affected Creditor that has timely submitted a Convenience Class Claim Election);

“Court” has the meaning ascribed thereto in the Recitals;

“CRA NCH Assessments” means the Notices of Assessment under the ITA dated June 27, 2023 issued to NCH on the asserted basis that NCH is liable to pay non-resident withholding tax under Part XIII of the ITA on behalf of NIL pursuant to subsection 215(6) of the ITA in respect of interest paid by NCH to NIL in 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021, and for certainty includes any and all claims relating thereto;

“Creditor” means any Person asserting an Affected Claim or an Unaffected Claim and may, where the context requires, include the assignee of such Claim or a personal representative, agent, litigation guardian, mandatary, trustee, interim receiver, receiver, receiver and manager, liquidator or other Person acting on behalf of such Person;

“Creditors’ Meeting” means the meeting of Affected Creditors to be called and held pursuant to the Meeting Order for the purpose of considering and voting upon the Plan, and includes any adjournment, postponement or rescheduling of such meeting;

“Director” means any Person who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of any of the Nordstrom Canada Entities, in such capacity;

“Directors’ Charge” means the charge over the Property created by paragraph 43 of the Initial Order, and having the priority provided in paragraphs 54 and 56 of such Order;

“Disputed Claim” means that portion of an Affected Claim of an Affected Creditor in respect of which a Proof of Claim or Negative Notice Claim, as applicable, has been filed or issued in accordance with the Claims Procedure Order that has not been finally determined to be a Proven Claim in whole or in part in accordance with the Claims Procedure Order, the Meeting Order, or any other Order made in the CCAA Proceedings;

“Disputed Claims Reserve” means a Cash Reserve to be established on the Plan Implementation Date from the Consolidated Cash Pool (concurrently with the creation of the Administrative Reserve and prior to any distributions to Affected Creditors therefrom) as authorized by the Court pursuant to the Sanction and Vesting Order, in an amount to be determined by the Monitor in consultation with the Nordstrom Canada Entities five (5) Business Days prior to the Plan Implementation Date, which Cash Reserve shall be held by NCRI on behalf of itself and each of the other Nordstrom Canada Entities in the Disputed Claims Reserve Account for distribution in accordance with the Plan;

“Disputed Claims Reserve Account” means a segregated interest-bearing trust account established by NCRI on behalf of itself and each of the other Nordstrom Canada Entities to hold the Disputed Claims Reserve under the supervision of the Monitor;

“Distribution Date” means the day on which a distribution to Creditors of the Nordstrom Canada Entities with Proven Claims is made, other than the Initial Distribution Date or the Final Distribution Date;

“Effective Time” means 12:01 a.m. on the Plan Implementation Date or such other time on such date as the Nordstrom Canada Entities and the Monitor shall determine or as otherwise ordered by the Court;

“Election/Proxy Deadline” means the deadline for making a Convenience Class Claim Election and for submitting Proxies in accordance with the Meeting Order;

“Employee Priority Claims” means the following claims of Employees:

- (a) claims equal to the amounts that any such Employees would have been qualified to receive under paragraph 136(1)(d) of the BIA if the Nordstrom Canada Entities had become bankrupt on the Filing Date; and
- (b) claims for wages, salaries, commissions or compensation for services rendered by them after the Filing Date and on or before the Plan Implementation Date together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the Business during the same period;

“Employee Representative Counsel” means Ursel Phillips Fellows Hopkinson LLP, appointed pursuant to paragraph 30 of the Initial Order as counsel for all Represented Employees in the CCAA Proceedings, any proceeding under the BIA or in any other proceeding respecting the insolvency of the Applicants which may be brought before the Court;

“Employee Trust” means the employee trust created pursuant to the Employee Trust Agreement and approved by the Court pursuant to paragraph 24 of the Initial Order;

“Employee Trust Agreement” means the Trust Agreement dated as of March 2, 2023 among the Plan Sponsor, the Monitor and the Employee Trust Trustee, which was approved by the Court pursuant to paragraph 24 of the Initial Order;

“Employee Trust Trustee” means Gale Rubenstein in her capacity as trustee of the Employee Trust;

“Employees” means all current and former employees of the Nordstrom Canada Entities other than Directors and Officers, and **“Employee”** means any one of them;

“Encumbrance” means any charge, mortgage, lien, pledge, claim, restriction, security interest, security agreement, hypothecation, assignment, deposit arrangement, hypothec, lease, rights of others including without limitation Transfer Restrictions, deed of trust, trust or deemed trust, lien, financing statement, preferential arrangement of any kind or nature whatsoever, including any title retention agreement, or any other arrangement or condition which in substance secures payment or performance of any obligations, action, claim, demand or equity of any nature whatsoever, execution, levy, charge or other financial or monetary claim, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, or other encumbrance, whether created or arising by agreement, statute or otherwise at law, attaching to property, interests or rights and shall be construed in the widest possible terms and principles known under law applicable to such property, interests or rights and whether or not they constitute specific or floating charges as those terms are understood under Applicable Law, including without limiting the generality of the foregoing, the CCAA Charges;

“Equity Claim” has the meaning ascribed thereto in section 2 of the CCAA;

“ETA” means the *Excise Tax Act* (Canada), R.S.C. 1985, c. E-15, as amended, and any regulations thereunder;

“Excluded Claim” means any:

- (a) claim secured by any of the CCAA Charges;
- (b) claim that cannot be compromised pursuant to sections 5.1(2) and 19(2) of the CCAA; and
- (c) the Cash Management Bank Claim;

“Filing Date” means March 2, 2023;

“Final Distribution Date” has the meaning ascribed thereto in Section 6.10;

“Final Order” means a final Order of the Court, the implementation, operation or effect of which shall not have been stayed, varied, vacated or subject to pending appeal and as to which Order any appeal periods relating thereto shall have expired;

“FLS Landlord Guarantee Claim” means the rights, remedies and claims of a FLS Landlord against the Plan Sponsor arising under a Plan Sponsor Landlord Guarantee;

“FLS Landlord ITC Distribution” means the distributions to FLS Landlords from the NCL ITC Cash Pool Account under Section 6.6(b);

“FLS Landlord ITC Share” means the proportionate share of the NCL FLS Distribution ITCs generated by prior distributions to the applicable FLS Landlord which have not been distributed, which, in respect of a particular FLS Landlord, shall be calculated as:

A / B, where

“A” equals

(i) the aggregate amount of NCL FLS Distribution ITCs previously contributed to the NCL ITC Cash Pool Account which are generated on distributions made to such FLS Landlord, less

(ii) the aggregate amount of all FLS Landlord ITC Distributions previously made to such FLS Landlord, and

divided by

“B” equals

(i) the aggregate amount of all NCL FLS Distribution ITCs previously contributed to the NCL ITC Cash Pool Account, less

(ii) the aggregate amount of all FLS Landlord ITC Distributions previously made to any FLS Landlord;

“FLS Landlord Settlement Agreements” means, collectively, the settlement and other agreements entered into by the Plan Sponsor and the Nordstrom Canada Entities, as applicable, and each of the FLS Landlords to, among other things, consensually resolve the indemnity claims of such FLS Landlords against the Plan Sponsor arising under the Plan Sponsor Landlord Guarantees;

“FLS Landlords” means, collectively, the third-party Landlords of the FLS Stores, and **“FLS Landlord”** means any one of them;

“FLS Stores” means the former Nordstrom full-line stores in Canada listed on Schedule B hereto;

“Government Priority Claims” means all Claims of Governmental Authorities that are enumerated in section 6(3) of the CCAA in respect of amounts that are outstanding and that are of a kind that could be subject to a demand on or before the Final Distribution Date;

“Governmental Authority” means any government, including any federal, provincial, territorial or municipal government, and any government department, body, ministry, agency, tribunal, commission, board, court, bureau or other authority exercising or

purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government including without limitation any Taxing Authority;

“**Guarantee**” means any guarantee, indemnity, surety or similar agreement by a Person to guarantee, indemnify or otherwise hold harmless any Person from or against any indebtedness, losses, Liabilities or damages of that Person, but excludes all Plan Sponsor Landlord Guarantees;

“**HST/GST**” means the goods and services tax and harmonized sales tax imposed under the ETA, and any equivalent or corresponding tax imposed under any applicable provincial or territorial legislation imposing a similar value added or multi-staged tax;

“**Initial Distribution Date**” means a date no more than five (5) Business Days after the Plan Implementation Date or such other date as the Nordstrom Canada Entities and the Monitor may agree;

“**Initial Order**” has the meaning ascribed thereto in the Recitals;

“**Insurance Policy**” means any insurance policy pursuant to which any Nordstrom Canada Entity is insured, and for greater certainty excludes any insurance policy pursuant to which any Director, Officer or third party is insured;

“**Insured Claim**” means all or that portion of a Claim against a Nordstrom Canada Entity that is insured under an Insurance Policy, but solely to the extent that such Claim, or portion thereof, is so insured, and only as against such Insurance Policy;

“**Intercompany Claim**” means any Claim that may be asserted against any Nordstrom Canada Entity by or on behalf of itself and: (a) any other Nordstrom Canada Entity; or (b) the Plan Sponsor or any of its affiliated companies, partnerships, or other corporate entities other than the Nordstrom Canada Entities, all as more particularly described in the Intercompany Claims Report;

“**Intercompany Claims Report**” means the Fifth Report of the Monitor dated August 3, 2023 reporting on the Monitor’s review of the Intercompany Claims pursuant to and in accordance with paragraph 44 of the Claims Procedure Order;

“**ITA**” means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.), as amended, and any regulations thereunder;

“**ITC**” means an input tax credit receivable and claimed under the ETA or any equivalent or corresponding amount receivable and claimed under any applicable provincial or territorial legislation imposing a similar value-added or multi-staged tax, on account of HST/GST paid or payable;

“**KERP**” means the Key Employees Retention Plan approved by paragraph 39 of the Initial Order;

“**KERP Claim**” means a claim of any Person who was entitled to payment under the KERP;

“Landlord” means any Person who in its capacity as lessor was a party to a real property Lease to which any of the Nordstrom Canada Entities was a party, and for the avoidance of doubt includes NCL as sublandlord;

“Lease” means any real property lease, including a sublease, and any and all amendments, modifications, assignments and restatements thereto and thereof and related agreements, to which any Nordstrom Canada Entity is a party;

“Lease Monetization Process” means the sales process conducted in respect of the Nordstrom Canada Entities’ Leases, which sales process was authorized by the Court pursuant to the Initial Order;

“Liabilities” means all indebtedness, obligations and other liabilities of a Person whether absolute, accrued, contingent, fixed or otherwise, known or unknown, or whether due or to become due, and **“Liability”** means any one of them;

“Liquidation Sale” means the sale of the Nordstrom Canada Entities’ inventory, furniture, fixtures and equipment that was approved by the Court pursuant to an Order dated March 20, 2023;

“Master Lease” means, in each case, the Lease pursuant to which former store premises were leased by NCL, as tenant, from a third-party Landlord and any and all amendments, modifications, assignments and restatements thereto and thereof and all related agreements;

“Meeting Materials” has the meaning ascribed thereto in the Meeting Order;

“Meeting Order” has the meaning ascribed thereto in the Recitals;

“Monitor” means A&M, in its capacity as Court-appointed monitor of the Nordstrom Canada Entities and not in its personal capacity;

“Monitor’s Plan Completion Certificate” means the certificate substantially in the form to be attached to the Sanction and Vesting Order to be served on the service list established in the CCAA Proceedings and filed by the Monitor with the Court following written notice from the Nordstrom Canada Entities to the Monitor pursuant to Section 6.10(d) that the Nordstrom Canada Entities have completed their duties to fully and finally effect all steps, distributions, disbursements and payments in accordance with the Plan;

“Monitor’s Plan Implementation Date Certificate” means the certificate substantially in the form to be attached to the Sanction and Vesting Order to be delivered by the Monitor to the Nordstrom Canada Entities, served on the service list established in the CCAA Proceedings, and filed by the Monitor with the Court, declaring that the Nordstrom Canada Entities have advised the Monitor that all of the Conditions Precedent to implementation of the Plan have been satisfied or waived;

“NCL FLS Distribution ITCs” means any ITCs generated solely in favour of NCL pursuant to the ETA on account of HST/GST deemed to have been paid by NCL on distributions made to FLS Landlords from the Consolidated Cash Pool or the NCL ITC

Cash Pool, as applicable, other than amounts which the Monitor may determine in its sole and unfettered discretion to be immaterial and which shall not be claimed by NCL;

“NCL Improvement Rent Claim” means NCL’s Restructuring Period Claim against NCRI arising from the termination of each Sublease equal to the net present value of unpaid Real Estate Improvement Rent for the remaining term of each Sublease, in the amount of \$368,027,201 and identified as Claim No. 10B under the Intercompany Claims Report, which Claim shall be a Proven Claim in an amount required for NCL to have the Cash necessary to make the distributions to Affected Creditors of NCL as contemplated under the Plan;

“NCL ITC Cash Pool” means the Cash pool comprised of all Cash received by NCL pursuant to the ETA on account of any NCL FLS Distribution ITCs resulting from distributions made to FLS Landlords pursuant to this Plan, and contributed by NCL for purposes of making further distributions to such FLS Landlords;

“NCL ITC Cash Pool Account” means a segregated interest-bearing trust account established by NCRI to hold the NCL ITC Cash Pool in trust on behalf of NCL under the supervision of the Monitor;

“NCL Master Lease Flow-Through Claim” means NCL’s Restructuring Period Claim against NCRI for the claims of Landlords against NCL arising from the disclaimer of the unassigned Master Leases and identified as Claim No. 10A under the Intercompany Claims Report;

“NCL Post-Filing Sublease Rent Claim” means NCL’s Post-Filing Claim as against NCRI for unpaid Real Estate Improvement Rent, in the amount of \$26,227,411 and identified as Claim No. 9 under the Intercompany Claims Report;

“NCL Pre-Filing Sublease Rent Claim” means NCL’s Pre-Filing Claim as against NCRI for unpaid Basic Sublease Rent, Sublease Additional Rent and Real Estate Improvement Rent, in the amount of \$64,879,810 and identified as Claim No. 8 under the Intercompany Claims Report;

“NCL Rack Distribution ITCs” means any ITCs generated solely in favour of NCL pursuant to the ETA on account of HST/GST deemed to have been paid by NCL on distributions made to Supporting Rack Landlords from the Consolidated Cash Pool;

“NCL Sublease Termination Claim” means NCL’s Restructuring Period Claim against NCRI for damages suffered by NCL as a result of the termination of the Master Leases and Subleases, consisting of the aggregate of the NCL Master Lease Flow-Through Claim and NCL Improvement Rent Claim and identified as Claim No. 10 under the Intercompany Claims Report;

“NCL-NCRI Claims Settlement Agreement” means the agreement between NCL and NCRI, to be deemed effective on the Plan Implementation Date, which results in the full and final settlement and satisfaction of the NCL Pre-Filing Sublease Rent Claim (Intercompany Claim No. 8), the NCL Sublease Termination Claim (Intercompany Claim No. 10) and the NCRI-NCL Services Claim (Intercompany Claim No. 11);

“NCL-NCRI Claims Settlement Amount” means the Cash amount to be paid by NCRI to NCL pursuant to the NCL-NCRI Claims Settlement Agreement;

“NCRI Transfer Pricing Claim” means a claim by NCRI against the Plan Sponsor for unpaid transfer pricing payments pursuant to the “Transfer Pricing Policy” under the NINC-NCRI Services Agreement, in the amount of \$87,400,488 and identified as Claim No. 3 under the Intercompany Claims Report;

“NCRI-NCL Services Agreement” means the Inter-Affiliate Services Agreement between NCRI and NCL dated as of December 10, 2014;

“NCRI-NCL Services Claim” means NCRI’s Pre-Filing Claim against NCL for unpaid fees relating to the provision of shared services pursuant to the NCRI-NCL Services Agreement, in the amount of \$55,046 and identified as Claim No. 11 under the Intercompany Claims Report;

“Negative Notice Claim” means the statement of negative notice claim that was prepared by the Nordstrom Canada Entities, in consultation with the Monitor and disseminated to each applicable Creditor in accordance with the Claims Procedure Order;

“Net NCRI Transfer Pricing Claim” means the remaining balance of the NCRI Transfer Pricing Claim of \$69,939,309, having been reduced by \$17,461,179, being the amount of the Net NINC-NCRI Services Claim, as a result of the set-off in Section 5.2(f);

“Net NINC-NCRI Services Claim” means the remaining balance of the NINC-NCRI Services Claim of \$17,461,179, having been reduced by \$200,000, being the fair market value of the Canada Customer Data, as a result of the partial settlement and satisfaction in Section 5.2(e);

“NIL” means Nordstrom International Limited, Inc.;

“NIL Canada Expansion Loan Agreement” means the loan agreement between NIL and NCH dated April 18, 2014;

“NIL Canada Expansion Loan Claim” means a Pre-Filing Claim by NIL against NCH in respect of loans advanced by NIL under the NIL Canada Expansion Loan Agreement, in the amount of \$309,832,891 and identified as Claim No. 1 under the Intercompany Claims Report, which Claim shall be a Proven Claim in an amount which will generate total distributions under the Plan on account of such Claim equal to (and in any case no greater than) the Cash on hand at NCH available for distribution to Affected Creditors on the Plan Implementation Date;

“NINC Employee Trust Subrogated Claim” means a subrogated Pre-Filing Claim by the Plan Sponsor against NCRI authorized pursuant to the Initial Order in respect of the aggregate gross amounts paid to beneficiaries directly or indirectly from the Employee Trust, in the final amount of \$14,599,347 and which was in the amount of \$13,633,426 as at the date of the Intercompany Claims Report and identified as Claim No. 4 under the Intercompany Claims Report;

“NINC-NCH Services Agreement” means the Inter-Affiliate Services Agreement between the Plan Sponsor and NCH dated October 10, 2016;

“NINC-NCH Services Claim” means the Pre-Filing Claim by the Plan Sponsor against NCH for unpaid fees relating to the provision of shared services pursuant to the NINC-NCH Services Agreement, in the amount of \$55,031 and identified as Claim No. 6 under the Intercompany Claims Report;

“NINC-NCHII Services Agreement” means the Inter-Affiliate Services Agreement between the Plan Sponsor and NCHII dated October 10, 2016;

“NINC-NCHII Services Claim” means the Pre-Filing Claim by the Plan Sponsor against NCHII for unpaid fees relating to the provision of shared services pursuant to the NINC-NCHII Services Agreement, in the amount of \$56,829 and identified as Claim No. 7 under the Intercompany Claims Report;

“NINC-NCL Services Agreement” means the Inter-Affiliate Services Agreement between the Plan Sponsor and NCL dated December 10, 2014;

“NINC-NCL Services Claim” means the Pre-Filing Claim by the Plan Sponsor against NCL for unpaid fees relating to the provision of shared services pursuant to the NINC-NCL Services Agreement between the Plan Sponsor and NCL, in the amount of \$495,582 and identified as Claim No. 5 under the Intercompany Claims Report;

“NINC-NCRI Services Agreement” means the Inter-Affiliate License and Services Agreement between the Plan Sponsor and NCRI dated February 3, 2019;

“NINC-NCRI Services Claim” means a Pre-Filing Claim by the Plan Sponsor against NCRI for unpaid fees relating to the provision of shared services and the licencing of intellectual property pursuant to the NINC-NCRI Services Agreement, in the amount of \$17,661,179 and identified as Claim No. 2 under the Intercompany Claims Report;

“Nordstrom Canada Entities” has the meaning ascribed thereto in the Recitals;

“Nordstrom Canada Entities Released Party” has the meaning ascribed thereto in Section 7.1(a);

“Nordstrom Rack Stores” means the former Nordstrom Rack stores in Canada;

“Officer” means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or manager or *de facto* officer or *de facto* manager of any of the Nordstrom Canada Entities, in such capacity;

“Order” means any order of the Court, or any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority;

“Other Priority Claim” means a Claim accepted by the Nordstrom Canada Entities, in consultation with the Monitor, as a proven “priority claim” pursuant to the Claims Procedure Order;

“Other Priority Claim Creditor” means a Creditor who has an Other Priority Claim, but only in respect of and to the extent of such Other Priority Claim;

“Person” means any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust (including a real estate investment trust), unincorporated organization, joint venture, government or any agency or instrumentality thereof or any other entity;

“Plan” has the meaning ascribed thereto in the Recitals;

“Plan Implementation Date” means the Business Day on which all of the Conditions Precedent to the implementation of the Plan have been fulfilled or, to the extent permitted pursuant to the terms and conditions of the Plan, waived, as evidenced by the Monitor’s Plan Implementation Date Certificate to be delivered to the Nordstrom Canada Entities and filed with the Court;

“Plan Sanction Date” means the date that the Sanction and Vesting Order issued by the Court becomes a Final Order;

“Plan Sponsor” means Nordstrom, Inc., a corporation incorporated under the laws of the State of Washington;

“Plan Sponsor ITCs” means any ITCs generated in favour of NCL pursuant to the ETA solely upon and as a result of payment by the Plan Sponsor of amounts required to be paid under the FLS Landlord Settlement Agreements, which ITCs as and when received or otherwise realized by NCL are to be held in trust by NCL for the benefit of the Plan Sponsor, and for greater certainty, which Plan Sponsor ITCs shall not be contributed to the Consolidated Cash Pool, the NCL ITC Cash Pool or the Cash Reserves;

“Plan Sponsor Landlord Guarantee” means any indemnity, guarantee or surety in favour of any Landlord executed by the Plan Sponsor in relation to any Lease to which any Nordstrom Canada Entity is a party;

“Plan Sponsor Released Party” has the meaning ascribed thereto in Section 7.1(c);

“Plan Sponsor Subsidiaries” means all direct and indirect subsidiaries of the Plan Sponsor, including corporations and partnerships, other than the Nordstrom Canada Entities;

“Plan Sponsor Support Agreement” means the support agreement dated December 13, 2023 between the Plan Sponsor and the Nordstrom Canada Entities, pursuant to which the Plan Sponsor has agreed to be bound by the Plan and to perform all of its obligations hereunder;

“Plan Transaction Steps” has the meaning ascribed thereto in Section 5.2;

“Plan Transactions” means all of the steps or transactions considered necessary or desirable to give effect to the transactions contemplated in the Plan, including the Plan Transaction Steps set out in Section 5.2, and **“Plan Transaction”** means any individual step or transaction;

“Post-Filing Claim” means any indebtedness, Liability, or obligation of the Nordstrom Canada Entities of any kind that arises during and in respect of the period commencing on the Filing Date and ending on the day immediately preceding the Plan Implementation Date in respect of services rendered or supplies provided to the Nordstrom Canada Entities during such period; provided that, for certainty, such amounts are not a Restructuring Period Claim or a Restructuring Period D&O Claim;

“Post-Filing Tax Claims” means any claims of any Taxing Authorities against any of the Nordstrom Canada Entities arising on and after the Filing Date, but for greater certainty shall not include the CRA NCH Assessments;

“Pre-Filing Claim” means any right or claim of any Person against any of the Nordstrom Canada Entities, whether or not asserted, in connection with any indebtedness, Liability or obligation of any kind whatsoever of any such Nordstrom Canada Entity to such Person, in existence on the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any right or claim with respect to any Assessment, or contract, or by reason of any equity interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise against any of the Nordstrom Canada Entities with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which right or claim, including in connection with indebtedness, Liability or obligation is based in whole or in part on facts that existed prior to the Filing Date, including any claim against any of the Nordstrom Canada Entities for indemnification by any Director or Officer in respect of a Pre-Filing D&O Claim;

“Pre-Filing D&O Claim” means any right or claim of any Person against one or more of the Directors and/or Officers arising based in whole or in part on facts that existed prior to the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessments and any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors and/or Officers with respect to any matter, action, cause or chose in action, whether existing at present or arising or commenced in the future, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer;

“Principal Claim” has the meaning ascribed thereto in Section 3.8;

“Priority Claim” means any (a) Employee Priority Claim; (b) Government Priority Claim and (c) Other Priority Claim;

“Pro Rata Share” means the fraction that is equal to (a) the amount of the Proven Claim of an Affected Creditor who is not a Convenience Class Creditor, divided by (b) the

aggregate amount of all Proven Claims held by Affected Creditors who are not Convenience Class Creditors;

“Proof of Claim” means the form that was to be completed by a Creditor setting forth its applicable Claim and filed by the Claims Bar Date or such later date as the Monitor may have agreed to in its sole discretion, pursuant to the Claims Procedure Order;

“Property” means all current and future assets, undertakings and properties of the Nordstrom Canada Entities, of every nature and kind whatsoever, and wherever situate, including all Cash or other proceeds thereof;

“Proven Claim” means a Claim of an Affected Creditor finally determined for voting and/or distribution purposes in accordance with the Claims Procedure Order and the Plan;

“Proxy” means the proxy form enclosed with the Meeting Materials to be delivered to or otherwise made available to the Affected Creditors in accordance with the Meeting Order;

“Real Estate Improvement Rent” means the Real Estate Improvement Rent (as defined in each Sublease), which in each Sublease is an amount equal to a percentage of the costs of TI Work (as defined in the applicable Subleases);

“Realty Tax Appeals” means the two realty tax appeals referred to by (a) appeal number 3442661 for the taxation year 2021 and (b) appeal number 3487968 for the taxation year 2022, filed by NCL with respect to the former FLS Store located at Yorkdale Shopping Mall in Toronto, Ontario;

“Released Parties” means those Persons who are released pursuant to Section 7.1, including the Nordstrom Canada Entities Released Parties, the Plan Sponsor Released Parties and the Third Party Released Parties;

“Represented Employees” means (a) all store-level Employees; and (b) all non-store level Employees, other than (i) non-store level Employees who were eligible for a KERP payment, (ii) directors and officers of the Nordstrom Canada Entities, and (iii) the Senior Vice President, Regional Manager for Canada;

“Required Majority” means a majority in number of Affected Creditors who represent at least two-thirds in value of the Voting Claims of such Affected Creditors who actually vote on the Resolution (in person or by Proxy) at the Creditors’ Meeting or who were deemed to vote on the Resolution in accordance with the Plan and the Meeting Order;

“Resolution” means the resolution approving the Plan presented to the Affected Creditors for consideration at the Creditors’ Meeting;

“Restructuring Period Claim” means any right or claim of any Person against any of the Nordstrom Canada Entities in connection with any indebtedness, Liability or obligation of any kind whatsoever of any such Nordstrom Canada Entity to such Person arising out of the restructuring, disclaimer, termination or breach by such Nordstrom Canada Entity on or after the Filing Date of any contract, lease or other agreement, whether written or oral, and including any right or claim with respect to any Assessment;

“Restructuring Period D&O Claim” means any right or claim of any Person against one or more of the Directors and/or Officers arising after the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessments and any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors and/or Officers with respect to any matter, action, cause or chose in action, whether existing at present or arising or commenced in the future, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer;

“Sanction and Vesting Order” means the Order to be sought by the Applicants from the Court as contemplated under the Plan which, *inter alia*, approves and sanctions the Plan and the transactions contemplated thereunder;

“Sublease” means, in each case, the sublease pursuant to which NCL subleased each of the former store premises subject to a Master Lease to NCRI;

“Sublease Additional Rent” means all Additional Rent (as defined in the applicable Sublease) required to be paid by NCRI to NCL under the applicable Sublease;

“Supporting Rack Landlord Settlement Agreements” means, collectively, the settlement agreements entered into by the Nordstrom Canada Entities and the third-party Landlords of the Nordstrom Rack Stores in respect of, among other things, such Landlords’ Proven Claims pursuant to the Claims Procedure Order and the Plan;

“Supporting Rack Landlords” means, collectively, the third-party Landlords of the Nordstrom Rack Stores that have executed and remain, at the relevant time, subject to a Supporting Rack Landlord Settlement Agreement, and **“Supporting Rack Landlord”** means any one of them;

“Tax” means any and all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property, and personal property taxes and other taxes, customs, duties, fees, levies, imposts and other Assessments or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers’ compensation premiums, together with any instalments with respect thereto, and any interest, penalties, fines, fees, other charges and additions with respect thereto;

“Tax Obligation” means any amount of Tax owing by a Person to a Taxing Authority;

“Taxing Authorities” means His Majesty the King in right of Canada, His Majesty the King in right of any province or territory of Canada, any municipality of Canada, the Canada Revenue Agency, the Canada Border Services Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or foreign government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or

regulation-making entity exercising taxing authority or power, and **“Taxing Authority”** means any one of the Taxing Authorities;

“Third Party Released Party” has the meaning ascribed thereto in Section 7.1(b);

“Transfer Restrictions” means any and all restrictions on the transfer of shares, limited partnership or other units or interests in real property including rights of first refusal, rights of first offer, shotgun rights, purchase options, change of control consent rights, puts or forced sales provisions or similar rights of shareholders or lenders in respect of such interests;

“Unaffected Claim” means any: (a) Excluded Claim; (b) claim in respect of the Administrative Reserve Costs; (c) FLS Landlord Guarantee Claim; (d) Priority Claim; and (e) Insured Claim;

“Unaffected Creditor” means a Creditor who has an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim;

“Unsecured Creditors’ Class” has the meaning ascribed thereto in Section 3.1;

“Voting Claim” means the amount of the Affected Claim of an Affected Creditor as finally determined for voting purposes in accordance with the Claims Procedure Order and the Meeting Order entitling such Affected Creditor to vote at the Creditors’ Meeting in accordance with the provisions of the Meeting Order, the Plan and the CCAA, and includes, for greater certainty, a Proven Claim;

“Website” means www.alvarezandmarsal.com/nordstromcanada;

“Wind-Down Agreement” means the wind-down agreement dated as of March 1, 2023 between the Plan Sponsor and the Nordstrom Canada Entities, as amended on June 8, 2023, and as may be further amended, restated or supplemented from time to time with the consent of the Monitor; and

“Withholding Obligation” has the meaning ascribed thereto in Section 6.14(c).

1.2 Certain Rules of Interpretation

For the purposes of the Plan:

- (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions and shall include all schedules and appendices thereto;
- (b) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, restated or varied from time to time;

- (c) the division of the Plan into “Articles” and “Sections” and the insertion of a Table of Contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of “Articles” and “Sections” otherwise intended as complete or accurate descriptions of the content thereof;
- (d) references in the Plan to “Articles”, “Sections”, “Subsections” and “Schedules” are references to Articles, Sections, Subsections and Schedules of or to the Plan;
- (e) the use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of the Plan or a Schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (f) the words “includes” and “including” and similar terms of inclusion shall not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather shall mean “includes but is not limited to” and “including but not limited to”, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (g) unless otherwise provided, any reference to a statute or other enactment of Parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;
- (h) the terms “the Plan”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions shall be deemed to refer generally to the Plan and not to any particular “Article”, “Section” or other portion of the Plan and include any documents supplemental hereto; and
- (i) the word “or” is not exclusive.

1.3 Time

For purposes of the Plan, unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean prevailing local time in Toronto, Ontario, Canada, unless otherwise stipulated.

1.4 Date and Time for any Action

For purposes of the Plan:

- (a) In the event that any date on which any action is required to be taken under the Plan by any Person is not a Business Day, that action shall be required to be taken on the next succeeding day which is a Business Day, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day; and

- (b) Unless otherwise specified, time periods within or following which any payment is to be made or any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

1.5 Successors and Assigns

The Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, liquidators, receivers, trustees in bankruptcy and successors and assigns of any Person or party named or referred to in the Plan.

1.6 Governing Law

The Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of the Plan and all proceedings taken in connection with the Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

1.7 Currency

Unless specifically provided for in the Plan, for the purposes of voting or distribution under the Plan, a Claim shall be denominated in Canadian dollars and all payments and distributions to Affected Creditors on account of their Proven Claims shall be made in Canadian dollars. Any Claim in a currency other than Canadian dollars must be converted to Canadian dollars, and any such amount shall be regarded as having been converted at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian dollars as at the Filing Date, which rate for US dollars is US\$1:Cdn\$1.3614.

1.8 Schedules

The following are the Schedules to the Plan, which are incorporated by reference into the Plan and form a part of it:

Schedule A	Intercompany Claims
Schedule B	FLS Stores

ARTICLE 2 PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose of Plan

The purpose of the Plan is to:

- (a) complete the controlled, orderly and timely wind-down of the Nordstrom Canada Entities;

- (b) provide for a compromise and settlement of all Affected Claims and to effect timely distributions as provided for herein in respect of Proven Claims;
- (c) effect a release and discharge of all Affected Claims and of all claims released pursuant to the Plan, but for certainty not including the FLS Landlord Guarantee Claims; and
- (d) effect a global resolution of the CCAA Proceedings,

in the expectation that, on balance, all Persons with an economic interest in the Nordstrom Canada Entities will derive a greater benefit from the implementation of the Plan than would otherwise result from a non-consolidated plan or results that could have been achieved in a bankruptcy of the Nordstrom Canada Entities.

2.2 Persons Affected

The Plan provides for the compromise and settlement of the Affected Claims on a consolidated basis. The Plan will become effective at the Effective Time on the Plan Implementation Date. On the Plan Implementation Date, the Affected Claims will be fully and finally compromised, settled, released and discharged to the extent provided for under the Plan. The Plan shall be binding on and shall enure to the benefit of the Nordstrom Canada Entities, the Affected Creditors, the Released Parties and all other Persons named or referred to in, receiving the benefit of or subject to, the Plan.

2.3 Persons Not Affected

For greater certainty, the Plan does not affect the Unaffected Creditors with respect to and to the extent of their Unaffected Claims, including for greater certainty the FLS Landlords with respect to and to the extent of their FLS Landlord Guarantee Claims. Nothing in the Plan shall affect any Nordstrom Canada Entity's rights and defences, both legal and equitable, with respect to any Unaffected Claims including, but not limited to, all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

2.4 Equity Claims

All Persons holding Equity Claims shall not be entitled to vote at the Creditors' Meeting and shall not receive any distributions under the Plan or otherwise receive any other compensation in respect of their Equity Claims.

ARTICLE 3 CLASSIFICATION OF CREDITORS, VOTING, TREATMENT AND RELATED MATTERS

3.1 Classification of Creditors

For the purposes of considering, voting on and receiving distributions under the Plan, the Affected Creditors shall constitute a single class, referred to as the **"Unsecured Creditors' Class"**.

3.2 Creditors' Meeting

The Creditors' Meeting shall be held in accordance with the Meeting Order and any further Order of the Court. The only Persons entitled to attend the Creditors' Meeting shall be representatives of the Nordstrom Canada Entities and the Plan Sponsor and their respective legal counsel and advisors, the Monitor and its legal counsel and advisors, the Employee Representative Counsel and all other Persons, including the holders of Proxies, entitled to vote at the Creditors' Meeting and their respective legal counsel and advisors. Any other Person may be admitted to the Creditors' Meeting only by invitation of the Monitor or as permitted pursuant to the Meeting Order or any further Order of the Court.

3.3 Procedure for Valuing Voting Claims

The procedure for valuing Voting Claims and resolving disputes and entitlements to voting shall be as set forth in the Claims Procedure Order, the Meeting Order, the Plan and the CCAA. The Nordstrom Canada Entities, in consultation with the Monitor, shall have the right to seek the assistance of the Court in valuing any Voting Claim in accordance with the Meeting Order and the Plan, if required, and to ascertain the result of any vote on the Plan.

3.4 Approval by Creditors

In order to be approved, the Plan must receive the affirmative vote of the Required Majority of the Unsecured Creditors' Class.

3.5 Voting of the Unsecured Creditors' Class

- (a) Each Affected Creditor in the Unsecured Creditors' Class who is entitled to vote at the Creditors' Meeting, pursuant to and in accordance with the Claims Procedure Order, the Meeting Order, the Plan and the CCAA, shall be entitled to one vote in the amount equal to its Voting Claim.
- (b) Each Convenience Class Creditor shall each be deemed to vote in favour of the Plan in the amount equal to its Voting Claim. For greater certainty, the Voting Claim of a Convenience Class Creditor that has filed a Convenience Class Claim Election shall be the Cash Elected Amount.
- (c) Holders of Intercompany Claims shall not be entitled to vote on the Plan.
- (d) The Plan Sponsor shall not be entitled to vote on the Plan in respect of any amounts paid to any FLS Landlord in respect of any FLS Landlord Guarantee Claim.

3.6 Treatment of Affected Claims

In accordance with the terms herein, on the Plan Implementation Date, in full and final settlement and satisfaction of all Affected Claims,

- (a) Convenience Class Creditors:
 - (i) Each Affected Creditor with Proven Claims in the aggregate that are less than or equal to \$15,000 shall be deemed to have made the Convenience

Class Claim Election and hold a Convenience Class Claim, and shall be entitled to receive cash distributions on the Initial Distribution Date equivalent to the amount of their Proven Claims and shall not be entitled to any further distributions under the Plan.

- (ii) Each Affected Creditor with Proven Claims in the aggregate in excess of \$15,000 who delivers a duly completed and executed Convenience Class Claim Election to the Monitor by the Election/Proxy Deadline, shall be treated for all purposes as a Convenience Class Creditor and hold a Convenience Class Claim, and shall be entitled to receive only the Cash Elected Amount on the Initial Distribution Date and shall not be entitled to any further distributions under the Plan.

(b) Other Affected Creditors:

- (i) Affected Creditors who are not Convenience Class Creditors (including Affected Creditors with Disputed Claims which have become Proven Claims) shall each be entitled to receive distributions on their Proven Claims from the Consolidated Cash Pool pursuant to and in accordance with the Plan.

3.7 Unaffected Claims

Unaffected Claims shall not be compromised under the Plan. No holder of an Unaffected Claim shall be:

- (a) treated as a Convenience Class Creditor;
- (b) entitled to vote on the Plan or attend at any Creditors' Meeting in respect of such Unaffected Claim; or
- (c) entitled to or receive any distributions pursuant to the Plan in respect of such Unaffected Claim, unless specifically provided for under and pursuant to the Plan.

3.8 Guarantees and Similar Covenants

No Person who has a Claim under a Guarantee in respect of any Claim which is compromised under the Plan (such compromised Claim being the "**Principal Claim**"), or who has any right to or claim over in respect of or to be subrogated to the rights of any Person in respect of the Principal Claim, shall, in respect of such Guarantee or right, be:

- (a) entitled to any greater rights as against the Nordstrom Canada Entities than the Person holding the Principal Claim;
- (b) entitled to vote on the Plan to the extent that the Person holding the Principal Claim is voting on the Plan; or
- (c) entitled to receive any distribution under the Plan to the extent that the Person holding the Principal Claim is receiving a distribution.

ARTICLE 4 PRELIMINARY STEPS

4.1 Creation of Accounts

(a) Creation of the Consolidated Cash Pool Account

No less than five (5) Business Days prior to the Plan Implementation Date, NCRI shall establish the Consolidated Cash Pool Account with a Cash Management Bank as a segregated trust account in the name of NCRI for itself (for its own contributions) and as nominee for the other Nordstrom Canada Entities (to the extent of their contributions).

(b) Creation of the NCL ITC Cash Pool Account

No less than five (5) Business Days prior to the Plan Implementation Date, NCRI shall establish the NCL ITC Cash Pool Account with a Cash Management Bank as a segregated trust account in the name of NCRI as nominee for NCL.

(c) Creation of the Administrative Reserve Account

No less than five (5) Business Days prior to the Plan Implementation Date, NCRI shall establish the Administrative Reserve Account with a Cash Management Bank on behalf of itself and each of the other Nordstrom Canada Entities as a segregated trust account in the name of NCRI for itself and as nominee for the other Nordstrom Canada Entities.

(d) Creation of the Disputed Claims Reserve Account

No less than five (5) Business Days prior to the Plan Implementation Date, NCRI shall establish the Disputed Claims Reserve Account with a Cash Management Bank on behalf of itself and each of the other Nordstrom Canada Entities as a segregated trust account in the name of NCRI for itself and as nominee for the other Nordstrom Canada Entities.

ARTICLE 5 PLAN TRANSACTION STEPS

5.1 Corporate Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under the Plan involving any corporate or company action of any of the Nordstrom Canada Entities will occur and be effective as of the Effective Time on the Plan Implementation Date as set out in Section 5.2, and will be authorized and approved under the Plan and by the Court, where appropriate, as part of the Sanction and Vesting Order, in all respects and for all purposes without any requirement of further action by shareholders, members, partners, managers, Directors or Officers of any of the Nordstrom Canada Entities. All necessary approvals to take actions shall be deemed to have been obtained from the Directors or shareholders or members or partners or managers of the Nordstrom Canada Entities, as applicable.

5.2 Plan Transaction Steps

At the Effective Time, on the Plan Implementation Date, the following transactions, steps, offsets, distributions, payments, disbursements, compromises, set-offs, releases and discharges to be effected as part of the implementation of the Plan (the “**Plan Transaction Steps**”) will occur and be deemed to have occurred in the order set out below and become effective without any further act or formality:

- (a) NINC-NCH Services Claim: The Plan Sponsor shall cause the NINC-NCH Services Claim to be contributed to the capital of NCH, in full and final settlement and extinguishment of the NINC-NCH Services Claim.
- (b) NINC-NCHII Services Claim: The Plan Sponsor shall cause the NINC-NCHII Services Claim to be contributed to the capital of NCH, and NCH shall in turn contribute the NINC-NCHII Services Claim to the capital of NCHII, in full and final settlement and extinguishment of the NINC-NCHII Services Claim.
- (c) Plan Sponsor ITCs: NCL shall pay to the Plan Sponsor the full Cash amount of any Plan Sponsor ITCs held by NCL on the Plan Implementation Date, and shall be obligated to pay to the Plan Sponsor the Cash amount of any additional Plan Sponsor ITCs at such later time or times that such Plan Sponsor ITCs are received or realized by NCL.
- (d) Realty Tax Appeals: The Nordstrom Canada Entities shall assign, set over and transfer to Yorkdale Shopping Centre Holdings Inc., (i) any and all of NCL’s right, title and interest in and to any amounts recovered by NCL pursuant to the Realty Tax Appeals; and (ii) on an “as is, where is” basis, any and all of NCL’s right, title and interest in and to the Realty Tax Appeals, and all of NCL’s benefits, burdens, obligations and liabilities related to such Realty Tax Appeals.
- (e) Canada Customer Data: In partial settlement and satisfaction of the NINC-NCRI Services Claim, NCRI shall transfer the Canada Customer Data to the Plan Sponsor (or its designee) and such Canada Customer Data shall vest absolutely in and to the Plan Sponsor (or its designee) free and clear of all Encumbrances pursuant to the Sanction and Vesting Order, such that the amount of the NINC-NCRI Services Claim shall be partially settled and reduced to the Net NINC-NCRI Services Claim.
- (f) NINC-NCRI Services Claim and the NCRI Transfer Pricing Claim: In full and final settlement and satisfaction of the Net NINC-NCRI Services Claim and the NCRI Transfer Pricing Claim:
 - (i) NCRI and the Plan Sponsor shall fully and finally settle and satisfy the Net NINC-NCRI Services Claim by way of set-off of such claim against the NCRI Transfer Pricing Claim, such that the amount of the NCRI Transfer Pricing Claim shall be partially settled and reduced to the Net NCRI Transfer Pricing Claim; and

- (ii) The Plan Sponsor shall pay to NCRI the Cash amount of the Net NCRI Transfer Pricing Claim in full and final settlement and satisfaction of the Net NCRI Transfer Pricing Claim.
- (g) NCL Post-Filing Sublease Rent Claim: NCRI shall pay from its Cash to NCL the Cash amount of the NCL Post-Filing Sublease Rent Claim in full and final settlement and satisfaction of the NCL Post-Filing Sublease Rent Claim.
- (h) NCL-NCRI Claims Settlement Agreement: The NCL-NCRI Claims Settlement Agreement shall be, and shall be deemed to be, effective, pursuant to which NCL shall direct NCRI to contribute the NCL-NCRI Claims Settlement Amount to the Consolidated Cash Pool on behalf of and for the benefit of NCL.
- (i) The following shall occur concurrently:
 - (i) Consolidated Cash Pool:
 - (A) Each of the Nordstrom Canada Entities shall deliver or cause to be delivered to NCRI all of their Cash, if any, including all proceeds of sale from the Liquidation Sale and the Lease Monetization Process, which Cash shall be held by NCRI in the Consolidated Cash Pool Account.
 - (B) NCL shall become obligated to deliver or cause to be delivered to NCRI, from and after the Plan Implementation Date, the Cash amount of any NCL Rack Distribution ITCs as and when received by NCL, which Cash shall be held by NCRI in the Consolidated Cash Pool Account.
 - (ii) NCL ITC Cash Pool: NCL shall become obligated to deliver or cause to be delivered to NCRI, from and after the Plan Implementation Date, the Cash amount of any NCL FLS Distribution ITCs as and when received by NCL, which Cash shall be held by NCRI in the NCL ITC Cash Pool Account.
- (j) The following shall occur concurrently:
 - (i) Administrative Reserve: NCRI, on behalf of itself and each of the other Nordstrom Canada Entities, shall transfer the Cash necessary to establish the Administrative Reserve to the Administrative Reserve Account from the Consolidated Cash Pool.
 - (ii) Disputed Claims Reserve: NCRI, on behalf of itself and each of the other Nordstrom Canada Entities, shall transfer the Cash necessary to establish the Disputed Claims Reserve to the Disputed Claims Reserve Account from the Consolidated Cash Pool.
- (k) CCAA Charges: The Administration Charge and the Directors' Charge shall continue and shall be deemed to attach solely against the Consolidated Cash Pool,

the NCL ITC Cash Pool and the Cash Reserves, in the order of priority set out in the Initial Order.

- (l) Releases: The releases referred to in Article 7 shall become effective.

ARTICLE 6

DISTRIBUTIONS, DISBURSEMENTS AND PAYMENTS

6.1 General

All distributions, disbursements and payments to be effected pursuant to the Plan shall be made pursuant to this Article 6 and shall occur in the manner set out herein by NCRI, on behalf of itself and each of the other Nordstrom Canada Entities, under the supervision of the Monitor.

6.2 Administration of the Consolidated Cash Pool

NCRI shall hold the Consolidated Cash Pool in the Consolidated Cash Pool Account, on behalf of itself and each of the Nordstrom Canada Entities, for the purpose of making distributions to Creditors of the Nordstrom Canada Entities in accordance with the Plan.

6.3 Initial Distribution from the Consolidated Cash Pool

On the Initial Distribution Date, NCRI, on behalf of itself and each of the other Nordstrom Canada Entities, shall distribute the Consolidated Cash Pool as follows:

- (a) first, each Other Priority Claim Creditor shall receive a distribution in the full amount of its Other Priority Claim, in accordance with the Nordstrom Canada Entities' existing practice or by cheque sent by prepaid ordinary mail to the address for such Other Priority Claim Creditor as set out in its Proof of Claim or Negative Notice Claim (or, at the election of NCRI, by wire transfer in accordance with the wire transfer instructions provided by the applicable Other Priority Claim Creditor), in full and final settlement and satisfaction of its Other Priority Claim;
- (b) second, each Convenience Class Creditor shall receive a distribution in the full amount of its Convenience Class Claim, in accordance with the Nordstrom Canada Entities' existing practice or by cheque sent by prepaid ordinary mail to the address for such Convenience Class Creditor as set out in its Proof of Claim or Negative Notice Claim (or, at the election of NCRI, by wire transfer in accordance with the wire transfer instructions provided by the applicable Convenience Class Creditor), in full and final settlement and satisfaction of its Proven Claim; and
- (c) third, each Affected Creditor (other than a Convenience Class Creditor) with a Proven Claim shall receive an initial distribution in respect of such Proven Claim in an amount equal to its Pro Rata Share of the Cash in the Consolidated Cash Pool Account on the Initial Distribution Date (after effecting the payments in Sections 6.3(a) and 6.3(b)), in accordance with the Nordstrom Canada Entities' existing practice or by cheque sent by prepaid ordinary mail to the address for such Affected Creditor as set out in its Proof of Claim or Negative Notice Claim (or, at the election of NCRI, by wire transfer in accordance with the wire transfer instructions provided

by the applicable Affected Creditor); provided that, notwithstanding the Pro Rata Share distribution to such Affected Creditors contemplated in this Section 6.3(c), the amount of the distribution paid to each Supporting Rack Landlord on the Initial Distribution Date shall be the full amount required to be paid to such Supporting Rack Landlord pursuant to its Supporting Rack Landlord Settlement Agreement, which amount shall be based on a Proven Claim for such Supporting Rack Landlord determined by the Nordstrom Canada Entities, with the consent of the Monitor, no less than five (5) Business Days prior to the Plan Implementation Date.

6.4 Administration of the Disputed Claims Reserve

NCRI shall hold, on behalf of itself and each of the other Nordstrom Canada Entities, the Disputed Claims Reserve in the Disputed Claims Reserve Account for the purpose of paying amounts to Affected Creditors in respect of their Disputed Claims which have become Proven Claims, in whole or in part, in accordance with the Claims Procedure Order and the Plan. Notwithstanding any other provisions of the Plan, no distributions or transfers of Cash shall be made by any Nordstrom Canada Entity with respect to all or any portion of a Disputed Claim, unless and only to the extent that such Disputed Claim has become a Proven Claim, in whole or in part.

6.5 Resolution of Disputed Creditor Claims and Subsequent Distributions

Subject to Section 6.3, from and after the Initial Distribution Date, as frequently as the Nordstrom Canada Entities and the Monitor may determine, NCRI, on behalf of itself and each of the other Nordstrom Canada Entities, as applicable, shall distribute to:

- (a) each Affected Creditor with a Disputed Claim that has become a Proven Claim, in whole or in part, on or before the third (3rd) Business Day prior to a Distribution Date (other than the Final Distribution Date), an amount of Cash from the Disputed Claims Reserve Account equal to the aggregate amount of all distributions such Affected Creditor would have otherwise already received pursuant to the Plan had its Disputed Claim been a Proven Claim on and as of each previous Distribution Date, in accordance with the Nordstrom Canada Entities' existing practice or by cheque sent by prepaid ordinary mail to the address for such Affected Creditor as set out in its Proof of Claim or Negative Notice Claim (or, at the election of NCRI, by wire transfer in accordance with the wire transfer instructions provided by the applicable Affected Creditor), and any remaining balance in the Disputed Claims Reserve Account relating to such Affected Creditor's Disputed Claim shall be deposited into the Consolidated Cash Pool Account; and
- (b) each Affected Creditor (other than a Convenience Class Creditor or Supporting Rack Landlord) with a Proven Claim, an amount equal to such Affected Creditor's respective Pro Rata Share of the Cash in the Consolidated Cash Pool Account (subsequent to effecting any payments contemplated in Section 6.5(a)), in accordance with the Nordstrom Canada Entities' existing practice or by cheque sent by prepaid ordinary mail to the address for such Affected Creditor as set out in its Proof of Claim (or, at the election of NCRI, by wire transfer in accordance with the wire transfer instructions provided by the applicable Affected Creditor).

6.6 NCL ITCs

(a) Administration of the NCL ITC Cash Pool

NCRI shall hold the NCL ITC Cash Pool in the NCL ITC Cash Pool Account, on behalf of NCL, for the purpose of making further distributions of amounts in respect of NCL FLS Distribution ITCs to the FLS Landlords in accordance with the Plan.

(b) Distributions from the NCL ITC Cash Pool

From and after the Initial Distribution Date, as frequently as the Nordstrom Canada Entities and the Monitor may determine, NCRI, on behalf of NCL, shall make a distribution to each FLS Landlord with a Proven Claim in an amount equal to the amount of Cash in the NCL ITC Cash Pool Account multiplied by the FLS Landlord ITC Share in respect of such FLS Landlord applicable to such distribution, in accordance with the Nordstrom Canada Entities' existing practice or by cheque sent by prepaid ordinary mail to the address for such FLS Landlord as set out in its Proof of Claim or Negative Notice Claim (or, at the election of NCRI, by wire transfer in accordance with the wire transfer instructions provided by the applicable FLS Landlord).

(c) NCL Rack Distribution ITCs

Pursuant to and in accordance with Section 5.2(i), NCL shall deliver or cause to be delivered to NCRI, from and after the Plan Implementation Date, the Cash amount of any NCL Rack Distribution ITCs as and when received by NCL, which Cash shall be held by NCRI in the Consolidated Cash Pool Account as nominee for NCL.

6.7 Administration of the Administrative Reserve

NCRI shall hold the Administrative Reserve in the Administrative Reserve Account, on behalf of itself and each of the other Nordstrom Canada Entities, for the purpose of paying the Administrative Reserve Costs, both on the Initial Distribution Date and from time to time following thereafter to the extent that any such Administrative Reserve Costs are subsequently due and owing, in accordance with the Plan.

6.8 Initial Distributions from the Administrative Reserve

No later than the Initial Distribution Date, NCRI, on behalf of itself and each of the other Nordstrom Canada Entities, shall distribute Cash from the Administrative Reserve to pay the following Administrative Reserve Costs to the extent they are due and owing on the Initial Distribution Date:

- (a) all fees and disbursements owing as at the Plan Implementation Date to counsel to the Nordstrom Canada Entities, the Monitor, counsel to the Monitor, counsel to the Directors and the Employee Representative Counsel;
- (b) all amounts secured by the Directors' Charge;
- (c) all amounts on account of Government Priority Claims;
- (d) all amounts on account of Employee Priority Claims;

- (e) all amounts on account of Cash Management Bank Claims;
- (f) all amounts on account of Post-Filing Claims;
- (g) all amounts on account of Post-Filing Tax Claims; and
- (h) all fees owing to third-parties on account of the administration of distributions, disbursements and payments under the Plan.

6.9 Plan Sponsor ITCs

Pursuant to and in accordance with Section 5.2(c), to the extent any Plan Sponsor ITCs are held by NCL on the Plan Implementation Date, the full Cash amount of such Plan Sponsor ITCs shall be paid to the Plan Sponsor on the Plan Implementation Date, and at such later time or times that any additional Plan Sponsor ITCs are received or realized by NCL, NCL shall forthwith pay to the Plan Sponsor the Cash amount of such additional Plan Sponsor ITCs. For greater certainty, such Plan Sponsor ITCs shall not be contributed to the Consolidated Cash Pool, the NCL ITC Cash Pool, or any Cash Reserve.

6.10 Final Distribution

Once NCRI has effected all other distributions contemplated pursuant to this Article 6 (and, for certainty, there are no remaining Disputed Claims), on a date that the Nordstrom Canada Entities and the Monitor may determine (such date, the “**Final Distribution Date**”):

- (a) first, NCRI, on behalf of itself and each of the other Nordstrom Canada Entities, shall pay any final Administrative Reserve Costs from the Administrative Reserve Account;
- (b) second, NCRI, on behalf of itself and each of the other Nordstrom Canada Entities, shall contribute any balance remaining in the Administrative Reserve Account and the Disputed Claims Reserve Account to the Consolidated Cash Pool Account;
- (c) third, NCRI, on behalf of itself and each of the other Nordstrom Canada Entities, shall distribute to the Affected Creditors (other than Convenience Class Creditors and Supporting Rack Landlords) with Proven Claims an amount equal to such Affected Creditor’s respective Pro Rata Share of any Cash in the Consolidated Cash Pool Account, in full and final settlement, satisfaction and extinguishment of such Affected Creditor’s Proven Claim; and
- (d) fourth, NCRI, on behalf of itself and each of the other Nordstrom Canada Entities, shall provide written notice to the Monitor that it has completed its duties to fully and finally effect all distributions, disbursements and payments in accordance with the Plan.

6.11 Treatment of Undeliverable Distributions

If any Affected Creditor’s distribution is not cashed and becomes stale-dated or is returned as undeliverable, no further distributions to such Creditor shall be made unless and until the Monitor is notified by such Creditor of its current address or wire particulars, at which time all such

distributions shall be made to such Creditor without interest. All claims for undeliverable or uncashed distributions in respect of Proven Claims must be made no later than the date that is four months following the Initial Distribution Date, after which date the Claims of such Creditor or successor or assign of such Creditor with respect to such unclaimed or uncashed distributions shall be forever discharged and forever barred, without any compensation therefor, notwithstanding any Applicable Law to the contrary, at which time the Cash amount held by NCRI in relation to such Claim shall be returned to the Consolidated Cash Pool Account. Nothing in the Plan or Sanction and Vesting Order shall require the Monitor or the Nordstrom Canada Entities to attempt to locate the holder of any Proven Claim.

6.12 Assignment of Claims for Voting and Distribution Purposes Prior to the Creditors' Meeting

An Affected Creditor may transfer or assign the whole of its Claim prior to the Creditors' Meeting, provided that neither the Nordstrom Canada Entities nor the Monitor shall be obligated to give notice to or otherwise deal with the transferee or assignee of such Claim as an Affected Creditor in respect thereof, including allowing such transferee or assignee of an Affected Claim to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Monitor in writing no later than 5:00 p.m. on the date that is seven (7) days prior to the Creditors' Meeting. Thereafter such transferee or assignee shall, for all purposes in accordance with the Claims Procedure Order and the Meeting Order, constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor and any and all steps taken in respect of such Claim.

Where a Claim has been transferred or assigned in part, the transferor or assignor shall retain the right to vote at the Creditors' Meeting in respect of the full amount of the Claim, and the transferee or assignee shall have no voting rights at the Creditors Meeting in respect of such Claim.

6.13 Assignment of Claims for Distribution Purposes After the Creditors' Meeting

An Affected Creditor (other than a Convenience Class Creditor or Supporting Rack Landlord) may transfer or assign the whole of its Claim for distribution purposes after the Creditors' Meeting provided that the Nordstrom Canada Entities shall not be obliged to make distributions to any such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Monitor in writing; thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure Order, the Meeting Order and the Plan, constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor and any and all steps previously taken in respect of such Claim.

6.14 Tax and Other Payment Matters

- (a) Any terms and conditions of any Affected Claims which purport to deal with the ordering of or grant of priority of payment of principal, interest, penalties or other amounts shall be deemed to be void and ineffective.

- (b) Notwithstanding any provisions of the Plan, each Person that receives a distribution, disbursement or other payment pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax Obligations imposed on such Person by any Taxing Authority on account of such distribution, disbursement or payment.
- (c) Any payor shall be entitled to deduct and withhold and remit from any distribution, payment or consideration otherwise payable to any Person pursuant to the Plan such amounts as are required to be deducted and withheld with respect to such payment under the ITA, or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded (a **“Withholding Obligation”**). For greater certainty, no distribution, payment or other consideration shall be made to or on behalf of a Person until such Person has delivered to the Monitor and NCRI such documentation prescribed by Applicable Law or otherwise reasonably required by NCRI as will enable NCRI to determine whether or not, and to what extent, such distribution, payment or consideration to such Person is subject to any Withholding Obligation imposed by any Taxing Authority.
- (d) All distributions made by NCRI, on behalf of itself and each of the other Nordstrom Canada Entities, pursuant to the Plan shall be first in satisfaction of the portion of Affected Claims that are not subject to any Withholding Obligation.
- (e) To the extent that amounts are withheld or deducted and paid over to the applicable Taxing Authority, such withheld or deducted amounts shall be treated for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deduction were made.
- (f) For the avoidance of doubt, it is expressly acknowledged and agreed that the Monitor and any Director or Officer will not hold any assets hereunder, including Cash, or make distributions, payments or disbursements, and no provision hereof shall be construed to have such effect.

ARTICLE 7 RELEASES

7.1 Plan Releases

- (a) On the Plan Implementation Date, each of the Nordstrom Canada Entities and their respective Directors, Officers, current and former employees, advisors, legal counsel and agents (all of the foregoing Persons being referred to individually as a **“Nordstrom Canada Entities Released Party”**) shall be released and discharged from any and all demands, claims, actions, applications, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any Liability, obligation, demand or cause of action of whatever nature which any Creditor, Affected Creditor or other Person may be entitled to assert, including any and all Claims in respect of the payment and receipt of proceeds, statutory liabilities of the Nordstrom Canada Entities Released Parties and any

alleged fiduciary or other duty thereof, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, Liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings (including any KERP Claim), the Employee Trust, or any Claim that has been barred or extinguished by the Claims Procedure Order and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Nordstrom Canada Entities' obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or discharge (i) the Nordstrom Canada Entities from and in respect of any Unaffected Claim that is not paid in full or otherwise addressed pursuant to the Plan, (ii) any Nordstrom Canada Entities Released Party if such Nordstrom Canada Entities Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed criminal, fraudulent or other wilful misconduct or (iii) the Directors with respect to matters set out in section 5.1(2) of the CCAA.

- (b) On the Plan Implementation Date, (i) the Monitor, A&M, and their respective affiliates, and each of their current and former directors, officers, employees, representatives, advisors, legal counsel and agents, (ii) counsel to the Directors and Officers, (iii) the Employee Trust Trustee, and (iv) Employee Representative Counsel (all of the foregoing Persons being referred to individually as a **"Third Party Released Party"**) shall be released and discharged from any and all demands, claims, actions, applications, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any Liability, obligation, demand or cause of action of whatever nature which any Creditor, Affected Creditor or other Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, Liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings (including any KERP Claim), the Employee Trust or any Claim that has been barred or extinguished by the Claims Procedure Order and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Monitor's obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or discharge any Third Party Released Party if such Third Party Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed criminal, fraudulent or other wilful misconduct.

- (c) On the Plan Implementation Date, the Plan Sponsor, the Plan Sponsor Subsidiaries and their current and former directors, officers and employees and their respective advisors, legal counsel and agents (all of the foregoing Persons being referred to individually as a “**Plan Sponsor Released Party**”) shall be released and discharged from any and all demands, claims, actions, applications, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any Liability, obligation, demand or cause of action of whatever nature which any Creditor, Affected Creditor or other Person (excluding an FLS Landlord in respect of its FLS Landlord Guarantee Claim) may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, Liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings (including any KERP Claim), the Employee Trust, or any Claim that has been barred or extinguished by the Claims Procedure Order and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Plan Sponsor’s obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or discharge (i) any FLS Landlord Guarantee Claim and (ii) any Plan Sponsor Released Party if such Plan Sponsor Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed criminal, fraudulent or other wilful misconduct. For greater certainty, the Plan Sponsor shall not be released from any indemnity or guarantee provided by the Plan Sponsor in favour of any Director, Officer or Employee.
- (d) Notwithstanding anything to the contrary herein, Insured Claims shall not be compromised, settled, released and discharged by the Plan; provided that, from and after the Plan Implementation Date, any Person having an Insured Claim shall be irrevocably limited to recovery in respect of such Insured Claim solely from the applicable Insurance Policies and not from the Nordstrom Canada Entities. This Section 7.1(d) may be relied upon and raised or pleaded by the Nordstrom Canada Entities in defence or estoppel of or to enjoin any claim, action or proceeding brought in contravention of this Section 7.1(d). Nothing in the Plan shall prejudice, compromise, release or otherwise affect any right or defence of any insured or insurer in respect of an Insured Claim.
- (e) Nothing in the Plan shall be interpreted as restricting the application of Section 21 of the CCAA.

ARTICLE 8

COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION

8.1 Application for Sanction and Vesting Order

If the Plan is approved by the Required Majority of the Affected Creditors at the Creditors' Meeting, the Nordstrom Canada Entities shall apply for the Sanction and Vesting Order on or before the date set in the Meeting Order for the hearing of the Sanction and Vesting Order or such later date as the Court may set.

8.2 Sanction and Vesting Order

The Nordstrom Canada Entities will apply for a Sanction and Vesting Order that will have effect from and after the Effective Time on the Plan Implementation Date, and shall, among other things:

- (a) order that (i) the Plan has been approved by the Required Majority of Affected Creditors with Proven Claims in conformity with the CCAA; (ii) the Nordstrom Canada Entities have complied with the provisions of the CCAA and the Orders of the Court made in these CCAA Proceedings in all respects; (iii) the Court is satisfied that the Nordstrom Canada Entities have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the Plan Transactions contemplated thereby are fair and reasonable;
- (b) order that the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are approved, binding and effective on the Nordstrom Canada Entities, the Plan Sponsor, all Affected Creditors, the Released Parties and all other Persons and parties affected by the Plan as of the Effective Time;
- (c) grant to the Monitor, in addition to its rights and obligations under the CCAA, the powers, duties and protections contemplated by and required under the Plan and authorize and direct the Monitor to perform its duties and fulfil its obligations under the Plan to facilitate the implementation thereof;
- (d) order that all right, title and interest in and to the Canada Customer Data have vested absolutely in and to the Plan Sponsor (or its designee), free and clear of all Encumbrances as set out in Section 5.2(e);
- (e) direct the Plan Sponsor to maintain the books and records of the Nordstrom Canada Entities for purposes of the completion of the Claims Process and the performance of the Nordstrom Canada Entities' duties under the Plan, or as the Nordstrom Canada Entities may otherwise be required under Applicable Law;
- (f) confirm the releases set out in Article 7;
- (g) enjoin the prosecution, whether directly, derivatively or otherwise, of any Claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, Liability or interest released, discharged, compromised or terminated pursuant to the Plan;

- (h) order that any Affected Claim for which a Proof of Claim or dispute of Negative Notice Claim has not been filed by the Claims Bar Date in accordance with the Claims Procedure Order shall be forever barred and extinguished;
- (i) order that the Intercompany Claims set out in Schedule A herein are deemed to be and shall be Proven Claims for the purposes of the Claims Procedure Order and the Plan;
- (j) order that in no circumstance will the Monitor have any liability for any of the Nordstrom Canada Entities' tax or other liabilities regardless of how or when such liability may have arisen;
- (k) order that, in carrying out the terms of the Sanction and Vesting Order and the Plan,
 - (i) the Monitor shall benefit from all the protections given to it by the CCAA, the Initial Order and any other Order in the CCAA Proceedings, and as an officer of the Court, including the stay of proceedings in its favour;
 - (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of the Sanction and Vesting Order and/or the Plan; and
 - (iii) the Monitor shall be entitled to rely on the books and records of the Nordstrom Canada Entities and any information provided by any of the Nordstrom Canada Entities without independent investigation and shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information;
- (l) approve the form of the Monitor's Plan Implementation Date Certificate, and declare that the Monitor, in its capacity as Monitor, following receipt of written notice from the Nordstrom Canada Entities of the fulfilment or waiver of the conditions precedent to implementation of the Plan as set out in Section 8.3 of the Plan, shall deliver the Monitor's Plan Implementation Date Certificate to the Nordstrom Canada Entities and serve a copy thereof on the service list established in the CCAA Proceedings;
- (m) provide for the continuation of the Administration Charge and the Directors' Charge solely against the Consolidated Cash Pool, the NCL ITC Cash Pool and the Cash Reserves, which Charges shall survive the Plan Implementation Date;
- (n) authorize the change in the name of each of the Nordstrom Canada Entities upon the Plan Implementation Date and authorize corresponding changes to the style of cause in these CCAA Proceedings;
- (o) authorize the Nordstrom Canada Entities (at their sole election) to seek an order of any court of competent jurisdiction to recognize the Plan and the Sanction and Vesting Order and to confirm the Plan and the Sanction and Vesting Order as binding and effective in any appropriate foreign jurisdiction;
- (p) order that the Nordstrom Canada Entities and the Monitor may apply to the Court from time to time for advice and direction in respect of any matters arising from or under the Plan; and

- (q) approve the form of the Monitor's Plan Completion Certificate, and declare that the Monitor, in its capacity as Monitor, following written notice from the Nordstrom Canada Entities to the Monitor pursuant to Section 6.10(d) of the Plan that the Nordstrom Canada Entities have completed their duties to fully and finally effect all distributions, disbursements and payments in accordance with the Plan, shall file the Monitor's Plan Completion Certificate with the Court.

8.3 Conditions Precedent to Implementation of the Plan

The implementation of the Plan shall be conditional upon the fulfilment or waiver, where applicable, of the following conditions precedent by the date specified therefor, provided however that any waiver of any such conditions precedent shall require the consent of the Monitor, acting reasonably:

- (a) the Minister of National Revenue (Canada) shall have withdrawn and vacated the CRA NCH Assessments to the satisfaction of the Nordstrom Canada Entities and the Monitor;
- (b) the Plan shall have been approved by the Required Majority of the Affected Creditors at the Creditors' Meeting;
- (c) all material consents, declarations, rulings, certificates or approvals of or by any Governmental Authority as may be considered necessary by the Nordstrom Canada Entities and the Monitor in respect of the Plan Transactions shall have been obtained;
- (d) the Sanction and Vesting Order shall have been granted by the Court, in form satisfactory to the Nordstrom Canada Entities, and shall have become a Final Order; and
- (e) the Plan Implementation Date shall have occurred, by no later than June 30, 2024, unless otherwise ordered by the Court.

8.4 Monitor's Certificates

Upon receipt by the Monitor of written notice from the Nordstrom Canada Entities of the fulfilment or waiver of the conditions precedent to implementation of the Plan as set out in Section 8.3 of the Plan, the Monitor shall deliver the Monitor's Plan Implementation Date Certificate to the Nordstrom Canada Entities and serve a copy thereof on the service list established in the CCAA Proceedings. Following the Plan Implementation Date, the Monitor shall file a copy of the Monitor's Plan Implementation Date Certificate with the Court and post a copy of same on the Website.

Upon receipt by the Monitor of written notice from the Nordstrom Canada Entities pursuant to Section 6.10(d) that the Nordstrom Canada Entities have completed their duties to fully and finally effect all steps, distributions, disbursements and payments in accordance with the Plan, the Monitor shall serve a copy of the Monitor's Plan Completion Certificate on the service list established in the CCAA Proceedings, file a copy of the Monitor's Plan Completion Certificate with the Court and post a copy of same on the Website.

ARTICLE 9 GENERAL

9.1 Binding Effect

On the Plan Implementation Date, or as otherwise provided in the Plan:

- (a) the Plan will become effective at the Effective Time and the Plan Transactions will be implemented;
- (b) the treatment of Affected Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Nordstrom Canada Entities, the Plan Sponsor, all Affected Creditors, the Released Parties and all other Persons and parties named or referred to in, or subject to, the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (c) all Affected Claims shall be and shall be deemed to be forever discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Plan;
- (d) each Person named or referred to in, or subject to, the Plan shall be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety;
- (e) each Person named or referred to in, or subject to, the Plan shall be deemed to have executed and delivered to the Nordstrom Canada Entities and the Plan Sponsor, all consents, releases, directions, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety; and
- (f) each Person named or referred to in, or subject to, the Plan shall be deemed to have received from the Nordstrom Canada Entities and the Plan Sponsor, all statements, notices, declarations and notifications, statutory or otherwise, required to implement and carry out the Plan in its entirety.

9.2 Claims Bar Date

Nothing in this Plan extends or shall be interpreted as extending or amending the Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure Order.

9.3 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

9.4 Interest and Fees

Interest shall not accrue or be paid on Affected Claims after the Filing Date, and no holder of an Affected Claim shall be entitled to interest accruing nor to fees and expenses incurred in respect of an Affected Claim on or after the Filing Date and any Claims in respect of interest accruing or fees and expenses incurred on or after the Filing Date shall be deemed to be forever extinguished and released.

9.5 Non-Consummation

The Nordstrom Canada Entities reserve the right, with the consent of the Plan Sponsor, to revoke or withdraw the Plan at any time prior to the date on which the Court grants the Plan Sanction Order. If the Nordstrom Canada Entities revoke or withdraw the Plan, or if the Sanction and Vesting Order is not issued or if the Plan Implementation Date does not occur, (a) the Plan (including all Plan Transactions) shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the treatment of any Intercompany Claims set out herein), or any document or agreement executed pursuant to or in connection with the Plan shall be deemed to be null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against any of the Nordstrom Canada Entities, the Plan Sponsor or any other Person, (ii) prejudice in any manner the rights of the Nordstrom Canada Entities, the Plan Sponsor or any other Person in any further proceedings involving any of the Nordstrom Canada Entities or Intercompany Claims or (iii) constitute an admission of any sort by any of the Nordstrom Canada Entities, the Plan Sponsor or any other Person.

9.6 Modification of the Plan

- (a) The Nordstrom Canada Entities reserve the right, at any time and from time to time (including prior to, at or following the Creditors' Meeting), with the consent of the Monitor and the Plan Sponsor, to amend, restate, modify and/or supplement the Plan; provided:
 - (i) if made prior to or at the Creditors' Meeting, such amendment, restatement, modification or supplement shall be communicated to Affected Creditors in the manner required by the Meeting Order; and
 - (ii) if made following the Creditors' Meeting, such amendment, restatement, modification or supplement shall be approved by the Court following notice to the Affected Creditors.
- (b) Notwithstanding Section 9.6(a), any amendment, restatement, modification or supplement to the Plan may be made by the Nordstrom Canada Entities, with the consent of the Monitor and the Plan Sponsor or pursuant to an Order of the Court, at any time and from time to time, provided that it concerns a matter which (i) is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction and Vesting Order or (ii) to cure any errors, omissions or ambiguities, and in either case is not materially adverse to the financial or economic interests of the Affected Creditors or the Unaffected Creditors.
- (c) Any amended, restated, modified or supplementary Plan or Plans filed with the Court and, if required by this Section, approved by the Court shall, for all purposes, be and be deemed to be a part of, and incorporated in, the Plan.

9.7 Paramountcy

From and after the Effective Time on the Plan Implementation Date, any conflict between:

- (a) the Plan; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, bylaws of the Nordstrom Canada Entities, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Person and the Nordstrom Canada Entities as at the Plan Implementation Date;

will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction and Vesting Order, which shall take precedence and priority.

9.8 Severability of Plan Provisions

If, prior to the Plan Sanction Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Nordstrom Canada Entities and with the consent of the Monitor and the Plan Sponsor, shall have the power to either (a) sever such term or provision from the balance of the Plan and provide the Nordstrom Canada Entities with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Plan Implementation Date, or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applied as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, and provided that the Nordstrom Canada Entities proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

9.9 Responsibilities of the Monitor

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the Nordstrom Canada Entities and not in its personal or corporate capacity, including without limitation supervising the establishment and administration of the Consolidated Cash Pool and the Cash Reserves (including any adjustments with respect to same) and establishing any of the Distribution Dates or the timing or sequence of the Plan Transactions and the Plan Transaction Steps. The Monitor will not be responsible or liable whatsoever for any obligations of the Nordstrom Canada Entities or the Plan Sponsor. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Meeting Order, the Sanction and Vesting Order and any other Order made in the CCAA Proceedings. Nothing herein shall prevent the Monitor from acting as trustee in any bankruptcy of the Nordstrom Canada Entities or the Property.

9.10 Different Capacities

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by a Person in writing or unless its Claims overlap or are otherwise duplicative.

9.11 Notices

Any notice or other communication to be delivered hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail or by email addressed to the respective parties as follows:

- (a) If to the Nordstrom Canada Entities:

Nordstrom Canada Entities
PMB #402
6-1500 Upper Middle Road W
Oakville, Ontario
L6M 0C2

Attention: Misti Heckel
Email: Misti.Heckel@nordstrom.com

with a copy to:

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place, Suite 6200
P.O. Box 50
Toronto, ON M5X 1B8

Attention: Tracy Sandler / Jeremy Dacks / Martino Calvaruso
Email: tsandler@osler.com / jdacks@osler.com / mcalvaruso@osler.com

- (b) If to the Plan Sponsor:

Nordstrom, Inc.
1600 Seventh Avenue
Suite 2500
Seattle, WA 98101

Attention: Tracie Hinson
Email: tracie.hinson@nordstrom.com

with a copy to:

Fasken Martineau DuMoulin LLP
Bay Adelaide Centre
333 Bay Street, Suite 2400
P.O. Box 20
Toronto, ON M5H 2T6

Attention: Aubrey Kauffman
Email: akauffman@fasken.com

- (c) If to the Monitor:

Alvarez & Marsal Canada Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
PO Box 22
Toronto, ON M5J 2J1

Attention: Alan J. Hutchens / Skylar Rushton
Email: ahutchens@alvarezandmarsal.com /
srushton@alvarezandmarsal.com

with a copy to:

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Attention: Brendan O'Neill / Brad Wiffen
Email: boneill@goodmans.ca / bwiffen@goodmans.ca

or to such other address as any party may from time to time notify the others in accordance with this Section. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered or sent before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

9.12 Further Assurances

Each of the Persons named or referred to in, or subject to, the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein.

DATED as of the 13th day of December, 2023.

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**SCHEDULE A
INTERCOMPANY CLAIMS¹**

No. (Per Intercompany Claims Report)	Claim	Claim Type	Claim By	Claim Against	Claim Amount (Per Intercompany Claims Report)	Proven Claim Amount
AFFILIATE CLAIMS						
1.	NIL Canada Expansion Loan Claim	Pre-Filing Claim	NIL	NCH	\$309,832,891	An amount which will generate total distributions under the Plan on account of such Claim equal to (and in any case no greater than) the Cash on hand at NCH available for distribution to Affected Creditors on the Plan Implementation Date
2.	NINC-NCRI Services Claim	Pre-Filing Claim	Nordstrom US	NCRI	\$17,661,179	\$17,661,179
4.	NINC Employee Trust Subrogated Claim	Subrogated Pre-Filing Claim	Nordstrom US	NCRI	\$13,633,426	\$14,599,347
5.	NINC-NCL Services Claim	Pre-Filing Claim	Nordstrom US	NCL	\$495,582	\$495,582
6.	NINC-NCH Services Claim	Pre-Filing Claim	Nordstrom US	NCH	\$55,031	\$55,031

¹ Intercompany Claims information is derived from the Intercompany Claims Report. Amounts set out herein are exclusive of any applicable GST/HST or provincial sales tax. The NCRI Transfer Pricing Claim (Claim No. 3 in the Intercompany Claims Report) is not listed in this table as it is a claim receivable by NCRI, and not a Proven Claim against any of the Nordstrom Canada Entities. The NCRI Transfer Pricing Claim is addressed through the payment of the Net NCRI Transfer Pricing Claim in accordance with the Plan.

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No. (Per Intercompany Claims Report)	Claim	Claim Type	Claim By	Claim Against	Claim Amount (Per Intercompany Claims Report)	Proven Claim Amount
7.	NINC-NCHII Services Claim	Pre-Filing Claim	Nordstrom US	NCHII	\$56,829	\$56,829
INTRACOMPANY CLAIMS						
8.	NCL Pre-Filing Sublease Rent Claim	Pre-Filing Claim	NCL	NCRI	\$64,879,810	\$64,879,810
9.	NCL Post-Filing Sublease Rent Claim	Post-Filing Claim	NCL	NCRI	\$26,227,411	\$26,227,411
10.	NCL Sublease Termination Claim	Restructuring Period Claim	NCL	NCRI		
	A. NCL Master Lease Flow-Through Claim	Restructuring Period Claim	NCL	NCRI	\$TBD	An aggregate amount as determined by NCL and NCRI in the NCL-NCRI Claims Settlement Agreement with the consent of the Monitor.
	B. NCL Improvement Rent Claim	Restructuring Period Claim	NCL	NCRI	\$368,027,201	
11.	NCRI-NCL Services Claim	Pre-Filing Claim	NCRI	NCL	\$55,046	\$55,046

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**SCHEDULE B
FLS STORES**

Store No.	Location	Street Address	City	Province	Postal Code
830	Chinook Centre	6455 Macleod Trail SW #2150	Calgary	AB	T2H OK8
831	Rideau Centre	50 Rideau Street #500	Ottawa	ON	K1N 9J7
832	Pacific Centre	799 Robson Street POB 10435 LCD	Vancouver	BC	V7Y 0A2
833	Sherway Gardens	25 The West Mall	Etobicoke	ON	M9C 1B8
834	Yorkdale	3401 Dufferin Street	Toronto	ON	M6A 2T9
835	Eaton Centre	260 Yonge Street POB 710	Toronto	ON	M5B 2L9

This is Exhibit “B” referred to in the Affidavit of Misti Heckel
sworn December 13, 2023.



Commissioner for Taking Affidavits (or as may be)

HANNAH DAVIS

January ●, 2024

TO: Creditors of Nordstrom Canada Retail, Inc. (“**Nordstrom Canada**”), Nordstrom Canada Holdings, LLC, Nordstrom Canada Holdings II, LLC and Nordstrom Canada Leasing LP (collectively, the “**Nordstrom Canada Entities**”)

Dear Sirs/Mesdames,

Proposed Consolidated Plan of Compromise and Arrangement in respect of the Nordstrom Canada Entities dated December 13, 2023

The Nordstrom Canada Entities are pleased to present the enclosed Consolidated Plan of Compromise and Arrangement dated December 13, 2023 (as may be amended, restated, supplemented or replaced from time to time, the “**Plan**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”), as approved for filing with the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on December 20, 2023. Capitalized terms used but not defined in this letter are as defined in the Plan.

You are receiving this letter because you are an Affected Creditor pursuant to the terms of the Plan. This letter aims to provide you with a concise summary of the key terms of the Plan, including the payment you can expect on account of your Proven Claim. However, it is important to note that for the Plan to be legally binding and for you to receive payment, the Plan must obtain the necessary approval from Affected Creditors and be sanctioned by the Court.

Our intention is to provide you with the key information to understand the Plan and to give you an idea of what you can expect to receive if the Plan is successfully approved by the Affected Creditors, sanctioned by the Court and thereafter implemented by the Nordstrom Canada Entities. We strongly urge you to carefully review this letter, along with the Plan, as you consider your vote for the Plan. Should you have any questions or require further clarification, we encourage you to refer to section 5 of this letter, which contains sources for additional information and contact details.

1. Overview

If the Plan is approved by the required majority of Affected Creditors and sanctioned by the Court, the Plan will:

- provide significant monetary recovery for Affected Creditors of the Nordstrom Canada Entities with Proven Claims;
- effect a compromise and settlement of all Affected Claims, and facilitate the efficient payment of distributions to Affected Creditors with Proven Claims; and
- provide the Nordstrom Canada Entities with a path forward to resolve their CCAA proceedings with certainty and finality.

The Nordstrom Canada Entities have obtained Court approval for a single class of creditors, being the Unsecured Creditors’ Class, to vote on the Plan at a virtual Creditors’ Meeting to be held at **10:00 am (Toronto time) on March 1, 2024**. This Unsecured Creditors’ Class will include employees, suppliers, vendors and other creditors with Claims against the Nordstrom Canada Entities.

Key features of the Plan include:

1. *Recoveries* – While the value of distributions cannot be calculated with certainty at this time, the Nordstrom Canada Entities estimate a range of recovery for Affected Creditors with Proven Claims (other than Convenience Class Claims) of **approximately 71% to 75%** of such Proven Claims based on currently available information. Distributions on account of Proven Claims of Affected Creditors will be based on the *pro rata* share of the Cash available for distribution from the Consolidated Cash Pool.
2. *Support* – The Plan is supported by Nordstrom, Inc. – the “Plan Sponsor” – and the Nordstrom Canada Entities’ third-party landlords with Proven Claims. Among other things, the Plan provides that the Plan Sponsor and its affiliates (other than the Nordstrom Canada Entities) (the “**Nordstrom US Entities**”) will make a cash payment to the Nordstrom Canada Entities under the Plan in satisfaction of certain intercompany claims and that the Nordstrom US Entities will not recover upon hundreds of millions of dollars of Claims that they hold against the Nordstrom Canada Entities.
3. *Releases* – The Plan provides for customary releases in favour of the Nordstrom Canada Entities and their respective directors and officers, among others. The Plan also provides for releases in favour of the Nordstrom US Entities, given their material and substantial contributions to the Plan and the CCAA proceedings.

The Nordstrom Canada Entities believe that the Plan is the best available resolution to the CCAA proceedings for stakeholders in all circumstances and believe that they have taken all reasonably available steps to maximize creditor recoveries. The alternative to the Plan is the bankruptcy of the Nordstrom Canada Entities. The Plan is being put forward by the Nordstrom Canada Entities on a consolidated basis in recognition that, despite being separate legal entities, the business activities of the Nordstrom Canada Entities were intertwined and together they represented the “Nordstrom” business in Canada. The expectation of the Nordstrom Canada Entities is that, on balance, the Affected Creditors as a whole will derive a greater benefit from the implementation of the Plan than would result from a non-consolidated plan or results that could have been achieved in a bankruptcy of the Nordstrom Canada Entities.

If the Plan is approved at the Creditors’ Meeting, the Nordstrom Canada Entities expect to apply to the Court in March 2024, for an order sanctioning the Plan. If the order is granted, the Nordstrom Canada Entities hope to make an initial distribution to Affected Creditors with Proven Claims as quickly as possible thereafter.

The Court-appointed Monitor, Alvarez & Marsal Canada Inc. (the “Monitor”) has been consulted in the development of the Plan and recommends that Affected Creditors with Proven Claims vote FOR approval of the Plan.

2. Background to the Plan

On March 2, 2023, Nordstrom Canada, Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC filed for and obtained protection under the CCAA pursuant to an Initial Order of the Court (as amended and restated, the “**Initial Order**”). The Initial Order declared that, although not an

applicant in the CCAA proceedings, Nordstrom Canada Leasing LP shall enjoy the protections and authorizations provided by the Initial Order.

The primary purpose of the CCAA proceedings has been to facilitate a responsible and orderly wind-down of the Nordstrom Canada Entities' business and operations. Over the course of the CCAA proceedings, the Nordstrom Canada Entities have worked diligently, with the assistance of the Monitor, to maximize the value of their assets for distribution to their stakeholders, including through the sale of inventory, furniture, fixtures and equipment and the implementation of a lease monetization process.

The Nordstrom Canada Entities sought and obtained a Claims Procedure Order on May 30, 2023 that established a general claims bar date of August 4, 2023. In connection therewith, the Nordstrom Canada Entities, with the assistance of the Monitor, have been working diligently to resolve all of the Claims filed in the Claims Process in an efficient and streamlined manner.

The Nordstrom Canada Entities subsequently began developing the terms of a plan of compromise and arrangement with the objective of completing the CCAA proceedings in a timely and efficient manner.

As a result of these efforts, the Nordstrom Canada Entities are pleased to report that the vast majority of the Claims filed in the Claims Process have been reconciled for the purposes of voting and distribution under the Plan. This includes the Claims of the landlords, as the Nordstrom Canada Entities have successfully entered into separate settlement and support agreements with the Plan Sponsor (as applicable) and the Nordstrom Canada Entities' third-party landlords with Proven Claims to, among other things, support the Plan. The landlords collectively filed the largest third-party Claims in the Claims Process.

In addition, the Plan contemplates significant economic contributions to the Plan by the Plan Sponsor, which is the largest single creditor of the Nordstrom Canada Entities, which include not recovering upon hundreds of millions of dollars of Claims against the Nordstrom Canada Entities, taking financial responsibility for a significant tax claim and making a direct and significant monetary contribution to the Plan. The Plan Sponsor will also continue to provide the necessary shared services that will enable the conclusion of the wind-down as contemplated by the Plan. The Plan Sponsor also made settlement payments to the full-line store landlords in connection with their Claims, and as part of these settlements the full-line store landlords agreed to turn over their recoveries under the Plan to the Plan Sponsor.

We are very pleased to present the Plan to you. We firmly believe that it maximizes creditor recoveries and will facilitate the completion of the controlled and orderly wind-down of the Nordstrom Canada Entities in a timely manner.

3. Treatment of Creditors and Expected Recoveries

This letter provides information about expected recoveries to help you understand the Plan. You should note, however, that the information in this letter is qualified in its entirety by reference to the detailed information contained in the Plan. You should read the Plan and the related Meeting Materials and Monitor's reports carefully to understand their terms, as well as the other considerations that may be important to you in deciding whether to vote to approve the Plan. You should consult any legal, financial, tax or other professional advisors regarding the Plan as you deem appropriate. The Plan, and not this letter, establishes the terms governing creditor recoveries.

(a) **Affected Creditors with Proven Claims (other than Convenience Class Creditors)**

All Affected Creditors with Proven Claims are currently expected to be paid distributions of approximately 71% to 75% of their Proven Claims. Payments will begin on the Initial Distribution Date and continue until the Final Distribution Date.

Creditors holding Disputed Claims will receive distributions on account of such Claims should they be determined to be Proven Claims, in whole or in part.

(b) **Convenience Class Creditors**

All Affected Creditors with Proven Claims of less than or equal \$15,000 (in the aggregate) shall be deemed to be “Convenience Class Creditors” and be paid 100% of their Proven Claims on the Initial Distribution Date.

Other Affected Creditors with one or more Proven Claims in an amount in excess of \$15,000 (in the aggregate) can elect to become and be treated for all purposes under the Plan following such election as Convenience Class Creditors, in which case they will be paid \$15,000 on the Initial Distribution Date in full satisfaction of their Proven Claims.

Affected Creditors with one or more Proven Claims in an amount in excess of \$15,000 (in the aggregate) that wish to elect to become Convenience Class Creditors must deliver an election form to the Monitor prior to 5:00 p.m. (Toronto time) on February 28, 2024.

(c) **Employees**

The Nordstrom Canada Entities and the Plan Sponsor designed the Employee Trust to provide a measure of financial security for Nordstrom Canada’s then-current employees during the orderly wind-down of the Nordstrom Canada Entities’ business and operations, by ensuring that such employees were paid certain amounts in full, including receiving working notice following termination. The Plan Sponsor has paid \$15.2 million to fund the Employee Trust and shall have a subrogated claim pursuant to the Initial Order in respect of the aggregate gross amounts paid to beneficiaries directly or indirectly from the Employee Trust.

Pursuant to the Plan, employees with Proven Claims shall receive distributions as Affected Creditors. Employees who are represented by Ursel Phillips Fellows Hopkinson LLP, as Court-appointed Employee Representative Counsel, can obtain further information regarding the Plan on the website of Employee Representative Counsel maintained for the CCAA proceedings.

Although the CCAA requires that a plan of compromise and arrangement must provide for payment in full of Employee Priority Claims, which are prescribed by the CCAA, the Employee Trust has already paid most, if not all, of such Claims. The Plan provides that any Employee Priority Claims outstanding will be paid in full through a reserve, which is separate and apart from the Consolidated Cash Pool that will be used for distributions to Affected Creditors with Proven Claims.

(d) Priority Claims

In addition to the Employee Priority Claims described above, the Plan also provides for the payment of the Government Priority Claims, which are prescribed by the CCAA and will be paid in full through a reserve, which is separate and apart from the Consolidated Cash Pool that will be used for distributions to Affected Creditors with Proven Claims.

The Plan also provides for the payment, in full, on the Initial Distribution Date, of any Other Priority Claims, which are Claims accepted by the Nordstrom Canada Entities, in consultation with the Monitor, as proven “priority claims” pursuant to the Claims Procedure Order.

(e) Additional Information about Claims, Generally**(i) *Currency***

All monetary amounts in this letter are in Canadian dollars, unless otherwise stated. All payments under the Plan will be made in Canadian dollars. In accordance with the Claims Procedure Order, any Claim denominated in a foreign currency will be converted at the Bank of Canada noon exchange rate in effect on March 2, 2023, which rate for US dollars is US\$1:Cdn\$1.3614.

(ii) *Assignment of Claims*

A Creditor may only transfer or assign its Claim in accordance with, and subject to the restrictions in, the Claims Procedure Order, the Meeting Order and the Plan.

(iii) *Tax Considerations*

Creditors are urged to consult their own advisors regarding the income or other tax consequences of their participation in the Plan.

All Creditors and assignees of Claims should be aware that payments made under the Plan, if paid to Persons who are not resident in Canada for purposes of Canada’s *Income Tax Act*, may be subject to Canadian withholding Tax.

The Nordstrom Canada Entities will be entitled to deduct and withhold and remit from any distribution payable to any Person pursuant to the Plan such amounts as are required by Applicable Law, including Canada’s *Income Tax Act*, to be deducted, withheld and remitted. To the extent that amounts are so withheld or deducted and remitted to the relevant Taxing Authority, such amounts will be treated as having been paid to such Person under the Plan.

Payments made under the Plan may be inclusive of applicable Canadian federal goods and services and harmonized sales Taxes, and other applicable Canadian provincial sales Taxes, which may be required by Applicable Law to be remitted by the recipient to an applicable Taxing Authority.

4. Consideration of and Approval of the Plan

As noted above, the Court ordered on December 20, 2023 that a single class of unsecured creditors, being the Unsecured Creditors’ Class, be permitted to vote on the Plan at a virtual Creditors’ Meeting to be held at **10:00 am (Toronto time) on March 1, 2024**. At the Creditors’ Meeting, Affected Creditors

with Proven Claims present in person (electronically or virtually) or by proxy will consider and, if thought advisable, vote to approve the Plan. The Plan must be approved by a majority in number of Affected Creditors in the Unsecured Creditors' Class, representing at least two-thirds in value of the Voting Claims of such Affected Creditors, in each case, who actually vote in person or by proxy at the Creditors' Meeting. Effectiveness of the Plan is also subject to the approval of the Court pursuant to the CCAA.

To vote on the Plan, all Affected Creditors with Proven Claims may submit a properly completed Proxy so that it is received by the Monitor no later than 5:00 p.m. (Toronto time) on February 28, 2024, appointing a representative of the Monitor or another individual as proxy holder to attend and vote at the Creditors' Meeting. Any Affected Creditor with a Proven Claim (or its respective authorized representative if such Affected Creditor is not an individual or its proxy holder) who would like to attend the Creditors' Meeting to vote on the Plan must advise the Monitor prior to 5:00 p.m. (Toronto time) on February 28, 2024, in accordance with the Meeting Materials provided with this letter, in order to obtain a personal meeting identification number that will enable such Affected Creditor to access and vote on the virtual meeting platform.

Pursuant to the Meeting Order, Employee Representative Counsel has been appointed as proxy holder for the employees that it represents and therefore such employees do not need to complete and submit a Proxy.

Affected Creditors with Proven Claims will be entitled to vote in the amount equal to the dollar value of their Proven Claims as finally determined for voting purposes in accordance with the Claims Procedure Order, the Meeting Order and the Plan. Convenience Class Creditors shall each be deemed to vote in favour of the Plan in the amount equal to the dollar value of their Proven Claims and do not need to submit a proxy. To the extent that any Affected Claim, or any part thereof, remains in dispute and unresolved, the applicable Affected Creditor will also be able to vote its Disputed Claim and such vote shall be tabulated separately from the votes of Affected Creditors with Proven Claims.

Certain Persons shall not be entitled to vote on the Plan, including the Nordstrom US Entities and holders of Unaffected Claims.

5. Where You Can Find More Information

As stated above, the information provided in this letter is intended to help you understand the Plan. You should note, however, that the governing document is the Plan. You should read the Plan carefully in its entirety to understand its terms, as well as the other considerations that may be important to you in deciding whether to vote to approve the Plan. You should consult legal, financial, tax or other professional advisors regarding the Plan and should not construe the contents of this letter as investment, legal or tax advice. The Monitor will be serving its report on the Plan on or before **February 23, 2023** in advance of the Creditors' Meeting. If you have any questions with respect to the Plan, you should contact our counsel, Osler, Hoskin & Harcourt LLP ("**Osler**") or the Monitor. All questions and correspondence to Osler or the Monitor should be addressed to Tracy Sandler or Alan Hutchens, respectively:

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place

Alvarez & Marsal Canada Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900

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P.O. Box 50
Toronto, ON M5X 1B8

Attention: Tracy C. Sandler

Email: NordstromCanada@osler.com

P.O. Box 22
Toronto, ON M5J 2J1

Attention: Alan Hutchens

Email: NordstromCanada@alvarezandmarsal.com

Additional information is available on the website that is maintained by the Monitor in respect of the CCAA proceedings at <https://www.alvarezandmarsal.com/NordstromCanada>

* * *

We thank you for your continued support, cooperation and confidence throughout the CCAA proceedings and wind-down process. We hope that you will vote in favour of the Plan.

Yours very truly,

Nordstrom Canada Retail, Inc.
Nordstrom Canada Holdings, LLC
Nordstrom Canada Holdings II, LLC
Nordstrom Canada Leasing LP
per:

Misti Heckel
President, Nordstrom Canada Retail, Inc.

This is Exhibit “C” referred to in the Affidavit of Misti Heckel
sworn December 13, 2023.



Commissioner for Taking Affidavits (or as may be)

HANNAH DAVIS

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF **NORDSTROM CANADA RETAIL,
INC., NORDSTROM CANADA HOLDINGS, LLC** and
NORDSTROM CANADA HOLDINGS II, LLC

APPLICANTS

**AFFIDAVIT OF MISTI HECKEL
(Sworn March 1, 2023)**

I, Misti Heckel, of the City of Renton, in the State of Washington, President of Nordstrom Canada Retail, Inc., and President and Treasurer of Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC MAKE OATH AND SAY:

1. This affidavit is made in support of an application by Nordstrom Canada Retail, Inc., Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC (together, the “**Applicants**”) for an initial order (the “**Initial Order**”) and related relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). This affidavit is also made in support of an amended and restated Initial Order (the “**Amended and Restated Initial Order**”) that will be sought at a hearing within 10 days of an Initial Order under the CCAA being granted (the “**Comeback Hearing**”). Although the limited partnership Nordstrom Canada Leasing LP (“**Canada Leasing LP**”) is not an applicant in this proceeding, the Applicants seek to have the stay of proceedings and other benefits of an Initial Order under the CCAA extend to

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Canada Leasing LP, which is wholly-owned by certain of the Applicants and performs functions integral to the Applicants' business. Together, the Applicants and Canada Leasing LP are defined herein as the "**Nordstrom Canada Entities**".

2. In addition to my role as President of Nordstrom Canada Retail, Inc. ("**Nordstrom Canada**"), and President and Treasurer of Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC, I am currently the Vice President - Tax of Nordstrom, Inc. ("**Nordstrom US**"), the indirect parent of the Nordstrom Canada Entities. In my role, I have oversight of the tax function for the Nordstrom Canada Entities together with Nordstrom US and its subsidiaries ("**Nordstrom Group**") and am involved in the financial and tax matters related to the Nordstrom Canada Entities. I am familiar with the business, and have relied upon the books and records of the Nordstrom Canada Entities. As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources of information, I have so stated and I believe them to be true. In preparing this affidavit, I have also consulted with members of the senior management teams of the Applicants and Nordstrom US, as applicable, and Nordstrom US' and the Applicants' financial and legal advisors. The Nordstrom Canada Entities and Nordstrom US do not waive or intend to waive any applicable privilege by any statement herein.

3. As described in greater detail below, the Nordstrom Canada Entities are seeking, among other relief, the following as part of the proposed Initial Order: (i) a stay of proceedings against the Nordstrom Canada Entities, the Monitor (defined below), and their respective employees, directors, advisors, officers and representatives acting in such capacities; (ii) a temporary stay of proceedings against Nordstrom US and its direct and indirect subsidiaries (other than the Nordstrom Canada Entities) relating to claims in connection with any indebtedness, indemnity, liability or obligation of Nordstrom US in respect of obligations of or related to the Nordstrom

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Canada Entities, including indemnities granted by Nordstrom US under any Canadian real property leases; (iii) a stay of potential rights, including termination rights and claims for rent reduction or abatement, asserted by third-party tenants and occupants in commercial properties where Nordstrom Canada stores are located that arise as a result of the making of the proposed Initial Order; (iv) authorization (but not the requirement) to pay certain pre-filing amounts with the consent of the Monitor to key participants in the Nordstrom Canada Entities' distribution network, payment processing systems, and to other critical suppliers, if required to ensure an orderly wind down of the Nordstrom Canada Entities' business; (v) the creation of an Employee Trust and the appointment of Employee Representative Counsel (each defined below); and (vi) the granting of an Administration Charge (defined below) of \$750,000 and a Directors' Charge (defined below) of \$10.75 million.

4. If the proposed Initial Order is granted, at the Comeback Hearing the Applicants intend to seek this Court's approval of:

- (a) a key employee retention program and related KERP Charge (defined below);
- (b) an increase in the Administration Charge to \$1.5 million;
- (c) an increase in the Directors' Charge to \$13.25 million; and
- (d) an extension of the stay of proceedings, including an extension of the stay of proceedings against Nordstrom US and its direct and indirect subsidiaries (other than the Nordstrom Canada Entities), until June 30, 2023.

5. All references to monetary amounts in this affidavit are in Canadian dollars unless noted otherwise, and do not represent amounts or measures prepared in accordance with US GAAP.

6. This affidavit is organized into the following sections:

A.	Introduction.....	5
B.	Corporate Structure.....	13
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A. Introduction

7. Nordstrom Canada operates six Nordstrom-branded full-line stores and seven off-price Nordstrom Rack-branded stores in Ontario, Alberta and British Columbia, and the Nordstrom.ca website. Each store operated by Nordstrom Canada is leased by a third-party landlord to Canada Leasing LP and subleased by Canada Leasing LP to Nordstrom Canada by a separate sublease (each a “**Sublease**” and collectively, the “**Subleases**”) in accordance with the applicable lease. Nordstrom US, the indirect and ultimate parent of the Nordstrom Canada Entities, through its subsidiaries and affiliates, operates 358 stores in the US and Canada, and the Nordstrom.com and NordstromRack.com websites in the US. The Nordstrom Group had net consolidated sales of USD \$10.9 billion for the first three quarters of fiscal year 2022 (as of October 29, 2022). The Nordstrom Group employs approximately 59,000 individuals on a full or part-time basis, of which approximately 2,330 are employed in Canada.

8. Since entering the Canadian marketplace in September 2014, the Nordstrom Canada Entities have embarked on a program of slowly and strategically expanding their footprint and operations in Canada, with the goal of achieving long-term sustainability and profitability. However, the Nordstrom Canada Entities’ stores have not performed as anticipated for a number of reasons, including lower than expected sales and gross margin, and high operating costs. Brand awareness and customer spending remain lower than expected among Canadian consumers, and unfavourable exchange rates, including their impact on customs payments when importing products from the US, have put and continue to put an enormous strain on the Canadian business.

9. Absent the financial support of Nordstrom US, the Nordstrom Canada Entities have experienced losses during each year of operation, and the majority of their locations have posted

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losses each year. The Nordstrom Canada Entities generated an approximate USD \$55 million operating loss in fiscal year 2022. The Nordstrom Canada Entities have only been able to sustain operations over the past eight years because of the significant financial and operational support and efforts of their US parent, Nordstrom US. Without this support, as described in greater detail below, the Nordstrom Canada Entities cannot continue operating as a going concern.

10. Since 2014, Nordstrom US has absorbed most of the Nordstrom Canada Entities' cumulative losses through intercompany payments under its Transfer Pricing Policy (defined and described below). In essence, the Nordstrom Canada Entities rely on strategic management, design and product development, procurement, sourcing, manufacturing, and sales and pricing services provided by Nordstrom US, as well as on administrative and other services. Nordstrom US and its US-based affiliates have provided the Nordstrom Canada Entities with approximately USD \$950 million in funding through various means since inception, and such funding net of distributions received from the Nordstrom Canada Entities is approximately USD \$775 million.

11. The Nordstrom Canada Entities' performance has in fact declined over the years. Compared to pre-pandemic fiscal year 2019, sales decreased by 2% in fiscal year 2022, driven primarily by a 20% decrease in sales at the Nordstrom full-line stores, flat sales at Nordstrom Rack stores despite opening one additional store in 2020, and a partial offset by sales from Nordstrom.ca which had no sales in 2019. Excluding the transfer pricing payments from Nordstrom US, the Nordstrom Canadas Entities' earnings before interest and taxes ("**EBIT**") have remained consistently negative over the years, only improving slightly from a negative \$86 million in fiscal year 2019 to a negative \$72 million for fiscal year 2022 despite the growth of Nordstrom.ca and the opening of one additional Nordstrom Rack store.

12. Given the Nordstrom Canada Entities' poor financial performance and resulting negative cash flow, Nordstrom US has determined, after considering all reasonably available options and a thorough and exhaustive review process, that it is in the best interests of its stakeholders to cease the significant financial and operational support that Nordstrom US has been providing to the Nordstrom Canada Entities while it focuses on its core business and strategic imperatives in the US. As a result, the Nordstrom Canada Entities cannot continue to operate as a going concern. The Nordstrom Canada Entities have accordingly determined that they must cease operations in Canada and as a result of such decision, are insolvent and are seeking protection from their creditors under the CCAA.

13. Further, Nordstrom US' decision to discontinue its operational and financial support of the Nordstrom Canada Entities and the Nordstrom Canada Entities' corresponding decision to cease operations will render Canada Leasing LP and Nordstrom Canada unable to satisfy their obligations in respect of each lease to which Canada Leasing LP is a party (collectively including amendments, extensions, assignments and restatements thereto, the "**Leases**" and each, a "**Lease**"). This will result in the ability of the landlords under the Leases (the "**Landlords**") to enforce certain rights and remedies, including accelerating all rents due under the Leases. The net present value of the remaining obligations, as recorded in the Nordstrom Canada Entities' summarized trial balance, over the term of the Leases are approximately \$136 million for Nordstrom full-line retail store Leases, and approximately \$45 million for Nordstrom Rack retail store Leases as of January 2023. Even after taking into account the obligation of the Landlords to mitigate their damage claims, the aggregate amounts owing to the Landlords under the Leases far surpasses \$5 million. Further, the Landlord claims arising from defaults under the Leases, together with the Nordstrom Canada Entities' other debts, exceed the realizable value of the Nordstrom

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Canada Entities' assets and the Nordstrom Canada Entities have insufficient funds to satisfy all such claims. The Nordstrom Canada Entities are therefore insolvent.

14. To wind down operations in a responsible, controlled, and orderly manner, and to maximize value for their stakeholders, the Nordstrom Canada Entities require the flexibility of the CCAA and breathing space from the exercise of creditor remedies as they prepare to liquidate their remaining inventory with assistance from a third-party professional liquidator, and vacate their leased retail stores.

15. An orderly wind down requires the involvement of many stakeholders and Court supervision. The Nordstrom Canada Entities, in consultation with Alvarez & Marsal Canada Inc. (“A&M”) (the “**Proposed Monitor**”, and if appointed, in such capacity, the “**Monitor**”), plan to solicit bids from a number of professional third-party liquidators and then select, subject to Court approval, the party that they believe will best assist in maximizing the potential proceeds from the sale of their remaining inventory and furniture, fixtures, and equipment. If an Initial Order is granted, the Nordstrom Canada Entities intend to serve a motion in the near term seeking this Court's approval of an orderly Realization Process (defined below) and of the selection of a liquidator to assist with this process.

16. I believe that the Nordstrom Canada Entities' active participation in this orderly wind down process, along with the support of Nordstrom US discussed further below, is essential to maximizing recoveries for the benefit of the stakeholders of the Nordstrom Canada Entities, as a whole. In turn, this engages:

- (a) Nordstrom Canada's employees, including employees who have expertise in the operations of Nordstrom stores – Nordstrom Canada proposes to implement a key

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employee retention program (described below), and, in an effort to provide a measure of financial security during the orderly wind down and to diminish the financial hardship Nordstrom Canada's employees may suffer, Nordstrom US has agreed to fund an Employee Trust for the benefit of eligible employees of Nordstrom Canada to ensure payment of statutory termination and severance pay in a timely manner, should this Court grant the Nordstrom Canada Entities CCAA protection. The Nordstrom Canada Entities are also asking the Court to appoint representative counsel (funded by the estate) to represent eligible Nordstrom Canada employees in the CCAA proceedings ("**Employee Representative Counsel**") to ensure their interests are adequately protected throughout, including by assisting with eligible claims under the Employee Trust;

- (b) The Landlords – to maximize recovery, the Nordstrom Canada Entities are seeking to complete the realization phase of this proceeding within 3 to 4 months. The Nordstrom Canada Entities will need to engage with the Landlords to understand their concerns with respect to the Realization Process, including in respect of signage and the removal of furniture, fixtures and equipment, with a view to arriving at a consensual process that benefits the stakeholders of the Nordstrom Canada Entities, as a whole;
- (c) The Nordstrom Canada Entities' concession parties, merchandise and other suppliers – as stated above, to maximize recovery, the Nordstrom Canada Entities are seeking to complete the realization phase of this proceeding within 3 to 4 months and intend to work with the merchandise suppliers to mitigate the effects

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of the wind down of the Canadian business on such suppliers, many of which also supply merchandise to Nordstrom US; and

- (d) Nordstrom US, which provides back-office business and management support services and financial support to the Nordstrom Canada Entities – as set out above, without these services, the Nordstrom Canada Entities could not operate and would be forced to immediately shut down in a chaotic and uncontrolled process, to the detriment of its stakeholders. Nordstrom Canada also licenses all trademarks and other intellectual property (“IP”) associated with the “NORDSTROM” brand-name from Nordstrom US, who in turn licenses certain of the IP from NIHC, Inc. to conduct its business. Thus, without Nordstrom US’ agreement to continue providing critical services and licensing IP during the wind down process, the Realization Process would be impeded, ineffective and disorderly.

17. In connection with the decision to exit the Canadian marketplace, Nordstrom US elected to terminate its intercompany agreement with each of the Nordstrom Canada Entities that provided for, among other things, the provision of management services, financial support and IP, as applicable, by Nordstrom US to the Nordstrom Canada Entities. Following the delivery of the applicable notices of termination by Nordstrom US in accordance with their terms, the Nordstrom Canada Entities determined that it was in their best interests to waive the 30-day notice termination periods under the intercompany agreements, agree to an immediate termination of such agreements, and enter into the Wind-Down Agreement (defined below) to allow for an orderly wind down of the Canadian operations. I am advised by senior management of Nordstrom US, and believe, that Nordstrom US will only agree to continue providing these crucial services and licensing IP on the condition that the orderly wind down is supervised by the Court in accordance

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with the CCAA. As President of Nordstrom Canada and President and Treasurer of Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC, in consultation with advisors to the Nordstrom Canada Entities, I have concluded that this application under the CCAA and the proposed Initial Order is the best alternative that is available to the Nordstrom Canada Entities, and will maximize realizations and result in the best possible outcome for stakeholders of the Nordstrom Canada Entities in the circumstances.

18. Nordstrom US and the Nordstrom Canada Entities have diligently explored a number of strategies to improve the financial and operational challenges facing the Canadian business, including licensing full operations to another Canadian retailer or retail operator with market expertise, closing certain underperforming stores, and/or investing to grow Nordstrom.ca, build loyalty, and optimize inventory. None of these alternatives provide realistic solutions to the current difficulties facing the Canadian business and achieving profitability. Despite considerable effort and the exploration of all reasonable possibilities in conjunction with legal and financial advisors, the business in Canada is no longer financially sustainable.

19. A significant contributor to the lack of viability of the Nordstrom Canada Entities' business is high operating costs, in particular, rent and other payments to Landlords. Nordstrom Canada's occupancy costs as a percentage of sales are trending in the range of 7% for Nordstrom full-line stores compared to 1% in the US, and 12% for Nordstrom Rack stores compared to 6-7% in the US. In addition, a significant amount of Nordstrom Canada's inventory is purchased in USD, with merchandise necessarily being priced competitively in Canadian dollars, which negatively impacts its profit margin.

20. Recently, in light of the poor operating results in fiscal year 2022, Nordstrom US and the Nordstrom Canada Entities again reviewed all potential options for the Canadian business which has been less profitable than the US business. However, with cumulative and ongoing losses generated by the Canadian business, the unfavourable exchange rate, high operating costs, the effect of the COVID-19 pandemic, and lack of brand awareness, it was determined that the only reasonable option is for Nordstrom US to cease its operational and financial support of the Nordstrom Canada Entities and for the Nordstrom Canada Entities to wind down operations.

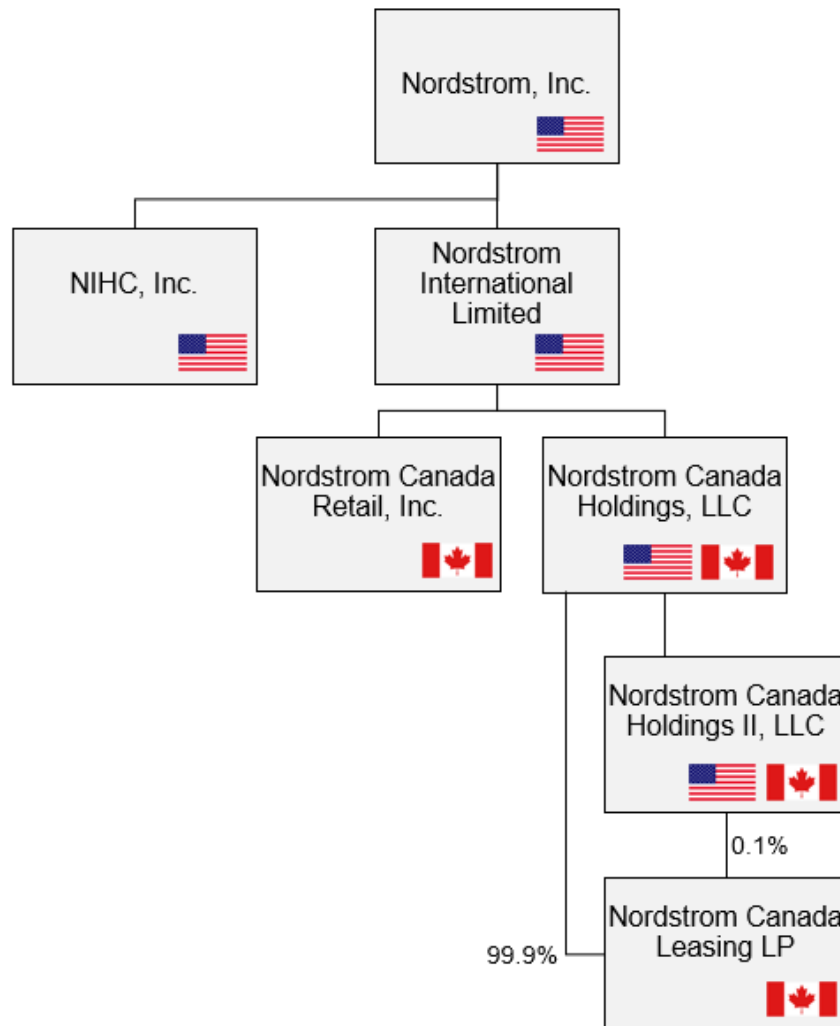
21. Each of the Leases of the full-line Nordstrom stores requires continuous operation in the leased premises, and all Leases contain restrictions that relate to liquidation sales, including in most cases blanket prohibitions of such sales. The Nordstrom Canada Entities have taken these restrictions into account in their decision to wind down operations pursuant to the CCAA; given that, the exercise of any contractual remedies by any of the Landlords would affect the time-sensitive Realization Process. The Nordstrom Canada Entities believe that the flexibility of the CCAA and the assistance of this Court and the Proposed Monitor is required to provide a platform for a consensual resolution of any issues with the Landlords and to achieve maximum recoveries.

22. In summary, the Nordstrom Canada Entities require a stay of proceedings and related relief under the CCAA in order to continue operating throughout the contemplated orderly wind down and Realization Process. The stay will provide the Nordstrom Canada Entities with the flexibility to implement a cessation of operations in a responsible and controlled manner, with the ultimate goal of developing a plan of arrangement for the benefit of all of their stakeholders.

B. Corporate Structure**(a) Nordstrom Canada**

23. Nordstrom Canada is a corporation incorporated pursuant to the laws of British Columbia, and is an indirect subsidiary of Nordstrom US. Nordstrom Canada is the operating entity in Canada and serves as the customer retail sales entity for the Nordstrom Group in the Canadian market. Nordstrom Canada is a wholly-owned subsidiary of Nordstrom International Limited (“NIL”). NIL is in turn a wholly-owned subsidiary of Nordstrom US. Nordstrom Canada employed approximately 2,330 full and part-time employees as of January 31, 2023, and had revenues of \$515 million for fiscal year 2022 (its year ended January 28, 2023). A corporate chart depicting the structure of the Nordstrom Canada Entities is set out below with the solid lines showing a direct parent-subsidiary relationship:

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(b) Nordstrom Canada Holdings, LLC

24. Nordstrom Canada Holdings, LLC (“NCH”) is a US single member limited liability company, wholly-owned by NIL, and is a non-resident of Canada. NCH, as general partner, owns 99.9% of Canada Leasing LP - the Canadian leasing entity. NCH thereby carries on business in Canada through a permanent establishment for Canadian tax purposes. NCH is a dual-status company in that it is a disregarded entity in the US, but is treated as a corporation in Canada, and files Canadian tax returns.

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(c) Nordstrom Canada Holdings II, LLC

25. Nordstrom Canada Holdings II, LLC (“NCHII”) is a US single member limited liability company and is a non-resident of Canada. NCHII owns 0.1% of Canada Leasing LP, as its limited partner. NCHII thereby carries on business in Canada through a permanent establishment for Canadian tax purposes. NCHII is also a dual status company meaning it is a disregarded entity in the US, but is treated as a corporation in Canada, and files Canadian tax returns.

(d) Canada Leasing LP

26. Canada Leasing LP is an Alberta limited partnership responsible for the Nordstrom Canada Entities’ real estate activities, such as leasing retail space from third-party property owners, committing capital to build and furnish the stores, and subleasing the retail space to Nordstrom Canada, who operates the stores. Canada Leasing LP is owned 99.9% and 0.1% by US limited liability companies, NCH and NCHII, respectively.

C. Chief Place of Business

27. The chief place of business of the Applicants is Ontario. Eight of the 13 Nordstrom Canada retail stores are located in Ontario. During fiscal year 2022, store sales in Ontario, British Columbia, and Alberta totaled \$220 million, \$148 million and \$77 million, respectively. Nordstrom Canada therefore has more retail stores and sales in Ontario than in any of the other provinces in which it operates. Further, approximately 1,330 out of Nordstrom Canada’s approximate 2,330 full and part-time employees work in Ontario.

D. The Business of the Applicants**(a) Overview**

28. Nordstrom US is one of the leading fashion retailers in the US, providing its customers with a differentiated and seamless experience through a robust e-commerce platform and high-quality store portfolio. Nordstrom US was founded in 1901 as a retail shoe business in Seattle, Washington and was later incorporated under the laws of the state of Washington in 1946. Nordstrom US became public in 1971 and is currently traded on the New York Stock Exchange under the ticker “JWN”. Nordstrom US and Nordstrom Canada operate in one primary business segment, Retail, which offers a variety of products and services.

29. The Retail segment includes 94 Nordstrom-branded full-line stores and 241 off-price Nordstrom Rack stores, seven Nordstrom Local Stores, one ASOS | Nordstrom store, and two Last Chance clearance stores in the US, six Nordstrom-branded full-line stores and seven off-price Nordstrom Rack stores in Canada, and online operations through various online platforms and mobile applications. Nordstrom full-line stores provide different lines of products and services in addition to retail goods including, but not limited to, tailoring and gift wrapping. Nordstrom Rack stores offer lower price point merchandise from many of the same vendors as the full-line stores, and operate as outlets for clearance merchandise from nearby Nordstrom full-line stores and the website. Nordstrom Local Stores are service hubs for Nordstrom full-line online order pickups and returns, alterations, and other styling advice services to enhance customers’ shopping experience with shorter wait times and personalized services. Overall, the Retail segment offers a wide selection of premium brand name and private label merchandise focused on apparel, shoes, cosmetics, accessories, and home goods.

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30. Purchases in full-line stores are typically fulfilled through each store's inventory, but unavailable inventory may also be shipped to customers from Nordstrom US or Nordstrom Canada's fulfillment centres or from other full-line stores with available inventory. Merchandise inventories are also kept either in distribution centres or omni-channel centres located in the US or Canada.

31. As of October 29, 2022, Nordstrom US' consolidated balance sheets show total assets of approximately USD \$9.4 billion, total liabilities of approximately USD \$8.8 billion and shareholders' equity of USD \$606 million. The Nordstrom Group's net earnings for the first three quarters of fiscal year 2022 (as of October 29, 2022) totaled USD \$126 million, and the adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") for the first three quarters of fiscal year 2022 (as of October 29, 2022) were approximately USD \$714 million.

32. As set out above, the Nordstrom Canada Entities' operations include the Nordstrom.ca website, six Nordstrom-branded full-line stores and seven off-price Nordstrom Rack Stores.

(b) Leases and Retail Stores

(i) Store Formats and Locations

33. Nordstrom Canada conducts business through 13 retail locations in Ontario, Alberta and British Columbia. The following chart sets out Nordstrom Canada's current store locations by store type and geographical region:

Province	Full-Line	Rack
<i>Ontario</i>	4	4
<i>Alberta</i>	1	2
<i>British Columbia</i>	1	1

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Province	Full-Line	Rack
<i>Total</i>	6	7

34. All of the Nordstrom Canada Entities' retail operations are conducted in leased facilities. Canada Leasing LP, the lessee of all of the Leases, is, to the best of its knowledge, current on all of its lease obligations.

35. The Leases for Nordstrom Canada's full-line retail stores are generally for initial terms of approximately 15 years plus the time from the 15th anniversary of the commencement date to the last day of the following February. Nordstrom Canada's full-line Leases have between 7 and 10 years remaining on their respective terms, and Nordstrom Canada's Rack Leases have between 5 and 8 years remaining on their respective terms.

36. For the Nordstrom full-line store Leases, Canada Leasing LP generally has 12 successive options to extend the term of such Leases, each for an additional period of five years, with the exception of the Lease at Yorkdale Shopping Centre which provides Canada Leasing LP with seven renewal options, with the first and last being for five years each and the second through sixth being for 10 years each.

37. For the Nordstrom Rack Leases, Canada Leasing LP generally has four successive options to extend the term of such Leases each for additional five-year terms.

38. The Nordstrom Canada Entities do not have any office, warehouse, or industrial leases in Canada.

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(ii) Landlords

39. Canada Leasing LP leases stores across Canada from third-party landlords. Canada Leasing LP's Leases are generally with large retail landlords who own malls, strip malls, and shopping centres across Canada.

40. The legal entities that are Landlords vary within landlord groups, often because special purpose corporations within the landlord groups have title to the real property with a portion of it leased to Canada Leasing LP. Canada Leasing LP's Leases can be organized among eight landlord groups:

Landlord Group	Number of Nordstrom Canada Locations
Cadillac Fairview	5 Full-Line
Oxford Properties Group	1 Full-Line
Cameron Development Corporation	1 Rack
Ivanhoe Cambridge	2 Rack
Orlando Corporation	1 Rack
First Capital	1 Rack
Ottawa Train Yards Inc.	1 Rack
bcIMC Realty Corporation & QuadReal Property Group Limited Partnership	1 Rack

(iii) Lease Provisions

41. Typical of retail store leases in Canada, many of the Leases contain provisions that impact Nordstrom Canada's store operations, including:

- (a) *Going-Out-of-Business Sale Restrictions*: The majority of Nordstrom Canada's retail Leases contain prohibitions on liquidation or going out of business sales. The

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three Leases which do not contain such blanket prohibitions instead include restrictions that all uses must be consistent with the operation of a first-class shopping centre.

- (b) *Operating Covenants:* All of the Leases for Nordstrom Canada full-line stores contain operating covenants that require such stores to be continuously, diligently, and actively operated for specified periods of time. All of the Nordstrom Canada Rack Leases contain “go dark rights” permitting the occupant to cease operations following their initial opening, provided that the Landlords under all Rack Leases have the right to recapture the Premises (defined in the Leases) in the event that operations within the Premises cease for a period of 60 consecutive days, subject to force majeure.

(iv) Nordstrom US Indemnities

42. Ten of Nordstrom Canada’s retail Leases (all six of the full-line retail stores, and four Nordstrom Rack stores) are the subject of an indemnity granted by Nordstrom US in favour of the applicable Landlord. Each of these indemnities expires upon the achievement of certain specific milestones or events. It is the view of Nordstrom Canada that the four Nordstrom Rack retail Lease indemnities have been released in accordance with their terms, given that Canada Leasing LP has either opened five or 10 stores and, with respect to the One Bloor Lease, the \$50 million tangible net worth threshold for Canada Leasing LP was previously met.

43. The six Nordstrom full-line retail Lease indemnities have not been released, as they expire either 15 or 20 years following the applicable store opening date. Each of these unexpired indemnities contain provisions to the effect that Nordstrom US’ obligations are not affected by the

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bankruptcy, winding down, liquidation, or other creditors' proceedings in respect of Nordstrom Canada or the disclaimer of the applicable Lease. Attached to my affidavit as **Exhibits "A" and "B"** are copies of the indemnities with respect to the full-line stores leased from Cadillac Fairview and Oxford Properties Group, respectively.

(v) Lease Payments

44. The amounts paid by Nordstrom Canada to Canada Leasing LP under the Subleases include amounts in respect of (i) amounts payable by Canada Leasing LP to the Landlord under the corresponding Lease, including basic rent, operating/common area maintenance costs and realty taxes, and (ii) an amount being on account of a percentage of all costs incurred by Canada Leasing LP in constructing, fixturing and furnishing the retail premises after executing the Lease (such costs referred to herein as "**Premises Fixturing Costs**"). Nordstrom Canada pays to Canada Leasing LP an aggregate of approximately \$3.2 million, including real estate taxes, in rent under the Subleases per month, which Canada Leasing LP in turn pays as rent to the Landlords under the Leases. Nordstrom Canada also pays Canada Leasing LP approximately \$5.5 million per month under the Subleases as rent on account of the Premises Fixturing Costs.

45. Canada Leasing LP provides Subleases for two different types of stores to Nordstrom Canada (full-line stores and Nordstrom Rack stores), with each having separate construction, fixturing, and furnishing requirements, and different initial lease terms, being 15 years and 10 years, respectively. Accordingly, the percentage of Premises Fixturing Costs paid by Nordstrom Canada to Canada Leasing LP under Subleases is 12.8% per annum for full-line stores and 15% per annum for Nordstrom Rack stores (except in respect of the Nordstrom Rack store at One Bloor St. Toronto, ON, for which Nordstrom Canada pays 12.8% of the Premises Fixturing Costs per

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annum). These differentiated percentages were calculated based on a financial model that considers Sublease revenue, depreciation, interest expense, and tax expense for each type of Lease.

46. Based on a summary of the January 2023 trial balance for the Nordstrom Canada Entities, there is an intercompany amount owing from Nordstrom Canada to Canada Leasing LP of approximately USD \$54 million for historical rent under the Subleases. However as stated above, Canada Leasing LP is current on amounts payable under the Leases to the third-party Landlords.

(c) Merchandising and Sourcing

47. The sourcing and purchasing of goods sold by Nordstrom Canada is conducted on behalf and at the cost of Nordstrom Canada at Nordstrom US' head office in Seattle by the merchandise buying and corporate procurement teams. Nordstrom Canada purchases its merchandise from a number of North American and international suppliers, many of which have long-standing relationships with Nordstrom US. Some of this merchandise is then transferred by Nordstrom Canada between their full-line and Nordstrom Rack retail stores. In addition, certain of the contracts or purchase orders involving Nordstrom Canada merchandise and concession operations were entered into or issued by Nordstrom US on behalf of, or jointly with, Nordstrom Canada. To facilitate the distribution of merchandise to Canadian stores, Nordstrom Canada uses a distribution centre in Etobicoke, Ontario which is managed and operated by a third-party, National Logistics Services (2006) Inc. ("NLS") (the "**Distribution Centre**").

48. In addition to sourcing merchandise from vendors, Nordstrom Canada stores carry brand-name merchandise sold by Concession Vendors (defined and described below). Nordstrom Canada also sells private-label merchandise ("**NPG**") in Nordstrom full-line and Nordstrom Rack retail stores and online at Nordstrom.ca.

49. Merchandise sold in Nordstrom Canada stores and online at Nordstrom.ca is generally sourced in two ways:

- (a) Approximately 62% of merchandise is purchased by Nordstrom Canada from a vendor that handles transportation, including customs and taxes. The fee for these services paid by Nordstrom Canada is included in the cost of the goods. The goods are delivered to the Distribution Centre and then distributed to stores or held in the Distribution Centre for later distribution to stores; and
- (b) Approximately 38% of merchandise that Nordstrom Canada purchases from a vendor requires Nordstrom Canada itself to handle transportation and logistics. Nordstrom Canada hires a carrier to transport the goods from the vendor location to the Distribution Centre, as well as manage customs and taxes for the goods. The goods are then distributed to the stores or held in the Distribution Centre for later distribution to stores.

50. Nordstrom Canada stores are dependent upon a significant number of products that are imported from non-Canadian markets. Approximately 60% to 70% of the merchandise sold in Nordstrom Canada stores is imported from the US into Canada (irrespective of where the merchandise is manufactured). The remaining merchandise is either obtained from within Canada or internationally.

51. Merchandise obtained internationally, the majority of which is NPG, usually involves the merchandise first entering into the US. Where the product enters the US through a Foreign Trade Zone before coming to Canada, it does not go through US customs, but rather goes through customs in Canada. Where the product is imported directly from the US, US customs are paid for

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by the US supplier upon import, and Nordstrom Canada pays Canadian customs. Nordstrom Canada has also issued a bond with customs brokers in the approximate amount of \$1.3 million. This amount has been deposited with the surety to cover any amounts drawn down under the bond.

52. Generally, commitments to suppliers are made three to nine months in advance and secured with a purchase order (“**PO**”) number. The POs are then usually sent to the suppliers 45 days in advance of the shipment window commencing.

53. A significant amount of Nordstrom Canada’s merchandise is purchased in USD. As a result, exchange rate fluctuations between the Canadian and US dollars have contributed to the losses experienced by Nordstrom Canada’s business, including as a result of the customs payments described above.

(i) Merchandise Vendors

54. Most of the merchandise sold in Nordstrom Canada stores is obtained from vendors located in Canada and the US. For fiscal year 2022, Nordstrom Canada made approximately \$254 million in payments for merchandise obtained from vendors in Canada and the US. For fiscal year 2022, Nordstrom Canada made approximately \$36 million in payments for merchandise imported from vendors outside Canada and the US. In addition, NPG, which makes up approximately 9% of Nordstrom Canada’s sales, is sourced through Nordstrom US (in the name of and cost to Nordstrom Canada) and is primarily imported from outside North America. Nordstrom Canada made approximately \$16 million in payments to third-party vendors for NPG in fiscal year 2022.

55. Upon commencement of this CCAA proceeding, to the extent possible, Nordstrom Canada, under supervision of the Monitor, intends to immediately cancel all POs that have been placed but where title has not yet transferred to Nordstrom Canada or payment has not yet been made. PO

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adjustments would occur in three different ways: (1) POs that are active in the Nordstrom system and have not registered any shipping activity against them would be automatically cancelled; (2) POs that are active in the Nordstrom system and have shipping activity registered would continue to flow to the Distribution Centre and be sold in the contemplated Realization Process; and (3) orders where a PO commitment has been provided to the supplier but no PO has been systematically issued will be considered cancelled.

56. Upon commencement of this CCAA proceeding, to the extent possible, Nordstrom Canada intends to immediately cancel all POs that have been placed with overseas vendors but have not been paid for or not yet resulted in the transfer of title to Nordstrom Canada. For any POs already paid for or where title has transferred to Nordstrom Canada (in the case of both North American and overseas vendors), Nordstrom Canada intends to receive the merchandise and include it in the contemplated Realization Process.

(d) Distribution

57. The Distribution Centre supplies and replenishes products sold in Nordstrom Canada's stores and is managed and operated by NLS pursuant to a master warehousing and distribution agreement effective October 28, 2013. NLS is responsible for all services required to operate the warehouse and Distribution Centre, including receiving, audit, storage, and value added services; pick/packing, flow through cross dock transfer and RTV shipping; verifying and inspecting shipments; preparing outbound shipments for tender to third-party transportation providers for transportation to Nordstrom Canada's stores; and inventory management. Fulfillment options are handled by individual stores and local transportation companies.

58. Until December 31, 2022, Nordstrom Canada also engaged a third-party logistics business, Interhold Distribution (“**Interhold**”) for the Vancouver full-line store so that inbound loads from NLS were first delivered to Vancouver, and then delivered to the store by a smaller truck. Interhold was replaced by Raven Force Carriers (“**Raven Force**”), who provides warehouse space, and secure yard, receiving, auditing, inspection, storage, loading, and monitoring store delivery services. Quick as a Wink Courier Service Ltd. is the carrier who takes goods from Raven Force to the store, utilizing one of four custom Nordstrom Canada-owned trailers. Deliveries are scheduled with the stores based on set schedules and can be adjusted based on demand.

59. Merchandise arrives at the Distribution Centre and is either stored temporarily in the Distribution Centre or immediately transported to Nordstrom Canada’s stores. As of January 28, 2023, there was approximately \$15 million retail value of inventory located at the Distribution Centre.

60. Nordstrom Canada engages third-party logistics companies to transport merchandise from vendor or manufacturer origins around the globe to and between distribution centres, consolidators and stores in the US and Canada. Expeditors International of Washington, Inc. and United Parcel Service Canada Ltd. (“**UPS**”) are engaged for international-origin and US-origin shipments. Livingston International is engaged for US-origin shipments, to import and clear all goods through the required customs agencies, which includes all necessary duties, taxes and importation fees. Savino Del Bene, BTX Global Logistics (“**BTX**”), Hercules Forwarding Inc. and UPS are third-party logistics companies engaged as carriers or brokers to facilitate transportation to Nordstrom Canada locations. Bison Transportation, Canada Cartage, UPS, TForce Final Mile, LLC and BTX handle Canada-origin merchandise transportation.

61. The Nordstrom Canada Entities believe that, given the quantity and value of merchandise at the Distribution Centre and other title transferred goods in transit not yet at the Distribution Centre, the continued services of NLS and certain other transportation providers are critical to the success of the contemplated wind down and Realization Process for the benefit of all stakeholders.

62. Nordstrom Canada also must pay customs brokers and government customs agencies, clearing houses, freight forwarders and other supply chain providers for costs incurred in transporting products from outside of Canada to the Distribution Centre and ultimately to the stores. Nordstrom Canada estimates that as of February 27, 2023, merchandise at the cost of approximately \$8.4 million was in transit to Canada or from Canadian ports to the Distribution Centre. The Nordstrom Canada Entities are seeking the authority (but not the requirement) to pay, with the consent of the Monitor, transportation and logistics providers, customs brokers and other supply chain providers for amounts incurred before the commencement of these proceedings, if required, to ensure the continued flow of inventory through their supply chain during the contemplated wind down and to best maximize recoveries to the Canadian estate during the Realization Process.

63. Title generally passes to Nordstrom Canada when merchandise is loaded on Nordstrom-directed transportation. If the vendor takes its own carrier to deliver merchandise to NLS in the Distribution Centre, Nordstrom Canada takes title of the merchandise once the merchandise arrives at the destination and is received and loaded at the Distribution Centre. If Nordstrom Canada directs a third-party carrier to deliver merchandise, title for Canada- and United States-origin merchandise passes to Nordstrom Canada at origin, after loading with the carrier.

(e) **Concession Vendors**

64. Nordstrom Canada (and in certain limited cases, Nordstrom US) is a party to agreements with 17 concession vendors (the “**Concession Vendors**”). The majority of the Concession Vendors operate in Vancouver, while some operate in Toronto (at both the Yorkdale and Eaton Centre store locations).

65. Most of the Concession Vendors operate branded fixtured premises, which are the property of Nordstrom Canada, although the Concession Vendors retain rights to their brand IP. Most Concession Vendors operating in Nordstrom Canada provide and pay for their own employees. There are approximately 140 Concession Vendor employees who work in Nordstrom Canada’s stores.

66. All Concession Vendors are paid on a monthly settlement schedule (based on fiscal months). Point of Sale (“**POS**”) sales for Concession Vendors are held in a Nordstrom Canada liabilities account, separate from wholesale POS sales which are posted to Nordstrom Canada’s general ledger. The Concession Vendor POS sales plus services (including deposits) are posted to this account. At the end of each month, the revenue share retained by Nordstrom Canada is manually moved from the liabilities account to Nordstrom Canada’s general ledger to be recorded as a sale. For Concession Vendors that remit Canadian federal and provincial taxes on their own, the tax collected by Nordstrom Canada is returned to the vendor as part of the settlement process. Nordstrom Canada remits Canadian federal and provincial taxes on behalf of certain Concession Vendors. The tax collected remains with Nordstrom Canada until it is paid via the applicable agency filing and payment date.

67. The Nordstrom Canada Entities intend on immediately engaging with the Concession Vendors to determine the most efficient way to wind down their concessions in Canada.

(f) Beauty Hardshops

68. Nordstrom Canada is also party to agreements with “beauty vendors”, whose product is sold to Nordstrom Canada on a wholesale basis such that the beauty inventory is owned by Nordstrom Canada. The product is generally sold at counters or kiosks in Nordstrom Canada full-line stores (referred to as hardshops). These agreements also generally provide that all fixtures and assets are owned proportionately by each brand and Nordstrom Canada based on each brand’s financial contribution made at the time of build out. In certain cases, Nordstrom Canada fully owns the fixtures and assets as it has paid the entirety of the build out cost. Unlike the Concession Vendors, the employees involved with the beauty hardshops are employed by Nordstrom Canada. In certain cases, some beauty vendors may provide some financial reimbursement to Nordstrom Canada for employees dedicated to representing their brand.

69. Nordstrom Canada also has a blow-dry bar called “Dry Bar” in its full-line store in Vancouver. Dry Bar is staffed with Nordstrom Canada employees and is operated pursuant to a licensing agreement.

(g) Restaurants and Licensed Operations

70. Nordstrom Canada owns and operates restaurants and cafes in some full-line retail stores. These restaurants and cafes are staffed with Nordstrom Canada employees. The Nordstrom Canada Entities intend that the restaurant and cafe operations will remain open until just before the commencement of the Realization Process.

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71. In addition to Nordstrom Canada-owned and operated restaurants and cafes, Nordstrom US is party to a trademark license and services agreement with MomoMilk, LLC (“**Milk Bar**”), dated as of November 18, 2022. The parties opened and operate a Milk Bar-branded department in the Nordstrom full-line Vancouver store and are in the process of negotiating a contract specific to the Vancouver store at the time of filing. This department is staffed entirely by Nordstrom Canada employees.

(h) Support Services Provided by Nordstrom US and Transfer Pricing Policy

72. The Nordstrom Canada Entities’ business is dependent on Nordstrom US for administrative and business support services, including legal, finance, accounting, bill processing, payroll, human resources, merchandising, strategy, and information technology project support (collectively, the “**Shared Services**”) and for their ability to use the IP. Prior to the commencement of these proceedings, Nordstrom US provided these Shared Services and license for the IP under an inter-affiliate license and services agreement, effective as of February 3, 2019, between Nordstrom US and Nordstrom Canada (the “**License and Services Agreement**”). Nordstrom Canada cannot operate or function without the provision of the Shared Services from Nordstrom US, and if the Shared Services are not continuously provided, Nordstrom Canada would be required to immediately cease operations. Attached to my affidavit as **Exhibit “C”** is a copy of the License and Services Agreement.

73. Under the License and Services Agreement, Nordstrom US provided the Shared Services and license or sublicense, as applicable, of IP to Nordstrom Canada, and Nordstrom Canada agreed to operate the Canadian retail stores and Nordstrom.ca. The transfer pricing policy, as reflected in the License and Services Agreement (the “**Transfer Pricing Policy**”) between Nordstrom Canada

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and Nordstrom US is set up such that Nordstrom Canada and Nordstrom US each agreed to pay the other the USD amount necessary such that Nordstrom Canada realized an arm's-length Rate of Return (operating profit divided by net sales) within the range of 4.5% to 6.5%.

74. As of January 28, 2023, a transfer pricing payment of approximately USD \$20 million had been made for fiscal year 2022. The remainder of the annual transfer pricing payment to achieve the aforementioned Rate of Return for fiscal year 2022 in the amount of approximately USD \$55 million is discussed further below.

75. In addition to the License and Services Agreement, Nordstrom US entered into inter-affiliate services agreements with the other Nordstrom Canada Entities relating to Shared Services, as follows:

- (a) Inter-affiliate services agreement between Nordstrom US and Canada Leasing LP, dated as of December 10, 2014, in which Nordstrom US provided legal, finance, accounting and tax, bill processing, payroll, human resources, property maintenance, operations, strategy, IT project support, site selection, and construction management services to Canada Leasing LP;
- (b) Inter-affiliate services agreement between Nordstrom US and NCH, dated as of October 10, 2016, in which Nordstrom US provided payroll, finance, accounting, treasury, and legal services to NCH; and
- (c) Inter-affiliate services agreement between Nordstrom US and NCHII, dated as of October 10, 2016, in which Nordstrom US provided payroll, finance, accounting, treasury, and legal services to NCHII.

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76. These previous inter-affiliate services agreements are attached to this affidavit as **Exhibits “D”, “E”, and “F”** (collectively, with the License and Services Agreement, the “**Intercompany Agreements**”).

77. The intercompany payments owing under these agreements are set out below.

78. On March 1, 2023, Nordstrom US notified Nordstrom Canada that it would be terminating the Intercompany Agreements in accordance with their respective terms. Following the delivery of the applicable notices of termination by Nordstrom US in accordance with their terms, the Nordstrom Canada Entities determined that it was in their best interests to waive the 30-day notice termination periods under the Intercompany Agreements, agreed to an immediate termination of such agreements, and entered into a new administrative services agreement effective March 1, 2023 (the “**Wind-Down Agreement**”) to allow for an orderly wind down of the Canadian operations. Pursuant to the Wind-Down Agreement, Nordstrom US agreed to continue providing Shared Services and grant a limited license or sublicense, as applicable, to use the IP to the Nordstrom Canada Entities solely for the purposes of effecting an orderly wind down as part of a CCAA proceeding. In addition, pursuant to the Wind-Down Agreement, Nordstrom US has also agreed to provide the Nordstrom Canada Entities with up to \$15 million in debtor-in-possession financing, on reasonable terms, should such financing be required in these proceedings. A copy of the Wind-Down Agreement is attached to this affidavit as **Exhibit “G”**.

79. Under the Wind-Down Agreement, Nordstrom Canada, on behalf of the Nordstrom Canada Entities, has agreed to pay an arm’s-length fee to Nordstrom US for the provision of Shared Services, which fee shall be net of the arm’s-length fee payable by Nordstrom US to Nordstrom Canada, on behalf of the Nordstrom Canada Entities, for any services provided by employees of

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the Nordstrom Canada Entities to Nordstrom US pursuant to the Wind-Down Agreement. It is anticipated that the total net cost to Nordstrom Canada under the Wind-Down Agreement during the orderly wind down will be approximately \$6.3 million. The Wind-Down Agreement provides for a lessening of the monthly payments over the course of the proceedings to reflect the gradual reduction in the level of support required by the Nordstrom Canada Entities. The amounts payable under the Wind-Down Agreement were developed in consultation with the Proposed Monitor and are subject to the consent of the Monitor. As the Transfer Pricing Policy no longer applies, the related intercompany payments described above will cease.

80. Nordstrom Canada and Canada Leasing LP also entered into an inter-affiliate services agreement, dated as of December 10, 2014, in which Canada Leasing LP provides property management services to Nordstrom Canada, and Nordstrom Canada provides payroll, finance, and accounting services to Canada Leasing LP through its shared services arrangements with Nordstrom US. The Wind-Down Agreement provides for the continuation of this agreement. The inter-affiliate services agreement between Nordstrom Canada and Canada Leasing LP is attached to this affidavit as **Exhibit “H”**.

81. Nordstrom US is not prepared to provide the Shared Services to the Nordstrom Canada Entities outside of a CCAA proceeding or to a third-party operator of the business, and will only provide such services in accordance with the terms of the Wind-Down Agreement.

(i) Intellectual Property

82. Prior to the commencement of these proceedings, all IP relating to the “NORDSTROM” brands were licensed by Nordstrom US to Nordstrom Canada for Nordstrom Canada’s use to conduct its business. Pursuant to the License and Services Agreement, Nordstrom US (who

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licenses certain of the IP from NIHC, Inc.) granted Nordstrom Canada a non-exclusive, non-transferable right to use the (1) trademarks, service marks, and trade names, and (2) any information, data, process, method technique, technology, standard, documentation, idea, discovery, invention, know-how or trade secrets listed in Exhibit A to the License and Services Agreement.

83. As described above, on March 1, 2023, Nordstrom US notified Nordstrom Canada that it would be terminating the License and Services Agreement. The Wind-Down Agreement provides for Nordstrom US to grant Nordstrom Canada a license or sublicense, as applicable, to use the essential IP for the duration, and limited purposes, of the wind down and Realization Process as part of the CCAA proceedings. The liquidator selected to assist with the Realization Process will be entitled, through Nordstrom Canada, to also use the IP on a limited basis for the sole purposes of the liquidation sale. Nordstrom US is not prepared to license the IP to a third-party operator of the business, and will only provide such limited license in accordance with the terms of the Wind-Down Agreement.

(j) Employees

(i) General

84. As of January 31, 2023, Nordstrom Canada employed approximately 1,830 full-time employees and 505 part-time employees, which includes 2,010 Nordstrom full-line employees and 320 Nordstrom Rack employees. A typical full-line Nordstrom Canada store is staffed by approximately 230-350 employees, with the exception of Vancouver Pacific Centre, which has approximately 600 employees. Nordstrom Rack stores in Canada are each staffed by approximately 30-60 employees. The staff includes both full and part-time store employees and

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store management (including the store manager, department managers, and assistant department managers, among others). Nordstrom Canada also employs visual merchandisers, asset protection personnel, stylists, employee relations advisors, baristas, bartenders, and beauty stylists, among others. Department managers and other store employees report to and work under the supervision of the store manager. The store manager oversees and is responsible for operations in their store, and ultimately reports to the regional manager.

85. There are approximately 70 employees across Nordstrom Canada full-line stores who are employed by Nordstrom Canada pursuant to designated selling associate (“**DSA**”) agreements. The DSAs are responsible for promoting sales of merchandise sold by a particular Concession Vendor. The DSA agreements provide that the applicable Concession Vendor will reimburse Nordstrom Canada for certain salary contributions, side pay, bonuses, and other benefits of the DSA.

86. In addition to Nordstrom Canada’s store level employees, Nordstrom Canada also employs certain hybrid employees (who work both in-store and remotely), including human resources and regional operations directors and managers. There are also a small number of employees who work fully remotely, including technology employees, contact centre employees, and recruiters.

87. There are also 19 contingent workers who provide services to Nordstrom Canada but are not employed by Nordstrom Canada.

88. Nordstrom US and the Nordstrom Canada Entities are proposing a number of measures as part of these CCAA proceedings to assist the Nordstrom Canada employees to deal with the loss of employment caused by the cessation of the Nordstrom Canada Entities’ operations. These measures are discussed further below, and include the formation of an Employee Trust funded by

Nordstrom US, the appointment of Employee Representative Counsel, and a key employee retention program.

(ii) Retirement and Benefit Plans

89. Nordstrom Canada sponsors a group registered retirement savings plan issued by Canada Life Assurance Company (Policy No. 67650) effective January 1, 2014 (“**RRSP**”), a deferred profit-sharing plan (Registration No. 1272202) amended effective January 1, 2021 (“**DPSP**” and with the RRSP, the “**Nordstrom Canada Retirement Plans**”), and a full suite of group health and welfare benefits for certain eligible employees (the “**Canadian Group Benefits**”). Assets of the DPSP are held and invested pursuant to a trust agreement with Investors Group Trust Co. Ltd.

90. Nordstrom Canada employees who are considered full-time are eligible to participate in the Nordstrom Canada Retirement Plans immediately upon their hire date. A full-time employee is defined as an employee who has been designated a full-time employee by Nordstrom Canada and works an average of 28 hours per week. Part-time employees of Nordstrom Canada are not eligible to participate in these plans. Participants are able to contribute to the RRSP up to the lesser of 18% of earnings and the maximum permitted under the *Income Tax Act* (Canada), and Nordstrom Canada will match employee contributions up to 4% of an employee’s eligible earnings through contributions to the DPSP.

91. Nordstrom Canada provides Canadian Group Benefits to its full-time employees. Full-time employees generally receive the following benefits, which are fully paid for by Nordstrom Canada: short-term disability for certain full-time employees, Basic Life Insurance, Basic AD&D, a supplemental unemployment benefit plan for certain full-time employees, EAP, Talkspace (virtual therapy), Bright Horizons (child care support), Rethink (which provides support for parents,

household members, and caretakers of children with learning, social, or behavioral challenges or developmental disabilities) and the Nordstrom Wellbeing Program (which includes a discount program among other benefits). Employees share the costs of Extended Health, Vision and Dental coverage. Long-term disability insurance and optional life insurance are fully paid for by employees.

92. Other benefits offered to full-time employees include two floating holidays and five sick days. All employees are eligible for Nordstrom Canada's vacation plan at hire.

(iii) Stock Plans

93. Certain Canadian employees have received a non-qualified stock option award (the "Option") and/or a restricted stock unit award (the "RSU") that can be converted into the publicly traded shares of Nordstrom US. The Option and the RSU are governed by the terms of their respective award agreements and the terms of the Nordstrom US 2019 Equity Incentive Plan. There are six Canadian employees who are eligible for such benefits. Nordstrom Canada also has outstanding options under the 2010 Equity Incentive Plan for one Canadian employee.

94. As of February 9, 2023, there were 9,965 outstanding Options granted to two Nordstrom Canada employees: one employee has 678 Options which are vested and unexercised, and the other employee has 9,287 Options which are unvested.

95. Such Options were issued in two separate awards in 2021 and 2022. The 2021 Option vests over a four-year vesting period, with 50% vesting on March 10, 2024, and 50% on March 10,

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2025. The 2022 Option also vests over a four-year period, with 50% vesting on March 10, 2025, and 50% on March 10, 2026.¹

96. The RSUs vest over a four-year vesting period with 25% being vested after one year, 50% being vested after two years, 75% being vested after 3 years and 100% being vested after 4 years of continuous service following the vesting commencement date. Upon a recipient's Termination Date, any portion of the RSU which has not yet vested shall be forfeited.

97. There are 19,517 outstanding RSUs that have been granted to Canadian employees.

98. The Options and RSUs are subject to a Clawback Policy adopted by the Board of Directors of Nordstrom US, as amended from time to time.

99. It is anticipated that employees will continue to have health, dental and other benefits coverage while they are working during the CCAA proceedings and that such benefits coverage will continue thereafter for at least the period required by statute. Nordstrom Canada also anticipates coordinating with local governments on job search assistance programs for impacted employees.

(k) Nordy Club Rewards, Notes, Credit Card Program and Gift Cards

100. Nordstrom US and Nordstrom Canada each provide customers with access to a variety of customer enhancement experiences, payment products and services, including gift cards and a selection of Nordstrom-branded Visa credit cards in the US and Canada, as well as a Nordstrom-branded private label credit card for Nordstrom purchases. Customers may also participate in The

¹ Previous option grants had different vesting periods, but are all completely vested.

Nordy Club to receive benefits that vary depending on the level of spend, including early access to the Anniversary Sale, enhanced alteration and stylist benefits, and incremental accumulation of points toward Nordstrom Notes.

(i) Nordy Club Rewards

101. Nordy Club Rewards is a rewards program offered by both Nordstrom US and Nordstrom Canada. In Canada, membership in the Nordy Club Rewards program is free and is available to any Canadian resident who is 18 years of age or older. Customers can sign up for the Nordy Club Rewards program in store or online, and once signed up, members earn one Nordy Club point per dollar spent at Nordstrom. Nordy Club points do not have a cash value; they are automatically converted to a Nordstrom Note once a certain Nordy Club point total is reached. Nordy Club members may also receive additional benefits depending on status (member, influencer, ambassador), including priority access to events and free basic alterations. Nordy Club points may expire if the Nordy Club account has had no activity for 12 consecutive months. In most cases, the points associated with inactive accounts expire on a quarterly basis – that is, in any calendar year, at the end of each quarter, the points associated with all accounts that have not had any points or Nordstrom Notes earned or redeemed for 12 or more consecutive months will expire.

102. As of January 28, 2023, approximately 840,000 Canadian customers had net outstanding Nordy Club points, worth approximately \$2.5 million should they be converted to Nordstrom Notes. It is contemplated that Nordy Club points will stop accruing should the proposed Initial Order be granted, any Nordy Club points in an amount sufficient to convert to Nordstrom Notes will be converted, and those not converted to Nordstrom Notes at such time will automatically expire.

(ii) Nordstrom Notes

103. A Nordstrom Note is generally awarded under both the US and Canadian programs upon reaching certain Nordy Club point accumulation thresholds, or by meeting certain other qualification requirements during special promotions. In Canada, Nordstrom Notes can be used to purchase qualifying items at Nordstrom Canada full-line or Nordstrom Canada Rack stores, and at Nordstrom.ca. Nordstrom Notes issued in Canada are denominated in Canadian dollars; however, as a convenience, a customer can redeem their Nordstrom Notes in a US Nordstrom full-line or Nordstrom Rack store, subject to a currency exchange rate. The Canadian Dollar to US Dollar exchange rate that will be applied to Nordstrom Note redemption in the US will be the rate provided to Nordstrom by Thomson Reuters at the time of purchase. Nordstrom Notes will expire if the customer's related Nordy Club account has had no activity for 12 consecutive months. In most cases, the points associated with inactive accounts expire on a quarterly basis. Nordstrom Notes have no cash value other than at a Nordstrom store or at Nordstrom.ca, and therefore cannot be cashed out.

104. As of January 28, 2023, approximately 178,000 Canadian customers had outstanding Nordstrom Notes worth a total value of approximately \$5.6 million. It is contemplated that no new Nordstrom Notes will be available to customers should the proposed Initial Order be granted; however, it is anticipated that existing Nordstrom Notes will be honoured in Canadian stores during the Realization Process. The notes will not be honoured on Nordstrom.ca from the date of commencement of the proceedings. In the view of Nordstrom Canada, honouring existing Nordstrom Notes in store through the orderly wind down period will promote goodwill among customers during the proceedings and will assist in maximizing value for stakeholders as a whole by, among other factors, attracting customers to the Canadian retail stores.

(iii) Nordstrom Credit Card Program

105. Nordstrom Canada offers customers an MBNA co-branded Nordstrom Credit Card Program. Cardholders who use the Nordstrom credit card for purchases at Nordstrom Canada full-line or Nordstrom Canada Rack stores are entitled to receive Nordstrom reward points, which are then automatically converted to a Nordstrom Rewards Note (different from Nordstrom Notes, discussed above). Cardholders earn two Nordstrom reward points for every dollar spent using the Nordstrom credit card in Nordstrom Canada retail stores or online at Nordstrom.ca, and one Nordstrom reward point for every dollar spent using the Nordstrom credit card elsewhere. The terms of the Nordstrom Rewards Notes given to cardholders indicate that such Nordstrom Rewards Notes can only be used in Canada; however, stores have the discretion to accept the Nordstrom Rewards Notes in the US, subject to a currency conversion rate. MBNA handles all acquisition and servicing of the credit card program, including tracking spend for points accrual, and sending information on points to Nordstrom Canada so that Nordstrom Canada can send a Nordstrom Rewards Note to the cardholder. As of October 2022, there were approximately 7,000 enrolled customers in Canada, of which 2,169 are active users of the card. MBNA owns the list of customers holding the credit cards and communicates with them directly.

106. MBNA gave notice to Nordstrom Canada under the agreement in November 2022 that it does not intend to renew the credit card program. Nordstrom Canada intends to work with MBNA to address the termination of the program and appropriate communications to cardholders.

(iv) Nordstrom Gift Cards

107. Nordstrom customers can purchase gift cards in Canada to be redeemed for merchandise in Nordstrom Canada stores or through Nordstrom.ca. Nordstrom gift cards are sold in Nordstrom

Canada stores and on Nordstrom.ca. When purchased directly from Nordstrom Canada or on Nordstrom.ca, these gift cards are activated when purchased in store or online. Pursuant to agreements with certain third-party gift card resellers, gift cards are also sold at third-party retailers. The gift cards are inactive when distributed to resellers and activated at the reseller's POS when purchased. At this time, the reseller is obliged to make payment to the appropriate entity in the Nordstrom Group.

108. As of January 28, 2023, Canadian customers had outstanding gift cards worth a total value of approximately \$16 million. It is contemplated that no new gift cards will be available to customers at Nordstrom Canada's stores should the proposed Initial Order be granted. It is anticipated that existing gift cards will be honoured in Canadian stores during the Realization Process.

109. Nordstrom intends to forthwith direct its third-party service providers responsible for activating gift cards to cease doing so as of the filing of this Application. This will not affect outstanding gift cards. In the view of Nordstrom Canada, honouring outstanding gift cards will promote goodwill among customers during the orderly wind down and will assist in maximizing value for stakeholders as a whole by, among other factors, attracting customers to the Canadian retail stores.

(l) Nordstrom.ca Website

110. The Nordstrom Canada e-commerce business has been conducted through the Nordstrom.ca website which is owned by Nordstrom Canada. As part of the orderly wind down of the Nordstrom Canada Entities' business, it is contemplated that all transactional functionality will be removed from the Nordstrom.ca website should the proposed Initial Order be granted.

Thereafter, the site will only serve as a messaging page for customers outlining store locations and frequently asked questions in relation to these proceedings. It will also provide a link to the Monitor's website for these proceedings.

(m) Other Suppliers

111. The Nordstrom Canada Entities rely on the following service providers to operate: (i) logistics or supply chain providers, including transportation providers, customs brokers, freight forwarders and security and armoured truck carriers; (ii) providers of information, internet, telecommunications and other technology, including e-commerce providers and related services; and (iii) providers of payment, credit, debit and gift card processing related services. It is therefore proposed that the Nordstrom Canada Entities be entitled, but not required, to pay amounts owing for certain goods or services supplied to the Nordstrom Canada Entities prior to the date of the proposed Initial Order, with the consent of the Monitor. In order for the Nordstrom Canada Entities to continue to operate during the proposed stay period, it is also proposed that these services, and others including utility services, continue to be supplied and paid for pursuant to the proposed Initial Order.

(n) Banking and Cash Management System

112. The Nordstrom Canada Entities maintain a centralized cash management system which is administered by Nordstrom US from its head office in Seattle to collect, transfer and disburse funds generated by the operations of the Nordstrom Canada Entities (the “**Cash Management System**”).

113. The Nordstrom Canada Entities are dependent upon Nordstrom US for treasury, banking and related services that were provided through the License and Services Agreement with Nordstrom US and will be provided going forward pursuant to the Wind-Down Agreement.

114. The Nordstrom Canada Entities have 13 active bank accounts, with 10 maintained at the Bank of Nova Scotia (“**Scotiabank**”), two at Wells Fargo Bank, and one at Toronto-Dominion Bank. Store receipts are deposited into the depository account at Scotiabank and debit/credit card receipts are deposited into the main Nordstrom Canada cash account at Scotiabank on a daily basis. The Canadian bank accounts at each entity are as follows:

- (a) Nordstrom Canada: 7 bank accounts
- (b) Canada Leasing LP: 4 bank accounts
- (c) NCH: 1 bank account
- (d) NCHII: 1 bank account

115. The Nordstrom Canada Entities maintain six accounts that process all outgoing wires, Automatic Clearing House, and cheque payments for disbursements to landlords, vendors, employees, taxes and Nordstrom US for intercompany charges. These accounts are funded by the main cash account in the respective Canadian entity. In addition, the Nordstrom Canada Entities hold nominal cash to ensure sufficient float at stores. Excess cash is deposited into the Nordstrom Canada Entities’ main cash account as needed, which is typically twice a week.

116. The Nordstrom Canada Entities utilize the Nordstrom Group’s US bank corporate card relationship primarily for travel, store, and other miscellaneous expenses, which is paid by Nordstrom Canada. The Nordstrom Canada Entities estimate that, on average, approximately

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\$300,000 is charged to Canadian credit cards on a monthly basis. The obligations of the Nordstrom Canada Entities under these credit cards have been guaranteed by Nordstrom US pursuant to a guaranty made and entered into by Nordstrom US in favour of US Bank National Association dated June 17, 2022.

117. The proposed Initial Order contemplates continuation of the Nordstrom Canada Entities' Cash Management System during the CCAA proceedings, which is necessary for a controlled and orderly wind down.

E. Financial Position of the Nordstrom Canada Entities

118. As a publicly traded company, Nordstrom US files consolidated financial statements with the US Securities and Exchange Commission. These financial statements include the consolidated results of operations in the US and Canada. A copy of Nordstrom US' audited financial statements for the year ended January 29, 2022 is attached as **Exhibit "I"** to this affidavit. A copy of Nordstrom US' financial statements for the quarter ending October 29, 2022 is attached as **Exhibit "J"** to this affidavit.

119. Although the Canadian operations do not prepare stand-alone financial statements, the Nordstrom Canada Entities have prepared a summarized trial balance as of January 28, 2023, a copy of which is attached as **Exhibit "K"** to this affidavit. The summarized trial balance reflects the consolidated financial position of all of the Nordstrom Canada Entities and has not been audited. Certain information contained in the summarized trial balance is outlined below.

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120. As of October 29, 2022, the Nordstrom Canada Entities made up the following approximate percentages of the Nordstrom Group's total assets, inventory, and accounts receivable:

- (a) 4.0% of total assets;
- (b) 3.1% of total inventory; and
- (c) 2.7% of total accounts receivable.

(a) Assets

121. As of January 28, 2023, the Nordstrom Canada Entities had combined total assets with a book value of approximately \$500,784,000, consisting of approximately \$208,636,000 in current assets and approximately \$292,147,000 in long-term assets.

122. The Nordstrom Canada Entities' summarized trial balance reflects that, as of January 28, 2023, Nordstrom Canada had paid approximately USD \$10.3 million to Nordstrom US to reduce or pay off intercompany balances in fiscal year 2022. This amount includes payment for the provision of Shared Services by Nordstrom Canada, net of the amounts Nordstrom Canada received through the Transfer Pricing Policy. The intercompany balances are described more fully below.

(i) Current Assets

123. As of January 28, 2023, the Nordstrom Canada Entities' current assets consisted of the following (approximate values):

- (a) Cash – \$44,068,000

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- (b) Accounts Receivable – \$4,797,000
- (c) Intercompany Receivables – \$60,911,000
- (d) Inventory (owned) – \$92,826,000
- (e) Prepaid Expenses – \$4,043,000
- (f) Income Tax Receivable – \$1,992,000

124. The majority of the Nordstrom Canada Entities' current assets are therefore comprised of cash, cash equivalents, intercompany receivables, and inventories.

125. The Cash Flow Forecast (described below) indicates that the Nordstrom Canada Entities are expected to have an opening combined consolidated cash position of approximately \$36 million after adjusting for March rents and other amounts scheduled to be paid in the ordinary course prior to the commencement of the CCAA proceedings.

(ii) Non-Current Assets

126. As of January 28, 2023, the Nordstrom Canada Entities' non-current assets consisted of the following (approximate values):

- (a) Right of Use Asset (asset representing a lessee's right to use the asset over the life of the lease) – \$118,784,000
- (b) Property, Plant and Equipment – \$159,668,000
- (c) Other Assets – \$13,696,000

127. Given the fact that certain IP had been licensed or sublicensed, as applicable, by Nordstrom US to Nordstrom Canada pursuant to the License and Services Agreement, Nordstrom Canada has no non-current assets or goodwill related to tradenames or trademarks on its summarized trial balance.

(b) Liabilities

128. As of January 28, 2023, the Nordstrom Canada Entities' total liabilities were approximately \$561,024,000, consisting of current liabilities of approximately \$377,499,000 (excluding operating leases) and long-term liabilities of approximately \$183,526,000.

(i) Current Liabilities

129. As of January 28, 2023, the Nordstrom Canada Entities' current liabilities (excluding operating leases) included (approximate values):

- (a) Intercompany Payables – \$302,556,000 (discussed below)
- (b) Accounts Payable – \$45,630,000
- (c) Accrued Wages – \$6,058,000
- (d) Accrued Other – \$23,255,000

(ii) Long-Term Liabilities

130. As of January 28, 2023, the Nordstrom Canada Entities' long-term liabilities included (approximate values):

- (a) Operating Leases (current and noncurrent) – \$180,763,000

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(b) Other Liabilities – \$2,763,000

131. The realizable value of the Nordstrom Canada Entities' assets will be insufficient to satisfy the claims of their creditors. These claims include the claims of the Landlords resulting from payment and other defaults under their respective Leases, which will be unavoidable following the cessation of operational and financial support from Nordstrom US to the Nordstrom Canada Entities, even after taking into account the mitigation obligation of the Landlords. The Nordstrom Canada Entities have insufficient financial resources to satisfy all of their obligations which will result from the cessation of such support for the business from Nordstrom US, and are therefore insolvent.

(c) **Stockholders' Equity**

132. As of January 28, 2023, the stockholders' equity in respect of the Nordstrom Canada Entities was negative \$60,241,000, consisting of the following (approximate values):

(a) Common Stock – \$110,000

(b) Retained Earnings – negative \$236,658,000

(c) Contributed Surplus – \$176,308,000

133. Nordstrom US' losses from the expansion into Canada are much higher than the negative retained earnings entry on the balance sheet. Excluding the intercompany payments (which are built into the retained earnings entry), the retained earnings would reflect additional losses of approximately \$511 million.

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(d) The Nordstrom Canada Entities' Financial Performance

134. Since 2014, the Nordstrom Canada Entities have experienced yearly losses across the majority of their 13 Canadian locations.

135. For the year ended January 28, 2023, the Nordstrom Canada Entities generated revenue of \$515,046,000. These results lag behind Nordstrom US' operations and are insufficient to absorb the Nordstrom Canada Entities' occupancy and other operating costs, including Shared Service costs.

136. Reflecting the Nordstrom Canada Entities' high occupancy and other operating costs (described in more detail below), its EBITDA for the year ended January 28, 2023 was negative \$34,563,000, prior to taking into account the intercompany payments.

137. Most of the Nordstrom Canada Entities' losses were absorbed by Nordstrom US through the intercompany payments under the Transfer Pricing Policy. As Nordstrom US has terminated its support of the Nordstrom Canada Entities' losses, the Nordstrom Canada Entities cannot continue operating. As noted above, notwithstanding Nordstrom US absorbing most of the losses, the Nordstrom Canada Entities have still accumulated negative retained earnings exceeding \$237 million as reflected on its summarized trial balance.

138. Nordstrom Canada's gross occupancy costs are currently trending in the range of 7% of its sales for full-line stores compared to 1% in the US, and 12% for Nordstrom Rack stores compared to 6-7% in the US.

139. The continued appreciation of the US dollar relative to the Canadian dollar has also added substantial strain on the business. A significant amount of Nordstrom Canada's inventory is

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purchased in USD, with merchandise necessarily being priced competitively in Canadian dollars. Accordingly, given the weakness of the Canadian dollar, Nordstrom Canada must pay relatively more for its inventory which is purchased in USD, negatively impacting its profit margin.

(e) Intercompany Balance

140. As of January 28, 2023, the Nordstrom Canada Entities, Nordstrom US, and NIL have a number of intercompany balances, summarized below. No intercompany transfers, including the projected USD \$55 million transfer pricing amount due to Nordstrom Canada as contemplated by the Transfer Pricing Policy, have been made since October 24, 2022 while the Nordstrom Group considered its options with respect to the Canadian business. A summary of the intercompany balances is below:

- (a) NCH is the only company with a large payable to NIL, in the amount of USD \$226 million. This represents the USD \$223 million loan made from NIL to NCH pursuant to the Master Loan Agreement, effective as of April 18, 2014, and accrued, unpaid interest through January 28, 2023. The loan was utilized to fund equity contributions from NCH to Canada Leasing LP for the initial build out of the Canadian stores between May 2014 and February 2020.
- (b) Intercompany rent is charged by Canada Leasing LP to Nordstrom Canada and is generally settled on a quarterly basis. The companies have settled more recent outstanding amounts, but Nordstrom Canada still owes Canada Leasing LP USD \$54 million for historic unsettled rent and real estate taxes. After the commencement of these proceedings, Nordstrom Canada intends to make the basic rent payments under the Subleases that are then paid to the third-party Landlords

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under the Leases. Nordstrom Canada does not intend to make the intercompany rent payments in respect of the Premises Fixturing Costs.

- (c) Nordstrom Canada owes Nordstrom US USD \$9.3 million for Shared Services provided from Nordstrom US to Nordstrom Canada.
- (d) The fiscal year 2022 transfer pricing payment from Nordstrom US to Nordstrom Canada pursuant to the former Transfer Pricing Policy of USD \$55 million.
- (e) Canada Leasing LP, NCH, and NCHII have small payables to Nordstrom US relating to Shared Service allocations (e.g., payroll, finance, accounting, etc.).

141. At any given time, the intercompany balances reflect unpaid amounts due from Nordstrom Canada to Nordstrom US, such as amounts owing for Shared Services, purchases of inventory, and other adjustments to reimburse Nordstrom US where it has incurred costs on behalf of Nordstrom Canada. The intercompany balance also reflects the intercompany payments made or reconciled by Nordstrom US in favour of Nordstrom Canada (which effectively reduced the amounts Nordstrom Canada owes to Nordstrom US for Shared Services).

142. The estimated transfer pricing adjustment needed for Nordstrom Canada to arrive at the target Rate of Return of 4.5% to 6.5% for the month of February 2023 (prior to the termination of the agreement) is approximately USD \$6 million.

(f) **Secured Debt**

143. Nordstrom US (as Borrower), the Lenders named therein, and Wells Fargo Bank, National Association (“**Wells Fargo**”), as Agent, Swing Line Lender and an L/C Issuer², are parties to a revolving credit agreement, dated as of May 6, 2022, providing for Nordstrom US to borrow revolving loans, bid loans, and request letters of credit in the aggregate amount of USD \$800,000,000 (the “**Credit Agreement**”). The Credit Agreement matures on May 6, 2027. Attached to my affidavit as **Exhibit “L”** is a copy of the Credit Agreement without schedules and exhibits. There are no loans or letters of credit currently outstanding under the Credit Agreement.

144. The Credit Agreement requires that each Loan Party cause all property of such Loan Party that constitutes Collateral to be subject at all times to a first priority, perfected Lien in favour of the Agent to secure the Obligations (pursuant to the terms of Section 5.11 of the Credit Agreement).

145. Pursuant to a guaranty agreement among Nordstrom US, NIHC, Inc., Nordstrom Card Services, Inc., and Nordstrom Canada, as guarantors, and Wells Fargo, as Agent, dated as of May 6, 2022 (the “**Guaranty Agreement**”), Nordstrom Canada guaranteed to each Lender, each L/C Issuer, each other Secured Party and the Agent the prompt payment of the Obligations in full when due. Attached to my affidavit as **Exhibit “M”** is the Guaranty Agreement.

146. Pursuant to a Canadian security agreement between Nordstrom Canada and Wells Fargo, as Agent, dated as of May 6, 2022 (“the **Canadian Security Agreement**”), to secure the prompt payment and performance in full when due of the Obligations and costs and expenses incurred in

² All capitalized terms in this section not otherwise defined have the meaning given to them in the Credit Agreement.

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connection with enforcement and collection of the Obligations, Nordstrom Canada granted a continuing security interest in all of its present and after-acquired undertakings, property and assets in favour of the Agent for the benefit of the Secured Parties. Attached to my affidavit as **Exhibit “N”** is the Canadian Security Agreement.

147. Prior to the Credit Agreement Amendment (defined below), pursuant to Section 7.1(g) of the Credit Agreement, it would have been an Event of Default under the Credit Agreement for Nordstrom Canada, as a Loan Party, to voluntarily commence proceedings under the CCAA and any such voluntary commencement would have resulted in the automatic acceleration of payment of the Loans and all other Obligations. Pursuant to a First Amendment to the Credit Agreement dated and effective as of March 1, 2023 (the “**Credit Agreement Amendment**”), Nordstrom US, the Guarantors, Wells Fargo and the Lenders party thereto amended the Credit Agreement to, among other things: (i) remove Nordstrom Canada as a Loan Party thereunder; (ii) irrevocably release Nordstrom Canada from its guaranty provided pursuant to the Guaranty Agreement; (iii) irrevocably release and discharge the security interest granted by Nordstrom Canada to the Agent pursuant to the Canadian Security Agreement; (iv) remove each of the Nordstrom Canada Entities from the definitions of Subsidiary and/or Affiliate (each defined in the Credit Agreement) except in limited circumstances; and (v) otherwise amend the Loan Documents to ensure that the wind down and any acts taken by Nordstrom US under agreements related to the wind down, including with respect to the Employee Trust and potential DIP facility, do not create a Default or Event of Default under any Loan Document. Accordingly, the Agent and the other Secured Parties are no longer secured creditors of Nordstrom Canada. Attached to my affidavit as **Exhibit “O”** is a copy of the Credit Agreement Amendment without schedules and exhibits.

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148. The remaining debt agreements of the Nordstrom Group – an Indenture, dated as of March 11, 1998, and an Indenture, dated as of December 3, 2007 – constitute senior unsecured debt obligations of Nordstrom US. The Nordstrom Canada Entities do not have any commitments under, and have not granted any guarantees or security in connection with, these agreements.

149. There are no other creditors that hold general security over the assets of the Nordstrom Canada Entities. PPSA search results dated as of February 23, 2023, for Ontario, and February 24, 2023, for Alberta and British Columbia are attached as **Exhibit “P”**.

F. Urgent Need for Relief

150. To support the Nordstrom Group’s expansion into Canada since 2014, Nordstrom US and its US-based affiliates have provided the Nordstrom Canada Entities with approximately USD \$950 million, including USD \$439 million in capital contributions, USD \$99.5 million in waived intercompany charges, USD \$102.7 million in market support payments, USD \$16.8 million in market penetration payments, and USD \$292 million in transfer pricing payments. The Nordstrom Canada Entities have made distributions to Nordstrom US and its US-based affiliates of USD \$175.5 million to arrive at net funding from Nordstrom US and its US-based affiliates of USD \$775 million. However, after considering all reasonable alternatives, Nordstrom US has determined that it will no longer invest resources in the Nordstrom Canada Entities, and it will no longer support the continued operations of Nordstrom Canada.

151. As set out above, Nordstrom US and the Nordstrom Canada Entities have explored other strategies to avoid winding down the Canadian operations, including licensing full operations to another Canadian retailer or retail operator with market expertise, closing certain underperforming stores, and/or investing to grow Nordstrom.ca, build loyalty, and optimize inventory. None of these

alternatives would provide realistic solutions to the current difficulties facing the Canadian business and achieving profitability.

152. Following a thorough review of Nordstrom Canada's operations and financial performance, and after the careful consideration of all reasonably available options, I am informed by senior management of Nordstrom US that its board of directors determined that, in an exercise of its business judgment, and after consulting with legal and financial advisors, it is in the best interests of Nordstrom US to discontinue its operational and financial support of the Nordstrom Canada Entities and to focus on its core business and strategic imperatives in the US.

153. Due to its operational and financial dependence on Nordstrom US, the Nordstrom Canada Entities cannot continue operations without the full support of Nordstrom US, including a license to use Nordstrom US' IP relating to the "NORDSTROM" brand name. As that support on a going concern basis is no longer available, the Nordstrom Canada Entities have no choice but to cease operations in Canada and to conduct an immediate orderly and responsible wind down of operations for the benefit of their stakeholders.

154. As set out above, the collective corporate actions of the Nordstrom Canada Entities, including discontinuing operations, the conducting of "store closing" sales and the discontinuing of the payment of rent after the conclusion of such sales are defaults under the Leases and may result in the acceleration of some or all rents due under the Leases or the ability of the Landlords to accelerate all rents due thereunder. I am aware that the Landlords have contingent claims for future rent payments and the unamortized value of tenant allowances paid by the Landlords, and possibly other claims, including for damages they may incur under other leases with third-parties due to the Nordstrom Canada Entities discontinuing operations under the Leases, far exceed \$5

million and which, together with the Nordstrom Canada Entities' other liabilities, exceed the realizable value of the Nordstrom Canada Entities' total assets. As a result, without the funding and financial support from Nordstrom US required to keep Nordstrom Canada operational, the Nordstrom Canada Entities have insufficient assets to satisfy their debts, cannot meet their obligations as they become due, and are insolvent.

155. The Nordstrom Canada Entities have determined that an orderly and controlled wind down under the supervision of the Court and the Monitor would be in the best interests of all stakeholders. However, the continued support, assistance and cooperation of Nordstrom US is still required to conduct an orderly and controlled wind down of the Nordstrom Canada Entities' operations. The continued provision of Shared Services by Nordstrom US is essential for the Nordstrom Canada Entities to operate. Nordstrom Canada also requires a license from Nordstrom US to use the "NORDSTROM" name and other IP to conduct an orderly realization of its remaining merchandise. I am informed by senior management of Nordstrom US that Nordstrom US is only willing to continue to support Nordstrom Canada through the provision of Shared Services and IP pursuant to the Wind-Down Agreement, if: (1) it is for limited purposes of an orderly wind down; and (2) the wind down is court-supervised under the CCAA.

156. The Intercompany Agreements were terminated on March 1, 2023, pursuant to notices of termination delivered by Nordstrom US, including the License and Services Agreement that formalized the former Transfer Pricing Policy. Nordstrom US and the Nordstrom Canada Entities subsequently entered into the Wind-Down Agreement to be effective as of March 1, 2023, to provide for, among other things, the immediate termination of the Intercompany Agreements, and the provision of Shared Services and restricted use of IP during this CCAA proceeding.

157. On March 1, 2023, after being informed of the decision of Nordstrom US to discontinue its support of the Canadian operations, the board of directors of Nordstrom Canada resolved to commence this CCAA proceeding.

G. Relief Sought

158. The Applicants believe that this CCAA proceeding is the most practical method to ensure a fair and orderly wind down of the Nordstrom Canada Entities' business, which will maximize recoveries in the interests of all stakeholders. The Applicants are hopeful that the proposed CCAA proceedings will culminate in a consensual plan of compromise or arrangement, with broad support among stakeholders.

(a) Stay of Proceedings

159. The Nordstrom Canada Entities urgently require a stay of proceedings and other protections provided by the CCAA so that they will have the breathing space to develop and conduct a controlled and orderly wind down of operations for the benefit of their stakeholders. It would be detrimental to the Nordstrom Canada Entities' ability to conduct a responsible wind down and Realization Process in the best interests of its stakeholders if proceedings were commenced or rights or remedies executed against the Nordstrom Canada Entities in the short period available to maximize recoveries for all stakeholders.

160. The Applicants request a stay in favour of, and an extension of the protections and authorizations of the Initial Order to, Canada Leasing LP, a limited partnership closely intertwined with the operations of the Applicants in respect of Canadian real estate activities, including (i) leasing retail space from third-party property owners; (ii) committing capital for store construction and remodel activities; and (iii) subleasing retail space to Nordstrom Canada. The extension of the

benefit of the stay to Canada Leasing LP is necessary to maintain stability and value in the CCAA process. Any proceedings commenced against Canada Leasing LP would necessarily involve key personnel of the Applicants, who collectively hold a 100% interest in Canada Leasing LP. For example, to respond to any claim, the Applicants would need to provide evidentiary support through witnesses or documents. The need to provide such support could be a significant distraction for the Applicants' key personnel and would distract from the paramount goal of achieving an orderly and controlled wind down. As counterparty to the store Leases, Canada Leasing LP also needs the breathing space of a stay to prevent the exercise of Landlord remedies during the pendency of the Realization Process.

161. Having regard to the circumstances, the granting of a CCAA stay is in the best interests of the Nordstrom Canada Entities and their stakeholders. The stay will provide the Nordstrom Canada Entities with the breathing space required to develop and oversee an orderly wind down process, which in turn will help to protect the interests of the Nordstrom Canada Entities' stakeholders, including employees, suppliers, landlords, and customers, all with the eventual goal of developing and implementing a plan of arrangement to distribute recoveries to unsecured creditors.

(b) Request for a Co-Tenancy Stay

162. Many retail leases provide that tenants or occupants have certain rights against their landlords upon an anchor tenant's insolvency or upon an anchor tenant ceasing operations. In order to assist the Landlords in dealing with the effects of the wind down of the Canadian operations on an orderly basis, the Applicants are also seeking to stay rights, including but not limited to termination rights and reduction or abatement of rent, that tenants or occupants may have against the landlords, owners, operators or managers of the commercial properties where Nordstrom

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Canada's stores are located that arise as a result of the Nordstrom Canada Entities' insolvency, cessation of business in Nordstrom Canada's stores or as a result of any steps taken by the Nordstrom Canada Entities pursuant to the proposed Initial Order.

(c) Stay of Related Litigation Against Nordstrom US

163. The draft Initial Order proposes, subject to certain exceptions regarding the Cash Management System, a temporary stay of any proceeding against or in respect of Nordstrom US arising out of or in connection with any obligation of Nordstrom US that is derivative of the primary liability of or related to any of the Nordstrom Canada Entities, including in respect of indemnities granted by Nordstrom US in respect of any Leases.

164. Each of the full-line store retail Leases is subject to an indemnity provided by Nordstrom US in favour of the Landlord. All of these indemnities contain language providing that the indemnifiers' obligations are not affected by the bankruptcy or insolvency of the tenant or disclaimer of the Lease. The draft Initial Order also provides that no attempt shall be made to compromise or otherwise release the Landlord indemnity claims as part of the CCAA proceedings.

165. Nordstrom US is also party to a number of other agreements with, or on behalf of, the Nordstrom Canada Entities, which will be dealt with in these CCAA proceedings.

166. The Nordstrom Canada Entities believe that this relief is necessary to allow the Nordstrom Canada Entities to have sufficient breathing space under the CCAA to focus their resources on a fair and orderly wind down process. Any litigation against Nordstrom US in respect of indemnities granted by Nordstrom US pursuant to any Leases or otherwise relating to the Nordstrom Canada Entities would necessarily require the participation of the Nordstrom Canada Entities and would result in a significant distraction of senior management from the goals of this proceeding. Further,

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it is crucial that Nordstrom US be focused on providing the Shared Services to support the wind down process over the next several months and not be distracted by litigation in respect of Nordstrom US indemnities or other potential claims related to the Nordstrom Canada Entities at this time. Moreover, such litigation would be duplicative of the process involved in Canada to determine the amount of the claims.

167. It is the intention of the Nordstrom Canada Entities to establish a CCAA claims process during these CCAA proceedings. The amount of these claims against Nordstrom US, if any, will not be known until a claims process with respect to such claims has been completed.

(d) Proposed Monitor

168. A&M is the Proposed Monitor. I am advised by Alan Hutchens of A&M that A&M is a “trustee” within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. I understand that A&M has extensive experience acting as monitor or financial advisor to debtor companies in large retail insolvencies under the CCAA, including Bed Bath & Beyond Canada, Toys “R” Us Canada, Forever 21, Comark Holdings (Ricki’s, cleo and Bootlegger) and Target Canada.

169. The Proposed Monitor has consented to act as the Monitor of the Nordstrom Canada Entities under the CCAA. A copy of the Proposed Monitor’s consent to act as Monitor is attached to my affidavit as **Exhibit “Q”**.

170. I understand that the Proposed Monitor will file a pre-filing report with the Court as Proposed Monitor in conjunction with the Applicants’ request for relief under the CCAA.

(e) Administration Charge

171. Pursuant to the proposed Initial Order, it is proposed that the Proposed Monitor, along with its counsel, counsel to the Nordstrom Canada Entities, Employee Representative Counsel (up to the maximum amount of \$75,000), and counsel to the directors and officers of the Nordstrom Canada Entities will be granted a Court-ordered charge on the present and future assets, property and undertakings of the Nordstrom Canada Entities (“**Property**”), as security for their respective fees and disbursements relating to services rendered in respect of the Nordstrom Canada Entities up to a maximum of \$750,000 (the “**Administration Charge**”) until the Comeback Hearing. The Applicants propose that the Administration Charge be increased to \$1.5 million at the Comeback Hearing. The Administration Charge is proposed to have first priority over all other charges and security interests.

(f) Directors’ and Officers’ Protection

172. I am advised by Tracy Sandler of Osler, Hoskin & Harcourt LLP, counsel for the Nordstrom Canada Entities, and believe that, in certain circumstances, directors can be held liable for certain obligations of a company owing to employees and government entities, which may include unpaid accrued wages and unpaid accrued vacation pay, together with unremitted sales, goods and services, and harmonized sales taxes.

173. It is my understanding that the Applicants’ present and former directors and officers who are or were in office or employed by any of the Applicants are among the potential beneficiaries under a liability insurance policy that covers the directors and officers of the entire Nordstrom Group that has an aggregate limit of USD \$10 million. This policy covers directors’ statutory liabilities for taxes imposed on a Company for which Insured Persons (each defined therein) are

legally obligated to pay as a result of the Company's insolvency. In addition, the policy covers taxes assessed on an Insured Person under s. 227.1 of the *Income Tax Act* (Canada) and related fines or penalties and certain other statutory liabilities. The USD \$10 million limit under the policy covers both Nordstrom US and its subsidiaries (referred to collectively as the “**Company**” in the policy). I do not believe that this insurance policy provides sufficient coverage against the potential liability that the directors could incur in relation to this CCAA proceeding, in particular, in light of the extensive operations and hence potential liabilities associated with Nordstrom US.

174. In light of the potential liabilities and the insufficiency of available insurance, I, as President of Nordstrom Canada and President and Treasurer of NCH and NCHII, and the other directors and officers of the Nordstrom Canada Entities, have indicated that our continued service and involvement in this proceeding is conditional upon the granting of an Order under the CCAA which grants a charge in favour of the directors and officers of the Nordstrom Canada Entities in the amount of \$10.75 million on the Property of the Nordstrom Canada Entities (the “**Directors’ Charge**”) until the Comeback Hearing. The Applicants propose that the Directors’ Charge be increased to \$13.25 million at the Comeback Hearing. The Directors’ Charge would be subordinate to the proposed Administration Charge and in priority to all other security interests. The Directors’ Charge would act as security for the indemnification obligations for directors’ potential liabilities, as set out above. The Directors’ Charge is necessary so that the Nordstrom Canada Entities may benefit from the directors and officers’ experience with the business during the realization and wind down efforts. The Directors’ Charge would only be relied upon to the extent of the insufficiency of existing insurance.

(g) Cash Flow Forecast

175. The Applicants, with the assistance of the Proposed Monitor, have prepared 13-week cash flow projections as required by the CCAA. A copy of the cash flow projections is attached as **Exhibit “R”**. The cash flow projections demonstrate that the Nordstrom Canada Entities have sufficient liquidity to continue going concern operations during the proposed stay period should an Initial Order be granted. It is not currently contemplated that the Nordstrom Canada Entities will require debtor-in-possession financing; however, Nordstrom US has agreed in the Wind-Down Agreement to provide up to \$15 million of such financing on reasonable terms if needed.

176. The Applicants anticipate that the Monitor will provide oversight and assistance and will report to the Court in respect of the Nordstrom Canada Entities’ actual results relative to cash flow forecast during this proceeding. Existing accounting procedures and the proposed continuation of the Cash Management System will provide the Monitor with the ability to accurately track the flow of funds and assist with any issues that may arise.

(h) Payments During the CCAA Proceedings

177. During the course of this proceeding, the Nordstrom Canada Entities intend to make payments for goods and services supplied to it post-filing in the ordinary course, as set out in the cash flow projections described above and as permitted by the proposed Initial Order.

178. The proposed Initial Order provides that the Nordstrom Canada Entities be authorized, with the consent of the Monitor, but not required, to make certain payments for goods and services actually supplied to the Nordstrom Canada Entities prior to the date of the Initial Order, to: (i) logistics or supply chain providers, including transportation providers, customs brokers, freight forwarders and security and armoured truck carriers, and including amounts payable in respect of

customs and duties for goods; (ii) providers of information, internet, telecommunications and other technology, including e-commerce providers and related services; and (iii) providers of payment, credit, debit and gift card processing related services. These categories of suppliers are fundamental to continuing operations and the proposed liquidation sale, and any disruptions of their services could jeopardize the orderly wind down, given the expedited timelines for the proposed Realization Process. Accordingly, the Applicants seek additional flexibility in ensuring the supply of required services remains uninterrupted. For third-party suppliers or service providers other than those listed above, the draft Initial Order also proposes permitting payments in respect of pre-filing amounts up to a maximum aggregate amount of \$1 million with the consent of the Monitor (proposed to be increased to \$1.5 million in the Amended and Restated Initial Order), if, in the opinion of the Nordstrom Canada Entities, the supplier is critical to the orderly wind down of the Nordstrom Canada Entities' business.

(i) Liquidation Consultant and Realization Process

179. As part of the overall wind down process for the Canadian business, the Applicants intend to seek the Court's approval to, in consultation with the Monitor, implement a proposed realization process ("**Realization Process**") to liquidate Nordstrom Canada's remaining inventory, and furniture, fixtures and equipment (collectively, the "**Merchandise & FF&E**"). The Applicants intend to, in consultation with the Monitor, explore the possibility of monetizing the Leases as part of the Realization Process.

180. The Applicants intend to file a motion seeking approval of the Realization Process and an agreement with a third-party liquidator as soon as possible should the proposed Initial Order be

granted. The Nordstrom Canada Entities intend to propose the following timeline for the first stage of the CCAA proceedings subject to the direction of this Honourable Court:

Proposed Date	Step
March 2, 2023	Hearing of application for Initial Order
March 10, 2023	Hearing for CCAA comeback motion and Amended and Restated Initial Order, including stay extension and approval of Key Employee Retention Program
March 13, 2023	Serve motion seeking approval of Realization Process and sale guidelines
March 20, 2023	Hearing to approve the Realization Process and sale guidelines
March 21, 2023	Commence liquidation of Canadian stores
June 30, 2023	Projected liquidation sale end date and Nordstrom Canada to vacate leased premises
TBD	Claims process motion to be brought at the appropriate time, likely when the liquidation is close to complete

181. The Nordstrom Canada Entities believe that engaging an experienced professional liquidator to undertake a sale of the Merchandise & FF&E will produce better sales results than an attempt by the Nordstrom Canada Entities to sell the Merchandise & FF&E without such professional assistance. At the same time, I believe that the involvement of the Nordstrom Canada Entities in the Realization Process is essential to maximizing the proceeds. The Applicants accordingly believe that it is crucial to seek Court approval of the Realization Process as soon as possible to maximize the amounts available to their stakeholders.

(j) Key Employee Retention Program

182. The Applicants propose in connection with this Application to provide Nordstrom Canada's store employees and store management with working notice of termination, effective at

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the outset of the Realization Process. Given the essential role that employees would play in the Realization Process, Nordstrom Canada in consultation with the Proposed Monitor has developed a key employee retention program (the “**KERP**”) to incentivize certain key active employees to remain in their positions through the CCAA proceedings. I understand that the Proposed Monitor and Employee Representative Counsel (as discussed below) support the KERP. It is intended that approval of the KERP and related KERP Charge will be sought as part of the proposed Amended and Restated Initial Order at the Comeback Hearing.

183. The proposed KERP provides for a one-time lump sum payment to eligible employees who have been identified by Nordstrom Canada, in consultation with the Proposed Monitor, as critical for a successful CCAA proceeding. In particular, the vast majority of KERP participants and KERP funds are directed towards store-level employees, with a view to maximizing value through the Realization Process.

184. The proposed KERP payments are to be calculated as a percentage of the employee’s base salary to help ensure that the proposed KERP amounts reflect the individual’s level of duties and responsibilities. The maximum proposed KERP payments would total approximately \$2.6 million, to be divided as follows:

- (a) Up to 13 Store Managers to be eligible for a KERP payment of 20% of base salary, for a total maximum payout of approximately \$359,000;
- (b) Up to 117 Department Managers to be eligible for a KERP payment of 15% of base salary, for a total maximum payout of approximately \$1.2 million;

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- (c) Up to 42 Assistant Department Managers in Nordstrom full-line stores to be eligible for a KERP payment of 10% of base salary, for a total maximum payout of approximately \$193,000;
- (d) Up to 56 Asset Protection personnel to be eligible for a KERP payment of 10% of base salary, for a total maximum payout of approximately \$263,000; and
- (e) 37 non-store personnel to be eligible for a KERP payment of between 5% and 25% of base salary, for a total maximum payout of approximately \$532,000, as detailed in **Redacted Exhibit “S”**.

185. It is proposed in the Amended and Restated Initial Order that a KERP Charge in an aggregate amount not exceeding \$2.6 million will be granted as security on the Property for amounts payable to the key employees pursuant to the KERP.

186. Payments to employees under the proposed KERP would be in lieu of any other incentive compensation arrangements to which the participants may claim to be entitled and would be conditional upon the terms and conditions set out in the KERP award letter to be provided to eligible employees, including that such employees have not resigned or been terminated due to misconduct prior to the KERP payment date. If a KERP eligible employee resigns or is terminated due to misconduct prior to payment of the KERP, Nordstrom Canada, in consultation with the Monitor, may select another employee to occupy their role, in which case the new incumbent shall be eligible for a KERP payment on the same terms and conditions as the former employee.

(k) Employee Trust

187. The Applicants are also asking the Court to approve a trust established for the benefit of employees of Nordstrom Canada (the “**Employee Trust**”) and funded outside of the estate by Nordstrom US.

188. The Nordstrom Canada Entities and Nordstrom US have always considered team members to be integral to Nordstrom’s business. However, given that Nordstrom Canada will be winding down its operations and ceasing to carry on business, it will be providing notice of termination to the vast majority of its employees at the outset of the Realization Process. The Nordstrom Canada Entities and Nordstrom US wish to provide Nordstrom Canada employees with a measure of financial security during the wind down process. Nordstrom US has therefore agreed to fund the Employee Trust to ensure that all Nordstrom Canada employees receive the full amount of termination and severance pay owed to them under applicable employment standards legislation as soon as possible without having to await the results of a claims process and implementation of a plan with distributions on account of proven claims. If approved, the Employee Trust will provide funding for payment to employees of at least their full statutory termination entitlements even if they are not required to work for their entire notice period.

189. The Employee Trust provides Nordstrom US with a right of subrogation against Nordstrom Canada in respect of amounts paid to Eligible Employees (defined below) pursuant to the Employee Trust.

190. The Employee Trust was established in consultation with the Proposed Monitor and is supported by Employee Representative Counsel (as described below). The agreement establishing the Employee Trust (the “**Trust Agreement**”) provides that the Proposed Monitor is the

administrator (the “**Administrator**”) and Gale Rubenstein, in her personal capacity, is the trustee (the “**Trustee**”). A copy of the proposed Trust Agreement is attached as **Exhibit “T”** to this affidavit. All defined terms in this section are as set out in the Trust Agreement.

191. The Trust Agreement provides:

- (a) The beneficiaries of the Employee Trust (“**Eligible Employees**”) include all active and inactive employees of Nordstrom Canada as of the filing date, other than those who have given or received notice of termination or who are terminated for cause post-filing;
- (b) The distribution by the Employee Trust to Nordstrom Canada for payment to an Eligible Employee will be equal to $A - B$ (the “**Eligible Employee Claim**”) where:
 - (i) A is such Eligible Employee’s statutory minimum termination entitlement under applicable employment standards legislation (as applicable, “**ESA**”); and
 - (ii) B is all amounts earned by such Eligible Employee up to their Regular Wages for a Regular Work Week in respect of actual post-filing services provided following the effective date of notice of termination;
- (c) Payments to employees of funds distributed by the Employee Trust will be made directly by Nordstrom Canada’s third-party payroll provider pursuant to Nordstrom Canada’s existing payroll system. The Employee Trust will distribute funds to Nordstrom Canada on a pay period by pay period basis, based on estimates jointly developed by Nordstrom Canada and the Monitor, as Administrator of the Employee Trust. Any surplus or deficiency from the previous pay period(s) will be reconciled in the next pay period. On or after the final distribution, Nordstrom Canada and the Monitor will consult and perform a final “true up”;

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- (d) Nordstrom US will provide an initial contribution of \$14 million (the “**First Contribution**”) to fund the Employee Trust. Nordstrom US will make additional contributions to fund Eligible Employee Claims as requested by the Administrator and Trustee, up to a total maximum contribution of \$25 million;
- (e) A deemed release by each Eligible Employee of Nordstrom Canada, Nordstrom US and other Releasees (defined in the Trust Agreement) will be effective on the payment of a distribution from the Employee Trust in respect of an Eligible Employee Claim, to the extent of such distribution (the “**Deemed Release**”). This is proposed to operate as a “rolling release”; that is, for each distribution funded from the Employee Trust, the employee will be deemed to release all Releasees in respect of the Eligible Employee Claim for the amount the individual receives plus appropriate remittances or withholdings (the “**Payment Release**”). Once the final distribution has been made by the Employee Trust and paid by Nordstrom Canada, the Eligible Employee will be deemed to have released Nordstrom Canada, Nordstrom US and the other Releasees in respect of the full amount of the Eligible Employee Claim, subject to any dispute, as described below; and
- (f) For the appointment of the Trustee, including the role and responsibilities of the Trustee and certain protections and indemnities in favour of the Trustee.

192. For additional clarity, other than Eligible Employee Claims, the Employee Trust does not cover damages or claims by Nordstrom Canada employees against Nordstrom Canada, Nordstrom US or any related entities from any existing or potential litigation or other proceedings in respect

of their employment. Any other employee claims or potential claims against the Nordstrom Canada Entities will be dealt with through the claims process, once established.

193. Nordstrom Canada is proposing that any dispute with respect to an Eligible Employee Claim must be made within 45 days of the final payment thereof by notice to the Administrator (Proposed Monitor) and Employee Representative Counsel (discussed below), specifying the grounds and particulars of the dispute. The Deemed Release will not come into effect for any Eligible Employee who commences a dispute until the dispute is finally resolved. The directions of this Court for dispute resolution will be sought if necessary.

194. The Employee Trust will be fully revocable until certain conditions set out below are fulfilled, as detailed in the Trust Agreement:

- (a) the Court grants an Initial Order that:
 - (i) approves and authorizes the creation of the Employee Trust on the terms and conditions set out in the Trust Agreement;
 - (ii) provides for a deemed release of claims by Eligible Employees no less favourable to Nordstrom Canada, Nordstrom US and their affiliates than the Deemed Release summarized above;
 - (iii) appoints the Monitor to act in such capacity, and in addition to the other powers granted to the Monitor therein, authorizes and directs the Monitor to act as Administrator of the Employee Trust;
 - (iv) provides that no action or proceeding may be commenced against the Trustee in respect of the Employee Trust without leave of the Court;
 - (v) declares that Nordstrom US shall not be, and shall not be deemed to be, an employer or a common, related or successor employer with respect to any Nordstrom Canada employee by virtue of settling the Trust or the payments made thereunder;
 - (vi) deems that Nordstrom US shall have full subrogation rights against Nordstrom Canada in respect of any and all amounts paid by the Trust to Eligible Employees pursuant to this Trust Agreement; and

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- (vii) establishes a stay of proceedings on substantially the terms and conditions requested by the Applicants;
- (b) the Initial Order becomes a final order; and
- (c) notices of termination of employment by Nordstrom Canada have been sent to Eligible Employees.

195. In summary, Nordstrom Canada is of the view the Employee Trust is of great benefit to its employees, estate, and stakeholders because:

- (a) It will provide for a timely payment and satisfaction of all statutory termination and severance claims of Eligible Employees;
- (b) no funds from any of the Nordstrom Canada Entities will be used to fund the Employee Trust;
- (c) Nordstrom US is the settlor of the Employee Trust and will provide all funds required for payment under the Employee Trust, subject to the conditions of the Trust Agreement; and
- (d) the Employee Trust will bear the costs of its establishment and administration.

(l) Employee Representative Counsel

196. The Nordstrom Canada Entities propose that the Court appoint Ursel Phillips Fellows Hopkinson LLP (“**Ursel Phillips**”) as Employee Representative Counsel, with Susan Ursel acting as senior counsel, to represent all Nordstrom Canada’s store-level employees and all non-KERP eligible non-store employees (which combined represents approximately 98.5% of all Nordstrom Canada’s employees), including, but not limited to, assisting with questions regarding Eligible

Employee Claims and other issues with respect to the Employee Trust. The fees and expenses of Employee Representative Counsel will be funded by the Nordstrom Canada Entities on the terms of a retainer to be entered into between Employee Representative Counsel and Nordstrom Canada.

197. I am advised by Mr. Poysa and believe that Ursel Phillips has been appointed by the court as representative counsel in other CCAA proceedings and restructurings, including Sears Canada and Essar Steel Algoma. I am advised by Mr. Poysa and believe that Ursel Phillips has extensive experience representing large groups of employees and former employees in matters involving employment-based claims in respect of termination entitlements and benefits in insolvency matters. I am advised by Mr. Poysa and believe that Ursel Phillips also has extensive experience in establishing and advising members and trustees of employee benefit and retirement plans across Canada, and is well qualified to represent Nordstrom Canada employees in the CCAA proceeding.

198. I am advised by Mr. Poysa and believe that Ursel Phillips has been consulted regarding the Employee Trust and supports the Court's approval of the Employee Trust.

199. To the best of my knowledge, the employees proposed to be represented by Ursel Phillips have a common interest in these CCAA proceedings. I am not aware of any material conflict existing between the interests of such employees or groups of employees at this time. If any material conflict does arise in the future, Employee Representative Counsel may attend before the Court to seek directions at that time.

200. The Applicants are proposing that:

- (a) Employee Representative Counsel be appointed immediately, before the appointment of any employees as Court-appointed representatives (the “**Employee Representatives**”), because of the importance of establishing the Employee Trust

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at the earliest possible time for the benefit of the employees, the estate and other stakeholders;

- (b) Employee Representative Counsel be authorized, but not required, to identify no more than three employees to be nominated to the Court as Employee Representatives as soon as practicable, with the goal of one employee being selected from each of the three groups or regions in which Nordstrom Canada is organized – British Columbia, Alberta and Ontario; and
- (c) Employees who do not wish to be represented by Ursel Phillips will be entitled to opt-out of representation and will be notified of such entitlement.

201. Nordstrom Canada recognizes that the employees are an important stakeholder group and deserve adequate and meaningful representation in the CCAA proceeding that is funded by the estate at no cost to the employees.

202. I am advised by Mr. Poysa and believe that Ursel Phillips intends to (i) establish a toll-free dedicated phone line and a dedicated email address through which Nordstrom Canada employees can obtain information about the CCAA proceeding; and (ii) post information for Nordstrom Canada employees on the Ursel Phillips website, which will be regularly updated with information dedicated to Nordstrom Canada employees about the CCAA process, including a section for frequently asked questions.

203. Nordstrom Canada believes that Employee Representative Counsel will contribute to overall costs savings and a streamlining of the CCAA process by serving as a single point of contact between thousands of employees, the Nordstrom Canada Entities, the Monitor, and the Court.

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H. Conclusion

204. I believe that the Nordstrom Canada Entities and Nordstrom US have made every reasonable effort, and assessed every available option in their extensive efforts to find a way to succeed in Canada. However, no way was identified that could stop the significant losses projected for the foreseeable future.

205. I am confident that granting the Initial Order sought by the Applicants is in the best interests of the Nordstrom Canada Entities and their stakeholders, generally. Without the stay of proceedings, the Nordstrom Canada Entities face an immediate cessation of operations rather than an orderly and responsible wind down. I believe that the CCAA proceeding is the only viable method to effect a fair and orderly wind down process for the benefit of all stakeholders.

SWORN BEFORE ME at the City of
Toronto in the Province of Ontario, on March
1, 2023.



Commissioner for Taking Affidavits
(or as may be)

HANNAH DAVIS
LSO# 85047N



MISTI HECKEL

This is Exhibit “D” referred to in the Affidavit of Misti Heckel
sworn December 13, 2023.



Commissioner for Taking Affidavits (or as may be)

HANNAH DAVIS

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**SCHEDULE A
INTERCOMPANY CLAIMS¹**

No. (Per Intercompany Claims Report)	Claim	Claim Type	Claim By	Claim Against	Claim Amount (Per Intercompany Claims Report)	Proven Claim Amount
AFFILIATE CLAIMS						
1.	NIL Canada Expansion Loan Claim	Pre-Filing Claim	NIL	NCH	\$309,832,891	An amount which will generate total distributions under the Plan on account of such Claim equal to (and in any case no greater than) the Cash on hand at NCH available for distribution to Affected Creditors on the Plan Implementation Date
2.	NINC-NCRI Services Claim	Pre-Filing Claim	Nordstrom US	NCRI	\$17,661,179	\$17,661,179
4.	NINC Employee Trust Subrogated Claim	Subrogated Pre-Filing Claim	Nordstrom US	NCRI	\$13,633,426	\$14,599,347
5.	NINC-NCL Services Claim	Pre-Filing Claim	Nordstrom US	NCL	\$495,582	\$495,582
6.	NINC-NCH Services Claim	Pre-Filing Claim	Nordstrom US	NCH	\$55,031	\$55,031

¹ Intercompany Claims information is derived from the Intercompany Claims Report. Amounts set out herein are exclusive of any applicable GST/HST or provincial sales tax. The NCRI Transfer Pricing Claim (Claim No. 3 in the Intercompany Claims Report) is not listed in this table as it is a claim receivable by NCRI, and not a Proven Claim against any of the Nordstrom Canada Entities. The NCRI Transfer Pricing Claim is addressed through the payment of the Net NCRI Transfer Pricing Claim in accordance with the Plan.

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No. (Per Intercompany Claims Report)	Claim	Claim Type	Claim By	Claim Against	Claim Amount (Per Intercompany Claims Report)	Proven Claim Amount
7.	NINC-NCHII Services Claim	Pre-Filing Claim	Nordstrom US	NCHII	\$56,829	\$56,829
INTRACOMPANY CLAIMS						
8.	NCL Pre-Filing Sublease Rent Claim	Pre-Filing Claim	NCL	NCRI	\$64,879,810	\$64,879,810
9.	NCL Post-Filing Sublease Rent Claim	Post-Filing Claim	NCL	NCRI	\$26,227,411	\$26,227,411
10.	NCL Sublease Termination Claim	Restructuring Period Claim	NCL	NCRI		
	A. NCL Master Lease Flow-Through Claim	Restructuring Period Claim	NCL	NCRI	\$TBD	An aggregate amount as determined by NCL and NCRI in the NCL-NCRI Claims Settlement Agreement with the consent of the Monitor.
	B. NCL Improvement Rent Claim	Restructuring Period Claim	NCL	NCRI	\$368,027,201	
11.	NCRI-NCL Services Claim	Pre-Filing Claim	NCRI	NCL	\$55,046	\$55,046

This is Exhibit “E” referred to in the Affidavit of Misti Heckel
sworn December 13, 2023.



Commissioner for Taking Affidavits (or as may be)

HANNAH DAVIS

PLAN SPONSOR SUPPORT AGREEMENT

THIS AGREEMENT is made as of the 13th day of December 2023 (the “**Agreement**”)

AMONG:

NORDSTROM CANADA RETAIL, INC., a corporation incorporated under the laws of the Province of British Columbia (“**NCRI**”)

– and –

NORDSTROM CANADA LEASING LP, a limited partnership formed under the laws of the Province of Alberta (“**Canada Leasing LP**”)

– and –

NORDSTROM CANADA HOLDINGS, LLC, a Delaware limited liability company (“**Holdings**”)

– and –

NORDSTROM CANADA HOLDINGS II, LLC, a Delaware limited liability company (“**Holdings II**”, and together with NCRI, Canada Leasing LP and Holdings, the “**Nordstrom Canada Entities**”)

– and –

NORDSTROM, INC., a corporation organized and existing under the laws of the State of Washington (“**Nordstrom US**”, and together with the Nordstrom Canada Entities, the “**Parties**”)

WHEREAS:

- A. NCRI, Holdings, Holdings II (collectively, the “**Applicants**”) and Canada Leasing LP are insolvent;
- B. The Applicants filed for and obtained protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on March 2, 2023, as amended and restated on March 10, 2023 (and as further amended, restated or varied from time to time, the “**Initial Order**”);
- C. The Initial Order declared that, although not an Applicant, Canada Leasing LP shall enjoy the protections and authorizations provided by the Initial Order;
- D. Pursuant to the Initial Order, the Applicants have the authority to file with the Court, a plan of compromise or arrangement, which plan will provide, among other things, a method of distribution to creditors with proven claims and the framework for the completion of the orderly wind-down of the Nordstrom Canada Entities’ business;
- E. The Nordstrom Canada Entities intend to apply to the Court for an Order, among other things, accepting a consolidated plan of compromise and arrangement under and pursuant to the CCAA (including the Schedules thereto, as may be amended, supplemented or replaced from time to time, and substantially in the form attached as Schedule “A” hereto, the “**Plan**”) and calling for a meeting of affected creditors to consider and vote on the Plan;
- F. The Plan contemplates that Nordstrom US will enter into a Plan Sponsor Support Agreement pursuant to which it agrees to be bound by the Plan and to perform all of its obligations under the Plan, conditional upon occurrence of the Plan Implementation Date (as defined in the Plan).

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1

DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Plan.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Currency** – Unless otherwise specified, all references to money amounts are to lawful currency of Canada.
- (b) **Governing Law** – This Agreement is a contract made under and shall be governed

by and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

- (c) **Headings** – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (d) **Including** – Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.
- (e) **No Strict Construction** – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.
- (f) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.
- (g) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, the provision shall, as to that jurisdiction, be ineffective only to the extent of the restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction, or without affecting its application to other Parties or circumstances.
- (h) **Paramountcy** – If there is a conflict, inconsistency, ambiguity or difference between any provision of this Agreement and the Plan, the provisions of the Plan shall prevail.
- (i) **Time** – Time is of the essence in the performance of the Parties’ respective obligations.

ARTICLE 2

CONSENT AND COVENANTS

2.1 Nordstrom US Consent and Covenants

Nordstrom US hereby agrees to be bound by the Plan and to perform, and to cause its affiliates (other than the Nordstrom Canada Entities) to perform, all of the obligations of Nordstrom US and such affiliates (collectively, the “**Nordstrom US Entities**”) under the Plan or incidental thereto, conditional upon the occurrence of the Plan Implementation Date.

2.2 Nordstrom Canada Entities’ Covenants

The Nordstrom Canada Entities hereby agree to be bound by the Plan and to perform all of their respective obligations under the Plan, conditional upon the occurrence of the Plan Implementation Date. The Nordstrom Canada Entities agree to pursue the Plan, and shall file the Plan with the Court consistent with the terms of this Agreement, recommend to any Person entitled to vote on

the Plan that they vote to approve the Plan and take all reasonable actions necessary to obtain approval of the Plan.

ARTICLE 3 AMENDMENT AND TERMINATION

3.1 Amendment

- (a) This Agreement may, at any time and from time to time not later than the Plan Implementation Date, be amended by mutual written agreement of the Parties, subject to the approval of the Monitor.
- (b) No waiver of any of the provisions of this Agreement shall be deemed to be or shall constitute a waiver of any other provision hereof (whether or not similar). No delay on the part of any of the Parties in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

3.2 Termination

- (a) This Agreement shall automatically terminate in the event that the Plan Implementation Date has not occurred in accordance with the terms of the Plan.
- (b) In the event that this Agreement is terminated, then this Agreement and any related agreements or transactions between the Nordstrom US Entities and the Nordstrom Canada Entities in connection with the Plan shall be null and void and of no further force and effect (other than in respect of (i) the agreement of NCH and Nordstrom International Limited with the Minister of National Revenue regarding the CRA NCH Assessments and (ii) the payment of the Plan Sponsor ITCs (held in trust for the benefit of the Plan Sponsor) to the Plan Sponsor). For certainty, any payments made by the Nordstrom US Entities to the Nordstrom Canada Entities in respect of the NCRI Transfer Pricing Claim shall be forthwith returned to the applicable Nordstrom US Entity, and any proposed setoff of the NCRI Transfer Pricing Claim and the NINC-NCRI Services Claim shall be void and of no further force and effect, without prejudice to the rights of the Parties with respect to such claims.

ARTICLE 4 MISCELLANEOUS

4.1 Further Assurances

Each Party shall do such other things in its control, take all such actions as are commercially reasonable, deliver to the other Party such further information and documents and execute and deliver to the other Party such further instruments and agreements as another Party shall reasonably request to consummate or confirm the transactions provided for in this Agreement, to accomplish the purpose of this Agreement or to assure to the other Party the benefits of this Agreement.

4.2 Submission to Jurisdiction

Each Party submits to the exclusive jurisdiction of the Court in any action, application, reference or other proceeding arising out of or related to this Agreement and agrees that all claims in respect

of any such actions, application, reference or other proceeding shall be heard and determined in the Court.

4.3 Successors and Assigns

The Agreement shall be binding upon and shall enure to the benefit of the Parties hereto and each of their respective heirs, administrators, executors, legal personal representatives, liquidators, receivers, trustees in bankruptcy, and successors and assigns.

4.4 Entire Agreement

This Agreement and the Schedules thereto shall constitute the entire agreement and supersede all prior agreements and understandings both oral and written, among the Parties with respect to the subject matter contained herein.

4.5 Counterparts and Delivery

The Parties agree that this Agreement may be executed in counterparts and transmitted by email (PDF) and that the reproduction of signatures in counterpart by email (PDF) will be treated as though such reproductions were executed originals.

[Remainder of Page is Intentionally Left Blank]

IN WITNESS OF WHICH the Parties have executed this Agreement.

**NORDSTROM CANADA RETAIL,
INC.**

DocuSigned by:
By: Misti Heckel
Name: Misti Heckel
Title: President

**NORDSTROM CANADA HOLDINGS,
LLC**

DocuSigned by:
By: Misti Heckel
Name: Misti Heckel
Title: President and Treasurer

**NORDSTROM CANADA
HOLDINGS II, LLC**

DocuSigned by:
By: Misti Heckel
Name: Misti Heckel
Title: President and Treasurer

**NORDSTROM CANADA LEASING LP, by
its general partner NORDSTROM
CANADA HOLDINGS, LLC**

DocuSigned by:
By: Misti Heckel
Name: Misti Heckel
Title: President and Treasurer

NORDSTROM, INC.

DocuSigned by:
By: Cathy Smith
Name: Catherine Smith
Title: Chief Financial Officer

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.
1985, C. C-36, AS AMENDED

Court File No: CV-23-00695619-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
NORDSTROM CANADA RETAIL, INC., NORDSTROM CANADA HOLDINGS, LLC and
NORDSTROM CANADA HOLDINGS II, LLC

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF MISTI HECKEL

OSLER, HOSKIN & HARCOURT LLP

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1 First Canadian Place
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Tel: 416.862.4725
Email: mdick@osler.com

Lawyers for the Applicants

TAB 3

Court File No. CV-23-00695619-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	WEDNESDAY, THE 20 TH
)	
CHIEF JUSTICE MORAWETZ)	DAY OF DECEMBER, 2023

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
 ARRANGEMENT OF NORDSTROM CANADA RETAIL, INC.,
 NORDSTROM CANADA HOLDINGS, LLC and NORDSTROM
 CANADA HOLDINGS II, LLC

MEETING ORDER

THIS MOTION, made by Nordstrom Canada Retail, Inc., Nordstrom Canada Holdings, LLC, and Nordstrom Canada Holdings II, LLC (collectively, the “**Applicants**”, and together with Nordstrom Canada Leasing LP, the “**Nordstrom Canada Entities**”), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the “**CCAA**”), for an order, *inter alia*, (a) accepting the filing by the Applicants of the Consolidated Plan of Compromise and Arrangement dated December 13, 2023, attached as Schedule “A” hereto (as it may be amended, restated, supplemented, or replaced in accordance with its terms and this Meeting Order, the “**Plan**”); (b) authorizing the Nordstrom Canada Entities to establish one class of Affected Creditors for the purpose of considering and voting on the Plan; (c) authorizing the Nordstrom Canada Entities to call, hold and conduct a meeting of Affected Creditors (the “**Creditors' Meeting**”) to consider and vote on a resolution to approve the Plan; (d) approving the procedures to be followed with respect to the calling and conduct of the Creditors' Meeting; (e) setting the date for the hearing

of the Applicants' motion seeking sanction of the Plan (the "**Sanction Motion**"); (f) extending the Stay Period until and including April 5, 2024; and (g) granting related relief, was heard this day at 130 Queen Street West, Toronto, Ontario.

ON READING the Notice of Motion of the Applicants, the Affidavit of Misti Heckel sworn December 13, 2023, including the exhibits thereto, the Seventh Report of Alvarez & Marsal Canada Inc., in its capacity as Monitor (the "**Monitor**") dated December [●], 2023, and on hearing the submissions of counsel for the Nordstrom Canada Entities, the Monitor, and such other counsel as were present, no one else appearing although duly served as appears from the Affidavit of Service of Hannah Davis sworn December [●], 2023, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS AND INTERPRETATION

2. **THIS COURT ORDERS** that any capitalized terms used but not otherwise defined in this Meeting Order shall have the meanings ascribed to them in the Plan or in the Amended and Restated Initial Order in these CCAA proceedings dated March 10, 2023 (the "**Initial Order**"), as applicable.

CONSOLIDATED PLAN OF COMPROMISE AND ARRANGEMENT

3. **THIS COURT ORDERS** that the Plan is hereby accepted for filing, and the Nordstrom Canada Entities are hereby authorized to seek approval of the Plan from the Affected Creditors in the manner set forth herein.

4. **THIS COURT ORDERS** that the Nordstrom Canada Entities, with the consent of the Monitor and the Plan Sponsor, be and are hereby authorized to make and to file an amendment, restatement, modification and/or supplement to the Plan (each a “**Plan Modification**”) prior to or at the Creditors’ Meeting, in which case any such Plan Modification shall, for all purposes, be and be deemed to form part of and be incorporated into the Plan. The Nordstrom Canada Entities shall give notice of any such Plan Modification at the Creditors’ Meeting prior to the vote being taken to approve the Plan. The Nordstrom Canada Entities may give notice of any such Plan Modification at or before the Creditors’ Meeting by notice which shall be sufficient if, in the case of notice at the Creditors’ Meeting, given to those Affected Creditors present at such meeting in person or by Proxy and, in the case of notice before the Creditors’ Meeting, provided to those Persons listed on the service list in these CCAA proceedings posted on the Website (as amended from time to time, the “**Service List**”). The Monitor shall forthwith post on the Website any such Plan Modification, with notice of such posting forthwith provided to the Service List.

5. **THIS COURT ORDERS** that after the Creditors’ Meeting (and both prior to and subsequent to the obtaining of any Sanction and Vesting Order), the Nordstrom Canada Entities may at any time and from time to time, with the consent of the Monitor and the Plan Sponsor, effect a Plan Modification (a) pursuant to an Order of the Court or (b) where such Plan Modification concerns a matter which is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction and Vesting Order or to cure any errors,

omissions or ambiguities, and in either circumstance, is not materially adverse to the financial or economic interests of the Affected Creditors or the Unaffected Creditors. The Monitor shall forthwith post on the Website any such Plan Modification, with notice of such posting forthwith provided to the Service List.

CLASSIFICATION OF CREDITORS

6. **THIS COURT ORDERS** that, for the purposes of considering and voting on the Plan, there shall be one class of creditors, being the “**Unsecured Creditors’ Class**”, consisting of the Affected Creditors in respect of their Affected Claims.

FORMS OF DOCUMENTS

7. **THIS COURT ORDERS** that:

- (a) the letter to creditors (substantially in the form attached as Schedule “B” hereto, the “**Letter to Creditors**”);
- (b) the notice of Creditors’ Meeting (substantially in the form attached as Schedule “C” hereto, the “**Notice of Creditors’ Meeting**”);
- (c) the form of proxy (substantially in the form attached as Schedule “D” hereto, the “**Proxy**”);
- (d) the form of Convenience Class Claim Election (substantially in the form attached as Schedule “E” hereto, the “**Convenience Class Claim Election**”); and
- (e) the form of resolution to approve the Plan (substantially in the form attached as Schedule “F” hereto, the “**Resolution**”),

are each hereby approved, and the Nordstrom Canada Entities, with the consent of the Monitor, are authorized to make changes to such documents and forms as are necessary or desirable to conform the contents thereof to the terms of the Plan or this Meeting Order (“**Additional Changes**”); provided that, notice of such Additional Changes shall be distributed using the method most reasonably practicable in the circumstances, as determined by the Nordstrom Canada Entities, with the consent of the Monitor.

NOTICE OF CREDITORS’ MEETING

8. **THIS COURT ORDERS** that, not later than January 15, 2024 or as soon as practicable thereafter, the Monitor shall send or cause to be sent, by regular pre-paid mail, courier, or e-mail, copies of the Letter to Creditors, the Notice of Creditors’ Meeting, the Proxy, the Convenience Class Claim Election, the Resolution, the Plan and this Meeting Order (collectively, the “**Meeting Materials**”), to (i) each Affected Creditor at the address set out in such Affected Creditor’s Proof of Claim or Negative Notice Claim, as applicable, sent or submitted pursuant to the Claims Procedure Order with respect to its Affected Claim (or in any other written notice that has been received by the Nordstrom Canada Entities and the Monitor in advance of such date regarding a change of address for such Affected Creditor), and (ii) Employee Representative Counsel.

9. **THIS COURT ORDERS** that, within four (4) Business Days following the date of this Meeting Order, the Monitor shall (a) post an electronic copy of the Meeting Materials on the Website; and (b) send or cause to be sent a copy of the Meeting Materials to the Service List. Upon request by any Affected Creditor with a Voting Claim, received not less than five (5) Business Days prior to the Creditors’ Meeting, the Monitor shall provide written or electronic copies of the Meeting Materials to such Affected Creditor.

10. **THIS COURT ORDERS** that the Monitor shall cause a notice of the Creditors' Meeting, substantially in the form of the Notice of Creditors' Meeting attached as Schedule "C" hereto, amended or abridged as the Monitor deems reasonable in its discretion for the purposes of publication, to be published once in *The Globe and Mail* (National Edition) (the "**Newspaper Notice**"), on or before January 15, 2024.

11. **THIS COURT ORDERS** that the delivery of the Meeting Materials in the manner set out in paragraph 8 and paragraph 9 hereof, the posting of the Meeting Materials on the Website in accordance with paragraph 9 hereof, and the publication of the Newspaper Notice in accordance with paragraph 10 hereof, shall constitute good and sufficient notice of the Meeting Materials, and good and sufficient notice of the Creditors' Meeting, in each case, on all Persons who may be entitled to receive notice thereof or who may wish to be present (or be deemed present) in person or by proxy at the Creditors' Meeting or who may wish to appear in these CCAA proceedings, and no other form of notice need be made on such Persons and no other document or material need be delivered to such Person in respect of the Creditors' Meeting.

12. **THIS COURT ORDERS** that the (a) non-receipt by any Person of a copy of any of the Meeting Materials; or (b) inability of any Person to access the Creditors' Meeting on the virtual meeting platform, shall not invalidate any resolution passed or proceedings taken at the Creditors' Meeting.

13. **THIS COURT ORDERS** that, no later than seven (7) days before the date of the Creditors' Meeting, the Monitor shall serve a report regarding the Plan pursuant to section 23(1)(d.1) of the CCAA on the Service List and promptly cause such report to be posted on the Website.

THE CREDITORS' MEETING

14. **THIS COURT ORDERS** that the Nordstrom Canada Entities are hereby authorized to call, hold and conduct the Creditors' Meeting on March 1, 2024 at 10:00 a.m., for the purposes of considering, and if deemed advisable by the Unsecured Creditors' Class, voting in favour of, with or without variation, the Resolution to approve the Plan.

15. **THIS COURT ORDERS** that the Nordstrom Canada Entities are authorized to hold the Creditors' Meeting entirely by electronic or virtual means and that any Person who participates in the Creditors' Meeting by electronic or virtual means will be deemed to be present at the Creditors' Meeting.

16. **THIS COURT ORDERS** that any Affected Creditor intending to attend and vote at the Creditors' Meeting (other than by proxy) must notify the Monitor by email at NordstromCanada@alvarezandmarsal.com by no later than Election/Proxy Deadline (as defined below) in order to obtain their personal meeting identification number (a "**Personal Meeting Identifier**") that will permit such Affected Creditor to access and vote at the Creditors' Meeting by electronic or virtual means. If such Affected Creditor validly submits a Proxy to the Monitor duly appointing a proxyholder other than the Monitor's representatives named in the Proxy form, the Monitor will provide a Personal Meeting Identifier to such duly appointed proxyholder.

17. **THIS COURT ORDERS** that a representative of the Monitor shall act as chair of the Creditors' Meeting (the "**Chair**") and, subject to any further Order of this Court, shall decide all matters relating to the conduct of the Creditors' Meeting.

18. **THIS COURT ORDERS** that the Monitor may appoint one or more scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Creditors' Meeting. One or more individuals designated by the Monitor shall act as secretary at the Creditors' Meeting.

19. **THIS COURT ORDERS** that the Chair is authorized to accept and rely upon the Proxies or such other forms as may be acceptable to the Chair.

20. **THIS COURT ORDERS** that the quorum required at the Creditors' Meeting shall be one (1) Affected Creditor with a Voting Claim present at the Creditors' Meeting in person (by electronic or virtual means) or by proxy.

21. **THIS COURT ORDERS** that if the requisite quorum is not present at the Creditors' Meeting, then the Creditors' Meeting shall be adjourned by the Chair to such time and place as the Chair deems necessary or desirable.

22. **THIS COURT ORDERS** that the Chair be, and he or she is hereby, authorized to adjourn, postpone or otherwise reschedule the Creditors' Meeting on one or more occasions to such time(s), date(s) and place(s) (which may be an electronic or virtual facility) as the Chair deems necessary or desirable (without the need to first convene such Creditors' Meeting for the purpose of any adjournment, postponement or other rescheduling thereof). None of the Nordstrom Canada Entities, the Chair or the Monitor shall be required to deliver any notice of the adjournment of the Creditors' Meeting or adjourned Creditors' Meeting, provided that the Monitor shall: (a) if applicable, announce the adjournment of the Creditors' Meeting or adjourned Creditors' Meeting; (b) post notice of the adjournment at the originally designated time and place of the Creditors' Meeting or adjourned Creditors' Meeting, as applicable; (c) forthwith post notice of the adjournment on the Website; and (d) provide notice of the adjournment to the Service List

forthwith. Any Proxies validly delivered in connection with the Creditors' Meeting shall be accepted as Proxies in respect of any adjourned Creditors' Meeting.

23. **THIS COURT ORDERS** that the only Persons entitled to attend and speak at the Creditors' Meeting are: (a) Affected Creditors entitled to vote at the Creditors' Meeting (or, if applicable, any Person holding a valid Proxy on behalf of one or more Affected Creditors) and any such Affected Creditor's legal counsel and financial advisors; (b) the Chair, the scrutineers and the secretary; (c) representatives of the Monitor and the Monitor's legal counsel; (d) representatives of the Nordstrom Canada Entities and the Nordstrom Canada Entities' legal counsel; (e) representatives of the Plan Sponsor and the Plan Sponsor's legal counsel; and (f) Employee Representative Counsel. Any other Person may be admitted to the Creditors' Meeting on invitation of the Nordstrom Canada Entities, in consultation with the Monitor.

VOTING PROCEDURE AT THE CREDITORS' MEETING

24. **THIS COURT ORDERS** that, notwithstanding anything to the contrary herein, nothing in this Meeting Order (including the acceptance or determination of any Claim, or any part thereof, as a Voting Claim in accordance with this Meeting Order) shall have the effect of determining Proven Claims for purposes of distributions or payments under the Plan.

25. **THIS COURT ORDERS** that, at the Creditors' Meeting, the Chair shall direct a vote on the Resolution to approve the Plan and any amendments or variations thereto made in accordance with the Plan and this Meeting Order.

26. **THIS COURT ORDERS** that each Affected Creditor with a Voting Claim shall be entitled to one (1) vote as part of the Unsecured Creditors' Class in the amount equal to the dollar value of its Affected Claim determined as a Voting Claim in accordance with the Claims Procedure

Order and this Meeting Order. Unaffected Creditors shall not be entitled to vote at the Creditors' Meeting. An Affected Creditor's Voting Claim shall not include fractional numbers and Voting Claims shall be rounded down to the nearest whole Canadian Dollar amount.

27. **THIS COURT ORDERS** that, notwithstanding anything to the contrary in this Meeting Order, each Convenience Class Creditor (including any Creditor who validly elects to be a Convenience Class Creditor in accordance with this Meeting Order and the Plan), will be deemed to vote as part of the Unsecured Creditors' Class in favour of the Plan. Each such vote shall have a value equal to such Convenience Class Creditor's Proven Claim, provided that the Proven Claim(s) of a Creditor who validly elects to be a Convenience Class Creditor shall be deemed to be Cdn\$15,000. Convenience Class Creditors shall not be entitled to vote at the Creditors' Meeting, whether in person or by proxy.

28. **THIS COURT ORDERS** that any Affected Creditor that is entitled to vote at the Creditors' Meeting may vote by: (a) attending the Unsecured Creditors' Meeting in person (electronically or virtually) and casting its vote in compliance with the voting instructions provided in the Meeting Materials or at such Creditors' Meeting; or (b) by proxy, in which case such Affected Creditor must: (i) duly complete and sign a Proxy, (ii) specify in the Proxy the name of any Person with the power to attend and vote at the Creditors' Meeting on behalf of such Affected Creditor, and (iii) deliver such Proxy to the Monitor so that it is received at or prior to 5:00 p.m. on February 28, 2024 (the "**Election/Proxy Deadline**"), subject to a later date as the Nordstrom Canada Entities, with the consent of the Monitor, may agree in the event of an adjournment, postponement or other rescheduling of the Creditors' Meeting, and such delivery must be made in accordance with the instructions accompanying such Proxy.

29. **THIS COURT ORDERS** that Employee Representative Counsel shall be deemed to be the proxyholder in respect of each Represented Employee and shall be entitled to vote any such Represented Employee's Voting Claim on such Represented Employee's behalf, without the requirement for any Represented Employee to submit a Proxy to the Monitor.

30. **THIS COURT ORDERS** that, in the absence of instruction to vote for or against the approval of the Resolution in a duly signed and returned Proxy, the Proxy shall be deemed to include instructions to vote for the approval of the Resolution, provided the proxyholder does not otherwise exercise its right to vote at the Creditors' Meeting.

31. **THIS COURT ORDERS** that if an Affected Creditor validly submits a Proxy to the Monitor and such Affected Creditor or its duly appointed proxyholder subsequently attends the Creditors' Meeting in person (electronically or virtually) and votes inconsistently, such Affected Creditor's or proxyholder's vote at the Creditors' Meeting shall supersede and revoke the earlier received Proxy.

32. **THIS COURT ORDERS** that, notwithstanding anything in paragraph 28 or any minor error or omission in any Proxy that is submitted to the Monitor, the Chair shall have the discretion to accept for voting purposes any Proxy submitted to the Monitor in accordance with this Meeting Order prior to the time of the vote at the Creditors' Meeting as specified by the Chair.

CONVENIENCE CLASS CREDITORS

33. **THIS COURT ORDERS** that an Affected Creditor (other than a Supporting Rack Landlord or FLS Landlord) with one or more Proven Claims (other than any Disputed Claim) that is less than or equal to Cdn\$15,000 in aggregate shall automatically be deemed to be a Convenience Class Creditor in respect of its Proven Claim(s) and shall receive, to the extent the

Plan is implemented and in accordance with the terms thereof, the actual amount of such Proven Claim(s) in full satisfaction of such Proven Claim(s).

34. **THIS COURT ORDERS** that an Affected Creditor (other than a Supporting Rack Landlord or FLS Landlord) with one or more Proven Claims (other than any Disputed Claim) that is greater than Cdn\$15,000 in aggregate may elect to be treated as a Convenience Class Creditor in respect of its Proven Claim(s) and shall receive, to the extent the Plan is implemented and in accordance with the terms thereof, Cdn\$15,000 in full satisfaction of such Proven Claim(s), by submitting a Convenience Class Claim Election to the Monitor prior to the Election/Proxy Deadline, subject to a later date as the Nordstrom Canada Entities, with the consent of the Monitor, may agree in the event of an adjournment, postponement or other rescheduling of the Creditors' Meeting.

DISPUTED CLAIMS

35. **THIS COURT ORDERS** that the Canada Revenue Agency shall have one (1) vote in respect of its Disputed Claims, the dollar value of which shall be equal to \$1, without prejudice to the determination of the dollar value of such Disputed Claims for distribution purposes in accordance with the Claims Procedure Order and the Plan.

36. **THIS COURT ORDERS** that each Affected Creditor with a Disputed Claim (other than the Canada Revenue Agency in respect of its Disputed Claims) against the Nordstrom Canada Entities shall be entitled to attend the Creditors' Meeting and shall be entitled to one (1) vote at the Creditors' Meeting in the amount of a Voting Claim equal to the dollar value for such Disputed Claim as set out in the Notice of Revision or Disallowance delivered by the Monitor pursuant to the Claims Procedure Order (a "**NORD**") in respect of such Disputed Claim or, if a NORD has not been delivered in respect of such Disputed Claim, the dollar value of such Disputed Claim as

set out in such Affected Creditor's Proof of Claim or Notice of Dispute of Negative Notice Claim, as applicable, without prejudice to the determination of the dollar value of such Affected Creditor's Disputed Claim for distribution purposes in accordance with the Claims Procedure Order and the Plan.

37. **THIS COURT ORDERS** that the Monitor shall keep a separate record of votes cast by Affected Creditors holding Disputed Claims and shall report on the same in the Monitor's Report Regarding the Creditors' Meeting (as defined below).

TRANSFER OR ASSIGNMENT OF CLAIMS

38. **THIS COURT ORDERS** that an Affected Creditor, may transfer or assign the whole of its Claim prior to the Creditors' Meeting, provided that neither the Nordstrom Canada Entities nor the Monitor shall be obligated to give notice to or otherwise deal with the transferee or assignee of such Claim as an Affected Creditor, in respect thereof, including allowing such transferee or assignee of an Affected Claim to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Monitor in writing no later than 5:00 p.m. on the date that is seven (7) days prior to the Creditors' Meeting. Thereafter such transferee or assignee shall, for all purposes in accordance with the Claims Procedure Order, this Meeting Order and the Plan, constitute an Affected Creditor, and shall be bound by any and all notices previously given to the transferor or assignor and steps taken in respect of such Claim. Such transferee or assignee shall not be entitled to set-off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such transferee or assignee to any of the Nordstrom Canada Entities. Where a Claim has been transferred or assigned in part, the transferor or assignor shall retain the right to vote at the Creditors' Meeting in respect of the full

amount of the Claim as determined for voting purposes in accordance with this Meeting Order, and the transferee or assignee shall have no voting rights at the Creditors' Meeting in respect of such Claim.

39. **THIS COURT ORDERS** that an Affected Creditor may transfer or assign the whole of its Claim after the Creditors' Meeting provided that the Nordstrom Canada Entities shall not be obligated to make any distributions to any such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Monitor in writing. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure Order, this Meeting Order and the Plan, constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor and steps taken in respect of such Claim.

APPROVAL OF THE PLAN

40. **THIS COURT ORDERS** that in order to be approved, the Plan must receive an affirmative vote by the Required Majority at the Creditors' Meeting.

41. **THIS COURT ORDERS** that following the vote at the Creditors' Meeting, the Monitor (or its designated representative) shall tally the votes and determine whether the Plan has been approved by the Required Majority.

42. **THIS COURT ORDERS** that the results of and all votes provided at the Creditors' Meeting shall be binding on all Affected Creditors, whether or not any such Affected Creditor is present or voting at the Creditors' Meeting, or was entitled to be present or vote at any of the Creditors' Meeting.

SANCTION MOTION

43. **THIS COURT ORDERS** that the Monitor shall provide a report to the Court as soon as practicable after the Creditors' Meeting (the "**Monitor's Report Regarding the Creditors' Meeting**") with respect to:

- (a) the results of voting at the Creditors' Meeting on the Resolution;
- (b) whether the Required Majority has approved the Plan;
- (c) the separate tabulation for Disputed Claims required by paragraph 37 herein; and
- (d) in its discretion, any other matter relating to the Sanction Motion.

44. **THIS COURT ORDERS** that an electronic copy of the Monitor's Report Regarding the Creditors' Meeting, the Plan (including any Plan Modifications), and a copy of the materials filed in respect of the Sanction Motion shall be served on the Service List and posted on the Website prior to the Sanction Motion.

45. **THIS COURT ORDERS** that in the event the Plan has been approved by the Required Majority, the Nordstrom Canada Entities may bring the Sanction Motion before this Court on March 12, 2024, or such later date as shall be acceptable to the Nordstrom Canada Entities and the Monitor.

46. **THIS COURT ORDERS** that service of this Meeting Order by the Nordstrom Canada Entities to the Persons on the Service List, the delivery of the Meeting Materials in accordance with paragraph 8 and paragraph 9 hereof, posting of the Meeting Materials on the Website in accordance with paragraph 9 hereof, and the publication of the Notice of Creditors' Meeting in

accordance with paragraph 10 hereof shall constitute good and sufficient service and notice of the Sanction Motion.

47. **THIS COURT ORDERS** that any Person intending to oppose the Sanction Motion shall (a) file or have filed with the Court a Notice of Appearance and serve such Notice of Appearance on the Service List at least seven (7) days before the date set for the Sanction Motion; and (b) serve on the Service List a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the Sanction Motion that are available by at least seven (7) days before the date set for the Sanction Motion, or such shorter time as the Court, by Order, may allow.

48. **THIS COURT ORDERS** that in the event that the Sanction Motion is adjourned, only those Persons appearing on the Service List as of the date of service shall be served with notice of the adjourned date.

GENERAL PROVISIONS

49. **THIS COURT ORDERS** that notwithstanding anything contained in this Meeting Order, the Nordstrom Canada Entities may decide not to call, hold and conduct the Creditors' Meeting, provided that:

- (a) in the case of a decision not to conduct the Creditors' Meeting, the Monitor, the Nordstrom Canada Entities or the Chair shall communicate such decision to Affected Creditors prior to any vote being taken at the Creditors' Meeting;
- (b) the Nordstrom Canada Entities shall forthwith provide notice to the Service List of any such decision and shall file a copy thereof with the Court forthwith; and

- (c) the Monitor shall post an electronic copy of any such decision on the Website forthwith.

50. **THIS COURT ORDERS** that, subject to any further Order of the Court, (a) in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Meeting Order, the terms, conditions and provisions of the Plan shall govern and be paramount, and any such provision of this Meeting Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference; and (b) in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Claims Procedure Order, the Plan and this Meeting Order, the terms, conditions and provisions of the Plan and this Meeting Order shall govern and be paramount, and any such provision of the Claims Procedure Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

51. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the Initial Order, shall assist the Nordstrom Canada Entities in connection with the matters described herein, and is hereby authorized and directed to take such other actions and fulfill such other roles as are contemplated by this Meeting Order. The Monitor shall work with the third-party service provider to facilitate the implementation of the Creditors' Meeting by electronic or virtual means to the extent necessary or desirable as determined by the Nordstrom Canada Entities and the Monitor.

52. **THIS COURT ORDERS** that the Nordstrom Canada Entities and the Monitor shall use reasonable discretion as to the adequacy of compliance with respect to the manner in which any forms hereunder are completed and executed and the time in which they are submitted and may

waive strict compliance with the requirements of this Meeting Order including with respect to the completion, execution and time of delivery of required forms.

53. **THIS COURT ORDERS** that the Monitor may, if necessary, apply to this Court for directions regarding its obligations under this Meeting Order.

54. **THIS COURT ORDERS** that any notice or other communication to be given under this Meeting Order by any Person to the Monitor or the Nordstrom Canada Entities shall be in writing in substantially the form, if any, provided for in this Meeting Order and will be sufficiently given only if given by prepaid ordinary mail, registered mail, courier, personal delivery, or email addressed to:

Nordstrom Canada
Entities' Counsel: Osler, Hoskin & Harcourt LLP
P.O. Box 50, 1 First Canadian Place
100 King Street West
Toronto, ON M5X 1B8

Attention: Tracy C. Sandler / Jeremy E. Dacks / Martino Calvaruso
E-mail: tsandler@osler.com / jdacks@osler.com /
mcalvaruso@osler.com

Monitor: Alvarez & Marsal Canada Inc.,
Monitor of the Nordstrom Canada Entities
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON, M5J 2J1

Attention: Nordstrom Canada Monitor
Email: NordstromCanada@alvarezandmarsal.com

With a copy to Goodmans LLP
Monitor's Counsel: Bay Adelaide Centre – West Tower
 333 Bay Street, Suite 3400
 Toronto, ON M5H 2S7

Attention: Brendan O'Neill / Bradley Wiffen
E-mail: boneill@goodmans.ca / bwiffen@goodmans.ca

55. **THIS COURT ORDERS** that any such notice or other communication shall be deemed to have been received: (a) if sent by prepaid ordinary mail or registered mail, on the third (3rd) Business Day after mailing in Ontario, the fifth (5th) Business Day after mailing within Canada (other than within Ontario), and the tenth (10th) Business Day after mailing internationally; (b) if sent by courier or personal delivery, on the next Business Day following dispatch; and (c) if delivered by e-mail, by 5:00 p.m. on a Business Day, on such Business Day, and if delivered after 5:00 p.m. or other than on a Business Day, on the following Business Day.

56. **THIS COURT ORDERS** that, in the event that the day on which any notice or communication required to be delivered or action taken pursuant to this Meeting Order is not a Business Day, then such notice or communication shall be required to be delivered, and such action shall be required to be taken, on the next Business Day.

57. **THIS COURT ORDERS** that if, during any period during which notices or other communications are being given pursuant to this Meeting Order, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary or registered mail and then not received shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, or e-mail in accordance with this Order.

58. **THIS COURT ORDERS** that all references to time in this Meeting Order shall mean the prevailing local time in Toronto, Ontario and any references to an event occurring on a Business Day shall mean prior to 5:00 p.m. on the Business Day unless otherwise indicated.

59. **THIS COURT ORDERS** that references to the singular shall include the plural, references to the plural shall include the singular and to any gender shall include the other gender.

60. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

61. **THIS COURT ORDERS** that the Stay Period is hereby extended until and including April 5, 2024.

62. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative bodies, having jurisdiction in Canada or in the United States of America, to give effect to this Meeting Order and to assist the Nordstrom Canada Entities, the Monitor and their respective agents in carrying out the terms of this Meeting Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Nordstrom Canada Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Nordstrom Canada Entities and the Monitor and their respective agents in carrying out the terms of this Order.

**SCHEDULE “A”
CONSOLIDATED PLAN OF COMPROMISE AND ARRANGEMENT**

(see attached)

**SCHEDULE “B”
LETTER TO CREDITORS**

(see attached)

SCHEDULE “C” NOTICE OF CREDITORS’ MEETING

**IN THE MATTER OF THE COMPANIES’ CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF THE NORDSTROM CANADA ENTITIES**

CONSOLIDATED PLAN OF COMPROMISE AND ARRANGEMENT

NOTICE OF CREDITORS’ MEETING

TO: The Affected Creditors of Nordstrom Canada Retail, Inc., Nordstrom Canada Holdings, LLC, Nordstrom Canada Holdings II, LLC, and Nordstrom Canada Leasing LP (collectively, the “**Nordstrom Canada Entities**”)

NOTICE IS HEREBY GIVEN that a meeting of the Affected Creditors of the Nordstrom Canada Entities will be held on March 1, 2024 at 10:00 a.m. by live audio webcast online at [●] (the “**Creditors’ Meeting**”) for the following purposes:

1. to consider and, if deemed advisable, to pass, with or without variation, a resolution (the “**Resolution**”) approving the Consolidated Plan of Compromise and Arrangement of the Nordstrom Canada Entities pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) dated December 13, 2023 (as amended, restated, modified and/or supplemented from time to time in accordance with the terms thereof, the “**Plan**”); and
2. to transact such other business as may properly come before the Creditors’ Meeting or any adjournment or postponement thereof.

The Creditors’ Meeting is being held pursuant to an order (the “**Meeting Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made on December 20, 2023. All Affected Creditors are entitled to vote at the Creditors’ Meeting by submitting a Proxy by the Election/Proxy Deadline (as described below). Affected Creditors who wish to attend and vote at the Creditors’ Meeting by electronic or virtual means must contact the Monitor in accordance with the instructions provided below **by 5:00 p.m. (Toronto time) on February 28, 2024** to obtain a Personal Meeting Identifier Number (the “**Personal Meeting ID**”) that will permit the Affected Creditor to access and vote at the Creditors’ Meeting by electronic or virtual means.

Capitalized terms used and not otherwise defined in this Notice have the respective meanings given to them in the Plan or the Meeting Order, as applicable.

The Plan contemplates the compromise of Claims of the Affected Creditors. Quorum for the Creditors’ Meeting has been set by the Meeting Order as the presence, in person (by electronic or virtual means) or by Proxy, at the Creditors’ Meeting of one (1) Affected Creditor with a Voting Claim.

In order for the Plan to be approved and binding in accordance with the CCAA, the Resolution must be approved by that number of Affected Creditors representing at least a majority in number of Voting Claims, whose Affected Claims represent at least two-thirds in value of the Voting Claims of Affected Creditors, in each case who validly vote (in person by electronic or virtual means or by Proxy) on the Resolution at the Creditors’ Meeting or were deemed to vote on the Resolution as provided for in the Meeting Order (the “**Required Majority**”). Each Affected Creditor will be entitled to one (1) vote at the Creditors’ Meeting, which vote will have the value of such person’s Voting Claim as determined in accordance with the Claims Procedure Order and the Meeting Order. If approved by the Required Majority, the Plan must also be sanctioned by the Court under the CCAA. Subject to the satisfaction of the other conditions precedent to implementation of the Plan, all Affected Creditors will then receive the treatment set forth in the Plan.

Deemed Voting in Favour of the Plan

Convenience Class Creditors will be deemed to vote in favour of the Plan.

Forms and Proxies**Convenience Class Claim Election**

Affected Creditors with one or more Proven Claims in an amount in excess of Cdn\$15,000 may file with the Monitor a Convenience Class Claim Election, pursuant to which such Affected Creditor may elect to be treated as a Convenience Class Creditor and receive only the Cash Elected Amount of Cdn\$15,000 and shall be deemed thereby to vote in favour of the Plan, prior to 5:00 p.m. (Toronto time) on February 28, 2024 (the “**Election/Proxy Deadline**”), subject to a later date as the Nordstrom Canada Entities, with the consent of the Monitor, may agree in the event of an adjournment, postponement or other rescheduling of the Creditors’ Meeting.

Proxy Form

An Affected Creditor may attend the Creditors’ Meeting in person (by electronic or virtual means) using the Personal Meeting ID provided to them or may appoint another person as its proxyholder by inserting the name of such person in the space provided in the form of Proxy provided to Affected Creditors by the Monitor. Persons appointed as proxyholders need not be Affected Creditors. If an Affected Creditor validly submits a Proxy to the Monitor duly appointing a proxyholder other than the Monitor’s representatives named in the Proxy form, the Monitor will provide a Personal Meeting ID to such duly appointed proxyholder.

In order to be effective, proxies must be received by the Monitor by 5:00 p.m. (Toronto time) on the Election/Proxy Deadline, subject to a later date as the Nordstrom Canada Entities, with the consent of the Monitor, may agree in the event of an adjournment, postponement or other rescheduling of the Creditors’ Meeting. The address of the Monitor is:

Alvarez & Marsal Canada Inc.
Monitor of the Nordstrom Canada Entities
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Attention: Nordstrom Canada Monitor
E-mail: NordstromCanada@alvarezandmarsal.com

If an Affected Creditor specifies a choice with respect to voting on the Resolution on a Proxy, the Proxy will be voted in accordance with the specification so made. **In the absence of such specification, a Proxy will be voted FOR the Resolution provided that the proxyholder does not otherwise exercise its right to vote at the Creditors’ Meeting.**

Creditors represented by Employee Representative Counsel

If you are an Employee of any of the Nordstrom Canada Entities that is represented by Employee Representative Counsel, then Employee Representative Counsel has been appointed as your proxyholder pursuant to the Meeting Order and will vote on your behalf on the Plan in accordance with your instructions. Accordingly, you should not submit a separate Proxy.

Attendance at the Creditors' Meeting

The Creditors' Meeting will be a virtual only meeting conducted by way of a live audio webcast online at [●] (Password: [●])

Affected Creditors with accepted Voting Claims and duly appointed proxyholders will be able to attend the virtual meeting, submit questions and vote in real time, provided they are connected to the internet and follow the instructions below. Affected Creditors intending to attend and vote at the Creditors' Meeting shall notify the Monitor by email at NordstromCanada@alvarezandmarsal.com by 5:00 p.m. (Toronto time) on the Election/Proxy Deadline in order to be provided with their Personal Meeting ID.

Step 1: Log in online at: [●]. We recommend that you log in at least 15 minutes before the meeting starts.

Step 2: Click "I have a Personal Meeting ID."

Step 3: Enter the Personal Meeting ID you were provided as your username.

Step 4: Enter the password: [●] (case sensitive)

Step 5: Follow the instructions to view the meeting and vote when prompted.

Should legal counsel or other advisors of any Affected Creditor and/or its duly appointed proxyholders wish to attend the meeting, such legal counsel or advisors should contact the Monitor in advance of the meeting to obtain a separate Personal Meeting ID to enable access to the meeting.

If an Affected Creditor is a corporation and wishes to have an authorized representative attend and vote on its behalf at the Creditors' Meeting, such Affected Creditor must submit a Proxy appointing such authorized representative as the Affected Creditor's duly appointed proxy.

As noted above, all Affected Creditors wishing to attend and vote at the Creditors' Meeting are required to notify the Monitor in order to obtain their Personal Meeting ID. Validly appointed proxyholders (other than the Monitor's representatives named in the Proxy form) will be provided a separate Personal Meeting ID by the Monitor. If an Affected Creditor uses its Personal Meeting ID to log in to the meeting, and subsequently votes using the voting options provided during the meeting, it will be revoking any Proxy it previously submitted. If an Affected Creditor does not wish to revoke a previously submitted Proxy, it may log in using its Personal Meeting ID and decline to vote at the meeting when prompted to do so.

It is the Affected Creditors' and proxyholders' responsibility to ensure internet connectivity for the duration of the Creditors' Meeting and you should allow ample time to log in to the meeting online before it begins.

NOTICE IS ALSO HEREBY GIVEN that if the Plan is approved by the Required Majority at the Creditors' Meeting, the Nordstrom Canada Entities intend to bring a motion before the Court on March 12, 2024 at [●:00] [a.m./p.m.] (Toronto time) at the Court located at Toronto, Ontario or via a video conference. The motion will be seeking the granting of the Sanction and Vesting Order sanctioning the Plan under the CCAA and for ancillary relief consequent upon such sanction. Any Affected Creditor that wishes to appear or be represented, and to present evidence or arguments, at such Court hearing must file or have filed with the Court a Notice of Appearance and serve such Notice of Appearance on the Service List at least seven (7) days before such Court hearing. Any Affected Creditor that wishes to oppose the relief sought at such Court hearing shall serve on the Service List a notice setting out the basis for such opposition and a copy of the materials to be used at such hearing at least seven (7) days before the date set for such hearing, or such shorter time as the Court, by Order, may allow. A copy of the Service List may be obtained by contacting the Monitor at the particulars set out above or from the Monitor's website set out below.

This Notice is given by the Nordstrom Canada Entities pursuant to the Meeting Order.

You may view copies of the documents relating to this process on the Monitor's website at <https://www.alvarezandmarsal.com/NordstromCanada>.

DATED this ● day of ●, ●.

**SCHEDULE “D”
FORM OF PROXY**

**PROXY AND INSTRUCTIONS
FOR AFFECTED CREDITORS IN THE MATTER OF THE PLAN OF COMPROMISE
OR ARRANGEMENT OF THE NORDSTROM CANADA ENTITIES**

MEETING OF AFFECTED CREDITORS

to be held pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made on December 20, 2023 (the “**Meeting Order**”) in connection with the Consolidated Plan of Compromise and Arrangement in respect of Nordstrom Canada Retail, Inc., Nordstrom Canada Holdings, LLC, Nordstrom Canada Holdings II, LLC, and Nordstrom Canada Leasing LP (collectively, the “**Nordstrom Canada Entities**”) dated December 13, 2023 (as amended, restated, modified and/or supplemented from time to time, the “**Plan**”)

on March 1, 2024 at 10:00 a.m. (Toronto time) by live audio webcast at

[●]
Password: ●

and at any adjournment, postponement or other rescheduling thereof (the “**Creditors’ Meeting**”)

PLEASE COMPLETE, SIGN AND DATE THIS PROXY AND RETURN IT TO THE MONITOR BY 5:00 P.M. (TORONTO TIME) ON FEBRUARY 28, 2024 (THE “**ELECTION/PROXY DEADLINE**”), SUBJECT TO A LATER DATE AS THE NORDSTROM CANADA ENTITIES, WITH THE CONSENT OF THE MONITOR, MAY AGREE IN THE EVENT OF AN ADJOURNMENT, POSTPONEMENT OR OTHER RESCHEDULING OF THE CREDITORS’ MEETING. PLEASE RETURN OR DEPOSIT YOUR ORIGINAL PROXY SO THAT IT IS ACTUALLY RECEIVED BY THE MONITOR OR THE CHAIR ON OR BEFORE THE ELECTION/PROXY DEADLINE.

Please use this Proxy form if you wish to appoint a proxyholder to attend the Creditors’ Meeting, vote your Voting Claim to accept or reject the Plan and otherwise act for and on your behalf at the Creditors’ Meeting and any adjournment(s), postponement(s) or rescheduling(s) thereof. Do not use this Proxy form if you wish to attend the Creditors’ Meeting to vote in person, provided that if an Affected Creditor is a corporation and wishes to have an authorized representative attend and vote on its behalf at the Creditors’ Meeting, such Affected Creditor must submit this Proxy form appointing such authorized representative as the Affected Creditor’s duly appointed proxy.

Validly appointed proxyholders (other than the Monitor’s representatives named in this Proxy form) will be provided with a Personal Meeting Identifier Number (a “**Personal Meeting ID**”) that will permit the proxyholder to access and vote at the Creditors’ Meeting. Affected Creditors intending to attend the Creditors’ Meeting are required to notify the Monitor by email at NordstromCanada@alvarezandmarsal.com by 5:00 p.m. (Toronto time) on the Election/Proxy Deadline in order to be provided with their own Personal Meeting ID. If an Affected Creditor uses its Personal Meeting ID to log in to the Creditors’ Meeting, and subsequently votes using the voting options provided during the Creditors’ Meeting, it will be revoking any Proxy it previously submitted. If an Affected Creditor does not wish to revoke a previously submitted Proxy, it may

log in using its Personal Meeting ID and decline to vote at the Creditors' Meeting when prompted to do so.

The Plan is included in the Meeting Materials delivered by the Monitor to all Affected Creditors, copies of which you have received. All capitalized terms used but not defined in this Proxy shall have the meanings ascribed to such terms in the Plan or the Meeting Order, as applicable.

You should review the Plan before you vote. In addition, the Meeting Order establishes certain procedures for the conduct of the Creditors' Meeting, a copy of which is included in the Meeting Materials. The Meeting Order contains important information regarding the voting process. Please read the Meeting Order and the instructions sent with this Proxy prior to submitting this Proxy.

If the Plan is approved by the Required Majority and is sanctioned by the Court, it will be binding on you whether or not you vote.

Convenience Class Creditors do not need to complete or return a Proxy as they are deemed to vote in favour of the Plan pursuant to the Meeting Order and the Plan.

If you are an Employee of any of the Nordstrom Canada Entities that is represented by Employee Representative Counsel, then Employee Representative Counsel has been appointed as your proxyholder pursuant to the Meeting Order, and will vote on your behalf on the Plan in accordance with your instructions. Accordingly, you should not submit a separate Proxy.

APPOINTMENT OF PROXYHOLDER AND VOTE

By checking one of the two boxes below, the undersigned Affected Creditor hereby revokes all proxies previously given and nominates, constitutes and appoints either (*if no box is checked, the Monitor will act as your proxyholder*):

☐ _____ (name of proxyholder)
 _____ (telephone number of proxyholder)
 _____ (email address of proxyholder)

or

☐ a representative of Alvarez & Marsal Canada Inc. in its capacity as Monitor of the Nordstrom Canada Entities

as proxyholder, with full power of substitution, to attend, vote and otherwise act for and on behalf of the undersigned at the Creditors' Meeting and at adjournment(s), postponement(s) and rescheduling(s) thereof, and to vote the amount of the Affected Creditors' Voting Claim. Without limiting the generality of the power hereby conferred, the person named as proxyholder is specifically directed to vote as shown below. The person named as proxyholder is also directed to vote at the proxyholder's discretion and otherwise act for and on behalf of the undersigned with respect to any amendments or variations to the Plan and to any matters that may come before the Creditors' Meeting or at any adjournment, postponement or rescheduling thereof and to vote the amount of the Affected Creditor's Voting Claim as follows (*mark only one*):

- ☐ Vote **FOR** the approval of the Plan.
- ☐ Vote **AGAINST** the approval of the Plan.

Please note that if no specification is made above, the Affected Creditor will be deemed to have voted FOR approval of the Plan at the Creditors' Meeting provided the Affected Creditor does not otherwise exercise its right to vote at the Creditors' Meeting.

The Monitor will provide the proxyholder listed above with the Personal Meeting ID to enable such proxyholder to log in and vote at the Creditors' Meeting.

DATED at _____ this _____ day of _____, 20__.

AFFECTED CREDITOR'S SIGNATURE:

(Print Legal Name of Affected Creditor)

(Print Legal Name of Assignee, if applicable)

(Signature of the Affected Creditor/Assignee or an Authorized
Signing Officer of the Affected Creditor/Assignee)

(Print Name and Title of Authorized Signing Officer of the
Affected Creditor/Assignee, if applicable)

(Mailing Address of the Affected Creditor/Assignee)

(Telephone Number and E-mail Address of the Affected
Creditor/Assignee or Authorized Signing Officer of the Affected
Creditor/Assignee)

**YOUR PROXY MUST BE RECEIVED BY THE MONITOR AT THE ADDRESS LISTED
BELOW BEFORE THE ELECTION/PROXY DEADLINE.**

**ALVAREZ & MARSAL CANADA INC.
MONITOR OF THE NORDSTROM CANADA ENTITIES
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1**

**Attention: Nordstrom Canada Monitor
E-mail: NordstromCanada@alvarezandmarsal.com**

**IF YOU HAVE ANY QUESTIONS REGARDING THIS PROXY OR THE VOTING
PROCEDURES, OR IF YOU NEED AN ADDITIONAL COPY OR ADDITIONAL
COPIES OF THE ENCLOSED MATERIALS, PLEASE CONTACT THE MONITOR AT
NordstromCanada@alvarezandmarsal.com OR VISIT THE MONITOR'S WEBSITE AT
<https://www.alvarezandmarsal.com/NordstromCanada>**

INSTRUCTIONS FOR COMPLETION OF PROXY

1. All capitalized terms used but not defined in this Proxy shall have the meanings ascribed to such terms in the Consolidated Plan of Compromise and Arrangement of the Nordstrom Canada Entities dated December 13, 2023 (the “**Plan**”), or in the Meeting Order dated December 20, 2023, a copy of which you have received.
2. Please read and follow these instructions carefully. Your Proxy must actually be received by the Monitor at Alvarez & Marsal Canada Inc., Monitor of the Nordstrom Canada Entities, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2900, P.O. Box 22, Toronto, ON M5J 2J1 (Attention: Nordstrom Canada Monitor), e-mail: NordstromCanada@alvarezandmarsal.com prior to 5:00 p.m. (Toronto time) on February 28, 2024 (the “**Election/Proxy Deadline**”), subject to a later date as the Nordstrom Canada Entities, with the consent of the Monitor, may agree in the event of an adjournment, postponement or other rescheduling of the Creditors’ Meeting. If your Proxy is not received by the Election/Proxy Deadline, unless such time is extended, your Proxy will not be counted.
3. The aggregate amount of your Claim in respect of which you are entitled to vote (your “**Voting Claim**”) shall be your Proven Claim, or with respect to a Disputed Claim, the amount as determined to be your Voting Claim in accordance with the Meeting Order.
4. Each Affected Creditor who has a right to vote at the Creditors’ Meeting has the right to appoint a person (who need not be an Affected Creditor) to attend, act and vote for and on behalf of the Affected Creditor and such right may be exercised by inserting in the space provided the name of the person to be appointed, or to select a representative of the Monitor as its proxyholder. If an Affected Creditor is a corporation and wishes to have an authorized representative attend and vote on its behalf at the Creditors’ Meeting, such Affected Creditor must submit this Proxy Form appointing such authorized representative as the Affected Creditor’s duly appointed proxy. If no proxyholder is selected, the Affected Creditor will be deemed to have appointed a representative of Alvarez & Marsal Canada Inc., in its capacity as Monitor, or such other person as Alvarez & Marsal Canada Inc. may designate, as proxyholder of the Affected Creditor, with power of substitution, to attend on behalf of and act for the Affected Creditor at the Creditors’ Meeting to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling thereof. The proxyholder will be provided with a Personal Meeting ID to log in and vote at the meeting.
5. Check the appropriate box to vote for or against the Plan. **If you do not check either box, you will be deemed to have voted FOR approval of the Plan provided you do not otherwise exercise your right to vote at the Creditors’ Meeting.**
6. Sign the Proxy – your original signature is required on the Proxy to appoint a proxyholder and vote at the Creditors’ Meeting. An electronic signature will be accepted and deemed to be an original with respect to any Proxy submitted by email. If you are completing the Proxy as a duly authorized representative of a corporation or other entity, indicate your relationship with such corporation or other entity and the capacity in which you are signing, and if subsequently requested, provide proof of your signing authorization. In addition, please provide your name, mailing address, telephone number and e-mail address.

7. Return the completed Proxy to the Monitor at Alvarez & Marsal Canada Inc., Monitor of the Nordstrom Canada Entities, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2900, P.O. Box 22, Toronto, ON M5J 2J1 (Attention: Nordstrom Canada Monitor), e-mail: NordstromCanada@alvarezandmarsal.com, so that it is actually received by no later than the Election/Proxy Deadline.
8. If you need additional Proxies, please immediately contact the Monitor.
9. If multiple Proxies are received from the same person with respect to the same Claims prior to the Election/Proxy Deadline, the latest dated, validly executed Proxy timely received will supersede and revoke any earlier received Proxy. However, if a holder of Claims casts Proxies received by the Monitor dated with the same date, but which are voted inconsistently, such Proxies will not be counted. If a Proxy is not dated in the space provided, it shall be deemed dated as of the date it is received by the Monitor.
10. If an Affected Creditor (other than a Convenience Class Creditor) validly submits a Proxy to the Monitor and subsequently attends and votes at the Creditors' Meeting by logging in using its personal identifier number, it will be revoking the earlier received Proxy. If an Affected Creditor wishes to attend the Creditors' Meeting but does not wish to revoke its Proxy, it may log in using its personal identifier number and decline to vote at the Creditors' Meeting when prompted to do so.
11. Proxies may be accepted for purposes of an adjourned, postponed or other rescheduled Creditors' Meeting if received by the Monitor by the Election/Proxy Deadline.
12. Any Proxy that is illegible or contains insufficient information to permit the identification of the claimant will not be counted.
13. After the Election/Proxy Deadline, no Proxy may be withdrawn or modified, except by an Affected Creditor voting in person at the Creditors' Meeting, without the prior consent of the Monitor and the Nordstrom Canada Entities.
14. If you are an Affected Creditor with one or more Proven Claims in an amount in excess of Cdn\$15,000, you may elect to receive Cdn\$15,000 in full and final satisfaction of your Affected Claims by completing the Convenience Class Claim Election contained in the Meeting Materials you received from the Monitor. If you elect to receive the Cash Elected Amount, you will be deemed to have voted in favour of the Plan and do not need to complete this Proxy.

IF YOU HAVE ANY QUESTIONS REGARDING THIS PROXY OR THE VOTING PROCEDURES, OR IF YOU NEED AN ADDITIONAL COPY OR ADDITIONAL COPIES OF THE ENCLOSED MATERIALS, PLEASE CONTACT THE MONITOR AT NORDSTROMCANADA@ALVAREZANDMARSAL.COM OR VISIT THE MONITOR'S WEBSITE AT <https://www.alvarezandmarsal.com/NordstromCanada>

**SCHEDULE “E”
FORM OF CONVENIENCE CLASS CLAIM ELECTION**

TO: **ALVAREZ & MARSAL CANADA INC.**, in its capacity as Monitor of Nordstrom Canada Retail, Inc., Nordstrom Canada Holdings, LLC, Nordstrom Canada Holdings II, LLC, and Nordstrom Canada Leasing LP (collectively, the “**Nordstrom Canada Entities**”)

In connection with the Consolidated Plan of Compromise and Arrangement in respect of the Nordstrom Canada Entities pursuant to the *Companies’ Creditors Arrangement Act* (Canada) dated December 13, 2023 (as amended, restated, modified and/or supplemented from time to time, the “**Plan**”), the undersigned hereby elects to be treated as a Convenience Class Creditor and thereby to receive the Cash Elected Amount of Cdn\$15,000 in full and final satisfaction of the Proven Claim(s) of the undersigned, and hereby acknowledges that the undersigned shall be deemed to vote its Voting Claim(s) in favour of the Plan at the Creditors’ Meeting.

For the purposes of this election, terms not defined herein shall have the meanings ascribed thereto in the Plan.

DATED at _____ this _____ day of _____, 20__.

AFFECTED CREDITOR’S SIGNATURE:

(Print Legal Name of Affected Creditor)

(Print Legal Name of Assignee, if applicable)

(Signature of the Affected Creditor/Assignee or an Authorized Signing Officer of the Affected Creditor/Assignee)

(Print Name and Title of Authorized Signing Officer of the Affected Creditor/Assignee, if applicable)

(Mailing Address of the Affected Creditor/Assignee)

(Telephone Number and E-mail Address of the Affected Creditor/Assignee or Authorized Signing Officer of the Affected Creditor/Assignee)

**SCHEDULE “F”
FORM OF RESOLUTION**

BE IT RESOLVED THAT:

1. The Consolidated Plan of Compromise and Arrangement in respect of Nordstrom Canada Retail, Inc., Nordstrom Canada Holdings, LLC, Nordstrom Canada Holdings II, LLC, and Nordstrom Canada Leasing LP (collectively, the “**Nordstrom Canada Entities**”) pursuant to the *Companies’ Creditors Arrangement Act* (Canada) dated December 13, 2023 (the “**Plan**”), which Plan has been presented to this meeting and which is substantially in the form attached as Exhibit “A” to the Affidavit of Misti Heckel sworn December 13, 2023 (as such Plan may be amended, restated, supplemented and/or modified as provided for in the Plan) be and it is hereby accepted, approved, agreed to and authorized; and
2. any director or officer of each of the Nordstrom Canada Entities be and is hereby authorized and directed, for and on behalf of each of the Nordstrom Canada Entities, respectively (whether under its respective corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all documents and instruments and to take or cause to be taken such other actions as he or she may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required by the Plan, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Court File No: CV-23-00695619-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORDSTROM CANADA RETAIL, INC.,
NORDSTROM CANADA HOLDINGS, LLC and NORDSTROM CANADA HOLDINGS II, LLC

Applicants

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

MEETING ORDER

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Lawyers for the Applicants

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS
AMENDED

Court File No: CV-23-00695619-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **NORDSTROM
CANADA RETAIL, INC., NORDSTROM CANADA HOLDINGS, LLC** and **NORDSTROM CANADA
HOLDINGS II, LLC**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD OF THE APPLICANTS
(MOTION TO ACCEPT FILING OF A PLAN AND AUTHORIZE
CREDITORS' MEETING TO VOTE ON THE PLAN)

OSLER, HOSKIN & HARCOURT LLP

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1 First Canadian Place
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Lawyers for the Applicants