

**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**

**FIFTH REPORT OF THE MONITOR
(MONITOR'S INTERCOMPANY CLAIMS REPORT)
ALVAREZ & MARSAL CANADA INC.**

AUGUST 3, 2023

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
	A. CCAA Proceedings.....	1
	B. Purpose of this Report.....	2
2.0	TERMS OF REFERENCE AND DISCLAIMER	4
3.0	OVERVIEW OF THE INTERCOMPANY CLAIMS	5
4.0	REVIEW OF INTERCOMPANY CLAIMS.....	8
5.0	AFFILIATE CLAIMS.....	9
	A. Summary of Affiliate Claims.....	9
	B. Claim No. 1: NIL Canada Expansion Loan Claim	11
	C. Claim No. 2: NINC-NCRI Services Claim.....	15
	(i) Background.....	15
	(ii) Quantum of the NINC-NCRI Services Claim	18
	D. Claim No. 3: NCRI Transfer Pricing Claim	20
	(i) Background.....	20
	(ii) Quantum of the NCRI Transfer Pricing Claim.....	21
	(iii) Set-off of NCRI Transfer Pricing Claim and NINC-NCRI Services Claim	24
	E. Claim No. 4: NINC Employee Trust Subrogated Claim	25
	(i) Background.....	25
	(ii) Quantum of NINC Employee Trust Subrogated Claim.....	27
	F. Claim No. 5: NINC-NCL Services Claim	29
	G. Claim No. 6: NINC-NCH Services Claim.....	30
	H. Claim No. 7: NINC-NCHII Services Claim	31
6.0	INTRACOMPANY CLAIMS.....	32
	A. Summary of Intracompany Claims	32
	B. Background to the Intracompany Lease Claims (Claims No. 8, 9 and 10)	33
	(i) The Lease-Sublease Structure.....	33
	(ii) Real Estate Improvement Rent	35
	(iii) Lease and Sublease Termination Dates	36
	C. Claim No. 8: NCL Pre-Filing Sublease Rent Claim.....	38
	D. Claim No. 9: NCL Post-Filing Sublease Rent Claim	40
	E. Background to the NCL Sublease Termination Claim (Claims No. 10A and 10B)	43
	F. Claim No. 10A: NCL Master Lease Flow-Through Claim	46
	G. Claim No. 10B: NCL Improvement Rent Claim	46
	H. Claim No. 11: NCRI-NCL Services Claim.....	49
7.0	NINC LEASE INDEMNITIES SUBROGATED CLAIM	51
8.0	ADDITIONAL INTERCOMPANY TRANSACTIONS	52
9.0	SUMMARY OF RESULTS OF THE MONITOR'S REVIEW	53

INDEX TO APPENDICES

Appendix A	–	Nordstrom Group – Simplified Organizational Chart
Appendix B	–	Canada Expansion Loan Agreement and Loan Notes
Appendix C	–	NINC-NCRI Services Agreement
Appendix D	–	Employee Trust Agreement
Appendix E	–	NINC-NCL Services Agreement
Appendix F	–	NINC-NCH Services Agreement
Appendix G	–	NINC-NCHII Services Agreement
Appendix H	–	NCRI-NCL Services Agreement

1.0 INTRODUCTION

A. CCAA Proceedings

- 1.1 On March 2, 2023 (the “**Filing Date**”), Nordstrom Canada Retail, Inc. (“**NCRI**”), Nordstrom Canada Holdings, LLC (“**NCH**”) and Nordstrom Canada Holdings II, LLC (“**NCHII**”, and together with NCRI and NCH, 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 protections and authorizations in the Initial Order were also extended to Nordstrom Canada Leasing LP (“**NCL**” and, collectively with the Applicants, the “**Nordstrom Canada Entities**”).
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as monitor of the Nordstrom Canada Entities (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”). The relief granted by the Initial Order is described in detail in the Second Report of the Monitor dated March 16, 2023.
- 1.3 On March 10, 2023, the Court granted an Amended and Restated Initial Order (the “**ARIO**”) which modified the Initial Order in certain respects.
- 1.4 On March 20, 2023, the Court granted a Liquidation Sale Approval Order, among other things, authorizing NCRI and NCL to undertake a liquidation of certain merchandise and furniture, fixtures and equipment at each of NCRI’s 13 retail stores (collectively, the “**Stores**”) in accordance with the sale guidelines approved pursuant to the Liquidation Sale Approval Order.

- 1.5 On May 30, 2023, the Court granted a Claims Procedure Order, among other things, approving a process for the identification, determination and adjudication of claims of creditors against the Nordstrom Canada Entities and their current and former officers and directors.
- 1.6 On July 17, 2023, the Court granted: (a) an Approval and Vesting Order, approving the Assignment Agreement between NCL and G2MC Inc. in respect of the Heartland Lease; and (b) an Approval and Vesting Order, approving the Assignment Agreement between NCL and Winners Merchants International L.P. (the “**Winners Agreement**”) in respect of the Vaughan Mills Lease and the Deerfoot Meadows Lease.
- 1.7 A&M has prepared a number of reports to the Court in connection with the CCAA Proceedings. Copies of these reports, along with other Court-filed documents and notices in the CCAA Proceedings, are available on the Monitor’s case website at www.alvarezandmarsal.com/NordstromCanada.
- 1.8 Unless otherwise stated, all monetary amounts referenced in this Report are expressed in Canadian dollars.
- 1.9 Capitalized terms used but not defined in this Fifth Report of the Monitor (this “**Report**”) have the meanings given to them in the Claims Procedure Order or the previous reports of the Monitor.

B. Purpose of this Report

- 1.10 Paragraph 44 of the Claims Procedure Order provides that “the Monitor shall prepare a report to be served on the Service List and filed with the Court detailing its review of all

Intercompany Claims identified by the Monitor and assessing in detail with reasonably sufficient particulars and analysis the amount and Characterization of such Claims (the “**Monitor’s Intercompany Claims Report**”).”

- 1.11 The Claims Procedure Order defines an “**Intercompany Claim**” as any Claim that may be asserted against any Nordstrom Canada Entity by or on behalf of: (a) any other Nordstrom Canada Entity; or (b) Nordstrom, Inc. (“**Nordstrom US**”) or any of its affiliated companies, partnerships, or other corporate entities other than the Nordstrom Canada Entities.
- 1.12 The Claims Procedure Order defines “**Claim**” as any: (a) Pre-Filing Claim; (b) Restructuring Period Claim; (c) Pre-Filing D&O Claim; or (d) Restructuring Period D&O Claim.
- 1.13 The Claims Procedure Order defines “**Characterization**” as whether the Claim is a secured or unsecured Claim, priority, property or trust Claim, Pre-Filing Claim, Restructuring Period Claim or D&O Claim.
- 1.14 This Report constitutes the Monitor’s Intercompany Claims Report for purposes of the Claims Procedure Order.
- 1.15 Paragraph 45 of the Claims Procedure Order provides that: (a) each Intercompany Claim identified in the Monitor’s Intercompany Claims Report shall be deemed to have been properly submitted through a Proof of Claim in accordance with the requirements of the Claims Procedure Order; and (b) an Intercompany Claim identified in the Monitor’s Intercompany Claims Report shall not be accepted by the Nordstrom Canada Entities or

the Monitor unless and until such Intercompany Claim has been approved by the Court upon a motion on notice to the Service List.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Report and as described in greater detail in this Report, the Monitor has requested, and where available, been provided with, and has relied upon, unaudited financial information and books and records prepared or provided by Nordstrom US and its affiliates, including the Nordstrom Canada Entities (collectively, the “**Nordstrom Group**”), and has held discussions with management of the Nordstrom Group and the Nordstrom Canada Entities’ legal counsel (collectively, the “**Information**”).

2.2 The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with *Canadian Auditing Standards* (the “**CAS**”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information. Some of the information referred to in this Report may include forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

3.0 OVERVIEW OF THE INTERCOMPANY CLAIMS

3.1 A simplified organizational chart of the Nordstrom Group showing the entities referenced in this Report is attached hereto as **Appendix “A”**.

3.2 The Intercompany Claims described in this Report can be subdivided into two types of claims based on the nature of the claimant:

(a) Intercompany Claims between a Nordstrom Canada Entity and another entity in the Nordstrom Group that is not a Nordstrom Canada Entity (collectively, the “**Affiliate Claims**” and each an “**Affiliate Claim**”); and

(b) Intercompany Claims against a Nordstrom Canada Entity by a claimant that is itself a Nordstrom Canada Entity (collectively, the “**Intracompany Claims**” and each an “**Intracompany Claim**”).

3.3 This Report addresses Intercompany Claims that are: (a) Pre-Filing Claims; (b) Restructuring Period Claims; and (c) claims arising or relating to the period following the commencement of the CCAA Proceedings (a “**Post-Filing Claim**”). D&O Claims, by their nature, cannot be Intercompany Claims.

3.4 The Claims Procedure Order defines a Pre-Filing Claim, a Restructuring Period Claim and an Intercompany Claim, in relevant part, as any claim that may be asserted against any of the Nordstrom Canada Entities. Accordingly, a claim by a Nordstrom Canada Entity against a person, including an affiliate, that is not a Nordstrom Canada Entity does not technically fall within the definition of “Claim” or “Intercompany Claim” under the Claims Procedure Order (since the Claims Procedure Order only calls for claims against the

Nordstrom Canada Entities). Despite the foregoing, this Report includes an analysis of the NCRI Transfer Pricing Claim (as defined below) by NCRI against Nordstrom US given the significance of that claim and to ensure that all intercompany claims – including claims by a Nordstrom Canada Entity against a non-debtor affiliate – are included in the Monitor’s analysis. Accordingly, references to “Intercompany Claims” and “Affiliate Claims” in this Report include the NCRI Transfer Pricing Claim by NCRI against Nordstrom US.

3.5 After reviewing and considering various intercompany transactions involving the Nordstrom Canada Entities, the Monitor has identified a total of 11 Intercompany Claims.

The Monitor notes that:

- (a) the Intercompany Claims identified by the Monitor include one Restructuring Period Claim (the NCL Sublease Termination Claim) that has two components, one of which (the NCL Master Lease Flow-Through Claim) cannot be quantified as at the date of this Report;
- (b) none of the Intercompany Claims is a secured, property or trust Claim;
- (c) one of the Intercompany Claims (the NCL Post-Filing Sublease Rent Claim) is a Post-Filing Claim; and
- (d) one of the Intercompany Claims (the NCRI Transfer Pricing Claim) is a claim by NCRI against Nordstrom US.

3.6 The Intercompany Claims identified by the Monitor in this Report are summarized in the following table:

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

3.7 In addition to the foregoing Intercompany Claims, the Monitor notes that Nordstrom US may advance an Intercompany Claim consisting of a subrogated claim against one or more of the Nordstrom Canada Entities to the extent that Nordstrom US makes payments to Landlords (as defined below) under the Lease Indemnities (as defined below) relating to the Stores (the “**NINC Lease Indemnities Subrogated Claim**”). The NINC Lease Indemnities Subrogated Claim is contingent in nature and the Monitor understands that no amounts have yet been paid or settled under the Lease Indemnities as of the date of this

Report. Accordingly, while the Monitor has identified this contingent Intercompany Claim for the purposes of Paragraph 45 of the Claims Procedure Order, the Monitor is not in a position at this time to assess the existence, validity or quantum, if any, of the NINC Lease Indemnities Subrogated Claim. The NINC Lease Indemnities Subrogated Claim is described further in section 7.0 of this Report.

4.0 REVIEW OF INTERCOMPANY CLAIMS

4.1 In performing its mandate under the Claims Procedure Order to review the Intercompany Claims, the Monitor, with the assistance of its legal counsel, has considered various intercompany transactions involving the Nordstrom Canada Entities. This includes, but is not limited to, funding transactions for the Nordstrom Canada Entities, the provision of shared services and related transfer pricing payments, leasing arrangements, licensing arrangements, and other normal course and non-recurring intercompany transactions and payments. The Monitor has considered each intercompany transaction identified with a view to identifying whether the intercompany transaction gives rise to an Intercompany Claim.

4.2 In the course of such review, the Monitor, with the assistance of its legal counsel, has among other things:

- (a) considered the historical context and rationale for the transactions identified;
- (b) reviewed and verified, to the best of its ability, supporting documentation and information relating to the transactions identified;

- (c) in certain cases, made inquiries of and met with management of the Nordstrom Group and the Nordstrom Canada Entities' legal counsel to clarify certain aspects of the intercompany transactions identified and to request additional information and supporting documentation; and
- (d) confirmed the mathematical accuracy of certain calculations.

4.3 Given the nature and complexity of certain of the intercompany transactions reviewed by the Monitor in the course of developing this Report, along with cost and time considerations, the Monitor exercised its judgment when determining the extent of work required to review an intercompany transaction to assess whether the intercompany transaction gives rise to an Intercompany Claim, and to determine the validity and quantum thereof. When necessary or appropriate, the Monitor used various approaches, including applying a materiality threshold to the review exercise, as well as "sampling" or "testing" to assess the accuracy of underlying calculations.

5.0 AFFILIATE CLAIMS

A. Summary of Affiliate Claims

5.1 As described below, the Monitor has identified and reviewed the following Affiliate Claims, each of which is an Intercompany Claim between a Nordstrom Canada Entity and another entity in the Nordstrom Group that is not a Nordstrom Canada Entity:

- (a) *Claim No. 1* – a Pre-Filing Claim by Nordstrom International Limited, Inc. ("NIL") against NCH in respect of loans advanced by NIL under the Master Loan

Agreement dated April 18, 2014 (the “**Canada Expansion Loan Agreement**”) (the “**NIL Canada Expansion Loan Claim**”), in the amount of \$309,832,891;

- (b) *Claim No. 2* – a Pre-Filing Claim by Nordstrom US against NCRI for unpaid fees relating to the provision of shared services and the licencing of intellectual property pursuant to the Inter-Affiliate License and Services Agreement dated February 3, 2019 (the “**NINC-NCRI Services Agreement**”) between Nordstrom US and NCRI (the “**NINC-NCRI Services Claim**”), in the amount of \$17,661,179;
- (c) *Claim No. 3* – a claim by NCRI against Nordstrom US for unpaid transfer pricing payments pursuant to the Transfer Pricing Policy (as defined below) under the NINC-NCRI Services Agreement (the “**NCRI Transfer Pricing Claim**”), in the amount of \$87,400,488;
- (d) *Claim No. 4* – a subrogated Pre-Filing Claim by Nordstrom US against NCRI authorized pursuant to the ARIO in respect of the aggregate gross amounts paid to beneficiaries directly or indirectly from the Employee Trust (as defined below) (the “**NINC Employee Trust Subrogated Claim**”), in the amount of \$13,633,426 as at the date of this Report;
- (e) *Claim No. 5* – a Pre-Filing Claim by Nordstrom US against NCL for unpaid fees relating to the provision of shared services pursuant to the Inter-Affiliate Services Agreement dated December 10, 2014 (the “**NINC-NCL Services Agreement**”) between Nordstrom US and NCL (the “**NINC-NCL Services Claim**”), in the amount of \$495,582;

- (f) *Claim No. 6* – a Pre-Filing Claim by Nordstrom US against NCH for unpaid fees relating to the provision of shared services pursuant to the Inter-Affiliate Services Agreement dated October 10, 2016 (the “**NINC-NCH Services Agreement**”) between Nordstrom US and NCH (the “**NINC-NCH Services Claim**”), in the amount of \$55,031; and
- (g) *Claim No. 7* – a Pre-Filing Claim by Nordstrom US against NCHII for unpaid fees relating to the provision of shared services pursuant to the Inter-Affiliate Services Agreement dated October 10, 2016 (the “**NINC-NCHII Services Agreement**”) between Nordstrom US and NCHII (the “**NINC-NCHII Services Claim**”), in the amount of \$56,829.

5.2 Each of the foregoing Affiliates Claims is described below.

B. Claim No. 1: NIL Canada Expansion Loan Claim

5.3 Under the Canada Expansion Loan Agreement, NIL agreed to make certain loans available to NCH to finance the construction of certain Stores and to finance working capital needs (collectively, the “**Expansion Loans**”). A copy of the Canada Expansion Loan Agreement is attached to this Report as **Appendix “B”**. As described below, NIL ultimately advanced Expansion Loans to NCH in an aggregate principal amount totalling US\$223,000,000.

5.4 NCH did not grant any security to NIL in respect of the Expansion Loans and the Expansion Loans are not guaranteed by any of the other Nordstrom Canada Entities.

5.5 The Expansion Loans are evidenced by eight separate Loan Notes (as defined in the Canada Expansion Loan Agreement), each of which is also included in **Appendix “B”** of this

Report. There is a separate Loan Note for each of the Full-Line Stores (as defined below), a Loan Note in respect of the One Bloor Rack Store, and a consolidated Loan Note in respect of four other Rack Stores (as defined below).

- 5.6 The Expansion Loans were structured such that NCH could draw amounts under the Expansion Loans in one or multiple drawdowns by submitting a draw notice to NIL. The Expansion Loans state that they mature and are repayable on the date that the lease associated with the related Store expires, but may be repaid at any time in whole or in part without penalty.
- 5.7 Under each Loan Note, NCH had the option to pay only interest on the applicable Expansion Loan until a set amortization date, after which date the principal balance of the Expansion Loan would begin to amortize in a straight-line fashion until maturity (unless otherwise agreed). None of the Expansion Loans had begun to amortize as of the Filing Date, and the Monitor understands and has seen no evidence that any principal repayments have been made in respect of the Expansion Loans.
- 5.8 The Expansion Loans each bear interest at a rate of 6.1% per annum, payable monthly in arrears and due on or before the 15th day of each month. The Monitor understands that interest on the Expansion Loans was paid by NCH in cash monthly from the inception of the Expansion Loans through October 2022, at which time the Nordstrom Group ceased making any intercompany transfers while it considered its options with respect to the Canadian business. Accordingly, the NIL Canada Expansion Loan Claim includes accrued and unpaid interest on the Expansion Loans from November 1, 2022 to the Filing Date.

5.9 The following table summarizes the outstanding obligations (in United States dollars) with respect to the Expansion Loans as of the Filing Date, all of which relate to the Full-Line Stores:

Store	Maximum Loan Amount (US\$)	Total Principal Amount Advanced (US\$)	Accrued Interest as of the Filing Date (US\$)
Chinook Centre Full-Line Store	\$30,000,000	\$30,000,000	\$616,685
Rideau Centre Full-Line Store	33,000,000	33,000,000	678,353
Pacific Centre Full-Line Store	56,000,000	38,000,000	781,134
Yorkdale Full-Line Store	51,000,000	51,000,000	1,048,364
Sherway Gardens Full-Line Store	34,000,000	18,000,000	370,011
Eaton Centre Full-Line Store	53,000,000	53,000,000	1,089,477
TOTAL (US\$)	\$257,000,000	\$223,000,000	\$4,584,025

5.10 The Monitor notes that although two Loan Notes were created for certain of the Rack Stores, no amounts were advanced in respect of such Loan Notes.

5.11 The Monitor has, among other things, performed the following activities in reviewing the Expansion Loans for the purposes of determining the related Intercompany Claim:

- (a) reviewed the terms of the Canada Expansion Loan Agreement and related documents, including the Loan Notes and draw notices;
- (b) reviewed bank statements and/or supporting wire transfer documentation to confirm receipt by NCH of principal advances made in respect of the Expansion Loans by NIL;

- (c) confirmed that the interest charged on outstanding balances complied with the provisions of the Canada Expansion Loan Agreement and the applicable Loan Notes;
 - (d) confirmed the mathematical accuracy of the calculation of interest charged on outstanding balances; and
 - (e) on a sample basis, reviewed bank statements to confirm the payment of monthly interest by NCH in respect of the Expansion Loans.
- 5.12 Based on its work described above, the Monitor is of the view that (a) the aggregate principal amounts referred to in the draw notices (totalling US\$223,000,000) accurately reflects advances made by NIL to NCH; and (b) interest accrued on those advances was calculated and paid by NCH to NIL through October 2022 in compliance with the Canada Expansion Loan Agreement.
- 5.13 As of the Filing Date, the aggregate obligations outstanding under the Expansion Loans was US\$227,584,025 (consisting of US\$223,000,000 in principal, plus US\$4,584,025 in accrued interest). As at the Filing Date, the U.S. dollar-Canadian dollar exchange rate as shown on the Bank of Canada's daily exchange rate publication was 1.3614 (the "**Filing Date Exchange Rate**"). Accordingly, the aggregate obligations outstanding under the Expansion Loans as of the Filing Date, converted to Canadian dollars using the Filing Date Exchange Rate, were \$309,832,891.
- 5.14 Based on the foregoing, it is the Monitor's view that the NIL Canada Expansion Loan Claim is a valid Pre-Filing Claim by NIL against NCH in the amount of \$309,832,891.

C. Claim No. 2: NINC-NCRI Services Claim

(i) Background

- 5.15 As described in the Affidavit of Misti Heckel, President of NCRI, President and Treasurer of NCH and NCHII, and Vice President – Tax of Nordstrom US, sworn March 1, 2023 in support of the Applicants’ application for the Initial Order (the “**Initial Heckel Affidavit**”), the Nordstrom Canada Entities’ business was 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**”). The Initial Heckel Affidavit indicated that NCRI could not operate or function without the provision of Shared Services from Nordstrom US.
- 5.16 Prior to the Filing Date, Nordstrom US and NCRI were parties to the NINC-NCRI Services Agreement, under which Nordstrom US provided the Shared Services and licenced certain intellectual property to NCRI, and NCRI agreed to operate the Stores and the Nordstrom.ca website. A copy of the NINC-NCRI Services Agreement is attached to this Report as **Appendix “C”**.
- 5.17 In advance of the commencement of the CCAA Proceedings, Nordstrom US and the Nordstrom Canada Entities entered into a Wind-Down Agreement dated as of March 1, 2023 (the “**Wind-Down Agreement**”) to, among other things: (a) effect the immediate termination of the NINC-NCRI Services Agreement and other services agreements entered into between Nordstrom US and the Nordstrom Canada Entities; and (b) ensure the continued provision of Shared Services and the license of intellectual property by

Nordstrom US solely for the purposes of effecting an orderly wind-down of the Nordstrom Canada Entities as part of the CCAA Proceedings. Paragraph 12(d) of the ARIO authorized the Nordstrom Canada Entities to perform their obligations under the Wind-Down Agreement, including with respect to the provision of and payment for shared services.

5.18 Exhibit “A” to the NINC-NCRI Services Agreement lists the intellectual property that was licensed to NCRI on a non-exclusive, non-transferrable basis under the NINC-NCRI Services Agreement (the “**Intellectual Property**”). Exhibit “B” to the NINC-NCRI Services Agreement lists the services that each party provided to the other (the “**Services**”). As set forth on Exhibit “B”, the Services to be provided by NCRI to Nordstrom US were the operation of the Stores and the Nordstrom.ca website; the Services to be provided by Nordstrom US to NCRI were the Shared Services as described above.

5.19 Pursuant to section 3.1 of the NINC-NCRI Services Agreement, Nordstrom US and NCRI agreed to pay the other the amounts set forth in Exhibit “B” to the NINC-NCRI Services Agreement in exchange for any Services and Intellectual Property provided thereunder (the “**Shared Services Fee**”). Such payments were to be paid within 30 days after the end of each quarterly accounting period such that any and all accrued amounts were paid within 30 days of Nordstrom US’s fiscal year end. The NINC-NCRI Services Agreement provided that if it was subsequently determined that the mutually agreed periodic billings did not reflect an arm’s length price, the parties agreed to make any necessary year-end compensating adjustments to ensure that the fees paid constituted an arm’s length result.

5.20 Notwithstanding the foregoing, Exhibit “B” to the NINC-NCRI Services Agreement does not set out the fees to be paid for the provision of Services or the license of Intellectual Property.

5.21 The Monitor understands that Nordstrom US and NCRI have historically determined the Shared Services Fee payable by NCRI to Nordstrom US according to the following:

(a) for those Services that were specific to NCRI, all of the costs for such Services were charged by Nordstrom US to NCRI; and

(b) for the remainder of the Services, which were not specific to NCRI, Nordstrom US allocated the costs and expenses for such Services amongst NCRI and those affiliates (i.e., non-Nordstrom Canada Entities) that also received such Services. The allocation applied by Nordstrom US was determined by Nordstrom US’s finance team based on applicable metrics having regard to the nature of the Service and are as follows:

(i) *Marketing*: Marketing costs were allocated in two tranches: (A) gift card and loyalty program expenses were allocated based on the budgeted location of redemptions; and (B) marketing overhead was allocated based on a percentage of actual total monthly sales. NCRI was allocated approximately \$4.5 million of marketing costs for the fiscal year ended January 28, 2023.

(ii) *Technology*: Technology costs were allocated based on the activity that the shared services supported, including: (A) supporting overhead allocations

were based on budgeted overhead for each business unit; and (B) activities that supported volume were allocated based on budgeted sales. NCRI was allocated approximately \$11.6 million of technology costs for the fiscal year ended January 28, 2023.

- (iii) *NMG/NPG*: Nordstrom Merchandise Group and Nordstrom Product Group costs were allocated based on the merchandise sales mix by sales channel. NCRI was allocated approximately \$11.2 million of NMG/NPG costs for the fiscal year ended January 28, 2023.
- (iv) *Corporate and Other Overhead*: Corporate and other overhead costs were allocated based on: (A) percentage of sales; (B) percentage of Full-Time-Equivalent headcount; and (C) activity utilization factors based on budget. NCRI was allocated approximately \$4.4 million of corporate and other overhead costs for the fiscal year ended January 28, 2023.
- (v) *Payroll Support*: Payroll support costs were allocated based on a percentage of Full-Time-Equivalent headcount. NCRI was allocated approximately \$1.9 million of payroll support costs for the fiscal year ended January 28, 2023.

(ii) *Quantum of the NINC-NCRI Services Claim*

5.22 The Monitor has, among other things, performed the following activities in reviewing the provision of the Services and the licensing of Intellectual Property for the purposes of determining the related Intercompany Claim:

- (a) reviewed the terms of the NINC-NCRI Services Agreement;
- (b) confirmed the methodology under which the Shared Services Fee was determined;
- (c) verified (or, to the extent not possible, assessed the reasonableness of) the costs incurred by Nordstrom US in providing the Services to NCRI for which Nordstrom US billed NCRI on a cost-basis;
- (d) assessed the reasonableness of the allocation of costs and expenses to NCRI for the Services that were not billed by Nordstrom US on a cost-basis, including:
 - (i) reviewing the unpaid Services allocated by Nordstrom US; (ii) reviewing a sample of cost allocations to ensure consistency with the Monitor's understanding;
 - (iii) assessing the quantum of unpaid Services charges compared to historical averages by allocation methodology; and (iv) reviewing the calculation of the Shared Services Fee for the stub period from February 26, 2023 to and including March 1, 2023, which was calculated by the Nordstrom Group based on the average daily Shared Services Fee for the fiscal month ended February 25, 2023, pro-rated for the four-day period to March 1, 2023; and
- (e) reviewed certain financial information and documentation provided by Nordstrom US in respect of outstanding Shared Services Fees relating to the period prior to the Filing Date.

5.23 The Monitor understands that the Shared Services Fee was paid by NCRI to Nordstrom US in the normal course up to and including the Shared Services Fee relating to August 2022 that was paid in October 2022. The Monitor understands that no subsequent payments in

respect of the Shared Services Fee were made in light of the decision of the Nordstrom Group to cease making intercompany transfers in October 2022 while it considered its options with respect to the Canadian business.

- 5.24 Based on the Monitor's review, the Shared Services Fee payable by NCRI to Nordstrom US under the NINC-NCRI Services Agreement for the period between September 1, 2022 and the Filing Date is \$17,661,179.
- 5.25 Based on the foregoing, it is the Monitor's view that the NINC-NCRI Services Claim is a valid Pre-Filing Claim by Nordstrom US against NCRI in the amount of \$17,661,179.

D. Claim No. 3: NCRI Transfer Pricing Claim

(i) Background

- 5.26 Prior to the CCAA Proceedings, operational funding for NCRI was provided by Nordstrom US through transfer pricing payments made by Nordstrom US pursuant to the transfer pricing policy set out in the NINC-NCRI Services Agreement (the "**Transfer Pricing Policy**").
- 5.27 The Transfer Pricing Policy is contained in Exhibit "B" to the NINC-NCRI Services Agreement, as follows:

"In consideration of the [NINC-NCRI Services] Agreement, each party agrees to pay the other the US dollar amount necessary such that NCRI, as a limited risk operator, realizes an arms-length Rate of Return between 4.5% and 6.5%, to be reviewed and updated as needed. "Rate of Return" is defined as operating profit divided by net sales."

- 5.28 Pursuant to the NINC-NCRI Services Agreement, payments under the Transfer Pricing Policy were to be made within 30 days of each quarterly accounting period. In practice, amounts payable under the Transfer Pricing Policy were recorded on a quarterly basis, and payments were made periodically based on the cash needs of NCRI and typically settled at year-end.
- 5.29 While the Transfer Pricing Policy provides for the possibility of NCRI making transfer payments to Nordstrom US to achieve an arms-length Rate of Return (as defined in the NINC-NCRI Services Agreement) between 4.5% and 6.5% (the “**Rate of Return Range**”), the Monitor understands that in actuality some form of transfer payments have always been made by Nordstrom US to NCRI upon the Nordstrom Group’s expansion into Canada, given the underperformance of the Canadian retail business since the NINC-NCRI Services Agreement was executed.
- 5.30 The Wind-Down Agreement entered into by Nordstrom US and the Nordstrom Canada Entities on March 1, 2023 terminated the Transfer Pricing Policy with immediate effect.

(ii) Quantum of the NCRI Transfer Pricing Claim

- 5.31 Although payments under the Transfer Pricing Policy were to be made within 30 days of each quarterly accounting period, Nordstrom US has not made any transfers to NCRI under the Transfer Pricing Policy since October 26, 2022 in light of the decision of the Nordstrom Group to cease making intercompany transfers in October 2022 while it considered its options with respect to the Canadian business.

- 5.32 Since that time, any transfers to be made by Nordstrom US to NCRI under the Transfer Pricing Policy were instead recorded as an intercompany receivable of NCRI due from Nordstrom US.
- 5.33 In this regard, Nordstrom US has recorded the following amounts as being owed by Nordstrom US to NCRI under the Transfer Pricing Policy (collectively, the “**Outstanding Transfer Payments**”):
- (a) \$74,877,000 in respect of the 2022 fiscal year ended January 28, 2023, which amount is net of transfer pricing payments of US\$20,000,000 that were previously made by Nordstrom US in respect of the 2022 fiscal year; and
 - (b) \$12,523,488 in respect of the period from January 29, 2023 to March 1, 2023 (being the day immediately prior to the Filing Date).
- 5.34 The Monitor has reviewed the terms of the NINC-NCRI Services Agreement, including the Transfer Pricing Policy, and the calculation of the Outstanding Transfer Payments, including information regarding NCRI’s operating profit and net sales for the relevant periods. The Monitor reconciled the Net Sales and Earnings Before Interest and Taxes included in the 2022 fiscal year Transfer Pricing Policy calculation to the supporting trial balance included in Exhibit “K” in the First Heckel Affidavit and reconciled the transfer pricing payments made during fiscal 2022 to the supporting bank statements.

5.35 The Monitor notes the following with respect to the calculation of the Outstanding Transfer Payments:

- (a) the Outstanding Transfer Payment for the 2022 fiscal year ended January 28, 2023 has been calculated by the Nordstrom Group to yield a Rate of Return for NCRI of 4.84% in Canadian dollars;
- (b) the Outstanding Transfer Payment for the period from January 29, 2023 to February 25, 2023 has been calculated by the Nordstrom Group to yield a Rate of Return for NCRI of 4.50% in Canadian dollars; and
- (c) the Outstanding Transfer Payment for the period from February 26, 2023 to March 1, 2023 has been calculated by the Nordstrom Group based on the average daily transfer pricing payment for the fiscal month ended February 25, 2023, prorated for the four-day period to March 1, 2023.

5.36 The Monitor notes that the Outstanding Transfer Payments were calculated using a Rate of Return at the lower end of the Rate of Return Range. The Monitor understands that this is consistent with the Nordstrom Group's past practice. For example, the transfer pricing payment for the 2021 fiscal year was calculated to yield a Rate of Return for NCRI of 4.54% in Canadian dollars.

5.37 Based on the foregoing, the Monitor is of the view that NCRI has a valid claim against Nordstrom US for unpaid transfer payments under the Transfer Pricing Policy for the 2022 fiscal year ended January 28, 2023 and for the period from January 29, 2023 to termination of the NINC-NCRI Services Agreement on March 1, 2023, in the aggregate amount of

\$87,400,488. Subject to the application of the right of set-off as described below, the Monitor is of the view that the Outstanding Transfer Payments are a debt payable by Nordstrom US to NCRI.

(iii) Set-off of NCRI Transfer Pricing Claim and NINC-NCRI Services Claim

5.38 The Monitor and its legal counsel have considered whether the respective pre-filing obligations of NCRI and Nordstrom US under the NINC-NCRI Services Agreement are subject to set-off – in other words, whether Nordstrom US is entitled to set-off the \$17,661,179 it is owed by NCRI in respect of the NINC-NCRI Services Claim against the \$87,400,488 that it owes to NCRI in respect of the NCRI Transfer Pricing Claim.

5.39 The Monitor notes the following facts, which support a finding that the NCRI Transfer Pricing Claim and the NINC-NCRI Services Claim are subject to legal set-off:

- (a) the claims are cross-claims between the same parties;
- (b) the claims arise pursuant to the same agreement (the NINC-NCRI Services Agreement);
- (c) the claims are in the same right, as NCRI and Nordstrom US are liable solely to each other and the parties are acting in the same original capacity in regards to both claims;
- (d) the claims are liquidated, fixed and ascertainable;
- (e) the claims each relate to the period prior to the Filing Date (i.e. there is no issue of “pre-post” set-off); and

(f) the claims are closely intertwined in the sense that an adjustment to the quantum of the Shared Services Fee in respect of a particular period would result in a corresponding adjustment to the quantum of the transfer pricing payment under the Transfer Pricing Policy.

5.40 The Monitor notes that, if it is determined that the NCRI Transfer Pricing Claim and the NINC-NCRI Services Claim are subject to set-off, the net amount owing by Nordstrom US to NCRI in respect of such claims is \$69,739,309.

E. Claim No. 4: NINC Employee Trust Subrogated Claim

(i) Background

5.41 As of the Filing Date, NCRI employed approximately 2,300 salaried and hourly employees. On March 21, 2023, substantially all employees were provided with written notice of termination with effective termination dates to occur between May 16, 2023 and June 30, 2023 in order to align with the anticipated timing for closure of the Stores. Accordingly, the employment of the vast majority of employees has terminated during the course of the Nordstrom Canada Entities' orderly wind-down, with the exception of two employees who continue to assist with wind-down matters.

5.42 In order to provide eligible employees with a measure of financial security during the wind-down process and to ensure that all employees of NCRI received the full amount of termination and severance pay owed to them under applicable employment standards legislation, the Nordstrom Canada Entities sought and obtained in the Initial Order (as confirmed by the ARIO) the approval of a trust established for the benefit of their employees and funded by Nordstrom US (the "**Employee Trust**").

- 5.43 The Employee Trust is governed by an Employee Trust Agreement dated as of March 2, 2023 (the “**Employee Trust Agreement**”) among Nordstrom US, as settlor, the Monitor, as administrator (in such capacity, the “**Administrator**”), and Gale Rubenstein, in her personal capacity as trustee (the “**Trustee**”).¹ A copy of the Employee Trust Agreement is attached to this Report as **Appendix “D”**.
- 5.44 The Employee Trust has been funded by Nordstrom US in accordance with the terms of the Employee Trust Agreement. Nordstrom US made the First Contribution, in the amount of \$14,000,000, on March 13, 2023.
- 5.45 To date, the Employee Trust has reimbursed NCRI for Eligible Employee Claims in the aggregate amount of \$13,633,426. As the employment of substantially all employees has now terminated and the majority of Eligible Employee Claims have been reimbursed, it is not expected that payments of Eligible Employee Claims from the Employee Trust will exceed \$15,750,000 in the aggregate. In addition, certain other amounts funded to the Employee Trust by Nordstrom US have been used or allocated to pay the Administrator Payments and the Trustee Payments in accordance with the Employee Trust Agreement. The remaining Eligible Employee Claims to be reimbursed relate to: (a) Benefit Claims, which are in the process of being quantified; (b) payments that may be required as a result of Notices of Dispute received prior to 60 days after the final payment to such Eligible Employee, which has not yet passed for a majority of employees; and (c) payments required as a result of the final reconciliation to be performed by the Administrator and NCRI.

¹ Capitalized terms used but not defined in this section have the meanings given to such terms in the Employee Trust Agreement.

(ii) *Quantum of NINC Employee Trust Subrogated Claim*

5.46 Section 2.4 of the Employee Trust Agreement provides Nordstrom US (referred to as the Settlor) with a right of subrogation against NCRI (referred to as Nordstrom Canada):

The Settlor shall have – and shall be deemed by the Monitor and the Nordstrom Canada Entities to have – full and complete subrogation rights against Nordstrom Canada in respect of the aggregate gross amount paid to Beneficiaries directly or indirectly from the Employee Trust.

5.47 Paragraph 28(c) of the ARIO approved the subrogation right:

[THIS COURT ORDERS that] the Settlor (as defined in the Trust Agreement) shall be deemed to be fully and completely subrogated to all rights of recovery of the Beneficiaries against [NCRI], in an amount equal to the aggregate gross amount paid to such Beneficiaries directly or indirectly from the Employee Trust.

5.48 Accordingly, by operation of the Employee Trust Agreement and the ARIO, Nordstrom US has a subrogated claim against NCRI in an amount equal to the aggregate gross amount paid to Beneficiaries from the Employee Trust. The gross amount paid to such Beneficiaries are the aggregate Eligible Employee Claims as defined in the Employee Trust Agreement.

5.49 In accordance with the Employee Trust Agreement, the Administrator has assisted NCRI and the Trustee in preparing the calculations of Eligible Employee Regular Wages and Regular Work Weeks that are utilized to calculate Eligible Employee Claims (including Top Up Claims).

5.50 As of the date of this Report, \$13,633,426 has been reimbursed from the Employee Trust to NCRI in respect of Eligible Employee Claims paid by NCRI to employees.

- 5.51 Pursuant to the Employee Trust Agreement, an Eligible Employee Claim is determined by reference to the Statutory Termination Entitlements of an Eligible Employee. “Statutory Termination Entitlements” is defined in the Employee Trust Agreement as: “the applicable statutory minimum termination entitlements under ESA in respect of, if and as required, notice of termination, pay-in-lieu of notice, severance pay, post-termination benefits coverage and post-termination vacation pay.”
- 5.52 Accordingly, the Eligible Employee Claims – the payment of which gives rise to the right of subrogation – are, in substance, claims in respect of termination and severance entitlements. The Monitor understands that this Court and other Canadian courts have determined that claims of employees for termination and severance arising from the termination of their employment after the commencement of CCAA proceedings constitute pre-filing claims. Moreover, in the absence of the Employee Trust, any claims by employees for termination and severance entitlements would be Pre-Filing Claims against NCRI. Accordingly, the Monitor is of the view that the NINC Employee Trust Subrogated Claim is properly characterized as a Pre-Filing Claim.
- 5.53 Based on the foregoing, it is the Monitor’s view that the NINC Employee Trust Subrogated Claim is a valid Pre-Filing Claim by Nordstrom US against NCRI in the amount of \$13,633,426 as of the date of this Report. The quantum of the NINC Employee Trust Subrogated Claim will increase to the extent of the Eligible Employee Claims paid to Beneficiaries following the date of this Report, but it is not expected that the aggregate NINC Employee Trust Subrogated Claim will exceed \$15,750,000.

F. Claim No. 5: NINC-NCL Services Claim

- 5.54 Prior to the Filing Date, Nordstrom US and NCL were parties to the NINC-NCL Services Agreement, under which Nordstrom US provided the services to NCL as described in the NINC-NCL Services Agreement. A copy of the NINC-NCL Services Agreement is attached to this Report as **Appendix “E”**. As of the date of this Report, the Monitor has not received a copy of the NINC-NCL Services Agreement executed by NCL.
- 5.55 Pursuant to section 3.1 of the NINC-NCL Services Agreement, NCL agreed to pay Nordstrom US the amount set forth in Exhibit “A” to the NINC-NCL Services Agreement in exchange for the provision of the services set out therein. Such payments were to be paid within 30 days after the end of each quarterly accounting period such that any and all accrued amounts were paid within 30 days of Nordstrom US’s fiscal year end. The NINC-NCL Services Agreement provided that if it was subsequently determined that the mutually agreed periodic billings did not reflect an arm’s length price, the parties agreed to make any necessary year-end compensating adjustments to ensure that the fees paid constituted an arm’s length result.
- 5.56 The Monitor understands that no amounts have been paid by NCL for services provided by Nordstrom US for fiscal years 2021 and 2022. The Monitor has reviewed the terms of the NINC-NCL Services Agreement and the calculation of the unpaid services fees for fiscal years 2021 and 2022 as reflected in the Nordstrom Group’s intercompany accounts. The Monitor notes that the services fees allocated to NCL in respect of those periods account for approximately 0.03% of Nordstrom US’s allocable expenses.

5.57 Based on the foregoing, it is the Monitor's view that the NINC-NCL Services Claim is a valid Pre-Filing Claim by Nordstrom US against NCL in the amount of \$495,582.

G. Claim No. 6: NINC-NCH Services Claim

5.58 Prior to the Filing Date, Nordstrom US and NCH were parties to the NINC-NCH Services Agreement, under which Nordstrom US provided the services to NCH as described in the NINC-NCH Services Agreement. A copy of the NINC-NCH Services Agreement is attached to this Report as **Appendix "F"**.

5.59 Pursuant to section 3.1 of the NINC-NCH Services Agreement, NCH agreed to pay Nordstrom US for the actual and reasonable costs of the services rendered when presented with a request for payment and adequate payment documentation of the costs incurred, or alternatively a flat fee of \$5,000 per year for any de minimus services rendered by Nordstrom US. Such payments were to be paid within 30 days after the end of each quarterly accounting period such that any and all accrued amounts were paid within 30 days of Nordstrom US's fiscal year end. The NINC-NCH Services Agreement provided that if it was subsequently determined that the mutually agreed periodic billings did not reflect an arm's length price, the parties agreed to make any necessary year-end compensating adjustments to ensure that the fees paid constituted an arm's length result.

5.60 The Monitor has reviewed the terms of the NINC-NCH Services Agreement and a summary of the fees payable by NCH thereunder. The Monitor understands that such fees have not been cash settled since the execution of the NINC-NCH Services Agreement.

5.61 Based on the foregoing, it is the Monitor's view that the NINC-NCH Services Claim is a valid Pre-Filing Claim by Nordstrom US against NCH in the amount of \$55,031.

H. Claim No. 7: NINC-NCHII Services Claim

- 5.62 Prior to the Filing Date, Nordstrom US and NCHII were parties to the NINC-NCHII Services Agreement, under which Nordstrom US provided the services to NCHII as described in the NINC-NCHII Services Agreement. A copy of the NINC-NCHII Services Agreement is attached to this Report as **Appendix “G”**.
- 5.63 Pursuant to section 3.1 of the NINC-NCHII Services Agreement, NCHII agreed to pay Nordstrom US for the actual and reasonable costs of the services rendered when presented with a request for payment and adequate payment documentation of the costs incurred, or alternatively a flat fee of \$5,000 per year for any de minimus services rendered by Nordstrom US. Such payments were to be paid within 30 days after the end of each quarterly accounting period such that any and all accrued amounts were paid within 30 days of Nordstrom US’s fiscal year end. The NINC-NCHII Services Agreement provided that if it was subsequently determined that the mutually agreed periodic billings did not reflect an arm’s length price, the parties agreed to make any necessary year-end compensating adjustments to ensure that the fees paid constituted an arm’s length result.
- 5.64 The Monitor has reviewed the terms of the NINC-NCHII Services Agreement and a summary of the fees payable by NCHII thereunder. The Monitor understands that such fees have not been cash settled since the execution of the NINC-NCHII Services Agreement.
- 5.65 Based on the foregoing, it is the Monitor’s view that the NINC-NCHII Services Claim is a valid Pre-Filing Claim by Nordstrom US against NCHII in the amount of \$56,829.

6.0 INTRACOMPANY CLAIMS

A. Summary of Intracompany Claims

6.1 As described below, the Monitor has identified and reviewed the following Intracompany Claims as among the Nordstrom Canada Entities:

- (a) *Claim No. 8* – a Pre-Filing Claim by NCL against NCRI for unpaid Basic Sublease Rent, Sublease Additional Rent and Real Estate Improvement Rent (each as defined below) relating to the period prior to the Filing Date (the “**NCL Pre-Filing Sublease Rent Claim**”), in the amount of \$64,879,810;
- (b) *Claim No. 9* – a Post-Filing Claim by NCL against NCRI for unpaid Real Estate Improvement Rent (as defined below) relating to the period from and after the Filing Date (the “**NCL Post-Filing Sublease Rent Claim**”), in the amount of \$26,227,411;
- (c) *Claim No. 10* – a Restructuring Period Claim by NCL against NCRI for damages suffered by NCL as a result of the termination of the Master Leases and Subleases (each as defined below) (the “**NCL Sublease Termination Claim**”), consisting of two components:
 - (i) *Claim No. 10A* – a Restructuring Period Claim by NCL against NCRI for the claims of Landlords against NCL arising from the disclaimer of the unassigned Master Leases (the “**NCL Master Lease Flow-Through Claim**”), which cannot be quantified at this time (as described below); and

- (ii) *Claim No. 10B* – a Restructuring Period Claim by NCL 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 (the “**NCL Improvement Rent Claim**”), in the amount of \$368,027,201; and
- (d) *Claim No. 11* – a Pre-Filing Claim by NCRI against NCL for unpaid fees relating to the provision of shared services pursuant to the Inter-Affiliate Services Agreement dated as of December 10, 2014 (the “**NCRI-NCL Services Agreement**”) between NCRI and NCL (the “**NCRI-NCL Services Claim**”), in the amount of \$55,046.

6.2 Each of the foregoing Intracompany Claims are addressed further below.

B. Background to the Intracompany Lease Claims (Claims No. 8, 9 and 10)

(i) *The Lease-Sublease Structure*

6.3 As at the Filing Date, NCRI operated 13 Stores, consisting of six full-line Nordstrom stores (the “**Full-Line Stores**”) and seven Nordstrom Rack stores (the “**Rack Stores**”).

6.4 All of the Stores were operated in leased premises owned by third parties under the following structure:

- (a) each Store premises was leased by NCL from an unrelated third-party landlord (each, a “**Landlord**”) pursuant to a lease agreement (each, a “**Master Lease**”);

- (b) NCL paid rent to the Landlord pursuant to the Master Lease, including, as applicable, Basic Rent or Minimum Rent, additional rent and, in some cases, Percentage Rent (as each of those terms are defined in the applicable Master Lease);
- (c) NCL, in turn, subleased each of the Store premises to NCRI pursuant to a sublease agreement (the “**Sublease**”);
- (d) pursuant to the Sublease, NCRI agreed to pay to NCL:
 - (i) all Basic Rent or Minimum Rent required to be paid by NCL to the Landlord pursuant to the applicable Master Lease during the term of the Sublease as and when such Basic Rent or Minimum Rent was due under the Master Lease (the “**Basic Sublease Rent**”);
 - (ii) all additional rent required to be paid by NCL to the Landlord under the applicable Master Lease including all operating expenses, real property taxes, and other expenses and charges payable by NCL under the Master Lease (the “**Sublease Additional Rent**”); and
 - (iii) an amount on account of a percentage of costs incurred by NCL in constructing, fixturing and furnishing the Store after the execution of the applicable Master Lease (the “**Real Estate Improvement Rent**”), as described further below;
- (e) the term of each Sublease was for a period commencing on the date of execution of the Sublease and ending one day prior to the expiration or earlier termination of the Master Lease; and

(f) each Sublease provides that, in the event of the termination of NCL's interest as tenant under the Master Lease for any reason, the Sublease shall terminate upon termination of the Master Lease.

(ii) *Real Estate Improvement Rent*

6.5 To fund the Nordstrom Group's expansion into the Canadian market, NIL advanced funding to NCH under the Canada Expansion Loan Agreement and through contributed capital. NCH, in turn, contributed equity financing to NCL. NCL then incurred the costs of constructing, fixturing and furnishing each Store in accordance with the applicable Master Lease and related specifications and drawings. This construction work is defined in the Subleases as the "**TI Work**".

6.6 As described at paragraphs 44 and 45 of the Initial Heckel Affidavit, each Sublease required NCRI to reimburse NCL for the cost of the TI Work through the payment of the Real Estate Improvement Rent during the initial term of the Sublease. The annual Real Estate Improvement Rent was a fixed annual amount determined as a specified percentage of the total TI Costs actually paid by NCL (net of any capital contribution provided by the Landlord) determined through a financial model that considered a number of factors, including Sublease revenue, depreciation, interest expense and tax expense. For the Full-Line Stores, the costs of the TI Work were repayable at a rate of 12.80% per annum; for the Rack Stores, the costs of TI Work were repayable at a rate of 15.00% per annum.

6.7 Under each Sublease, NCRI was required to pay the Real Estate Improvement Rent in monthly instalments concurrently with the payment of Basic Sublease Rent.

6.8 The following table sets out, for each Store: (a) the specified percentage of TI Work to be repaid on an annual basis; and (b) the resulting annual Real Estate Improvement Rent payment under the applicable Sublease:

Store	Specified Percentage of TI Work Repaid Annually	Real Estate Improvement Rent (Annual)
Yorkdale Full-Line Store	12.8%	\$15,609,186
Pacific Centre Full-Line Store	12.8%	8,652,750
Eaton Centre Full-Line Store	12.8%	13,539,124
Sherway Gardens Full-Line Store	12.8%	8,741,093
Rideau Centre Full-Line Store	12.8%	7,673,372
Chinook Centre Full-Line Store	12.8%	6,258,630
Willowbrook Rack Store	15.0%	805,304
Vaughan Mills Rack Store	15.0%	709,408
South Edmonton Commons Rack Store	15.0%	681,342
Heartland Town Centre Rack Store	15.0%	745,688
One Bloor Rack Store	15.0%	1,074,398
Ottawa Train Yards Rack Store	15.0%	650,143
Deerfoot Meadows Rack Store	15.0%	658,107

(iii) Lease and Sublease Termination Dates

6.9 As of the date of this Report, the Nordstrom Canada Entities:

- (a) have disclaimed the Master Leases in respect of nine Stores;
- (b) received a notice of termination from a Landlord in respect of one Store (the Ottawa Train Yards Rack Store), which termination will become effective on September 1, 2023; and
- (c) have not issued any notice to disclaim the Master Lease in respect of three Stores (the Heartland Town Centre Rack Store, the Deerfoot Meadows Rack Store, and

the Vaughan Mills Rack Store) as they are subject to Court-approved lease assignment transactions in respect of such Master Leases. The assignment of the Heartland Lease occurred on July 20, 2023, and the assignments of the Deerfoot Meadows Lease and the Vaughan Mills Lease are expected to occur on February 1, 2024 in accordance with the terms of the Winners Agreement.

- 6.10 For purposes of the calculation of the quantum of certain Intracompany Claims (in particular, the NCL Post-Filing Sublease Rent Claim and/or the NCL Improvement Rent Claim), it is necessary to determine the date on which the applicable Master Lease and related Sublease are terminated. As set forth above, each Sublease terminates, by its terms, upon the termination of the Master Lease.
- 6.11 For purposes of this Report, the Monitor has assumed that, for a Master Lease in respect of which NCL has entered into a Court-approved assignment agreement, the related Sublease shall terminate on the closing date or expected closing date of the assignment of the Master Lease.
- 6.12 Accordingly, this Report quantifies lease-related claims on the basis of the termination dates for the Master Leases and Subleases specified in the table below (the “**Master Lease Termination Date**” and the “**Sublease Termination Date**”, respectively). The final quantum of the lease-related claims are subject to adjustment in circumstances where the actual Master Lease Termination Date and/or the Sublease Termination Date is other than as shown in the table below:

Store	Master Lease Termination Date	Sublease Termination Date
Yorkdale Full-Line Store	July 22, 2023	July 22, 2023
Pacific Centre Full-Line Store	July 22, 2023	July 22, 2023
Eaton Centre Full-Line Store	July 22, 2023	July 22, 2023
Sherway Gardens Full-Line Store	July 22, 2023	July 22, 2023
Rideau Centre Full-Line Store	July 22, 2023	July 22, 2023
Chinook Centre Full-Line Store	July 22, 2023	July 22, 2023
Willowbrook Rack Store	June 2, 2023	June 2, 2023
Vaughan Mills Rack Store	N/A (Master Lease to be assigned)	February 1, 2024
South Edmonton Commons Rack Store	June 2, 2023	June 2, 2023
Heartland Town Centre Rack Store	N/A (Master Lease assigned)	July 19, 2023
One Bloor Rack Store	June 4, 2023	June 4, 2023
Ottawa Train Yards Rack Store	September 1, 2023	September 1, 2023
Deerfoot Meadows Rack Store	N/A (Master Lease to be assigned)	February 1, 2024

C. Claim No. 8: NCL Pre-Filing Sublease Rent Claim

6.13 The NCL Pre-Filing Sublease Rent Claim is a Pre-Filing Claim by NCL, as sublessor, against NCRI, as sublessee, for unpaid Basic Sublease Rent, Sublease Additional Rent and Real Estate Improvement Rent relating to the period prior to the Filing Date.

6.14 Sublease Additional Rent relating to real property taxes and utilities (the “**Taxes and Utilities Rent**”) payable by NCRI to NCL relating to the period prior to the Filing Date (the “**Pre-Filing Period**”) was not settled on a recurring basis. Commencing in 2018, the monthly expense for Taxes and Utilities Rent was recorded to an intercompany account that was not marked for quarterly settlement. The Nordstrom Group identified the non-payment during a review of the intercompany accounts in 2022.

6.15 Separately, all Basic Sublease Rent, Sublease Additional Rent (other than Taxes and Utilities Rent) and Real Estate Improvement Rent were settled on a recurring basis up to

and including August 2022. The Monitor understands that no payments for the periods subsequent to August 2022 were made in respect of Basic Sublease Rent, Sublease Additional Rent or Real Estate Improvement Rent for the Pre-Filing Period in light of the decision of the Nordstrom Group to cease making intercompany transfers in October 2022 while it considered its options with respect to the Canadian business.

- 6.16 As noted, each Sublease required NCRI to pay NCL the Basic Sublease Rent and Sublease Additional Rent as due under the Master Lease. The Monitor understands that Basic Sublease Rent and Sublease Additional Rent (other than Taxes and Utilities Rent) up to and including August 2022 were cash paid by NCRI based on the amounts recorded under *Accounting Standards Codification 842*.
- 6.17 In respect of the Pre-Filing Period, the Monitor has quantified the NCL Pre-Filing Sublease Rent Claim as the difference between (a) the aggregate rent paid by NCL under the Master Leases to third-party Landlords (all of which was, in turn, payable by NCRI to NCL under the Subleases); and (b) the actual amounts paid by NCRI to NCL in respect of such rent (i.e. the sum of all Basic Sublease Rent and Sublease Additional Rent paid by NCRI to NCL).
- 6.18 The Monitor has, among other things, performed the following activities in reviewing the quantum of the NCL Pre-Filing Sublease Rent Claim:
- (a) reviewed the supporting calculations for the annual Real Estate Improvement Rent and reconciled the calculations to the amounts recorded;

- (b) obtained supporting documentation outlining cash payments of Sublease rent for the Pre-Filing Period and inspected the associated bank statements to verify the amounts paid;
- (c) compared the fiscal 2022 quarterly settlements between NCRI and NCL, on a sample basis, to supporting documentation to: (i) verify that the Taxes and Utilities Rent components of Sublease Additional Rent were excluded from cash settlement; and (ii) verify that the Basic Sublease Rent, Sublease Additional Rent (other than Taxes and Utilities Rent) and Real Estate Improvement was cash settled by NCRI;
- (d) reconciled supporting journal entries, on a sample basis, to unsettled real property tax and utilities support; and
- (e) reviewed the reconciliation of historical Sublease rent settlements to amounts paid under the Master Lease.

6.19 Based on the foregoing, it is the Monitor's view that the NCL Pre-Filing Sublease Rent Claim is a valid Pre-Filing Claim by NCL against NCRI in the amount of \$64,879,810.

D. Claim No. 9: NCL Post-Filing Sublease Rent Claim

6.20 The NCL Post-Filing Sublease Rent Claim is a Post-Filing Claim by NCL against NCRI for unpaid Real Estate Improvement Rent relating to the period from and after the Filing Date.

6.21 As it relates to Real Estate Improvement Rent, paragraph 10 of the ARIO states in relevant part as follows:

Without in any way impairing, limiting or lessening the priority, protections, rights or remedies of [NCL], any Rent in respect of Premises Fixturing Costs payable by [NCRI] to [NCL] under a Lease shall be stayed and suspended until further Order of this Court.²

6.22 Accordingly, the payment of Real Estate Improvement Rent by NCRI was stayed and suspended pursuant to the ARIO. NCRI has not paid any Real Estate Improvement Rent to NCL during the CCAA Proceedings.

6.23 The following table lists, for each Store: (a) the aggregate annual Real Estate Improvement Rent payable under the applicable Sublease; and (b) the NCL Post-Filing Sublease Rent Claim, being the aggregate unpaid Real Estate Improvement Rent for the period commencing on the Filing Date and ending on the applicable Sublease Termination Date:

Store	Real Estate Improvement Rent (Annual)	NCL Post-Filing Sublease Rent Claim
Yorkdale Full-Line Store	\$15,609,186	\$6,115,380
Pacific Centre Full-Line Store	8,652,750	3,389,982
Eaton Centre Full-Line Store	13,539,124	5,304,369
Sherway Gardens Full-Line Store	8,741,093	3,424,592
Rideau Centre Full-Line Store	7,673,372	3,006,280
Chinook Centre Full-Line Store	6,258,630	2,452,011
Willowbrook Rack Store	805,304	205,187

² The ARIO references the definition of “Premises Fixturing Costs” in the Initial Heckel Affidavit, where Premises Fixturing Costs are defined as “all costs incurred by [NCL] in constructing, fixturing and furnishing the retail premises after executing the Lease”. Accordingly, the term “Premise Fixturing Costs” used in the Initial Heckel Affidavit is a synonym for the definition of “TI Work” in the Subleases. Accordingly, the effect of this provision of the ARIO was to stay the payment of Real Estate Improvement Rent during the CCAA Proceedings, subject to further order of the Court.

Store	Real Estate Improvement Rent (Annual)	NCL Post-Filing Sublease Rent Claim
Vaughan Mills Rack Store	709,408	654,988
South Edmonton Commons Rack Store	681,342	173,602
Heartland Town Centre Rack Store	745,688	286,017
One Bloor Rack Store	1,074,398	279,638
Ottawa Train Yards Rack Store	650,143	327,743
Deerfoot Meadows Rack Store	658,107	607,622
TOTAL	\$65,798,545	\$26,227,411

6.24 The Monitor notes that the stay and suspension of payments of Real Estate Improvement Rent pursuant to paragraph 10 of the ARIO is an exception to the general language in that paragraph, which otherwise provides that each Nordstrom Canada Entity is required to pay Rent (as defined and in accordance with the ARIO) under any lease (including a sublease) to which it is a party until such lease is disclaimed in accordance with the CCAA or otherwise consensually terminated. In the absence of this exception, NCRI would have been required to pay Real Estate Improvement Rent to NCL in the ordinary course during the CCAA Proceedings until such time as the applicable Sublease was disclaimed or terminated.

6.25 Further, paragraph 10 of the ARIO provides that the stay and suspension of the payments of Real Estate Improvement Rent does not impair, limit or lessen the priority, protections or remedies of NCL.

6.26 Based on the foregoing, it is the Monitor's view that (a) the NCL Post-Filing Sublease Rent Claim is a valid Post-Filing Claim by NCL against NCRI in the amount of \$26,227,411; and (b) since the NCL Post-Filing Sublease Rent Claim is a Post-Filing Claim, it is payable in full to NCL.

E. Background to the NCL Sublease Termination Claim (Claims No. 10A and 10B)

6.27 Each Sublease provides, among other things:

- (a) except as may be inconsistent with the terms of the Sublease, all the terms, covenants, conditions and defined terms contained in the Master Lease shall be applicable to the Sublease with the same force and effect as if NCL were the landlord under the Master Lease and NCRI were the tenant thereunder;
- (b) NCRI is responsible for the performance of all of NCL's obligations under the Master Lease except as specifically indicated to the contrary in the Sublease; and
- (c) NCRI shall pay to NCL Basic Sublease Rent, Sublease Additional Rent and Real Estate Improvement Rent in accordance with the terms of the Sublease and the Master Lease.

6.28 Each of the Subleases also contains the following agreement between NCL (in its capacity as Sublandlord) and NCRI (in its capacity as Subtenant):

Subtenant shall indemnify and hold Sublandlord harmless from and against all claims of any kind whatsoever by reason of any breach or default on the part of Subtenant by reason of which the Master Lease may be terminated or forfeited. In the event of the termination of Sublandlord's interest as tenant under the Master Lease for any reason, then this Sublease shall terminate upon termination of the Master Lease; provided, however, that if the Master Lease or this Sublease terminates as a result of a default of Subtenant, then Subtenant shall be liable to Sublandlord for all damages suffered by Sublandlord as a result of the termination of the Master Lease or this Sublease.

6.29 Accordingly, NCRI and NCL agreed pursuant to the Sublease that:

- (a) NCRI indemnifies and holds NCL harmless from all claims of any kind whatsoever arising from a breach or default by NCRI resulting in the termination of the Master Lease; and
- (b) if the Master Lease or Sublease terminates as a result of a default by NCRI, then NCRI shall be liable to NCL for all damages suffered by NCL as a result of the termination of the Master Lease or the Sublease.

6.30 The Monitor is of the view that, from a substantive perspective, the termination of the unassigned Master Leases and the termination of the Subleases arose as a result of the insolvency of NCRI. In that regard, the Monitor notes the following:

- (a) as stated at paragraph 23 of the Initial Heckel Affidavit, NCRI “is the operating entity in Canada and serves as the customer retail sales entity for the Nordstrom Group in the Canadian market.” NCRI carried on substantially all the Nordstrom Group’s business operations in Canada and was the only revenue-generating entity among the Nordstrom Canada Entities;
- (b) conversely, NCL did not carry on any retail business operations and was solely responsible for leasing activities. As stated at paragraph 26 of the Initial Heckel Affidavit, NCL is “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 [NCRI], who operates the stores”;

- (c) NCL had no independent ability to generate the funding necessary to pay rent to the third-party Landlords under the Master Leases. NCL was wholly-dependent on NCRI to pay Basic Sublease Rent and Sublease Additional Rent in order for NCL to pay the corresponding rent obligations to third-party Landlords under the Master Leases;
- (d) when NCRI became unable to pay rent or perform its other obligations under the Subleases, it rendered NCL unable to perform its obligations under the Master Leases; and
- (e) the disclaimer or termination of the unassigned Master Leases and the termination of the related Subleases was fundamentally the result of the insolvency of NCRI and the discontinuation of its Canadian retail operations.

6.31 Accordingly, the Monitor is of the view that the NCL Sublease Termination Claim is a valid Restructuring Period Claim by NCL against NCRI relating to the damages suffered by NCL as a result of the termination of the unassigned Master Leases and the termination of the Subleases. The NCL Sublease Termination Claim has two components:

- (a) the NCL Master Lease Flow-Through Claim, which is a Restructuring Period Claim by NCL against NCRI for the claims of Landlords against NCL arising from the disclaimer of the unassigned Master Leases; and
- (b) the NCL Improvement Rent Claim, which is a Restructuring Period Claim by NCL against NCRI arising from the termination of each Sublease.

F. Claim No. 10A: NCL Master Lease Flow-Through Claim

6.32 The NCL Master Lease Flow-Through Claim is a Restructuring Period Claim by NCL against NCRI for the claims of Landlords against NCL arising from the disclaimer of the unassigned Master Leases.

6.33 As described above, each Sublease provides that, if the Master Lease terminates as a result of a default of NCRI, then NCRI is liable to NCL for all damages suffered by NCL as a result of the termination of the Master Lease. The damages suffered by NCL from the termination of the applicable Master Leases will be the claims of the third-party Landlords arising from the disclaimer of such Master Leases.

6.34 As of the date of this Report, it is not possible to determine the quantum of the NCL Master Lease Flow Through-Claim because the claims of Landlords arising from the disclaimer of the unassigned Master Leases have not been finally determined in accordance with the Claims Procedure Order.

6.35 Based on the foregoing, it is the Monitor's view that the NCL Master Lease Flow Through-Claim is a valid Restructuring Period Claim by NCL against NCRI in an amount equal to the aggregate amount of proven claims of third-party Landlords against NCL arising from the disclaimer or termination of the unassigned Master Leases as determined in accordance with the Claims Procedure Order.

G. Claim No. 10B: NCL Improvement Rent Claim

6.36 As described above, each Sublease was structured such that NCL would recover the costs of the TI Work through the payment of Real Estate Improvement Rent by NCRI over the

term of the Sublease. Under the Subleases, Real Estate Improvement Rent is payable by NCRI on a monthly basis, together with Basic Sublease Rent. The Monitor has reviewed the scheduled monthly payments of Real Estate Improvement Rent for each of the Stores and confirmed that such scheduled monthly payments are in accordance with the applicable Subleases.

- 6.37 As a result of the termination of each Sublease, NCL will not receive future payments of Real Estate Improvement Rent. This is the case in respect of the ten Subleases that terminated as a result of the disclaimer or termination of the related Master Lease, and the three Subleases that have been or will be terminated by NCL and NCRI in order to facilitate the completion of the Court-approved Master Lease assignment transactions. In the Monitor's view the NCL Improvement Rent Claim is a Restructuring Period Claim by NCL against NCRI arising from the termination of the Subleases.
- 6.38 Since the monthly payments of Real Estate Improvement Rent extend for between five and 14 years following the respective Sublease Termination Dates, the Monitor believes that it is appropriate to value the NCL Improvement Rent Claim in an aggregate amount equal to the net present value (the "NPV") of Real Estate Improvement Rent payable under each Sublease from and after the Sublease Termination Date, without factoring in any mitigation.
- 6.39 In order to calculate the NPV of the future monthly payments of Real Estate Improvement Rent, it is necessary to determine the appropriate discount rate. In order to select an appropriate discount rate, the Monitor worked with internal A&M resources from its Disputes and Investigations group based in Calgary, Alberta (the "**A&M Valuation**

Group”), which group has significant experience in analysis of the quantum and valuation of claims.

6.40 The A&M Valuation Group utilized the weighted average cost of capital (“**WACC**”) methodology in determining an appropriate discount rate. The A&M Valuation Group considered a number of factors and inputs to determine the appropriate WACC, including the cost of debt and the cost of equity applicable to the Nordstrom Group and a group of comparable public companies.

6.41 The A&M Valuation Group considered the WACC methodology the most appropriate for determining a discount rate and considered alternatives including capitalization rates for similar real estate assets. Since Nordstrom US funded the cost of fixturing and furnishing the stores (through the Expansion Loans and capital contributions to NCH and thereafter to NCL), the market WACC of Nordstrom US is a reasonable level of return that NCL would have expected from the Subleases. The A&M Valuation Group considered the implied Price to Earnings Ratio and EBITDA multiples when measured against comparable companies and other financial metrics to assess the reasonableness of its WACC calculations and assumptions.

6.42 Ultimately, the A&M Valuation Group concluded, based on its WACC analysis, that a discount rate of 10.6% to 11.8% is appropriate to calculate the NPV of the future monthly payments of Real Estate Improvement Rent.

6.43 Based on the foregoing and using the midpoint of the range identified by the A&M Valuation Group, the Monitor has determined that the appropriate discount rate is 11.2% per annum (the “**Discount Rate**”).

6.44 The table below sets out for each Store: (a) the aggregate undiscounted Real Estate Improvement Rent payable under the applicable Sublease from and after the Sublease Termination Date; and (b) the NPV of such unpaid Real Estate Improvement Rent calculated using the Discount Rate.

Store	Aggregate <u>Undiscounted</u> Real Estate Improvement Rent	<u>Net Present Value</u> of such Real Estate Improvement Rent
Yorkdale Full-Line Store	\$212,386,352	\$108,790,491
Pacific Centre Full-Line Store	65,815,657	44,168,527
Eaton Centre Full-Line Store	116,526,162	74,574,542
Sherway Gardens Full-Line Store	83,971,486	51,300,370
Rideau Centre Full-Line Store	58,366,184	39,169,226
Chinook Centre Full-Line Store	41,347,225	29,125,427
Willowbrook Rack Store	5,902,258	4,014,114
Vaughan Mills Rack Store	2,951,012	2,350,374
South Edmonton Commons Rack Store	3,688,944	2,756,701
Heartland Town Centre Rack Store	3,878,120	2,929,345
One Bloor Rack Store	5,361,205	4,092,921
Ottawa Train Yards Rack Store	3,358,083	2,541,087
Deerfoot Meadows Rack Store	2,791,641	2,214,076
TOTAL	\$606,344,330	\$368,027,201

6.45 Based on the foregoing, it is the Monitor's view that the NCL Improvement Rent Claim is a valid Restructuring Period Claim of NCL against NCRI in the aggregate amount of \$368,027,201.

H. Claim No. 11: NCRI-NCL Services Claim

6.46 NCRI and NCL are parties to the NCRI-NCL Services Agreement, which provides for the provision of services between NCRI and NCL as described in the NCRI-NCL Services Agreement. A copy of the NCRI-NCL Services Agreement is attached to this Report as **Appendix "H"**.

- 6.47 Pursuant to section 3.1 and Exhibit A of the NCRI-NCL Services Agreement, (a) NCL agrees to pay NCRI all reasonable costs and expenses incurred by NCRI in providing payroll, finance and accounting services to NCL; and (b) NCRI agrees to pay NCL all reasonable costs and expenses incurred by NCL in providing property management services to NCRI. Payments are to be made within 30 days after the end of each quarterly accounting period such that any and all accrued amounts are paid within 30 days of fiscal year end. The NCRI-NCL Services Agreement provides that if it is subsequently determined that the mutually agreed periodic billings do not reflect an arm's length price, the parties agree to make any necessary year-end compensating adjustments to ensure that the fees paid constituted an arm's length result.
- 6.48 The Monitor has reviewed the terms of the NCRI-NCL Services Agreement and a summary of the fees payable by NCL thereunder. The Monitor notes that (a) the majority of the fees payable by NCL comprising the NCRI-NCL Services Claim relate to the allocation of salaries and benefits of employees of NCRI for services performed on behalf of NCL; and (b) there are no accrued fees payable by NCRI relating to the provision of property management services by NCL.
- 6.49 The Monitor also notes that no fees have been charged under the NCRI-NCL Services Agreement since the Filing Date due to the immaterial nature of the services provided by NCRI to NCL during the CCAA Proceedings.
- 6.50 Based on the foregoing, it is the Monitor's view that the NCRI-NCL Services Claim is a valid Pre-Filing Claim of NCRI against NCL in the aggregate amount of \$55,046.

7.0 NINC LEASE INDEMNITIES SUBROGATED CLAIM

- 7.1 As described in previous reports of the Monitor, the obligations of NCL (in its capacity as tenant) under the Master Leases governing certain Stores are subject to an indemnity provided by Nordstrom US in favour of the applicable Landlord (each, a “**Lease Indemnity**” and collectively the “**Lease Indemnities**”).
- 7.2 With respect to each Master Lease that is subject to a separate Lease Indemnity, the Monitor notes that the Lease Indemnities are substantially similar. Under each Lease Indemnity, Nordstrom US agreed, among other things and subject to the terms of the Lease Indemnity, to (a) make due and punctual payment of all rent and other monies payable under the Master Lease by the tenant whether to the Landlord or otherwise; and (b) indemnify the Landlord from all losses, costs and damages arising out of any failure by the tenant to pay rent and other amounts payable under the Master Lease or to perform any of the terms, covenants and conditions contained in the Master Lease.
- 7.3 Paragraph 17 of the ARIO contains a stay of proceedings (referred to as the “**Parent Stay**” in previous reports of the Monitor) that prevents any person from commencing or continuing any proceeding against Nordstrom US in respect of, among other things, the Lease Indemnities. Paragraph 18 of the ARIO provides, among other things, that any Landlord claim pursuant to an indemnity, guarantee or surety executed by Nordstrom US in relation to any Nordstrom Canada Entity shall be unaffected and shall not be released or affected in any way in any CCAA plan of compromise or arrangement.

- 7.4 The Monitor notes that Nordstrom US may advance a subrogated claim against one or more Nordstrom Canada Entities in respect of any amounts paid by Nordstrom US pursuant to the Lease Indemnities.
- 7.5 The NINC Lease Indemnities Subrogated Claim is contingent on a number of factors, including the quantum of Landlord Claims to be determined in accordance with the Claims Procedure Order, the recoveries on such proven Claims under a CCAA plan of arrangement or otherwise, and negotiations between the Landlords and Nordstrom US with respect to the settlement of the Lease Indemnities. The Monitor understands that no amounts have been paid or settled under the Lease Indemnities as of the date of this Report.
- 7.6 Accordingly, while the Monitor has identified this contingent Intercompany Claim for the purposes of Paragraph 45 of the Claims Procedure Order, the Monitor is not in a position at this time to assess the existence, validity or quantum, if any, of the NINC Lease Indemnities Subrogated Claim. The Monitor will address the NINC Lease Indemnities Subrogated Claim in a future report to the extent necessary.

8.0 ADDITIONAL INTERCOMPANY TRANSACTIONS

- 8.1 The Monitor, in the course of preparing this Report, identified and reviewed certain intercompany transactions that, in the Monitor's view, do not give rise to an Intercompany Claim against a Nordstrom Canada Entity or a claim by a Nordstrom Canada Entity against an affiliate.
- 8.2 The Monitor notes that the Initial Heckel Affidavit at paragraph 122 refers to NCRI having paid approximately US\$10.3 million to Nordstrom US in fiscal year 2022 in order to reduce or pay off intercompany balances. This amount includes payment for the provision of

Shared Services by NCRI, net of amounts paid by Nordstrom US to NCRI under the Transfer Pricing Policy.

8.3 In addition, the Monitor notes the following intercompany transactions that occurred during the one-year period prior to the Filing Date:

(a) on October 14, 2022, NCL made a \$11 million return of capital distribution to NCH; NCH, in turn, converted the entire amount into U.S. dollars and made a return of capital distribution to NIL; and

(b) on July 5, 2022, NCRI made a US\$20 million return of capital distribution to NIL.

8.4 The Monitor notes that these return of capital transactions do not appear to fall within the scope of subsection 101(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”), which pursuant to section 36.1 of the CCAA apply in respect of a CCAA plan of compromise or arrangement. In particular, (a) the type of reviewable transactions under subsection 101(1) of the BIA do not appear to include a return of capital distribution; and (b) based on the fact that the Nordstrom Canada Entities continued to operate in the normal course until the CCAA Proceedings were commenced on March 2, 2023, it does not appear as though NCL, NCH or NCRI were insolvent at the time of the return of capital transactions or were rendered insolvent by completing such transactions.

9.0 SUMMARY OF RESULTS OF THE MONITOR’S REVIEW

9.1 As required by paragraph 44 of the Claims Procedure Order, the Monitor has prepared this Report detailing its review of all Intercompany Claims identified by the Monitor and

assessing the amount and Characterization of such claims. The Intercompany Claims identified by the Monitor are summarized at paragraph 3.6 of this Report.

- 9.2 Pursuant to the Claims Procedure Order, each Intercompany Claim identified in this Report is deemed to have been properly submitted through a Proof of Claim. However, the Claims Procedure Order provides further 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.”
- 9.3 The Court and the Nordstrom Canada Entities and their creditors and stakeholders will now have the opportunity to review the Intercompany Claims as set forth in this Report. In connection with their efforts to advance a plan of compromise and arrangement, the Monitor expects that the Nordstrom Canada Entities will in due course bring a motion for approval of Intercompany Claims. The Monitor may report further to the Court regarding the Intercompany Claims in connection with such motion.

All of which is respectfully submitted to the Court this 3rd day of August 2023.

**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,
not in its personal or corporate capacity**

Per:

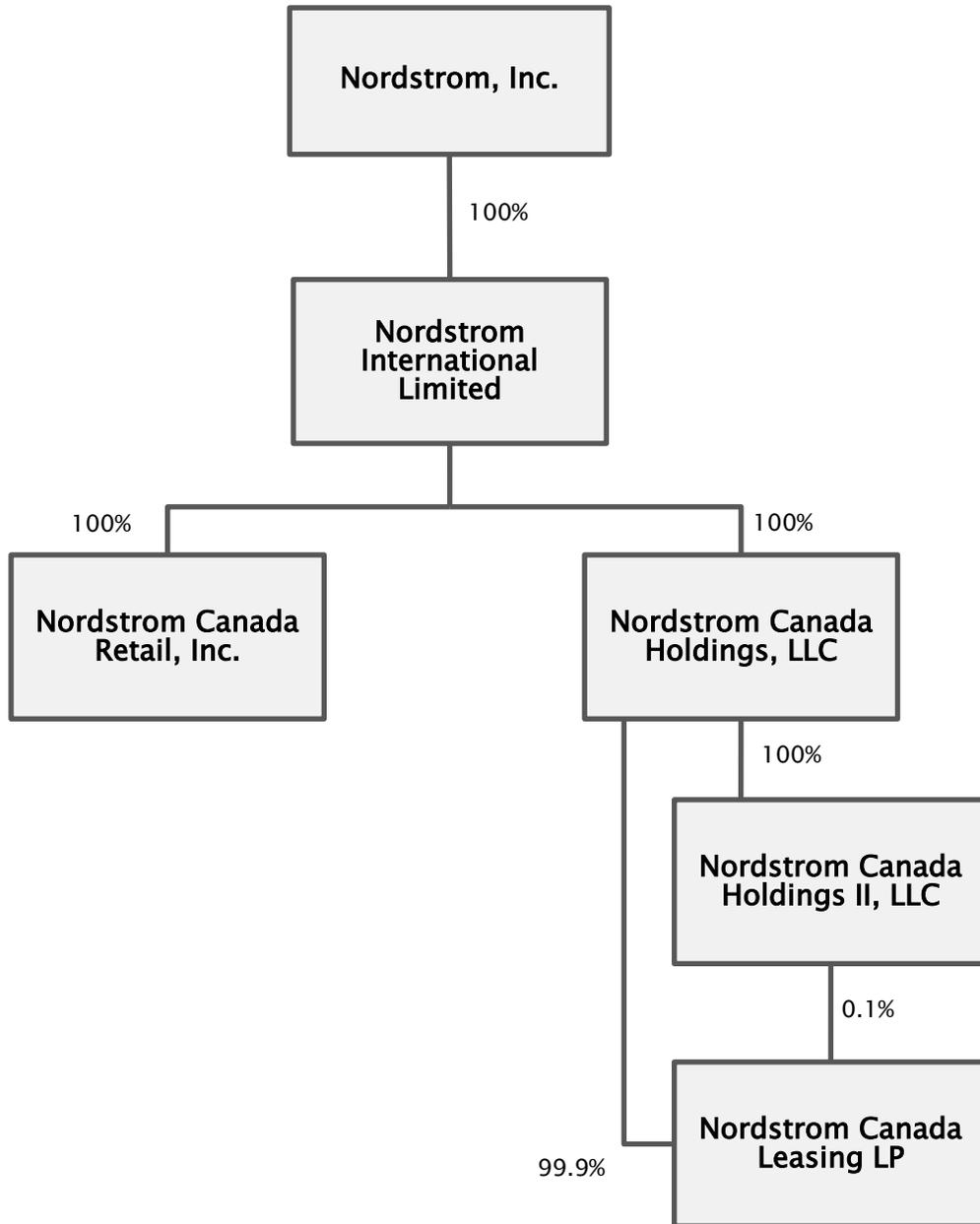


Alan Hutchens
Senior Vice-President

APPENDIX "A"
NORDSTROM GROUP SIMPLIFIED ORGANIZATIONAL CHART

See attached.

**NORDSTROM GROUP
SIMPLIFIED ORGANIZATIONAL CHART**



APPENDIX "B"
CANADA EXPANSION LOAN AGREEMENT AND LOAN NOTES

See attached.

MASTER LOAN AGREEMENT

This Master Loan Agreement (“Agreement”) is dated April 18, 2014 and is between Nordstrom International Limited, Inc., a Washington corporation, with offices at 1700 Seventh Avenue, Suite 1000, Seattle, Washington 98101-4407 (“Lender”) and Nordstrom Canada Holdings, LLC (“Borrower”), a Delaware limited liability company, having its principal offices at 1617 Sixth Avenue, Seattle, Washington 98101.

WHEREAS:

- A. To finance construction of retail stores in Canada, Borrower desires Lender to extend a loan for each of Borrower’s planned stores;
- B. To finance its other working capital needs, Borrower may request Lender extend other loans to Borrower from time to time; and
- C. Lender is willing and prepared to extend a loan for each of Borrower’s planned stores and may periodically extend other loans to Borrower pursuant to the terms and conditions of this Agreement and of the applicable loan note set forth in a Schedule attached hereto and incorporated to this Agreement by reference.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. DEFINITIONS.

As used in this Agreement, the terms below shall have the following meanings:

- 1.1 **Affiliate** shall mean any entity that is directly or indirectly controlled by or is under common control of a party;
- 1.2 **Agreement Effective Date** is the first date written above;
- 1.3 **Amortization Date** shall be the date specified in each Loan Note;
- 1.4 **Draw Date** shall mean the date or dates on which a particular Draw is to be made against the applicable Loan;
- 1.5 **Draw Notice** shall mean a notice given in accordance with Section 2.3 with respect to a particular Draw;
- 1.6 **Draw** shall mean each advance made against an applicable Loan;
- 1.7 **Event(s) of Default** shall mean the event(s) of default specified in Section 7;
- 1.8 **Interest Only Option Period** shall mean the period of time between the Loan Note Effective Date and the Amortization Date;
- 1.9 **Loan** shall mean the maximum amount allowed to be borrowed by Borrower under each Loan Note as set forth in the applicable Schedule;

- 1.10 **Loan Note** shall mean the specific terms and conditions applicable to each Loan as set forth in each Schedule;
- 1.11 **Loan Note Effective Date** shall be the date specified in each Loan Note;
- 1.12 **Maturity Date** shall mean the date the applicable lease associated with each Loan Note expires.

2. LOAN.

- 2.1 **Loan.** Lender hereby grants to Borrower each Loan, subject to the terms and conditions of this Agreement and the applicable Loan Note.
- 2.2 **Use of Loan.** As to each Loan, Borrower will use it only to finance the working capital needs of Borrower and for no other purpose.
- 2.3 **Drawdown.** As of the Loan Note Effective Date, Borrower may make a Draw against the applicable Loan. To make such a Draw, Borrower must submit an appropriately completed and duly signed Draw Notice, attached hereto as Exhibit A, to the Lender on or before the Draw Date.
- 2.4 **Maturity; Repayment.** Borrower will repay each Loan according to the terms and conditions of this Agreement and the applicable Loan Note but no later than the Maturity Date with respect to each Loan Note. Borrower may repay the current principal amount of a Loan at any time, in whole or in part, without penalty.
- 2.5 **Interest.** The Loan shall bear interest at the rate set forth in each Loan Note.
- 2.6 **No Usury.** Borrower and Lender expressly agree that at all times each will comply with applicable law. If the applicable law is ever judicially interpreted so as to render usurious any amount called for, contracted for, charged, taken, reserved or received with respect to a Loan, or if Lender's exercise of its option to accelerate the maturity of a Loan, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable law then it is Borrower's and Lender's express intent that, to comply with the applicable law and permit the recovery of the fullest amount by Lender: (a) all such excess amounts collected from Borrower shall be credited on the Loan's principal balance and all other debt owed by Borrower to Lender (or if the Loan and all other debt have been or would thereby be paid in full, refunded to Borrower); (b) the provisions of this Agreement shall be immediately deemed modified and the collectible amounts thereby reduced without the execution of any new documents. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of a Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so the rate or amount of interest on account of the Loan does not exceed the maximum lawful rate from time to time in effect and applicable to the Loan as long as any amount is outstanding.
- 2.7 As to this Agreement and each Loan, Lender hereby subordinates any right to receive payment, together with accrued interest, to payment or provision for payment in full of all amounts due to Lender under the Revolving Line of Credit Agreement executed by and between the parties.

3. COMPUTATIONS.

As to each Loan, interest shall be calculated by adding 3.05% to the interest rate of the U.S. Treasury Bond with a similar maturity as determined the month the Loan becomes effective. For purposes of computing interest, principal amounts loaned shall be deemed to be outstanding on the date loaned but not on the date repaid. Computations of interest shall be made on the basis of a three-hundred sixty-five (365) day year and the actual number of days elapsed. Interest shall be paid monthly in arrears and will be due and payable on or before the 15th.

4. CONDITIONS PRECEDENT.

The obligation of Lender to grant a Loan to Borrower is subject to satisfaction of the following conditions before the advance of funds:

- 4.1 **Submission of Draw Notice.** Borrower shall have executed and delivered to Lender an appropriately completed and duly signed Draw Notice requesting a Loan at a proposed amount. Upon receipt of the Draw Notice, Lender will approve or reject Borrower's Loan request.
- 4.2 **Execution of Loan Note.** Upon approval of Borrower's Loan request, Lender will deliver to Borrower a Loan Note describing the terms of the Loan. Borrower shall have executed and delivered to Lender this Agreement and the applicable Loan Note and any other documents as reasonably requested in form and substance satisfactory to Lender.
- 4.3 **Resolutions.** Lender shall have received from Borrower certified copies of resolutions adopted by Borrower authorizing the execution, delivery and performance of this Agreement, the applicable Loan Note, and all other instruments or agreements required under this Agreement.

5. BORROWER REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants:

- 5.1 **Existence and Power.** It is a limited liability company duly created under the laws applicable to it, with the power to carry on its business as presently conducted;
- 5.2 **Authorization.** It has the power to enter into this Agreement and to exercise its rights and perform its obligations hereunder, and all corporate or other actions required to authorize the execution of this Agreement and the performance of its obligations hereunder have been duly taken;
- 5.3 **Valid Obligations.** Its obligations under this Agreement are legal, valid and binding in accordance with the terms of this Agreement;
- 5.4 **No Conflicts or Consents.** The execution of this Agreement and performance of Borrower's obligations will not:
 - (a) contravene any existing applicable law, statute, rule or regulation or any judgment, decree or permit to which it is subject;

- (b) conflict with, result in a breach of, or constitute a default under any agreement or other instrument relating to sums borrowed to which it is a party or subject to; or
 - (c) contravene or conflict with any provision of its operating agreement.
- 5.5 **Litigation.** No litigation, arbitration or administrative proceeding is taking place against, pending against, or threatened against it which could have a material adverse effect on its ability to perform its obligations under this Agreement.
- 5.6 **No Default.** No Event of Default or event which with notice and/or the passage of time will become an Event of Default hereunder has occurred and is continuing; and
- 5.7 **Consents.** Every consent, authorization, license or approval of or declaration to governmental or public bodies, authorities or courts required by it, or in connection with the execution, delivery, validity or enforceability of this Agreement and the performance by it of its obligations hereunder, has been obtained and is in full force and effect.

6. COVENANTS OF BORROWER.

Borrower hereby covenants and agrees that so long as this Agreement is in effect and until each entire Loan, together with interests and other obligations hereunder, have been paid in full:

- 6.1 **Information Covenant.** Borrower will furnish, or cause to be furnished to Lender such financial or accounting information or other information as Lender may request from time to time.
- 6.2 **Event of Default.** Borrower shall inform Lender of the occurrence of an Event of Default (as defined in Section 7) immediately in the event of a bankruptcy or liquidation or within five (5) calendar days of the occurrence of any other such events, in each case setting forth the details thereof and the action which Borrower is taking or propose to take with respect thereto.
- 6.3 **Taxes; Compliance with Law.** Borrower will comply, in all material respects, with applicable laws, rules, regulations, and applicable restrictions imposed by foreign or domestic authorities with respect to the conduct of its business. Borrower will pay taxes, assessments or governmental charges levied, assessed or imposed against it or its income or its properties, real, personal or mixed, or arising out of its operations promptly as they become due and payable. Borrower will promptly pay and discharge claims of any kind (including claims for labor, material and supplies) which, if unpaid, might by law become a lien or charge upon its property.
- 6.4 **Books, Records and Inspection.** Borrower will keep complete and accurate books and records of its operations in accordance with good accounting practices in accordance with Generally Accepted Accounting Principles ("GAAP"). Borrower will permit designated representatives of Lender to have access to the books of accounts and records of Borrower, along with any other financial or accounting documents, at all reasonable times.
- 6.5 **Insurance.** Borrower will carry for its properties and operations insurance policies with responsible companies in such amounts and covering such risks as shall be customary in

the industry. Borrower further agrees to provide to Lender evidence of said insurance as Lender may request from time to time.

- 6.6 **Maintenance of Property.** Borrower will maintain, preserve and keep its buildings, machinery, equipment and other property in good condition, repair and working order except to the extent that the failure to comply with this provision will not have a material adverse effect on the business, financial position or results of operations of Borrower and ensure that such property is sufficient for the proper and efficient operation of its business.
- 6.7 **Sale or Lease of Assets.** Borrower will not sell, lease or otherwise dispose of (or allow any Affiliate to do any of the foregoing) a material portion of its consolidated assets except in the ordinary course of business and for fair and reasonable consideration.

7. **EVENT OF DEFAULT.**

Each of the following shall constitute an Event of Default:

- 7.1 **Obligations.** The Borrower defaults in due observance or performance of any obligation contained in this Agreement, and such default continues for a period of five (5) calendar days after the Lender's notice of Borrower of the occurrence of such default.
- 7.2 **Representations and Warranties.** Any representation and warranty made by Borrower pursuant to this Agreement or in any notice, certificate or statement referred to or delivered under this Agreement is incorrect in any material respect and such deficiency is not cured within five (5) days after notice from Lender of such deficiency.
- 7.3 **Authorizations.** Any consent, authorization, license or approval of or declaration to governmental or public bodies or authorities or courts required by Borrower in connection with the execution, delivery, validity, enforceability of this Agreement Borrower's performance of its obligations under this Agreement is revoked or terminated and is not renewed within thirty (30) calendar days after such revocation or termination.
- 7.4 **Receiver.** A judicial receiver is appointed for Borrower, or a creditor seizes the totality or a material part of the assets, rights or revenues of Borrower.
- 7.5 **Bankruptcy; Liquidation.** Any involuntary petition of bankruptcy is filed against the Borrower and is not dismissed within ninety (90) days or any affirmative act of insolvency by the Borrower occurs or the Borrower files any petition or action under any bankruptcy, insolvency or moratorium law for the financial relief of or relating to the dissolution of the Borrower.
- 7.6 **Legal Prohibition.** The transfer of funds by Borrower to Lender and/or the transfer of funds by Lender to Borrower becomes prohibited by law.
- 7.7 **Other Defaults.** Borrower fails to pay, on its due date, any other amount resulting from any indebtedness or guarantee other than the applicable Loan Note and such amount is due and payable in advance pursuant to a default of Borrower, and such failure to pay is not cured within thirty (30) calendar days.

8. REMEDIES.

- 8.1 **Acceleration.** If an Event of Default occurs, the Lender may give written notice to the Borrower of the occurrence of such an Event of Default, and the Borrower shall have thirty (30) calendar days after receipt of such notice from the Lender to correct or remedy the default, and if the Borrower has not corrected or remedied such default within such thirty (30) calendar day period, the Lender may accelerate the payment of the unpaid balance of the Loan and all unpaid accrued interest and all other sums payable under the applicable Loan Note.
- 8.2 **No Waiver.** No failure or delay on the part of the Lender to exercise its power or privilege under this Agreement shall operate as a waiver thereof, nor shall it preclude any other or further exercise of any right, power or privilege by Lender.

9. WITHHOLDING TAXES.

In the event that any withholding taxes or other duties are levied on any payments due the Lender from the Borrower, the Borrower shall pay the Lender the amount due net of such withholding taxes or other duties payable by the Borrower. Borrower shall promptly provide Lender with a certificate of receipt, or other evidence, from the relevant taxing authorities showing any such withholding taxes or other duties paid by the Borrower. Borrower and Lender shall comply with their respective tax obligations pursuant to the laws applicable to each.

10. BENEFIT OF AGREEMENT; ASSIGNMENT.

This Agreement shall be binding upon and inure to the benefit of each party hereto and its successors and permitted assignees. Borrower shall not assign, transfer or otherwise deal with all or any of its rights, benefits and obligations hereunder, without the Lender's prior approval. Lender may, upon notice to Borrower assign its rights, benefits and obligations hereunder to any banking or non-banking entity.

11. NOTICES.

Notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), or (b) sent by facsimile (with written confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and facsimile numbers set forth below (or to such other addresses and facsimile numbers as a party may designate by notice to the other parties):

IF TO LENDER:	IF TO BORROWER:
Nordstrom International Limited, Inc. Attn: Corporate Secretary 1700 Seventh Ave., Suite 700 Seattle, WA 98101	Nordstrom Canada Holdings, LLC P.O. Box 2229 Seattle, WA 98111-2229

12. NO ORAL AGREEMENTS.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

13. MISCELLANEOUS.

13.1 **Entire Agreement.** This Agreement and all attached Schedules and Exhibits represents the complete understanding between Borrower and Lender with respect to a Loan and supersedes earlier written and/or oral agreements that Borrower and Lender may have made in respect thereof.

13.2 **Waiver.** Any waiver of a provision of this Agreement or any attached Schedule or Exhibit hereto must be in writing signed by the party waiving its rights.

13.3 **Severability.** Should any part, term or provision of this Agreement or any Schedule or Exhibit attached hereto be declared invalid, void or unenforceable to any extent, all remaining parts, terms and provisions hereof shall remain in full force and effect and shall in no way be invalidated, impaired or affected thereby.

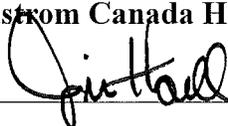
13.4 **Amendment.** This Agreement and any Schedule or Exhibit attached hereto can only be validly amended or supplemented by an instrument in writing duly executed on behalf of the Borrower and the Lender.

13.5 **Governing Law.** This Agreement and all attached Schedules and Exhibits shall be governed by, and interpreted in accordance with, the laws of the State of Washington, without regard to its conflict of law principles.

13.6 **Counterparts.** This Agreement may be executed in any number of counterparts each of which when executed and delivered shall be an original, but all the counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Agreement effective as of date defined above.

Nordstrom Canada Holdings, LLC

By: 

Name: Jim Howell

Title: President

Nordstrom International Limited, Inc.

By: 

Name: Rob Campbell

Title: Vice President / Treasurer

EXHIBIT A
TO MASTER LOAN AGREEMENT

Draw Notice

To:	Nordstrom International Limited, Inc. 1700 Seventh Avenue, Suite 700 Seattle, WA 98101
From:	Nordstrom Canada Holdings, LLC P.O. Box 2229 Seattle, WA 98111-2229

Date: _____

Reference is made to the Master Loan Agreement dated April 18, 2014 and the _____ Loan Note dated _____, 201__, each by and between Borrower and Lender. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement and applicable Loan Note.

Borrower hereby gives you notice, that Borrower wishes to make a Draw subject to the conditions contained herein:

- Draw Date: [_____]
- (b) Principal Amount (USD): \$ [_____].
- (c) Amounts to be wired to the account No. [_____] opened in the books of [_____], in the name of Nordstrom Canada Holdings, LLC.
- (d) By providing this Draw Notice, Borrower represents and warrants that (i) no Event of Default or event which with notice and/or the passage of time will become an Event of Default has occurred and is continuing as of the Draw Notice date or will be caused hereby.

IN WITNESS WHEREOF, the undersigned have executed this Draw Notice effective as of the first date written above.

Nordstrom Canada Holdings, LLC

By: _____

Name & Title: _____

Date: _____

EXHIBIT B
TO MASTER LOAN AGREEMENT

Notice of Responsible Officers

Dated as of May 16, 2014

Reference is hereby made to the Master Loan Agreement dated as of April 18, 2014 (the "Agreement"), by and between Nordstrom International Limited, Inc. a Washington corporation, (the "Lender"), and Nordstrom Canada Holdings, LLC, a Delaware limited liability company, (the "Borrower"). Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Agreement.

The Borrower hereby designates the following individuals as Responsible Officers, authorized to make Draws and request rate and balance information and take other actions with respect to each Loan Note on behalf of the Borrower (but not to amend the Agreement or any Loan Note) and certifies that the signatures and telephone numbers of those individuals are as follows:

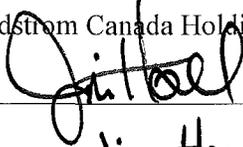
Name	Office	Signature	Phone No.

The Lender is hereby authorized to rely on this Notice of Responsible Officers unless and until a new Notice of Responsible Officers is received by it, irrespective of whether any of the information set forth herein shall have become inaccurate or false. Additional persons may be designated as Responsible Officers, or the designation of any person may be revoked, at any time, by subsequent Notices of Responsible Officers signed by the Borrower. In accordance with the Agreement, the Lender shall have no duty to verify the authenticity of the certifying signature appearing on any subsequent Notices of Responsible Officers to the extent Lender believes in good faith that such signature is of an authorized Responsible Officer.

The foregoing supersedes any Notice of Responsible Officers presently in effect under the Agreement.

Date: _____, _____

Nordstrom Canada Holdings, LLC

By: 

Name: Jim Howell

Title: President

SCHEDULE ONE
TO MASTER LOAN AGREEMENT

Loan Note – 2014 Chinook Centre (Calgary, Alberta)

This Schedule is dated May 13, 2014 and supplements and forms a part of the Master Loan Agreement executed by the parties on April 18, 2014 (“Agreement”) which is incorporated herein by reference. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

1. LOAN NOTE EFFECTIVE DATE.

The Loan Note Effective Date is May 13, 2014.

2. MAXIMUM LOAN AMOUNT.

- 2.1 Lender grants to the Borrower a Loan in the maximum amount of thirty million United States dollars (USD \$30,000,000).
- 2.2 Borrower may draw in one or several Draws, each Draw to be made on a Draw Date between the Loan Note Effective Date and the Maturity Date.

3. INTEREST; REPAYMENT

- 3.1 The Loan shall bear an interest rate of 6.1% as calculated pursuant to Section 3 of the Master Loan Agreement.
- 3.2 Interest shall accrue on the principal balance of the Loan, both before and after default, demand, maturity and judgment, from and including the date of the Draw until the full repayment of the Draw; and, at the latest, on the Maturity Date.
- 3.3 During the Interest Only Option Period, Borrower shall have the option to repay only the interest accrued on the principal balance of the Loan. On 7/31/2023 (the “Amortization Date”), the Loan will begin to amortize in a straight-line fashion until the Maturity Date unless Lender and Borrower establish a mutually agreed upon alternative repayment schedule for the principal balance of the Loan.
- 3.4 Unless otherwise expressly agreed to in writing by the Lender and Borrower, each Draw, each repayment and the accrual of interest thereon shall be denominated in United States dollars (\$USD).

IN WITNESS WHEREOF, the undersigned have executed this Loan Note effective as of the first date written above.

Nordstrom Canada Holdings, LLC

By: _____

Jim Howell

Name: Jim Howell

Title: President

Nordstrom International Limited, Inc.

By: _____

Rob Campbell

Name: Rob Campbell

Title: Vice President / Treasurer

SCHEDULE TWO
TO MASTER LOAN AGREEMENT

Loan Note – 2014 Rideau Centre (Ottawa, Ontario)

This Schedule is dated May 13, 2014 and supplements and forms a part of the Master Loan Agreement executed by the parties on April 18, 2014 (“Agreement”) which is incorporated herein by reference. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

1. LOAN NOTE EFFECTIVE DATE.

The Loan Note Effective Date is May 13, 2014.

2. MAXIMUM LOAN AMOUNT.

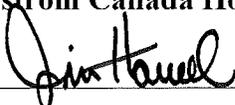
- 2.1 Lender grants to the Borrower a Loan in the maximum amount of thirty-three million United States dollars (USD \$33,000,000).
- 2.2 Borrower may draw in one or several Draws, each Draw to be made on a Draw Date between the Loan Note Effective Date and the Maturity Date.

3. INTEREST; REPAYMENT

- 3.1 The Loan shall bear an interest rate of 6.1% as calculated pursuant to Section 3 of the Master Loan Agreement.
- 3.2 Interest shall accrue on the principal balance of the Loan, both before and after default, demand, maturity and judgment, from and including the date of the Draw until the full repayment of the Draw; and, at the latest, on the Maturity Date.
- 3.3 During the Interest Only Option Period, Borrower shall have the option to repay only the interest accrued on the principal balance of the Loan. On 1/31/2024 (the “Amortization Date”), the Loan will begin to amortize in a straight-line fashion until the Maturity Date unless Lender and Borrower establish a mutually agreed upon alternative repayment schedule for the principal balance of the Loan.
- 3.4 Unless otherwise expressly agreed to in writing by the Lender and Borrower, each Draw, each repayment and the accrual of interest thereon shall be denominated in United States dollars (\$USD).

IN WITNESS WHEREOF, the undersigned have executed this Loan Note effective as of the first date written above.

Nordstrom Canada Holdings, LLC

By: 

Name: Jim Howell

Title: President

Nordstrom International Limited, Inc.

By: 

Name: Rob Campbell

Title: Vice President/Treasurer

**SCHEDULE THREE
TO MASTER LOAN AGREEMENT**

Loan Note – 2014 Pacific Centre (Vancouver, British Columbia)

This Schedule is dated May 13, 2014 and supplements and forms a part of the Master Loan Agreement executed by the parties on April 18, 2014 (“Agreement”) which is incorporated herein by reference. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

1. LOAN NOTE EFFECTIVE DATE.

The Loan Note Effective Date is May 13, 2014.

2. MAXIMUM LOAN AMOUNT.

2.1 Lender grants to the Borrower a Loan in the maximum amount of fifty-six million United States dollars (USD \$56,000,000).

2.2 Borrower may draw in one or several Draws, each Draw to be made on a Draw Date between the Loan Note Effective Date and the Maturity Date.

3. INTEREST; REPAYMENT

3.1 The Loan shall bear an interest rate of 6.1% as calculated pursuant to Section 3 of the Master Loan Agreement.

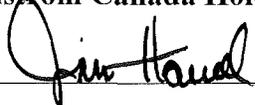
3.2 Interest shall accrue on the principal balance of the Loan, both before and after default, demand, maturity and judgment, from and including the date of the Draw until the full repayment of the Draw; and, at the latest, on the Maturity Date.

3.3 During the Interest Only Option Period, Borrower shall have the option to repay only the interest accrued on the principal balance of the Loan. On 7/31/2024 (the “Amortization Date”), the Loan will begin to amortize in a straight-line fashion until the Maturity Date unless Lender and Borrower establish a mutually agreed upon alternative repayment schedule for the principal balance of the Loan.

3.4 Unless otherwise expressly agreed to in writing by the Lender and Borrower, each Draw, each repayment and the accrual of interest thereon shall be denominated in United States dollars (\$USD).

IN WITNESS WHEREOF, the undersigned have executed this Loan Note effective as of the first date written above.

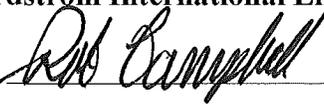
Nordstrom Canada Holdings, LLC

By: 

Name: Jim Howell

Title: President

Nordstrom International Limited, Inc.

By: 

Name: Rob Campbell

Title: Vice President/Treasurer

SCHEDULE FOUR
TO MASTER LOAN AGREEMENT

Loan Note – 2014 Yorkdale Shopping Centre (Toronto, Ontario)

This Schedule is dated May 13, 2014 and supplements and forms a part of the Master Loan Agreement executed by the parties on April 18, 2014 (“Agreement”) which is incorporated herein by reference. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

1. LOAN NOTE EFFECTIVE DATE.

The Loan Note Effective Date is May 13, 2014.

2. MAXIMUM LOAN AMOUNT.

2.1 Lender grants to the Borrower a Loan in the maximum amount of fifty-one million United States dollars (USD \$51,000,000).

2.2 Borrower may draw in one or several Draws, each Draw to be made on a Draw Date between the Loan Note Effective Date and the Maturity Date.

3. INTEREST; REPAYMENT

3.1 The Loan shall bear an interest rate of 6.1% as calculated pursuant to Section 3 of the Master Loan Agreement.

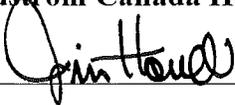
3.2 Interest shall accrue on the principal balance of the Loan, both before and after default, demand, maturity and judgment, from and including the date of the Draw until the full repayment of the Draw; and, at the latest, on the Maturity Date.

3.3 During the Interest Only Option Period, Borrower shall have the option to repay only the interest accrued on the principal balance of the Loan. On 1/31/2025 (the “Amortization Date”), the Loan will begin to amortize in a straight-line fashion until the Maturity Date unless Lender and Borrower establish a mutually agreed upon alternative repayment schedule for the principal balance of the Loan.

3.4 Unless otherwise expressly agreed to in writing by the Lender and Borrower, each Draw, each repayment and the accrual of interest thereon shall be denominated in United States dollars (\$USD).

IN WITNESS WHEREOF, the undersigned have executed this Loan Note effective as of the first date written above.

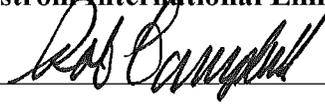
Nordstrom Canada Holdings, LLC

By: 

Name: Jim Howell

Title: President

Nordstrom International Limited, Inc.

By: 

Name: Rob Campbell

Title: Vice President / Treasurer

**SCHEDULE FIVE
TO MASTER LOAN AGREEMENT**

Loan Note – 2014 Sherway Gardens (Toronto, Ontario)

This Schedule is dated May 13, 2014 and supplements and forms a part of the Master Loan Agreement executed by the parties on April 18, 2014 (“Agreement”) which is incorporated herein by reference. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

1. LOAN NOTE EFFECTIVE DATE.

The Loan Note Effective Date is May 13, 2014.

2. MAXIMUM LOAN AMOUNT.

2.1 Lender grants to the Borrower a Loan in the maximum amount of thirty-four million United States dollars (USD \$34,000,000).

2.2 Borrower may draw in one or several Draws, each Draw to be made on a Draw Date between the Loan Note Effective Date and the Maturity Date.

3. INTEREST; REPAYMENT

3.1 The Loan shall bear an interest rate of 6.1% as calculated pursuant to Section 3 of the Master Loan Agreement.

3.2 Interest shall accrue on the principal balance of the Loan, both before and after default, demand, maturity and judgment, from and including the date of the Draw until the full repayment of the Draw; and, at the latest, on the Maturity Date.

3.3 During the Interest Only Option Period, Borrower shall have the option to repay only the interest accrued on the principal balance of the Loan. On 7/31/2025 (the “Amortization Date”), the Loan will begin to amortize in a straight-line fashion until the Maturity Date unless Lender and Borrower establish a mutually agreed upon alternative repayment schedule for the principal balance of the Loan.

3.4 Unless otherwise expressly agreed to in writing by the Lender and Borrower, each Draw, each repayment and the accrual of interest thereon shall be denominated in United States dollars (\$USD).

IN WITNESS WHEREOF, the undersigned have executed this Loan Note effective as of the first date written above.

Nordstrom Canada Holdings, LLC

By: _____

Jim Howell

Name: Jim Howell

Title: _____

President

Nordstrom International Limited, Inc.

By: _____

Rob Campbell

Name: Rob Campbell

Title: _____

Vice President / Treasurer

SCHEDULE SIX
TO MASTER LOAN AGREEMENT

Loan Note – 2014 Eaton Centre (Toronto, Ontario)

This Schedule is dated May 13, 2014 and supplements and forms a part of the Master Loan Agreement executed by the parties on April 18, 2014 (“Agreement”) which is incorporated herein by reference. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

1. LOAN NOTE EFFECTIVE DATE.

The Loan Note Effective Date is May 13, 2014.

2. MAXIMUM LOAN AMOUNT.

2.1 Lender grants to the Borrower a Loan in the maximum amount of fifty-three million United States dollars (USD \$53,000,000).

2.2 Borrower may draw in one or several Draws, each Draw to be made on a Draw Date between the Loan Note Effective Date and the Maturity Date.

3. INTEREST; REPAYMENT

3.1 The Loan shall bear an interest rate of 6.1% as calculated pursuant to Section 3 of the Master Loan Agreement.

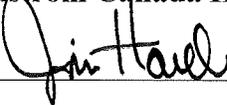
3.2 Interest shall accrue on the principal balance of the Loan, both before and after default, demand, maturity and judgment, from and including the date of the Draw until the full repayment of the Draw; and, at the latest, on the Maturity Date.

3.3 During the Interest Only Option Period, Borrower shall have the option to repay only the interest accrued on the principal balance of the Loan. On 7/31/2025 (the “Amortization Date”), the Loan will begin to amortize in a straight-line fashion until the Maturity Date unless Lender and Borrower establish a mutually agreed upon alternative repayment schedule for the principal balance of the Loan.

3.4 Unless otherwise expressly agreed to in writing by the Lender and Borrower, each Draw, each repayment and the accrual of interest thereon shall be denominated in United States dollars (\$USD).

IN WITNESS WHEREOF, the undersigned have executed this Loan Note effective as of the first date written above.

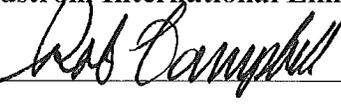
Nordstrom Canada Holdings, LLC

By: 

Name: Jim Howell

Title: President

Nordstrom International Limited, Inc.

By: 

Name: Rob Campbell

Title: Vice President / Treasurer

SCHEDULE SEVEN
TO MASTER LOAN AGREEMENT

Loan Note – 2015 One Bloor Street Rack (Toronto, Ontario)

This Schedule is dated January 21, 2016 and supplements and forms a part of the Master Loan Agreement executed by the parties on April 18, 2014 (“Agreement”) which is incorporated herein by reference. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

1. LOAN NOTE EFFECTIVE DATE.

The Loan Note Effective Date is January 21, 2016.

2. MAXIMUM LOAN AMOUNT.

- 2.1 Lender grants to the Borrower a Loan in the maximum amount of five million United States dollars (USD \$5,000,000).
- 2.2 Borrower may draw in one or several Draws, each Draw to be made on a Draw Date between the Loan Note Effective Date and the Maturity Date.

3. INTEREST; REPAYMENT

- 3.1 The Loan shall bear an interest rate of 6.1% as calculated pursuant to Section 3 of the Master Loan Agreement.
- 3.2 Interest shall accrue on the principal balance of the Loan, both before and after default, demand, maturity and judgment, from and including the date of the Draw until the full repayment of the Draw; and, at the latest, on the Maturity Date.
- 3.3 During the Interest Only Option Period, Borrower shall have the option to repay only the interest accrued on the principal balance of the Loan. On 8/15/2023 (the “Amortization Date”), the Loan will begin to amortize in a straight-line fashion over the remaining life of the Loan unless Lender and Borrower establish a mutually agreed upon alternative repayment schedule for the principal balance of the Loan.
- 3.4 Unless otherwise expressly agreed to in writing by the Lender and Borrower, each Draw, each repayment and the accrual of interest thereon shall be denominated in United States dollars (\$USD).

IN WITNESS WHEREOF, the undersigned have executed this Loan Note effective as of the first date written above.

Nordstrom Canada Holdings LLC

By: _____

Jim Howell, President

Nordstrom International Limited, Inc.

By: _____

Robert B. Sari, Secretary

SCHEDULE EIGHT
TO MASTER LOAN AGREEMENT

Loan Note – Vaughan Mills Rack (Toronto, Ontario); Deerfoot Meadows Rack (Calgary, Alberta); Ottawa Train Yards Rack (Ottawa, Ontario); South Edmonton Commons Rack (Edmonton, Alberta)

This Schedule is dated July 8, 2016 and supplements and forms a part of the Master Loan Agreement executed by the parties on April 18, 2014 (“**Agreement**”) which is incorporated herein by reference. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

1. LOAN NOTE EFFECTIVE DATE.

The Loan Note Effective Date is July 8, 2016.

2. MAXIMUM LOAN AMOUNT.

2.1 Lender grants to the Borrower a Loan in the maximum amount of Twenty Million United States Dollars (USD \$20,000,000).

2.2 Borrower may draw in one or several Draws, each Draw to be made on a Draw Date between the Loan Note Effective Date and the Maturity Date.

3. INTEREST; REPAYMENT

3.1 The Loan shall bear an interest rate of 6.1% as calculated pursuant to Section 3 of the Master Loan Agreement.

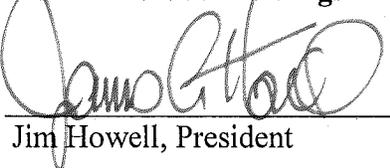
3.2 Interest shall accrue on the principal balance of the Loan, both before and after default, demand, maturity and judgment, from and including the date of the Draw until the full repayment of the Draw; and, at the latest, on the Maturity Date.

3.3 During the Interest Only Option Period, Borrower shall have the option to repay only the interest accrued on the principal balance of the Loan. On 8/15/2023 (the “**Amortization Date**”), the Loan will begin to amortize in a straight-line fashion over the remaining life of the Loan unless Lender and Borrower establish a mutually agreed upon alternative repayment schedule for the principal balance of the Loan.

3.4 Unless otherwise expressly agreed to in writing by the Lender and Borrower, each Draw, each repayment and the accrual of interest thereon shall be denominated in United States dollars (\$USD).

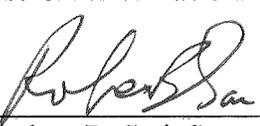
IN WITNESS WHEREOF, the undersigned have executed this Loan Note effective as of the first date written above.

Nordstrom Canada Holdings LLC

By: 

Jim Howell, President

Nordstrom International Limited, Inc.

By: 

Robert B. Sari, Secretary

**APPENDIX “C”
NINC-NCRI SHARED SERVICES AGREEMENT**

See attached.

INTER-AFFILIATE LICENSE AND SERVICES AGREEMENT

This INTER-AFFILIATE LICENSE AND SERVICES AGREEMENT (the “**Agreement**”) is made as of February 3, 2019 (the “**Effective Date**”) by and between Nordstrom, Inc., a Washington corporation, with principal offices at 1617 Sixth Avenue, Suite 500, Seattle, WA 98101 (“**Nordstrom**”) and Nordstrom Canada Retail, Inc., a British Columbia corporation, with principal offices at 1700 7th Ave, Suite 1000, Seattle, WA, U.S.A. 98101 (“**NCRI**”), each a “**Party**” or collectively “**Parties**”.

WHEREAS, NCRI desires to license Nordstrom’s intellectual property and Nordstrom desires to license such intellectual property to NCRI;

WHEREAS, the Parties desire to provide services to each other and each Party is prepared to render such services in accordance with this Agreement;

WHEREAS, the Parties recognize there is significant business risk associated with operating in Canada and Nordstrom desires to bear those risks;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I
TERM AND TERMINATION

Section 1.1 **Term.**

This Agreement shall be effective commencing on the Effective Date and remain in full force and effect until otherwise terminated as provided in Section 1.2.

Section 1.2 **Termination.**

This Agreement may be terminated by either Party, at any time, with thirty (30) days written notice to the other Party. This right of termination may be exercised by either Party whether or not good cause has been demonstrated to the other Party. Following termination, neither Party shall have any further obligations under this Agreement except as specifically provided herein.

ARTICLE II
INTELLECTUAL PROPERTY AND SERVICES

Section 2.1 **Intellectual Property**

Nordstrom hereby grants to NCRI a non-exclusive, non-transferable, license for the term of the Agreement to the intellectual property set forth in **Exhibit A**, which is attached hereto and incorporated herein by reference, and any additional trademarks that may be registered by Nordstrom during the term of this Agreement (the “**Intellectual Property**”).

Section 2.2 **Services**

Each Party will provide services to the other as set forth in **Exhibit B**, which is attached hereto and incorporated herein by reference, and which may be amended from time to time by mutual written agreement of the Parties (individually and collectively, the “**Services**”).

Section 2.3 Provision of Services

Each Party shall, at all times, provide sufficient personnel or resources to perform any Services. The Party performing Services shall be an independent contractor and/or service provider. Nothing contained herein shall be construed to create or imply a joint venture, principal and agent, employer and employee, partnership or any other relationship other than that of an independent contractor. Accordingly, neither Party shall have the right or power of authority to create any obligation, express or implied, on behalf of the other in connection with the performance of this Agreement.

Each Party may, at its own election, provide Services through its own employees and be under its direction and control. In such case, the Party providing Services shall be responsible for its employees' salaries, benefits, wages, supervision, insurance (including liability and worker's compensation coverage) and other incidentals of their employment. Alternatively, a Party may, at its own election, provide the Services through a duly qualified independent agent. However, neither Party may assign this Agreement in whole or in part to a third Party except as discussed in Article VII ("Assignability").

Each Party reserves the right to engage in the various business activities set forth in Exhibit C, which is attached hereto and incorporated herein by reference, and which may be amended from time to time by mutual written agreement of the Parties. Such activities may or may not involve the other Party and do not require any written notification to the other Party. Notwithstanding the foregoing, each Party shall continue its obligations as described in the Agreement.

Section 2.4 Requisition of Services.

Each Party acknowledges it has sole responsibility under this Agreement to provide sufficient documentation to enable the Party performing the Services to fulfill its responsibilities. Each Party shall exercise its best efforts, upon receipt of sufficient documentation, to provide the Services. In the event sufficient documentation is not provided such that it results in an economic cost, that economic cost shall either be directly assumed or reimbursed by the Party receiving the Services.

Each Party agrees to use its best efforts in its scheduling to ensure the other Party is able to fulfill its responsibilities without delay.

Section 2.5 Indemnification.

The Party providing Services agrees to indemnify and hold the Party receiving such Services harmless against any loss, liability, claim or expense arising out of or related to the Services provided under this Agreement.

The Party receiving Services agrees to indemnify the other Party and hold it harmless against any loss, liability, claim or expenses arising out of or in connection with its duties or obligations under this Agreement.

Section 2.6 Risk of Loss.

NCRI shall only bear the risk of loss for the Services provided to Nordstrom pursuant to Exhibit B, including but not limited to: third Party regulations or actions, such as (but not limited to) product recalls, violations of laws, changes in laws or any Force Majeure situations. Nordstrom will bear any other risk of loss between the Parties. For purposes of this Agreement, the term "Force Majeure" shall mean circumstances beyond a Party's reasonable control.

Section 2.7 Regulatory Requirements.

Each Party shall exercise best efforts to comply with regulatory requirements and associated requests by the other Party. The Party receiving Services shall assume any and all risks of compliance with regulatory laws, regulations, filing responsibilities and other regulatory requirements.

The Parties will promptly notify each other of any information of regulatory significance concerning any Services or Intellectual Property. The Parties will cooperate to the extent necessary to enable each Party to file such reports and maintain such records as may be required of each Party by any regulatory agency. In the event that either Party is contacted by a regulatory agency, the contacted Party shall promptly notify the other Party. The Parties will fully cooperate in responding to any inquiries, requests for information or other investigations.

ARTICLE III **COMPENSATION**

Section 3.1 Fees.

Each Party agrees to pay the other the amount set forth in **Exhibit B** in exchange for any Services and Intellectual Property provided. Any ancillary services or intellectual property provided outside the scope of this Agreement may be billed with adequate supporting documentation, as needed.

If it is subsequently determined that the mutually agreed upon periodic billings do not reflect an arm's length price, the Parties agree to make any necessary year-end compensating adjustments to ensure that the fees paid provide an arm's length result.

The Parties are responsible for any sales, use, value-added or other taxes, and any tariffs, duties, fees or other charges, imposed by any government authority (collectively, "**Taxes**") as a result of the Services or Intellectual Property, with the exception of taxes based on net income. If a Party has the legal obligation to pay or collect Taxes for which it is responsible under this section, the appropriate amount will be invoiced to and paid by the Party receiving Services unless it provides the Party providing Services with a valid exemption/resale certificate.

Section 3.2 Payment Schedule.

Any payment set forth in Section 3.1 shall not be paid at the end of each monthly accounting period, but shall accrue during successive monthly accounting periods and be paid within thirty (30) days after the end of each quarterly accounting period. Accordingly, the quarterly payment schedule shall be established such that any and all accrued amounts are paid within thirty (30) days of Nordstrom's fiscal year end.

ARTICLE IV **FORCE MAJEURE AND DEFAULT**

Section 4.1 Force Majeure.

Any delay in performance or any non-performance by either Party (the "Non-Performing Party") will not constitute a breach of this Agreement if and to the extent the delay or non-performance is caused by a Force Majeure as defined in Section 2.6. If any such delay or non-performance occurs, then the time for performance will be extended by the number of days of such delay that occur after notice of the cause of delay is given to the other Party, together with the details thereof. If this notice is not given within ten (10) business days after

the cause of the delay or non-performance first becomes known, then the Non-Performing Party will be deemed to have waived its rights to extend the time for its performance due to that cause.

Section 4.2 Right to Cover.

In the event a Party is unable or unwilling to perform or provide any of the Services, it may contract with any other person or entity to perform such Services as it deems reasonably appropriate. The contracting Party will provide the other Party with timely notice of such an arrangement. Such contract shall not relieve the contracting Party of, nor be deemed an assignment of, its rights or obligations under this Agreement.

Section 4.3 Default.

Except as provided in Section 4.1, upon the occurrence of a material default by either Party in performing its obligations under this Agreement, the non-defaulting Party shall serve the other Party with a written notice of default, which shall include a detailed explanation of the default. Should the defaulting Party not cure the default within thirty (30) days of the date of such notice, then the Agreement shall be deemed terminated and the non-defaulting Party may avail itself of the remedies provided in Article V (“Dispute Resolution and Remedies”).

ARTICLE V
DISPUTE RESOLUTION AND REMEDIES

The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between their respective representatives. If the matter is not resolved within thirty (30) days of a Party's request for negotiation, it may be escalated to the Parties' executive committees for resolution.

In addition to the remedies specifically set forth herein, the Parties shall have all remedies otherwise available to them at law or in equity. The remedies herein provided shall be cumulative, and the exercise of any one remedy shall not preclude the non-defaulting Party from exercising any other remedy available to it.

ARTICLE VI
NOTICES

Any notice required or permitted to be given hereunder shall be either delivered in person or delivered via certified mail, return receipt requested, addressed to the appropriate Party at the following addresses:

Nordstrom Canada Retail, Inc.
P.O. Box 10424
Pacific Centre
1300 – 777 Dunsmuir Street
Vancouver, BC V7Y 1K2

Nordstrom, Inc.
Attention: Corporate Secretary
1700 Seventh Avenue, Suite 700
Seattle, Washington 98101

With a copy to:
c/o Nordstrom, Inc.
Attention: Corporate Secretary
1700 Seventh Avenue, Suite 700
Seattle, WA 98101

Either Party may change its address by written notice to the other Party.

ARTICLE VII
ASSIGNABILITY

This Agreement binds and inures to the benefit of the Parties, their successors and assigns. Except as provided in the preceding sentence, neither Party may assign or delegate any right or duty under this Agreement, without the prior written consent of the other Party, such consent not to be unreasonably withheld.

ARTICLE VIII
REPRESENTATIONS

Each Party represents and warrants to the other that it is validly organized, in good standing and qualified to do business under any applicable law, and has the requisite corporate power and authority and has obtained all necessary approvals and consents to enter into this Agreement and to make the commitments set forth in this Agreement.

ARTICLE IX
CONFIDENTIALITY

During the course of fulfilling their obligations under this Agreement, the Parties may be exposed to or come into possession of information which is confidential and proprietary to the other. In addition, NCRI acknowledges that Nordstrom is a public company and may furnish Protected Information (as defined below) to NCRI that may include "material nonpublic information" within the meaning of the federal securities laws. For purposes of this Article IX, the Party receiving Protected Information is referred to as the "Recipient" and the Party disclosing such information is referred to as the "Disclosing Party."

Section 9.1 **Protected Information.**

"Protected Information" means information, in any format, that Disclosing Party designates as confidential or that reasonably should be understood to be confidential, proprietary or a trade secret given its nature and circumstances of disclosure. Confidential Information includes, but is not limited to, business and marketing plans, technology and technical information, product plans and designs, research and development activities, business processes, costs, pricing, profits, compensation, financial information, and Personal Information.

Personal Information is a subset of Confidential Information and means all data that identifies or can be used to identify, contact or locate a natural person such as name, address, and telephone number, email address, credit card number, medical records, driver's license, social security number, marital status, ethnicity, age, or photograph as well as less obvious information such as IP address or information gathered from online data collection technologies.

Section 9.2 **Exclusions.**

Excluding Personal Information, which shall always be treated as confidential, Confidential Information shall not include any information that (i) is or becomes publicly available without Recipient's breach of this Agreement, (ii) was known to Recipient prior to its disclosure by Disclosing Party pursuant to the terms of this Agreement, (iii) Disclosing Party has approved for release, in writing, or, (iv) which has been independently developed by Recipient. In any dispute between the Parties with respect to these exclusions the burden of proof shall be on Recipient with a standard of clear and convincing evidence.

Section 9.3 Use of Protected Information.

Recipient shall: (i) not disclose Confidential Information to any third Party without Disclosing Party's prior written consent, except as expressly set forth in the Agreement, and (ii) take security precautions, in the same manner it takes to protect its own confidential information, but in no event less than reasonable care or the measures required by applicable privacy and security laws or industry standards, to safeguard the Confidential Information.

Recipient may only disclose Confidential Information: (i) to its employees, consultants, attorneys, insurers, auditors ("Representatives"), and to its Affiliates' Representatives on a need-to-know basis, if such Representatives have entered into an agreement no less protective of the Confidential Information than what is contained in this Agreement; (ii) If Recipient is required to do so by law or court order, provided Recipient gives Disclosing Party prior written notice (to the extent legally permitted) and reasonable assistance, at Disclosing Party's expense, to allow Disclosing Party the opportunity to seek a protective order. In the event that a protective order or other remedy is not obtained, or that Disclosing Party waives compliance with these provisions, the Recipient agrees to furnish only that portion of the Confidential Information which the Recipient is legally required to furnish and will exercise its best efforts to obtain assurances that any Confidential Information disclosed will be treated as confidential.

Section 9.4 Return of and Title to Protected Information.

All Protected Information is and shall remain the property of the Disclosing Party. Upon written request, the Recipient shall promptly return or destroy Disclosing Party's Protected Information and provide confirmation of such destruction. Nothing in this Agreement is intended to grant any express or implied right to Recipient to or under any patents, copyrights, trademarks, or trade secret information except as otherwise provided in this Agreement.

Section 9.5 Recipient Liability.

Recipient shall be fully liable for any breach of this Article IX by its officers, directors, partners, employees, agents or representatives.

Section 9.6 Duration of Confidentiality Obligation.

The Parties' confidentiality obligations shall survive and remain in effect for so long as any of the Protected Information remains confidential or proprietary to Disclosing Party.

Section 9.7 Remedies.

The Parties acknowledge and agree that any violation of this Agreement will cause irreparable harm to Disclosing Party. The Parties therefore acknowledge and agree that the harmed Party may seek injunctive relief from a court of competent jurisdiction in addition to any other remedy available at law or equity.

**ARTICLE X
MISCELLANEOUS****Section 10.1 Governing Law, Venue and Attorneys' Fees.**

This Agreement shall be governed by the laws of the State of Washington, excluding its conflict of laws rules. The Parties hereby submit to the jurisdiction and venue of the state and federal courts of Washington State for purposes of all legal proceedings arising out of or relating to this Agreement. Any award or judgment of any of said courts may be entered and enforced in any other domestic or foreign court of competent jurisdiction, and shall be awarded full faith and credit. If either Party brings an action against the other by reason of a breach or alleged violation, enforcement of any provision, or otherwise arising out of this Agreement, the prevailing Party in such suit shall be entitled to its costs of suit and reasonable attorneys' fees which shall be payable whether or not such action is prosecuted to judgment.

Section 10.3 Severability.

The Parties agree that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses. If one or more provisions contained in this Agreement shall for any reason be held to be unenforceable at law, such provision(s) shall be construed so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear.

Section 10.4 Facsimile and Electronic Signatures.

This Agreement may be executed as facsimile originals and each copy of this Agreement bearing the facsimile transmitted signature of either of the authorized representatives listed below shall be deemed to be an original. This Agreement also may be executed by use of an electronic signature process.

Section 10.5 Cumulative Rights.

The rights and remedies contained in this Agreement shall be construed as cumulative, and no one remedy shall be exclusive of any other remedy, or of any other legal or equitable remedy which either Party might otherwise have in the event of breach or default in the terms hereof, and the exercise of one right or remedy by such Party shall not impair its right to any other right or remedy until all obligations imposed upon the other Party have been fully performed.

IN WITNESS WHEREOF, the Parties hereto acknowledge and agree to be bound by the terms and conditions herein as of the Effective Date.

NORDSTROM, INC.

DocuSigned by:
By: 
Name: Robert A. Sarin
28D726154A0F486...
Its: Secretary

NORDSTROM CANADA RETAIL, INC.

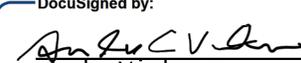
DocuSigned by:
By: 
Name: Andy Vickers
E7394CC1EF084EB...
Its: Vice President, Finance

Exhibit A
INTELLECTUAL PROPERTY

1) Trademarks, Service Marks and Trade Names.

Nordstrom hereby grants to NCRI, a non-exclusive, non-transferable, license for the term of the Agreement to the following Intellectual Property, owned by Nordstrom, as well as other such trademarks, service marks and trade names owned and identified from time to time by Nordstrom:

Serial Number	Reg. Number	Word Mark
88175298		NORDY
88175294		THE NORDY CLUB
87186510		Z BY ZELLA BODY
87961191	5590469	UNBOXED
87377664	5587126	14TH & UNION
87728810		WIT & WONDER
87173560	5576411	1901
87834600		BISTRO VERDE
87579306	5571876	ZELMOTION
87914099		MELROSE AND MARKET
87843951		DEPARTMENT BENTO
87498275		BP
87202636	5492960	LEWIT
87555210		CHELSEA28
87448309		TREASURE & BOND
87387392		TREASURE & BOND
87377811		TREASURE & BOND T & B
87118404		LEITH
86811196	5601650	TUCKER + TATE
86692938	5590612	JWN
86740818		C·A·S·L·O·N
86819643	5576223	THE RAIL
86740837	5576204	C·A·S·L·O·N
86545672	5570899	MONTE ROSSO
86928364	5408081	MELROSE & MARKET
86898161	5008177	SHOP. GET REWARDED. REPEAT.
86880030	5520000	Z BY ZELLA
86852920	5065866	THOSE WHO KNOW, GO
86851469	5541407	R
86748486	4941039	GIVE THE CARD THAT GIVES

86728754	5530593	LEITH
86508811	5311745	TREASURE & BOND
86475649	4731670	FRUITITUDE
86460639	5119960	ZELLA PRO
86444691	5407839	MELROSE & MARKET
86395159	5324125	SHOP. GIVE. EMPOWER.
86395151	5324124	SHOP. GIVE. EMPOWER.
86380413	5330025	HALOGEN
86351689	4763380	POP-IN@NORDSTROM
86317528	5237412	ZELLA BODY
86292736	4663768	BRASS PLUM
86265515	5200237	WILD PEARL
86222110	5200225	SUN & SHADOW
86174697	4588783	BP
86174693	4588782	BP.
86172586	4827786	BP
86165496	4537869	IN HOUSE NORDSTROM
86109928	4635710	SALE
86109926	4525901	ANNIVERSARY SALE
86092202	4626172	BAZILLE
86092198	4728506	RUSCELLO
86070979	4784119	ZELLA PRO
86054572	5195894	TREASURE, &, BOND, T, B
86052819	5181889	T & B
86052817	5186763	T & B
86050876	5200166	TREASURE & BOND
86048012	5195891	CHELSEA28
86048002	5200164	CHELSEA28
86880025		Z BY ZELLA
86834735		ZELFUSION
86781233		SUSINA
86694219		R
86691369		LEITH
86668685		CASLON
85555528	4384929	SHOPPING GENIUS
85649670		BAR VERDE
85929199	4777714	Z BY ZELLA GIRL
85873926	4937067	LEITH

85842553	5041377	ZELPROTEK
85830556	4553483	BEAUTY 24/7
85822783	4909111	HARPER CANYON
85797710	4909093	BROLETTO
85794628	4902195	BP. UNDERCOVER
85756714	5027349	FREE PRESS
85743163	4951610	NORDSTROM RACK
85692561	4629138	THE RAIL
85577484	4867321	PHASE 3
85577470	4855911	PHASE 3
85572186	4874651	SUSINA
85545254	4822375	THE RAIL
85486190	4905297	TUCKER + TATE
85486186	4905296	TUCKER + TATE
85472277	4782200	TILDON
85472273	4782199	TILDON
85466541	4782195	RUBY & BLOOM
85457230	5105199	FREE PRESS
85456991	4782187	STEM BABY
85452168	4790790	ZELLA GIRL
85452156	4777440	ZELLA GIRL
85426431	4735531	Z BY ZELLA
85358212	4317773	NORDSTROM MAKERS
85292064	4641489	14TH & UNION
85270965	4782141	ZELLA
85241694	4022713	HAUTELOOK
85162735	4547875	LEITH
85116871	4339105	TREASURE & BOND
85110723	4077796	THE WEDDING SUITE
85049432	3893991	NORDSTROM RACK
85034671	3953787	TRUNK CLUB
85034201	4335197	HALOGEN
85528890	4808771	14TH & UNION
85426420	4735530	C2 BY CALIBRATE
85570961	4253128	HAPPY STYLE HUNTING
85257166	4168854	WANTFUL
85249927	4192107	WALLIN & BROS.
78833729	3543681	BP.

78833726	3520658	BP.
78976100	2980055	NORDSTROM RACK NR
78954519	3826542	STEM
78954510	3815872	TROUVÉ
78929908	3868787	SHIMERA
78869974	3198938	EBAR
78861986	3730109	FRENCHI
78838769	3345851	T.B.D.
78829158	3776346	MAKE + MODEL
78697544	3690650	PUBLIC OPINION
78639311	3341149	NORDSTROM NOTES
78612878	3079598	ENCORE
78537791	3029052	NORDSTROM
78506877	3108762	JOHN W. NORDSTROM
78436539	3308200	NORDSTROM
78317289	3111132	NORDSTROM EBAR
78310580	2854000	HALOGEN
78250483	3038313	GIFTS WE LOVE
78174764	2753232	NORDSTROM
78132496	2734806	LAST CHANCE
78088813	3197192	SMARTCARE
78443932	3518114	TESORI
77979379	3823196	1901
77967145	4451615	SEJOUR
77942736	3962979	THE RACK
77942725	3866811	RACK
77891652	4035574	SIXTH & PINE
77885424	4376739	CALIBRATE
77867497	3869399	POINT OF VIEW
77798058	4335127	1901
77771608	4328562	ABOUND
77769311	4214297	DENIMRACK
77622049	3643201	BLUE STOVE
77422714	3558876	ZELTEK
77422721	4070872	ZELTEK
77405173	4045704	FREE PRESS
77386737	3944653	BP.
77273563	4002666	GLINT

77273562	3664261	RUBY & BLOOM
77266613	3430158	SPA NORDSTROM
77266611	3430157	SPA NORDSTROM
77148779	3838238	HALOGEN
77025247	3712408	ZELLA
77018027	3664027	BIALA
77018023	3814881	HINGE
76272346	2802958	NORDSTROM IN HOUSE CAFE AND COFFEE BAR
76071967	2579928	NARRATIVE
75981595	2565974	DESIGNER FINALE
75981491	2650058	NORDSTROM
75917330	2643587	VIA C
75903263	2732527	CASLON
75903262	2810932	CASLON
75810747	2845144	HALOGEN
75791830	2518292	THE WAY YOU FEEL IS ABOUT TO CHANGE
75783707	2520863	THE WAY YOU FEEL IS ABOUT TO CHANGE
75658445	2378940	NORDSTROM
75637286	2316586	PURE STUFF
75592027	2309147	FRENCHI
75315766	2290451	ICE STORM
74459888	2065348	CLASSIQUES ENTIER
74405894	1865449	THE RAIL
74391095	1819340	N
74339038	1887965	N
74255675	1740054	DEBUT
74253765	1730156	NORDY
74213599	1769507	STUDIO 121
74170004	1832258	RUBBISH
74709919	2072520	N SIGNIA
74508624	2006606	N
74319911	1896989	PINE PEAK BLUES
73773157	1557370	INDIVIDUALIST
73728625	1523966	PETITE FOCUS
73580518	1409938	NORDSTROM RACK
73409518	1281000	NORDSTROM
73408701	1280223	BRASS PLUM
73408616	1280785	NORDSTROM

2) Know How.

Any information, data, process, method technique, technology, standard, documentation, idea, discovery, invention, know-how or trade secret that is related to or useful to NCRI in operating physical and online stores in Canada.

Exhibit B
SERVICES PROVIDED

1. The following Services will be provided by NCRI to Nordstrom:

- a. Canada Retail Operations
- b. Nordstrom.ca Operations

For the avoidance of doubt, the Parties intend that NCRI shall:

- Act as the seller/merchant of record for sales transactions, as well as purchase and maintain a stock of inventory, in Canada, sufficient to meet forecasted demand;
- Recruit and train a qualified workforce located in Canada;
- Implement appropriate security protocols to protect against risks that may occur in the Canada businesses;
- Provide Nordstrom with information, in an agreed form and on an agreed schedule, sufficient to allow Nordstrom to provide its identified Services from the United States; and
- Aside from those Services provided by Nordstrom, assume responsibility for all operational risks associated with both Canada Retail and Nordstrom.ca businesses.

2. The following Services will be provided by Nordstrom to NCRI:

- a. Legal
- b. Finance
- c. Accounting
- d. Bill Processing
- e. Payroll
- f. Human Resources
- g. Merchandising
- h. Strategy
- i. IT Project Support

3. In consideration of the Agreement, each party agrees to pay the other the US dollar amount necessary such that NCRI, as a limited risk operator, realizes an arms-length routine Rate of Return between 4.5% and 6.5%, to be reviewed and updated as needed. "Rate of Return" is defined as operating profit divided by net sales.

EXHIBIT C
SCOPE OF AGREEMENT

The following rights have been reserved by each Party as set forth in Section 2.2 of the Agreement:

- (a) **Services** - the right to increase or decrease the level of services.
- (b) **Financing Activities** - the right to offer financing assistance in conjunction with its operation or expansion. Any material financing activities would be subject to a separate agreement.
- (c) **Affiliated Entities** - the right to request services be provided to any affiliated entities.
- (d) **Non-Affiliated Entities** - the right to contract with a non-affiliated Party to receive some or all of the services described in this Agreement. In the event that a contract with a non-affiliated Party is executed, the Parties hereby agree that the cost structure of a non-affiliated contract will have no bearing or adjustment on this Agreement.
- (e) **Service Activities** - the right to provide services to unaffiliated entities. In the event that a contract with a non-affiliated Party is executed, the Parties hereby agree that the cost structure of a non-affiliated contract will have no bearing or adjustment on this Agreement.

APPENDIX "D"
EMPLOYEE TRUST AGREEMENT

See attached.

NORDSTROM, INC.

- and -

ALVAREZ & MARSAL CANADA INC.

(in its capacity as Court appointed Monitor of Nordstrom Canada Retail, Inc. and certain of its affiliated entities and not in its personal capacity (the “Monitor”))

- and -

GALE RUBENSTEIN

TRUST AGREEMENT

Dated March 2, 2023

ARTICLE 1 INTERPRETATION.....	3
1.1 Definitions.....	3
1.2 Headings, etc.....	9
1.3 Articles; Sections; etc.	9
1.4 Gender; Singular/Plural	9
1.5 Certain Phrases, etc.....	9
1.6 Business Day.....	9
ARTICLE 2 PAYMENT OF ELIGIBLE EMPLOYEE CLAIMS.....	9
2.1 Procedure for Funding and Payment of Eligible Employee Claims and Reconciliation	9
2.2 Payment by Nordstrom Canada to Employee Beneficiaries.....	10
2.3 Enurement.....	10
2.4 Subrogation.....	10
ARTICLE 3 THE TRUST	11
3.1 Creation of Trust.....	11
3.2 Payment of First Contribution	11
3.3 Trust Conditions.....	11
3.4 Irrevocable Once Trust Conditions Fully and Completely Satisfied	11
3.5 Name.....	12
3.6 Objects	12
3.7 Beneficiaries	12
3.8 No Right to Corpus of the Trust	12
3.9 Qualified Investments.....	12
3.10 Residence	12
ARTICLE 4 TRUSTEES FEES.....	12
4.1 Reserve for Trustee Fees and Expenses.....	12
4.2 Receipt and Analysis of Eligible Employee Claims.....	13
4.3 No Trustee Liability for Insufficient Funds	13
4.4 Additional Contributions from the Settlor	13
4.5 Directions.....	14
ARTICLE 5 THE TRUSTEE	14
5.1 Fees and Expenses	14
5.2 Termination and Replacement	14
5.3 Replacement Trustee.....	16
5.4 Accounting.....	16
5.5 Liability of Trustee	16
5.6 Acceptance of Trusts.....	17
5.7 Indemnification.....	17
5.8 Tax Filings and Payments.....	18

5.9	Accumulation of Income.....	18
5.10	Professional Advisors	18
5.11	Application to Court	18
5.12	Certificates of Incumbency	19
5.13	Incidental Rights; Actions; Defences; etc.....	19
ARTICLE 6 ADMINISTRATOR.....		20
6.1	Role of Administrator	20
6.2	Fees and Expenses	20
6.3	Professional Advisors	21
ARTICLE 7 BANKING		21
7.1	Bank Selection	21
7.2	Banking Activities	21
ARTICLE 8 AMENDMENT.....		22
8.1	Amendment Restrictions.....	22
ARTICLE 9 ADJUSTMENT; TERMINATION.....		22
9.1	Adjustment of Trust Corpus.....	22
9.2	Termination Date	22
9.3	Consequence of Termination	22
9.4	Survival.....	23
3333		
ARTICLE 10 OTHER MATTERS.....		23
10.1	Governing Law	23
10.2	Assignment	23
10.3	No Waiver, etc.	23
10.4	Entire Agreement.....	24
10.5	Severability	24
10.6	Time of the Essence	24
10.7	Further Assurances.....	24
10.8	Counterpart Execution	24
10.9	Third Party Beneficiaries	25
10.10	No Obligation to Pay Eligible Employee Claims Prohibited by Law	25
10.11	Notice	25
10.12	U.S. Federal Income Tax Treatment.....	27

TRUST AGREEMENT

THIS AGREEMENT dated the 2ND day of MARCH, 2023.

BETWEEN:

NORDSTROM, INC. (“Settlor”)

ALVAREZ & MARSAL CANADA INC. solely in its capacity as Court appointed Monitor of Nordstrom Canada Retail, Inc., Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC and the Administrator of the Nordstrom Canada Employee Trust, and not in its personal capacity (“Administrator”)

- and-

Gale Rubenstein (“Trustee”)

WHEREAS:

On March 2, 2023 (the “**Filing Date**”), **Nordstrom Canada Retail, Inc.**, a corporation organized under the Laws of British Columbia (“**Nordstrom Canada**”), **Nordstrom Canada Holdings, LLC** and **Nordstrom Canada Holdings II, LLC** commenced creditor protection proceedings before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA Proceedings**”) and the Court granted the Initial Order (as defined below), **Nordstrom Canada Leasing LP (“Canada Leasing LP”)** is not an applicant in the CCAA Proceedings but under the Initial Order, the stay of proceedings and other benefits of the Initial Order have been extended to Canada Leasing LP. **Nordstrom Canada, Nordstrom Canada Holdings, LLC, Nordstrom Canada Holding II, LLC** and **Canada Leasing LP** are collectively referred to herein as the “**Nordstrom Canada Entities**”.

In connection with the CCAA Proceedings, **Alvarez & Marsal Canada Inc.** was appointed as monitor (the “**Monitor**”).

- A. In connection with the CCAA Proceedings, the **Nordstrom Canada Entities** intend to wind down their operations and shall cease to carry on business (the “**Wind-down Process**”).
- B. **Nordstrom Canada** is the employer of approximately 2,333 employees (the “**Nordstrom Canada Employees**”), who will be impacted by the **Wind-down Process**.
- C. Under the Laws of Canada, the contractual, statutory and common law termination entitlements (if any) of the **Nordstrom Canada Employees** to be

terminated without cause and without sufficient notice or payment in lieu thereof in the CCAA Proceedings will constitute unsecured claims in the CCAA Proceedings, to be reviewed in consultation with the Monitor in accordance with a claims process once established in the CCAA Proceedings, and ultimately subject to compromise in any CCAA Plan.

- D. Under the termination provisions of various applicable provincial employment standards statutes, certain Nordstrom Canada Employees may be entitled to receive their Regular Wages (as hereinafter defined) for a Regular Work Week (as hereinafter defined) during their statutory notice period, even if their hours of work or compensation arrangements vary or are reduced during the Wind-down Process such that they do not earn such amounts through actual service.
- E. Nordstrom, Inc. is the indirect parent of Nordstrom Canada, incorporated under the Laws of the State of Washington.
- F. Nordstrom Canada and Nordstrom US with the support of the Monitor, desire to have Nordstrom Canada Employees treated in a fair and equitable manner in the CCAA Proceedings in order to assist with their transition to alternative employment.
- G. In order that the Eligible Employees (as defined below) have a measure of financial security during the Wind-down Process and the CCAA Proceedings and to diminish the financial hardship the Eligible Employees may suffer as a result thereof, the Settlor has agreed to provide certain financial support on a without prejudice basis through the creation of this Trust and subject to the limitations set forth in and in accordance with the terms and conditions of this Agreement. As a result, Eligible Employee Claims (as defined below) will be eligible for protection and satisfaction through this Trust.
- H. Nordstrom Canada with the support of the Monitor is also seeking the appointment of Ursel Phillips Fellows Hopkinson LLP as Representative Counsel of the Represented Employees (as hereinafter defined), with Susan Ursel acting as senior counsel (the “**Representative Counsel**”).
- I. Nordstrom Canada, Representative Counsel and the Monitor have each agreed to support the entry by the Settlor into this Agreement on and subject to the terms and conditions hereof.
- J. The Nordstrom Canada entities will be seeking as part of the initial relief, an order authorizing and approving the terms and conditions of this Agreement and authorizing the Nordstrom Canada Entities and Monitor to execute same.

NOW THEREFORE in consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), it is agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Where used in this Agreement, including in the Recitals, the following terms shall have the following meanings:

“Administrator” means the Monitor solely in its capacity as Monitor acting as administrator hereunder and not in its personal capacity;

“Administrator Expenses” has the meaning ascribed to such term in Section 6.1(b);

“Administrator Fees” has the meaning ascribed to such term in Section 6.1(a);

“Administrator Payments” has the meaning ascribed to such term in Section 6.1(b);

“Agreement” means this Trust Agreement, as amended or supplemented from time to time pursuant to the terms hereof;

“Benefit Claims” means in respect of an Eligible Employee, the direct cost to Nordstrom Canada required to continue such Eligible Employee’s benefit coverage under a group insurance policy or plan providing for life, disability, prescription, dental, vision, or other medical or health benefits during any portion of the Notice Period during which such Eligible Employee has ceased to be actively employed;

“Beneficiary” means each: (i) active Nordstrom Canada Employee as of the Filing Date, who has not given notice of termination to, or received notice of termination from, Nordstrom Canada prior to the Filing Date and who is terminated without cause by Nordstrom Canada following the Filing Date; (ii) inactive Nordstrom Canada Employee on approved disability leave, statutory leave, or authorized personal and educational leave as of the Filing Date who has not given notice of termination to, or received notice of termination from, Nordstrom Canada prior to the Filing Date and who is terminated without cause by Nordstrom Canada following the Filing Date; and (iii) such other inactive Nordstrom Canada Employee on authorized leave of absence that Nordstrom Canada and the Monitor may expressly agree. For the avoidance of doubt, a Beneficiary shall not include any Nordstrom Canada Employee who voluntarily resigns and/or abandons his or her employment at any time prior to the effective date of the termination without cause by Nordstrom Canada, whether or not such individual has received notice of termination at the time of such resignation and/or abandonment;

“Business Day” means a day on which the banks are open for business (Saturdays, Sundays, statutory and civic holidays excluded) in Toronto, Ontario, Canada;

“CCAA Plan” means a plan of compromise or arrangement in respect of the Nordstrom Canada Entities pursuant to the CCAA;

“CCAA Proceedings” has the meaning ascribed to such term in the Recitals to this Agreement;

“Claim” means all and any claims, actions, suits, applications, litigation, charges, complaints, prosecutions, assessments, reassessments, investigations, inquiries, hearings and other proceedings, whether civil, criminal, administrative or otherwise;

“Claims Process” means the claims process to be approved by an order of the Court in the CCAA Proceedings governing the identification and quantification of certain claims against the Nordstrom Canada Entities and the directors and officers of the Nordstrom Canada Entities in connection with the CCAA Proceedings;

“Court” has the meaning ascribed to such term in the Recitals to this Agreement;

“Deemed Release Terms” means

(i) during each Pay Period (as hereinafter defined) during the Notice Period, a deemed release of the Releasees (as hereinafter defined) by an Eligible Employee for an amount equal to the distribution from the Trust to Nordstrom Canada in respect of such individual’s Eligible Employee Claim, which distribution has been processed and paid by Nordstrom Canada; and

(ii) a deemed full and final release of the Releasees by an Eligible Employee in respect of such individual’s total Eligible Employee Claim pursuant to the terms hereof, effective sixty (60) days after the final payment to such Eligible Employee, or such later date as the Monitor in its discretion may designate, provided that the Eligible Employee has not, on or before such date, provided notice of dispute to the Monitor and Representative Counsel in the manner and form set out in the Initial Order;

provided however that in the event of any insufficiency of Trust funds to cover an Eligible Employee’s total Eligible Employee Claim, only paragraph (i) hereof shall be effective and there shall be no deemed full and final release of the full Eligible Employee Claim.

“Effective Date of Notice” means the date that notice of termination of employment without cause is given by Nordstrom Canada to an Eligible Employee, or as otherwise agreed among Nordstrom Canada, the Administrator and Representative Counsel or as deemed received by the Court;

“Eligible Employees” mean the Beneficiaries;

“Eligible Employee Claim” means in respect of an Eligible Employee, an amount equal to A – B where:

A is such Eligible Employee’s Statutory Termination Entitlements:

and

B is:

all amounts earned by such Eligible Employee up to their Regular Wages (which for the avoidance of doubt shall include benefits and vacation pay) for a Regular Work Week in respect

of actual post-filing services provided by such Eligible Employee following the Effective Date of Notice.

For the avoidance of doubt, an Eligible Employee Claim includes Top Up Claims and Benefit Claims, and excludes Excluded Employee Claims;

“**Eligible Employee Claims Estimate**” has the meaning ascribed to such term in Section 2.1(a);

“**ESA**” means applicable employment standards legislation (as amended and replaced), including the Alberta *Employment Standards Code* for Beneficiaries employed in Alberta, the British Columbia *Employment Standards Act* for Beneficiaries employed in British Columbia, the Nova Scotia *Labour Standards Code* for the Beneficiary employed in Nova Scotia and, the Ontario *Employment Standards Act, 2000* for Beneficiaries employed in Ontario;

“**Excluded Employee Claims**” means any and all actual or potential actions, causes of action, applications, suits, complaints, liabilities, debts, demands, damages, costs, torts (both intentional and unintentional), dues, bonds, accounts, covenants, contracts, statutory rights, rights to expense reimbursement and all or any claims whatsoever against Nordstrom Canada, Nordstrom, Inc. or their affiliates by any present or former employees or contractors of Nordstrom Canada that exist or may exist by reason of any cause, matter or thing whatsoever, save and except for the Eligible Employee Claims;

“**Filing Date**” has the meaning ascribed to such term in the Recitals to this Agreement;

“**Final Order**” means an 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;

“**First Contribution**” means the amount of CDN \$14,000,000 to be paid by the Settlor in accordance with the terms hereof within five (5) Business Days of the granting of the Initial Order;

“**Governmental Authority**” means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals, or dispute settlement panels or other law, rule or regulation-making organizations or entities:

- (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision of any of them; or
- (b) exercising or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

“**Initial Order**” means an Order of the Court, as it may be amended and restated, granting relief to the Nordstrom Canada Entities in the CCAA Proceedings which, *inter alia*:

- (i) approves and authorizes the creation of the Nordstrom Canada Employee Trust on the terms and conditions set out in this Agreement;
- (ii) provides for a deemed release of claims by Eligible Employees no less favourable to Nordstrom Canada, Nordstrom, Inc. and their affiliates than the Deemed Release Terms;
- (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 Nordstrom Canada 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, Inc. 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 or in connection with the settling of the Trust;
- (vi) deems that Nordstrom, Inc. shall be deemed to be fully subrogated to all rights of recovery of the Beneficiaries against Nordstrom Canada in an amount equal to the aggregate gross amount paid to such Beneficiaries directly or indirectly from the Employee Trust; and
- (vii) establishes a stay of proceedings on substantially the terms and conditions requested by Nordstrom Canada;

“Initial Settlement Amount” means the amount of CDN \$5 (five dollars) to be paid by the Settlor to settle this Trust;

“Law” or **“Laws”** means applicable laws (including, without limitation, common law, civil law and laws or regulations prohibiting indemnification of directors of a company under certain circumstances), statutes, by-laws, rules, regulations, Orders, ordinances, protocols, codes, guidelines, treaties, policies, notices, directions, decrees, judgments, awards or requirements, in each case of any Governmental Authority;

“Maximum Required Trust Contribution” means the amount of CDN \$25,000,000 payable by the Settlor in accordance with the terms hereof;

“Monitor” has the meaning ascribed to such term in the Recitals of this Agreement;

“Nordstrom Canada” has the meaning ascribed to such term in the Recitals of this Agreement;

“Nordstrom Canada Employees” has the meaning ascribed to such term in the Recitals of this Agreement;

“Nordstrom Canada Entities” has the meaning ascribed to such terms in the Recitals of this Agreement;

“Notice Period” means for an Eligible Employee the period starting on and including the Effective Date of Notice and ending on and including the date of termination set out in writing in such Eligible Employee’s notice of termination, provided that if an employee is eligible to a longer period of notice under applicable ESA then “Notice Period” shall refer to the applicable ESA minimum notice period;

“Orders” means orders, injunctions, judgments, administrative complaints, decrees, rulings, awards, assessments, directions, instructions, settlements, penalties or sanctions issued, filed or imposed by any Governmental Authority or arbitrator and includes remedial orders;

“Party” or **“Parties”** means individually or collectively, as the case may be, the Settlor, the Administrator and the Trustee;

“Pay Period” means Nordstrom Canada’s regular biweekly pay period, starting with the biweekly pay period in respect of which the first Effective Date of Notice occurs and each subsequent biweekly period thereafter during the currency of this Agreement;

“Pay Period Reconciliation” has the meaning ascribed to such term in Section 2.1(b);

“Person” includes any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or organization or entity however designated or constituted;

“Qualified Investments” means an interest-bearing account or accounts in a Scheduled Canadian Bank (as defined below).

“Reconciliation” has the meaning ascribed to such term in Section 2.1;

“Regular Wages” means an Eligible Employee’s regular wages as determined under applicable ESA;

“Regular Work Week” means an Eligible Employee’s regular work week as determined under applicable ESA;

“Releasees” means Nordstrom Canada, Nordstrom, Inc. and all their respective affiliates (collectively the “Released Entities”) and the present and former officers, directors, employees, representatives and agents of the Released Entities;

“Representative Counsel” has the meaning ascribed to such term in the Recitals of this Agreement;

“Represented Employees” means Nordstrom Canada employees represented by Representative Counsel pursuant to the Initial Order;

“Scheduled Canadian Bank” means a bank listed on Schedule I of the Bank Act (Canada);

“Settlor” means Nordstrom, Inc.;

“Statutory Termination Entitlements” means the applicable statutory minimum termination entitlements under ESA in respect of, if and as required, notice of termination, pay-in-lieu of notice, severance pay, post-termination benefits coverage and post-termination vacation pay;

“Termination Date” has the meaning ascribed to such term in Section 9.2;

“Top Up Claim” means for an Eligible Employee a claim for an amount in excess of the wages earned by the Eligible Employee required to provide such Eligible Employee their Regular Wages for a Regular Work Week under the ESA during the Notice Period, even if such Eligible Employee’s hours of work or wages vary or are reduced so that such Eligible Employee does not receive such amounts through actual services performed;

“Trust” means the trust created pursuant to this Agreement;

“Trust Conditions” has the meaning ascribed to such term in Section 3.3;

“Trustee” at any time means the Person serving as trustee hereunder at such time and at the date hereof means Gale Rubenstein;

“Trustee Expenses” has the meaning ascribed to such term in Section 5.1(b);

“Trustee Fees” has the meaning ascribed to such term in Section 5.1(a);

“Trustee Payments” has the meaning ascribed to such term in Section 4.1;

“Trust Property” means the aggregate amount contributed to the Trust by the Settlor including without limitation the Initial Settlement Amount, the First Contribution amount paid to the Trustee in accordance with Section 3.2 of this Agreement (as set forth in Exhibit A attached hereto) and any further deposits or amounts received by the Trustee to be held under the terms of this Agreement, together with interest and other revenues generated thereby and any property into which all of the foregoing may be converted, less amounts which have been paid or distributed pursuant to the terms of this Agreement (including Trustee Expenses, Trustee Fees, and Trustee Payments);

“Wind-down Process” has the meaning ascribed to such term in the Recitals to this Agreement;

1.2 Headings, etc.

The provision of a table of contents, the division of this Agreement into articles and sections and the insertion of headings are for convenient reference only and are not to affect the interpretation of this Agreement.

1.3 Articles; Sections; etc.

Reference to articles, sections or other parts of this Agreement are to the specified article, section or part.

1.4 Gender; Singular/Plural

References to gender include all genders and, except where the context otherwise requires, the singular includes the plural and vice versa.

1.5 Certain Phrases, etc.

In this Agreement (i) the words “including” and “includes” mean “including (or includes) without limitation”, (ii) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”, and (iii) the words “hereafter”, “hereby”, “herein”, “hereof”, “hereunder” and “herewith” refer to the entire Agreement, not just a particular article or section.

1.6 Business Day

Any action or payment required or permitted to be taken or made hereunder on a day which is not a Business Day may be taken or made on the next succeeding Business Day.

1.7 Recitals

The Recitals to this Agreement are true and correct and form part of this Agreement.

ARTICLE 2 PAYMENT OF ELIGIBLE EMPLOYEE CLAIMS

2.1 Procedure for Funding and Payment of Eligible Employee Claims and Reconciliation

- (a) Not later than three (3) days prior to each pay date for a Pay Period, or as soon as practicable thereafter, Nordstrom Canada and the Administrator shall consult and collaborate to estimate the Eligible Employee Claims, including any Top Up Claims and Benefit Claims, that would be paid to Eligible Employees in respect of such Pay Period but for the CCAA Proceedings (the “**Eligible Employee Claims Estimate**”).

- (b) Not later than three (3) days prior to each pay date for a Pay Period, or as soon as practicable thereafter, and from time to time as deemed appropriate by the Administrator, Nordstrom Canada and the Administrator shall consult and collaborate to assess the amount of any difference between (i) payments made to Nordstrom Canada from the Trust pursuant to Section 2.1(c) in respect of prior Pay Periods minus (ii) the actual amount of Eligible Employee Claims payable from the Trust in respect of such Pay Periods (each such assessment, a “**Pay Period Reconciliation**”).
 - (i) If the amount of a Reconciliation is greater than zero, the subsequent Eligible Employee Claims Estimate shall be reduced by such amount.
 - (ii) If the amount of a Reconciliation is less than zero, the subsequent Eligible Employee Claims Estimate shall be increased by such amount.
- (c) For each Pay Period, the Trust shall make a payment to Nordstrom Canada in an amount equal to the lesser of (x) the Eligible Employee Claim Estimate for such Pay Period pursuant to Section 2.1(a) as adjusted by any applicable Reconciliation pursuant to Section 2.1(b), and (y) the Trust Property then remaining less the aggregate amount of any reserves established under Section 4.1.
- (d) Prior to the Termination Date, the Administrator and Nordstrom Canada will perform a final reconciliation and any payments owing to or from the Trust shall be made, if and as applicable, subject to the terms and conditions hereof, including the Maximum Required Trust Contribution.

2.2 Payment by Nordstrom Canada to Employee Beneficiaries

Nordstrom Canada, as the employer of the Eligible Employees, with the assistance of Nordstrom US under the wind-down agreement if and as needed, shall be solely responsible for processing, or causing to be processed, all amounts received from the Trust, whether during or after the Notice Period or after the date of termination of the Eligible Employees, including (i) withholding, deducting and remitting any authorized or required withholdings and deductions to Government Authorities or other third-parties, (ii) arranging for payment of applicable benefit premiums, and (iii) paying net amounts to applicable Beneficiaries.

2.3 Enurement

This Article 2 and the benefit of the obligations of the undersigned hereunder shall enure to the benefit of the applicable Beneficiaries, and her or his heirs, estate, executors, legal representatives, assigns and administrators and shall be binding upon the Trust.

2.4 Subrogation

The Settlor shall have – and shall be deemed by the Monitor and the Nordstrom Canada Entities to have – full and complete subrogation rights against Nordstrom Canada in respect of the aggregate gross amount paid to Beneficiaries directly or indirectly from the Employee Trust.

ARTICLE 3 THE TRUST

3.1 Creation of Trust

The Settlor hereby settles and deposits the Initial Settlement Amount with the Trustee on the trusts provided for in this Agreement. The Trustee accepts and agrees to hold such amount together with any other amounts or property that may from time to time constitute Trust Property upon the trusts provided for in, and subject to and in accordance with the terms of, this Agreement. The Trustee agrees to distribute and deal with the Trust Property, and at all times agrees to keep the Trust Property segregated from the property and assets of the Trustee, the Settlor and any other trust in which the Trustee may serve as a trustee, and in one or more segregated accounts, on the terms and subject to the conditions hereof.

3.2 Payment of First Contribution

The Settlor shall pay the First Contribution to the Trustee to hold in the trusts provided for in this Agreement within ten (10) Business Days of the granting of the Initial Order.

3.3 Trust Conditions

Notwithstanding anything to the contrary in this Agreement, the Trust will be fully revocable by the Settlor in its sole discretion until each of the following terms and conditions precedent (the “**Trust Conditions**”) are fully and completely satisfied:

- (a) the Court grants the Initial Order;
- (b) the Initial Order becomes a Final Order; and
- (c) notices of termination of employment by Nordstrom Canada have been sent to Eligible Employees.

Provided however that in no event will the Settlor revoke or seek to revoke the Trust until the date that is twenty-one (21) days after the date on which the Court hears the application for the Initial Order. Following the date that is twenty-one (21) days after the date on which the Court hears the application for the Initial Order, if the Trust Conditions are not yet fully and completely satisfied, the Settlor may revoke the Trust upon written notice to the Trustee. Upon notice of revocation pursuant to this Section 3.3, the Trust Property shall immediately revert to the Settlor and the Trustee shall pay to the Settlor the Trust Property which, for the avoidance of doubt, shall not include any Trustee Payments incurred to the date of such notice.

The Settlor, in its sole discretion, may waive one or more of the Trust Conditions.

3.4 Irrevocable Once Trust Conditions Fully and Completely Satisfied

Subject to the full and complete satisfaction of the Trust Conditions contained in Section 3.3, and except as provided for in Article 9 of this Agreement, the Trust is intended and is hereby

declared to be irrevocable. Upon the full and complete satisfaction of the Trust Conditions contained in Section 3.3, and except as provided for in Section 9.1, the Trust Property shall not, prior to the Termination Date, revert to or be applied for the benefit of the Settlor but shall be applied for the exclusive benefit of the Beneficiaries in accordance with the terms hereof.

3.5 Name

The name of the Trust shall be the “**Nordstrom Canada Employee Trust**”. Wherever lawful and convenient, the affairs of the Trust shall be conducted under such name, or any other name the Trustee deems appropriate.

3.6 Objects

The objects of the Trust are, subject to and in accordance with the terms hereof, to provide financial support for the Beneficiaries in respect of Eligible Employee Claims, and to provide for the payment of the Trustee Fees and Trustee Expenses.

3.7 Beneficiaries

Following the full and complete satisfaction of the Trust Conditions contained in Section 3.3 but prior to the Termination Date, the beneficiaries of the Trust Property are the Beneficiaries and, under certain circumstances as expressly set forth in this Agreement, the Settlor. On the Termination Date, the Settlor is the residuary beneficiary of the Trust Property.

3.8 No Right to Corpus of the Trust

Other than expressly provided in this Agreement, no Person shall have any right to the corpus of the Trust.

3.9 Qualified Investments

Pending disbursement of the Trust Property, the Trustee shall hold, invest and reinvest the Trust Property in Qualified Investments. All Qualified Investments shall be held in trust by the Trustee subject to and in accordance with the terms hereof and the trust nature of such account or accounts shall be clearly identified.

3.10 Residence

The residence of the Trust is the Province of Ontario, Canada.

ARTICLE 4 TRUSTEES FEES

4.1 Reserve for Trustee Fees and Expenses

The Trustee may reserve from the Trust Property, prior to paying any amounts in respect of Eligible Employee Claims, amounts sufficient to fully pay and satisfy all of the reasonable

Trustee Fees and the Trustee Expenses and other payments to the Trustee or the Administrator to be met from the Trust Property under this Agreement, including, without limitation, Administrator Expenses and Administrator Payments, and any indemnification payments under Section 5.7 of this Agreement (collectively, the “**Trustee Payments**”), and is authorized to pay all of the Trustee Fees, the Trustee Expenses and the Trustee Payments from the Trust Property in accordance with the terms of this Agreement. To the extent that the Trustee determines at any time that the remaining Trust Property at such time is insufficient to cover all payments to be met from the Trust Property under this Agreement, the Trustee Payments shall have priority over any payments to the Beneficiaries under this Agreement.

4.2 Receipt and Analysis of Eligible Employee Claims

The Trustee may receive a request for payment in respect of Eligible Employee Claims from the Administrator, in accordance with Section 2. The Trustee may require, in support of any such claim or request, any supporting information the Trustee considers relevant.

The Trustee is authorized to obtain from such advisors as the Trustee in its discretion may require in accordance with Section 5.10 such additional advice and analysis as the Trustee considers to be desirable in making a determination as to any of the matters set out above. Receipt by the Trustee of information as to a claim or potential claim or a request in accordance with this Section in no way commits the Trustee to pay or satisfy the claim or potential claim.

4.3 No Trustee Liability for Insufficient Funds

The Trustee shall not be liable to any Person (including any Beneficiary or the Settlor) in the event that the Trust Property (taking into account any reserves established under Section 4.1 of this Agreement) is insufficient to pay in full or in part any Eligible Employee Claim.

4.4 Additional Contributions from the Settlor

In the event of any anticipated insufficiency of funds in the Trust Property (taking into account any reserves established under Section 4.1 of this Agreement), the Administrator shall give written notice to the Settlor, with a copy to all other recipients listed in Section 10.11, of such additional contribution or contributions as the Administrator considers appropriate, and the Settlor shall pay such additional contribution or contributions to the Trust as required in such notice to fund Eligible Employee Claims, Administrator Payments, and Trustee Payments; provided however that, notwithstanding anything to the contrary in this Agreement or otherwise, in no event shall the Settlor be required to contribute a cumulative amount, inclusive of the First Contribution, that exceeds the Maximum Required Trust Contribution. For the avoidance of doubt, notwithstanding any other provision of this Agreement to the contrary, except for the First Contribution and as set forth in this Section 4.4, the Settlor shall not, under any circumstance, be under any obligation to provide or contribute any money, property or value to the Trust, the Trustee, any Beneficiary or any other Person in respect of any Eligible Employee Claim or otherwise, and for greater certainty no Beneficiary shall be entitled to assert any Claim against the Settlor with respect to such amount.

Nothing herein prevents the Settlor from making such additional contributions in excess of the Maximum Required Trust Contribution as it may deem desirable, in its sole and absolute discretion. Any such additional contributions shall be on a purely gratuitous, without prejudice basis, and in such event, for avoidance of doubt, section 2.4 shall continue to apply in respect of such additional contributions.

4.5 Directions

Subject to Section 5.2, the Trustee shall be protected in acting on any written direction of the Administrator as provided in this Agreement if signed on behalf of the Administrator by an individual purporting to be a duly authorized representative of the Administrator without the Trustee having to confirm the correctness of such direction.

ARTICLE 5 THE TRUSTEE

5.1 Fees and Expenses

- (a) Any Person shall be entitled to fees for acting as Trustee in such amounts as are agreed among the Settlor and such Trustee (the “**Trustee Fees**”); provided that a Beneficiary shall not act as a Trustee under this Trust Agreement. The Trustee Fees shall be reimbursed in accordance with Section 5.1(c) of this Agreement.
- (b) The Trustee shall be reimbursed all expenses (including taxes, except for any taxes payable with respect to any fees paid to the Trustee) and disbursements, including, without limitation, any expenses incurred pursuant to Section 5.10 of this Agreement and the cost and expense of any Claim of any character (including, without limitation, any Claims before any Governmental Authority), reasonably incurred in connection with its duties hereunder, but excluding expenses and disbursements paid, incurred or suffered by the Trustee in any Claim in which the Trustee is determined to have acted dishonestly, fraudulently or to have been guilty of wilful misconduct (such reimbursable expenses collectively, the “**Trustee Expenses**”). The Trustee Expenses shall be reimbursed in accordance with Section 5.1(c) of this Agreement.
- (c) The Trustee shall provide the Settlor and the Administrator from time to time, or as agreed among the Settlor, the Administrator and the Trustee, with detailed invoices of any Trustee Fees or Trustee Expenses that may be owing, which amounts shall be paid within thirty (30) days from the date of such invoice. If within thirty (30) days from the date of the invoice thereof such Trustee Fees or Trustee Expenses are otherwise uncontested, the Trustee may satisfy such invoices from the Trust Property.

5.2 Termination and Replacement

In the event that:

- (a) any Trustee that is not an individual:
 - (i) resigns as a Trustee;
 - (ii) enters into liquidation, whether compulsory or voluntary (not being merely a voluntary liquidation for the purposes of amalgamation or reconstruction);
 - (iii) has a receiver or a receiver-manager appointed with respect to its affairs;
 - (iv) ceases to be a resident of Canada within the meaning of the Income Tax Act (Canada);
 - (v) becomes subject to any bankruptcy laws; or
- (b) any Trustee, being an individual:
 - (i) dies;
 - (ii) refuses or becomes unable to act or to continue to act or becomes incapable of managing property;
 - (iii) resigns as Trustee;
 - (iv) is declared bankrupt, insolvent, or mentally incompetent;
 - (v) ceases to be a resident of Canada within the meaning of the Income Tax Act (Canada); or
 - (vi) becomes a citizen of the United States of America or becomes a resident of the United States of America within the meaning of the U.S. Internal Revenue Code;

such Trustee shall, immediately upon the happening of any such event other than a resignation, cease to be a Trustee hereof. For the purposes of this Section 5.2(b)(ii), a Trustee shall be deemed to be unable to act or to continue to act as a Trustee of the Trust if such Trustee is under a legal disability or if two (2) medical doctors licensed to practice in Canada notify the Settlor and the successor Trustee of the Trust, then acting, that illness or physical or mental disability have rendered such a Trustee unable to give prompt and intelligent consideration to financial affairs.

A resignation by a Trustee shall be made by an instrument in writing and shall be effective from the date, which is seven (7) days after the notice of such resignation has been delivered to the Settlor; provided that no resignation shall be effective until the earlier of (x) the appointment of a replacement Trustee, and (y) ninety (90) days after notice of such resignation has been delivered to the Settlor. The Trustee and the former Trustee shall co-operate reasonably in effecting the transition to any replacement Trustee.

5.3 Replacement Trustee

- (a) The Trustee may at any time, by an instrument in writing, appoint a replacement Trustee with the prior written consent of the Settlor and the Administrator in consultation with the Monitor. In the event that the Settlor and Administrator fail to agree with respect to a suitable replacement Trustee, the replacement Trustee shall be appointed by the Court on notice to the Monitor, the Settlor, the Administrator and Nordstrom Canada.
- (b) Where a Trustee's appointment is terminated pursuant to Section 5.2, the Settlor may appoint a replacement Trustee; provided that such appointment is approved by the Administrator. In the event that the Settlor and Administrator fail to agree with respect to a suitable replacement Trustee, the replacement Trustee shall be appointed by the Court.
- (c) Any Person appointed pursuant to Section 5.3 shall, upon acceptance of such appointment, be vested with the Trust Property and with all the trusts, powers, authorities, duties and obligations herein contained, without further assignment, transfer or conveyance of any kind or any order of any court or tribunal whatsoever as if such Person were an original party to this Agreement.
- (d) All instruments in writing relating to the appointment of replacement Trustees shall be attached to this Agreement and shall be sufficient evidence of the facts to which such instruments relate.

5.4 Accounting

The Trustee, with the assistance of the Administrator, shall maintain accurate books, records and accounts ("**Records**") of the transactions effected or controlled by the Trustee hereunder and the receipt, investment, reinvestment and disbursement of the Trust Property, and shall provide to the Settlor and the Administrator records and written statements thereof periodically upon request of the Settlor or an order of the Court. Upon termination of the CCAA Proceedings, such Records shall be maintained by the Settlor for six (6) years or otherwise in accordance with any CCAA Plan approved by the Court.

5.5 Liability of Trustee

- (a) The Trustee shall exercise the powers and discretions given to the Trustee in good faith in what it deems to be the best interests, whether monetary or otherwise, of the Beneficiaries, whether or not such exercise may have the effect of conferring an advantage on any one or more of the Beneficiaries at the expense of any other Beneficiary or would otherwise, but for the foregoing, be considered as being other than an impartial exercise of its duties hereunder or as not being the maintenance of an even hand between the Beneficiaries, and all such exercise of its powers and discretions made in good faith shall be binding upon the Beneficiaries and shall not be subject to any question by any Person whatsoever

or whomsoever. In performing the trusts hereof and in exercising its powers hereunder the Trustee may act in its discretion and, provided the Trustee has acted honestly, the Trustee shall not be liable, answerable or accountable for any claims resulting from the exercise of a discretion or the refusal to exercise a discretion. The Trustee shall only be liable, answerable and accountable for its own dishonesty, fraud or wilful misconduct. The Trustee is liable, answerable and accountable only for money and securities for money actually received by such Trustee, even though the Trustee has signed a receipt or other instrument for the sake of conformity. A Trustee is not liable, answerable or accountable for the acts, receipts, negligence, defaults, dishonesty, fraud or wilful misconduct of any other Trustee, or of any other Person having custody of any part of the Trust Property and is not liable, answerable or accountable for any loss of money or security for money unless the same happens through the Trustee's own dishonesty, fraud or wilful misconduct. Honesty and good faith shall be presumed in favour of the Trustee unless such presumption is rebutted.

- (b) Subject to its obligations hereunder to the Settlor, the Administrator and to the Beneficiaries with respect to the Trust Property, the Trustee shall have no personal liability to any other Person arising from commitments in this Agreement or contractual relationships arising out of its position as Trustee. The Trustee is authorized to require any such commitment or contractual relationship to include a provision confirming the foregoing sentence to the Trustee, the Beneficiaries or any other Person with respect to the performance of the responsibilities of the Trustee hereunder, except for damages that may be caused by the dishonesty, fraud or wilful misconduct of the Trustee.

5.6 Acceptance of Trusts

The Trustee hereby accepts the covenants, trusts and obligations in this Agreement declared and provided for and agrees to perform the same upon the terms and conditions herein set forth, and to hold and exercise the rights, privileges and benefits conferred upon the Trustee hereby in trust for the benefit of the Persons having an interest in the Trust Property.

5.7 Indemnification

The Trustee (and its directors, officers, advisors and employees, if any) shall be indemnified and held harmless out of the Trust Property and, if the Trust Property is insufficient, by the Settlor, from and against all Claims and costs arising in any manner out of or in connection with this Agreement and the Trust (including, without limitation, legal costs, any investments made, retained or disposed of on the direction of the Settlor, Trustee Fees and Trustee Expenses) except (x) to the extent that the same is attributable to the dishonesty, fraud or wilful misconduct of the Trustee and (y) any income taxes payable by the Trustee with respect to the Trustee Fees and the Trustee Expenses paid to the Trustee in accordance with Section 5.1 of this Agreement and any HST collected by the Trustee from the Trust which the Trustee fails to remit. Subject to the foregoing, this entitlement to indemnification includes Costs incurred by the Trustee in enforcing its rights to indemnification hereunder. So long as a Trustee resigns, or is replaced, in accordance

with the terms of this Agreement, such former Trustee shall continue to be entitled to indemnification under this Section 5.7 with respect to any Claims that relate to, arise from or are based on such former Trustee's service as a Trustee.

5.8 Tax Filings and Payments

The Trustee, with the assistance of the Administrator, shall to the extent required by Law and subject to Section 10.12, prepare and file tax returns or other applicable filings or reports in connection with the Trust Property, and pay any taxes owing by the Trust from the Trust Property.

5.9 Accumulation of Income

- (a) Any payments from the Trust Property made by the Trustee under the terms of this Agreement shall be deemed to be made first from capital of the Trust Property, and to the extent capital of the Trust Property is insufficient to make such payment, from the income of the Trust. Any income not so paid in any year shall be added to and dealt with as part of the capital of the Trust Property. All taxes payable on such income shall be paid from the Trust Property and, to the maximum extent permitted by applicable Laws, the Settlor shall be under no obligation to pay such taxes.

5.10 Professional Advisors

The Trustee shall be entitled to take legal, accounting, tax or other advice and employ such assistance as in its judgment, acting reasonably, may be necessary for the proper discharge of its duties (including advice or assistance from the Administrator and any Person who provides advice or assistance to the Settlor, Nordstrom Canada or the Administrator (and, including without limitation, Goodmans LLP)) and, if acting in good faith, may rely upon the opinion, information or advice of any such counsellor, expert or advisor and shall not be responsible for any loss resulting from any action or inaction taken in good faith in reliance upon such opinion, information or advice. Notwithstanding anything to the contrary herein, the reasonable payment for such legal, accounting, tax or other advice may be made from the Trust Property and paid directly to such third party advisor by the Trustee.

5.11 Application to Court

The Settlor, the Administrator, Nordstrom Canada, any Beneficiary or the Trustee may apply to the Court in the CCAA Proceedings at any time and from time to time for advice and direction in connection with any aspect of this Agreement and the administration of the Trust, and, in the case of the Trustee, the performance of any of its duties and responsibilities hereunder, including, without limitation, the appointment of a replacement Trustee in accordance with the terms of Section 5.3 of this Agreement.

5.12 Certificates of Incumbency

- (a) The Settlor shall deliver to the Trustee a certificate of incumbency, which certifies the incumbency and signatures of the directors, officers or other agents of the Settlor who have the authority to execute documents contemplated under this Agreement on behalf of the Settlor;
- (b) The Administrator shall deliver to the Trustee a certificate of incumbency, which certifies the incumbency and signatures of the directors, officers or other agents of the Administrator who have the authority to execute documents contemplated under this Agreement on behalf of the Administrator; and
- (c) The Trustee shall be entitled to rely on such certificates referred to in (a) and (b) above as to the matters certified therein and absent manifest irregularity in the manner of execution of any document deliverable under this Agreement, the Trustee shall have no obligation to verify the authenticity of any signatures on any document.

5.13 Incidental Rights; Actions; Defences; etc.

In addition to all other powers conferred upon it by the other provisions hereof or by any Law, the Trustee, subject to the obligation to invest in Qualified Investments, shall have the following powers, authorities and discretion:

- (a) to exercise all rights incidental to the ownership of investments and property held as part of the Trust Property, and without limiting the generality of the foregoing, the right to vote upon and issue proxies respecting any investments held in the Trust Property, the right to sell, the right to consent to and join in any plan, reorganization, readjustment, amalgamation, merger or consolidation with respect to any Person whose securities at any time form part of the Trust Property, and the right to authorize the sale of the assets or undertaking of any Person whose securities at any time form part of the Trust Property;
- (b) to join or take any action in connection with any investment or asset held by the Trustee as part of the Trust Property or to which the Trustee may be entitled in connection herewith and to exercise any rights, powers and privileges that at any time may exist or arise in connection with such investment or asset;
- (c) to take, institute, maintain or defend any action or other proceeding that may be necessary or advisable in the opinion of the Trustee for the preservation or protection of or realization upon any property forming part of the Trust Property; and
- (d) any other power granted to the Trustee pursuant to a written authorization executed by the Settlor and the Administrator.

ARTICLE 6 ADMINISTRATOR

6.1 Role of Administrator

The Administrator's duties and responsibilities shall be limited to those duties and responsibilities of the Administrator as expressly provided for under this Agreement. For the avoidance of doubt, the Administrator's primary role is to consult and collaborate with Nordstrom Canada in the determination of the Eligible Employee Claims Estimate and the Pay Period Reconciliation, subject to and in accordance with Article 2.

6.2 Fees and Expenses

- (a) The Administrator shall be entitled its reasonable fees and disbursements, in each case at its standard rates and charges for acting in such capacity, in such amounts as are agreed among the Settlor and the Administrator (the "**Administrator Fees**"). The Administrator Fees shall be reimbursed in accordance with Section 6.1(c) of this Agreement.
- (b) The Administrator shall be reimbursed all expenses (including taxes, except for any taxes payable with respect to any fees paid to the Administrator) and disbursements, including, without limitation, any expenses incurred pursuant to Section 6.2 of this Agreement and the cost and expense of any Claim of any character (including, without limitation, any Claims before any Governmental Authority), reasonably incurred in connection with its duties hereunder, but excluding expenses and disbursements paid, incurred or suffered by the Administrator in any Claim in which the Administrator is determined to have acted dishonestly, fraudulently or to have been guilty of wilful misconduct (such reimbursable expenses collectively, the "**Administrator Expenses**" and together with the Administrator Fees, the "**Administrator Payments**"). The Administrator Expenses shall be reimbursed in accordance with Section 6.2(c) of this Agreement.
- (c) The Administrator shall provide the Settlor and the Trustee from time to time, or as agreed among the Settlor, the Administrator and the Trustee, with invoices of any Administrator Fees or Administrator Expenses that may be owing. If within thirty (30) days from the date of the invoice thereof such Administrator Fees or Administrator Expenses are otherwise uncontested, the Trustee may satisfy such invoices from the Trust Property.
- (d) For the avoidance of doubt, the fees and expenses of the Representative Counsel shall not be the responsibility of the Trust.

6.3 Professional Advisors

The Administrator shall be entitled to take legal, accounting, tax or other advice and employ such assistance as in its judgment, acting reasonably, may be necessary for the proper discharge of its duties (including advice or assistance from its legal counsel (which shall be Goodmans LLP) and any Person who provides advice or assistance to the Settlor, Nordstrom Canada or the Trustee) and, if acting in good faith, may rely upon the opinion, information or advice of any counsellor or any other independent expert or advisor retained by the Administrator and shall not be responsible for any loss resulting from any action or inaction taken in good faith in reliance upon such opinion, information or advice. Notwithstanding anything to the contrary herein, the reasonable payment for such legal, accounting, tax or other advice may be made from the Trust Property and paid directly to such third party advisor by the Trustee. Without altering the funding obligations of the Settlor under Section 4.4, under no circumstances shall the Settlor be liable to the Administrator or any other Person for any amounts due under this Section 6.3.

ARTICLE 7 BANKING

7.1 Bank Selection

The banking activities of the Trust in respect of the Trust Property, or any part thereof, shall be transacted with such Scheduled Canadian Bank as the Trustee may designate, appoint or authorize, in writing, from time to time.

7.2 Banking Activities

All banking activities, or any part thereof, shall be transacted by the Administrator on behalf of the Trust as follows:

- (a) Any disbursements of Trust Property shall be authorized, in writing, by the Trustee and the Administrator, acting together; and
- (b) The Trustee may:
 - (i) subject to Section 7.2(a):
 - (A) open, operate and maintain any one or more account(s) at such Scheduled Canadian Bank, as designated. The Trustee shall endeavor to open and maintain any such accounts as joint authority accounts under which any disbursements must be authorized by both the Trustee and the Administrator; and
 - (B) execute any services or account operation agreements relating to any such account(s) as may be required; and

- (ii) deposit or transfer any cash, cheques, drafts, or other bills of exchange to the credit of any such account(s).

ARTICLE 8 AMENDMENT

8.1 Amendment Restrictions

This Agreement may be amended, varied or supplemented only by written agreement executed by the Trustee, the Administrator and the Settlor, in consultation with the Monitor, and, subject to Section 10.5, only:

- (a) to add to the provisions hereof additional covenants or provisions for the benefit of the Settlor, the Beneficiaries and/or the Trustee; or
- (b) for the purpose of correcting or rectifying ambiguities, defects, errors or omissions contained herein;

provided that any such amendment is not, in the opinion of the Trustee, the Administrator and the Settlor, based on the advice of legal counsel, inconsistent with the purposes hereof or prejudicial in any material respect to the interests of the Beneficiaries.

ARTICLE 9 ADJUSTMENT; TERMINATION

9.1 Adjustment of Trust Corpus

In the event the Administrator considers that there are funds in the Trust in excess of those that will be needed to make distributions in respect of any remaining Eligible Employee Claims, Trustee Payments and Administrator Payments, the Trustee, on the direction of the Administrator, may refund such excess funds to the Settlor.

9.2 Termination Date

The Trust shall terminate upon the earliest of (a) the date on which the Settlor, Administrator and Trustee agree the Trust should terminate, (b) the date on which a CCAA Plan providing for the termination of the Trust and the release of the Trustee is implemented, and (c) the date on which the Court in the CCAA Proceedings determines the Trust shall terminate (the earliest of such dates, the "Termination Date").

9.3 Consequence of Termination

Upon the termination of the Trust in accordance with Section 9.2, the Trustee shall, as soon as reasonably practicable, satisfy any commitments to pay Eligible Employee Claims made under Article 2 and any outstanding Administrator Payments and Trustee Payments, and deliver the

Trust Property then remaining, if any, to the Settlor or any designee of the Settlor (as designated in a written direction of the Settlor).

9.4 Survival

Sections 5.1, 5.5, 5.7 and 6.2 shall survive the termination of the Trust and this Agreement and shall continue for the benefit of the Parties.

ARTICLE 10 OTHER MATTERS

10.1 Governing Law

- (a) This Agreement shall be governed and construed in accordance with the Laws of the Province of Ontario and the Laws of Canada applicable therein.
- (b) To the fullest extent permitted by applicable Law, each Party: (i) agrees that any claim, action or proceeding by such Party (including any Beneficiary) seeking any relief whatsoever arising out of, or in connection with, this Agreement, or the matters contemplated hereby shall be brought only before the Court; (ii) agrees to submit to the jurisdiction of the Court pursuant to the preceding clause (a) for purposes of all legal proceedings arising out of, or in connection with, this Agreement or the matters contemplated hereby; (iii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of such action brought in any such court or any claim that any such action brought in such court has been brought in an inconvenient forum; (iv) agrees that the mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 10.11 or any other manner as may be permitted by Law shall be valid and sufficient service thereof; and (v) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

10.2 Assignment

Subject to Sections 5.2 and 5.3, the rights and obligations under this Agreement may not be assigned by the Trustee without the prior consent in writing of the Settlor and the Administrator. The Settlor may assign its rights and obligations under this Agreement with the prior written consent of the Administrator. Under no circumstances may the Beneficiaries transfer their rights and obligations under this Agreement. This Agreement shall be binding upon and enure to the benefit of the Parties and their respective heirs, estates, administrators, executors, legal personal representatives, successors and assigns.

10.3 No Waiver, etc.

- (a) No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such

waiver be binding unless executed in writing by the Party to be bound by the waiver.

- (b) No failure on the part of any Party to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver of such right, nor shall any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

10.4 Entire Agreement

This Agreement constitutes the entire agreement among the Parties with respect to the issues contemplated herein and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of such parties. There are no conditions or other agreements, express or implied, collateral, statutory or otherwise, among the Parties in connection with the subject matter of this Agreement, except as specifically set forth herein, and the Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

10.5 Severability

If any provision of this Agreement shall be determined by an arbitrator or any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. The Parties shall endeavour in good faith negotiations to replace the illegal, invalid or unenforceable provision with a valid provision which comes closest to the intention of the Settlor underlying the illegal, invalid or unenforceable provision.

10.6 Time of the Essence

Time is of the essence of this Agreement.

10.7 Further Assurances

The Settlor, the Administrator and the Trustee shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may be reasonably necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

10.8 Counterpart Execution

This Agreement may be executed in any number of counterparts and may be delivered by facsimile or other electronic transmission and all such counterparts taken together shall be deemed to constitute one and the same instrument.

10.9 Third Party Beneficiaries

Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the Settlor, the Beneficiaries, the Trustee and their respective heirs, estates, administrators, executors, legal representatives, successors and permitted assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third party to the Settlor, the Trustee or the Beneficiaries, nor shall any provision give any third party any right of subrogation or action against any Party to this Agreement, nor shall any provision estop or otherwise limit the rights of the Settlor, the Trustee or the Beneficiaries to assert any claims, counterclaims or defences against any third party.

10.10 No Obligation to Pay Eligible Employee Claims Prohibited by Law

Notwithstanding anything contained herein, the Trust shall not pay any Eligible Employee Claim hereunder if the payment of such amount would be prohibited under the applicable Laws.

10.11 Notice

Any notice, direction or other communication given under this Agreement shall be in writing and given by delivering it or sending it via facsimile, or other similar form of recorded communication, during normal business hours, addressed:

- (a) to, as applicable:

Nordstrom, Inc.
 1600 Seventh Avenue
 Suite 2500
 Seattle, WA 98101
 Attention: Sarah Johnson
 E-mail: sarah.k.johnson@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
 E-mail: akauffman@fasken.com

Alvarez & Marsal Canada Inc.
 Royal Bank Plaza, South Tower
 200 Bay Street, Suite 2900
 P.O. Box 22

Toronto, ON M5J 2J1
Attention: Al Hutchens
Email: ahutchens@alvarezandmarsal.com

With a copy to:
Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
Attention: Joe Conforti
E-mail: jconforti@goodmans.ca

Gale Rubenstein
c/o of Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

E-mail: grubenstein@goodmans.ca

Nordstrom Canada
1300-777 Dunsmuir Street
Vancouver, BC V7Y 1K2
Attention: Misti Heckel
E-mail: 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
E-mail: tsandler@osler.com

Ursel Phillips Fellows Hopkinson LLP
555 Richmond St. W., Suite 1200
Toronto, ON M5V 3B1
Attention: Susan Ursel
E-mail: SUrsel@upfhlaw.ca

Any such communication shall be deemed to have been validly and effectively given (i) if personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time) and otherwise on the next Business Day, or

(ii) if transmitted via facsimile or by electronic mail, on the Business Day following the date of transmission. Any of the above parties may change his or its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

10.12 U.S. Federal Income Tax Treatment

The Parties intend that the Trust shall be treated merely as a custodial arrangement that is not recognized as an entity for U.S. federal income tax purposes, and shall interpret the provisions of this Trust Agreement in accordance with such treatment. If such treatment is not available, the Parties agree to cooperate to ensure that each of the Parties properly and consistently prepare and timely file any tax returns, information returns, and other applicable filings or reports that such Party is responsible for preparing under applicable Law in connection with the Trust Property for U.S. federal income tax purposes.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF this Agreement has been executed as of the date first written above.

NORDSTROM, INC.

By: Michael Maher
Name: Michael Maher
Title: Interim Chief Financial Officer and
Chief Accounting Officer

ALVAREZ & MARSAL CANADA INC.

By: Alan Hutchens
Name: Alan Hutchens
Title: Senior Vice-President

TRUSTEE

Gale Rubenstein
Name: Gale Rubenstein

APPENDIX "E"
NINC-NCL SERVICES AGREEMENT

See attached.

INTER-AFFILIATE SERVICES AGREEMENT

THIS INTER-AFFILIATE SERVICES AGREEMENT (the "Agreement") is entered into as of December 10, 2014 ("Effective Date") by and between Nordstrom, Inc., a Washington corporation, with principal offices at 1700 Seventh Ave, Suite 1000, Seattle, WA 98101 ("Nordstrom") and Nordstrom Canada Leasing LP, a limited partnership under the laws of Alberta, with principal offices at P.O. box 10424, Pacific Centre, 1300 – 777 Dunsmuir Street, Vancouver, BC V7Y 1K2 ("NCL").

WHEREAS, NCL desires to obtain Nordstrom's services; and

WHEREAS, Nordstrom is prepared to render such services in accordance with the Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I TERM AND TERMINATION

Section 1.1 Term.

This Agreement shall be effective commencing on the Effective Date and remain in full force and effect until otherwise terminated as provided in Section 1.2.

Section 1.2 Termination.

This Agreement may be terminated by either party, at any time, with thirty (30) days written notice to the other party. This right of termination may be exercised by either party whether or not good cause has been demonstrated to the other party. Following termination, neither party shall have any further obligations under this Agreement except as specifically provided herein.

ARTICLE II SERVICES

Section 2.1 Services Provided.

Nordstrom will provide services to NCL as set forth in Exhibit A, which is attached hereto and incorporated herein by reference, and which may be amended from time to time by mutual written agreement of the parties (individually and collectively, the "Services").

Section 2.2 Provision of Services.

Nordstrom shall, at all times, provide sufficient personnel or resources to perform any Services. Nordstrom shall be an independent contractor and/or service provider. Nothing contained herein shall be construed to create or imply a joint venture, principal and agent, employer and

employee, partnership or any other relationship other than that of an independent contractor. Accordingly, Nordstrom has no right or power of authority to create any obligation, express or implied, on behalf of NCL in connection with the performance of this Agreement.

Nordstrom may, at its own election, provide Services through its own employees under its direction and control. In such case, Nordstrom shall be responsible for the employees' salaries, benefits, wages, supervision, insurance (including liability and worker's compensation coverage) and other incidentals of their employment. Alternatively, Nordstrom may, at its own election, provide the Services through a duly qualified independent agent. However, Nordstrom cannot assign this Agreement in whole or in part to a third party except as discussed in Article VII ("Assignability").

Each party reserves the right to engage in the various business activities set forth in Exhibit B, which is attached hereto and incorporated herein by reference, and which may be amended from time to time by mutual written agreement of the parties. Such activities may or may not involve the other party and do not require any written notification to the other party. Notwithstanding the foregoing, each party shall continue its obligations as described in the Agreement.

Section 2.3 Requisition of Services.

NCL acknowledges it has sole responsibility under this Agreement to provide sufficient documentation to enable Nordstrom to fulfill its responsibilities. Nordstrom shall exercise its best efforts, upon receipt of sufficient documentation, to execute the Services. In the event sufficient documentation is not provided such that it results in an economic cost, that economic cost shall either be directly assumed or reimbursed by NCL.

NCL agrees to use its best efforts in its scheduling of Services to ensure Nordstrom is able to fulfill its responsibilities without delay.

Section 2.4 Indemnification.

Nordstrom agrees to indemnify and hold harmless NCL against any loss, liability, claim or expense arising out of or in connection with the provision of Services under this Agreement.

NCL agrees to indemnify and hold harmless Nordstrom against any loss, liability, claim or expense arising out of or in connection with its duties or obligations under this Agreement.

Section 2.5 Risk of Loss.

NCL shall bear the loss associated with third party regulations or actions, such as (but not limited to) product recalls, violations of laws, changes in laws or any Force Majeure situations. For purposes of this Agreement, the term "Force Majeure" shall mean circumstances beyond a party's reasonable control.

Section 2.6 Regulatory Requirements.

Each party shall exercise best efforts to comply with regulatory requirements and associated requests by the other party. NCL shall assume any and all risks of compliance with regulatory laws, regulations, filing responsibilities and other regulatory requirements.

The parties will promptly notify each other of any information of regulatory significance concerning any Services. The parties will cooperate to the extent necessary to enable each party to file such reports and maintain such records as may be required of each party by any regulatory agency. In the event that either party is contacted by a regulatory agency, the contacted party shall promptly notify the other party. The parties will fully cooperate in responding to any inquiries, requests for information or other investigations.

ARTICLE III
COMPENSATION**Section 3.1 Fees.**

NCL agrees to pay Nordstrom the U.S. dollar amount set forth in **Exhibit A**. Any ancillary services provided that are outside the scope of this Agreement may be billed with adequate supporting documentation, as needed.

If it is subsequently determined that the mutually agreed upon periodic billings do not reflect an arm's length price, the parties agree to make any necessary year-end compensating adjustments to ensure that the fees paid provide an arm's length result.

NCL is responsible for any sales, use, value-added or other taxes, and any tariffs, duties, fees or other charges, imposed by any government authority (collectively, "Taxes") as a result of the Services, with the exception of taxes based on net income. If Nordstrom has the legal obligation to pay or collect Taxes for which it is responsible under this section, the appropriate amount will be invoiced to and paid by NCL unless NCL provides Nordstrom with a valid exemption/resale certificate.

Section 3.2 Payment.

Any payment set forth in Section 3.1 shall not be paid at the end of each monthly accounting period, but shall accrue during successive monthly accounting periods and be paid within thirty (30) days after the end of each quarterly accounting period. Accordingly, the quarterly payment schedule shall be established such that any and all accrued amounts are paid within thirty (30) days of Nordstrom's fiscal year end.

ARTICLE IV
FORCE MAJEURE AND DEFAULT

Section 4.1 Force Majeure.

Any delay in performance or any non-performance by either party (the "Non-Performing Party") will not constitute a breach of this Agreement if and to the extent the delay or non-performance is caused by a Force Majeure as defined in Section 2.5. If any such delay or non-performance occurs, then the time for performance will be extended by the number of days of such delay that occur after notice of the cause of delay is given to the other party, together with the details thereof. If this notice is not given within ten (10) business days after the cause of the delay or non-performance first becomes known, then the Non-Performing Party will be deemed to have waived its rights to extend the time for its performance due to that cause.

Section 4.2 Right to Cover.

In the event Nordstrom is unable or unwilling to perform or provide any of the Services, it may contract with any other person or entity to perform such Services as it deems reasonably appropriate. Nordstrom will provide NCL with timely notice of such an arrangement. Such contract shall not relieve Nordstrom of, nor be deemed an assignment of, its rights or obligations under this Agreement.

Section 4.3 Default.

Except as provided in Section 4.1, upon the occurrence of a material default by either party in performing its obligations under this Agreement, the non-defaulting party shall serve the other party with a written notice of default, which shall include a detailed explanation of the default. Should the defaulting party not cure the default within thirty (30) days of the date of such notice, then the Agreement shall be deemed terminated and the non-defaulting party may avail itself of the remedies provided in Article V ("Dispute Resolution and Remedies").

ARTICLE V
DISPUTE RESOLUTION AND REMEDIES

The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between their respective representatives. If the matter is not resolved within thirty (30) days of a party's request for negotiation, it may be escalated to the parties' executive committees for resolution.

In addition to the remedies specifically set forth herein, the parties shall have all remedies otherwise available to them at law or in equity. The remedies herein provided shall be cumulative, and the exercise of any one remedy shall not preclude the non-defaulting party from exercising any other remedy available to it.

ARTICLE VI
NOTICES

Any notice required or permitted to be given hereunder shall be either delivered in person or delivered via certified mail, return receipt requested, addressed to the appropriate party at the following addresses:

Nordstrom Canada Leasing LP
P.O. Box 10424
Pacific Centre
1300 – 777 Dunsmuir Street
Vancouver, BC V7Y 1K2

Nordstrom, Inc.
Attention: Corporate Secretary
1700 Seventh Avenue, Suite 1000
Seattle, WA 98101

With a copy to:
c/o Nordstrom, Inc.
Attention: Corporate Secretary
1700 Seventh Avenue, Suite 1000
Seattle, WA 98101

Either party may change its address by written notice to the other party.

ARTICLE VII
ASSIGNABILITY

This Agreement binds and inures to the benefit of the parties, their successors and assigns. Except as provided in the preceding sentence, neither party may assign or delegate any right or duty under this Agreement, without the prior written consent of the other party, such consent not to be unreasonably withheld.

ARTICLE VIII
REPRESENTATIONS

Each party represents and warrants to the other that it is validly organized, in good standing and qualified to do business under any applicable law, and has the requisite corporate power and authority and has obtained all necessary approvals and consents to enter into this Agreement and to make the commitments set forth in this Agreement.

ARTICLE IX
CONFIDENTIALITY

During the course of fulfilling their obligations under this Agreement, the parties may be exposed to or come into possession of information which is confidential and proprietary to the other. In addition, NCL acknowledges that Nordstrom is a public company and may furnish Protected Information (as defined below) to NCL that may include “material nonpublic information” within the meaning of the federal securities laws. For purposes of this Article IX,

the party receiving Protected Information is referred to as the "Recipient" and the party disclosing such information is referred to as the "Disclosing Party."

Section 9.1 Protected Information.

"Protected Information" means information, in any format, that Disclosing Party designates as confidential or that reasonably should be understood to be confidential, proprietary or a trade secret given its nature and circumstances of disclosure. Confidential Information includes, but is not limited to, business and marketing plans, technology and technical information, product plans and designs, research and development activities, business processes, costs, pricing, profits, compensation, financial information, and Personal Information.

Personal Information is a subset of Confidential Information and means all data that identifies or can be used to identify, contact or locate a natural person such as name, address, and telephone number, email address, credit card number, medical records, driver's license, social security number, marital status, ethnicity, age, or photograph as well as less obvious information such as IP address or information gathered from online data collection technologies.

Section 9.2 Exclusions.

Confidential Information shall not include any information that (i) is or becomes publicly available without Recipient's breach of this Agreement, (ii) was known to Recipient prior to its disclosure by Disclosing Party pursuant to the terms of this Agreement, (iii) Disclosing Party has approved for release, in writing, or, (iv) which has been independently developed by Recipient. In any dispute between the Parties with respect to these exclusions the burden of proof shall be on Recipient with a standard of clear and convincing evidence.

Section 9.3 Use of Protected Information.

Recipient shall: (i) not disclose Confidential Information to any third party without Disclosing Party's prior written consent, except as expressly set forth in the Agreement, and (ii) take security precautions, in the same manner it takes to protect its own confidential information, but in no event less than reasonable care or the measures required by applicable privacy and security laws or industry standards, to safeguard the Confidential Information.

Recipient may only disclose Confidential Information: (i) to its employees, consultants, attorneys, insurers, auditors ("Representatives"), and to its Affiliates' Representatives on a need-to-know basis, if such Representatives have entered into an agreement no less protective of the Confidential Information than what is contained in this Agreement; (ii) If Recipient is required to do so by law or court order, provided Recipient gives Disclosing Party prior written notice (to the extent legally permitted) and reasonable assistance, at Disclosing Party's expense, to allow Disclosing Party the opportunity to seek a protective order. In the event that a protective order or other remedy is not obtained, or that Disclosing Party waives compliance with these provisions, the Recipient agrees to furnish only that portion of the Confidential Information which the Recipient is legally required to furnish and will exercise its best efforts to obtain assurances that any Confidential Information disclosed will be treated as confidential.

Section 9.4 Return of and Title to Protected Information.

All Protected Information is and shall remain the property of the Disclosing Party. Upon written request, the Recipient shall promptly return or destroy Disclosing Party's Protected Information and provide confirmation of such destruction. Nothing in this Agreement is intended to grant any express or implied right to Recipient to or under any patents, copyrights, trademarks, or trade secret information except as otherwise provided in this Agreement.

Section 9.5 Recipient Liability.

Recipient shall be fully liable for any breach of this Article IX by its officers, directors, partners, employees, agents or representatives.

Section 9.6 Duration of Confidentiality Obligation.

The parties' confidentiality obligations shall survive and remain in effect for so long as any of the Protected Information remains confidential or proprietary to Disclosing Party.

Section 9.7 Remedies.

The parties acknowledge and agree that any violation of this Agreement will cause irreparable harm to Disclosing Party. The parties therefore acknowledge and agree that the harmed party may seek injunctive relief from a court of competent jurisdiction in addition to any other remedy available at law or equity.

ARTICLE X
MISCELLANEOUS

Section 10.1 Governing Law, Venue and Attorneys' Fees.

This Agreement shall be governed by the laws of the State of Washington, excluding its conflict of laws rules. The parties hereby submit to the jurisdiction and venue of the state and federal courts of Washington State for purposes of all legal proceedings arising out of or relating to this Agreement. Any award or judgment of any of said courts may be entered and enforced in any other domestic or foreign court of competent jurisdiction, and shall be awarded full faith and credit. If either party brings an action against the other by reason of a breach or alleged violation, enforcement of any provision, or otherwise arising out of this Agreement, the prevailing party in such suit shall be entitled to its costs of suit and reasonable attorneys' fees which shall be payable whether or not such action is prosecuted to judgment.

Section 10.2 Amendments.

This Agreement may be amended only in writing and signed by both parties.

Section 10.3 Severability.

The parties agree that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses. If one or more provisions contained in this Agreement shall for any reason be held to be unenforceable at law, such provision(s) shall be construed so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear.

Section 10.4 Facsimile and Electronic Signatures.

This Agreement may be executed as facsimile originals and each copy of this Agreement bearing the facsimile transmitted signature of either of the authorized representatives listed below shall be deemed to be an original. This Agreement also may be executed by use of an electronic signature process.

Section 10.5 Cumulative Rights.

The rights and remedies contained in this Agreement shall be construed as cumulative, and no one remedy shall be exclusive of any other remedy, or of any other legal or equitable remedy which either party might otherwise have in the event of breach or default in the terms hereof, and the exercise of one right or remedy by such party shall not impair its right to any other right or remedy until all obligations imposed upon the other party have been fully performed.

Section 10.6 Entire Agreement.

This Agreement contains the entire understanding of the parties with respect to the matters covered, and no other previous agreement, statement or promise made by either party that is not contained in the terms of this Agreement or an applicable Exhibit shall be binding or valid, unless specifically incorporated by reference or attachment hereto.

IN WITNESS WHEREOF, the parties hereto acknowledge and agree to be bound by the terms and conditions herein as of the Effective Date.

NORDSTROM, INC.

NORDSTROM CANADA LEASING LP

By: Robert Sanj

By: _____

Name: Robert Sanj, EVP, General Counsel

Name: _____

Title: James A. Howell

Title: VP - Treasurer

EXHIBIT A
SERVICES PROVIDED

(1) The following Services will be provided by Nordstrom to NCL. In consideration of such Services, NCL will pay to Nordstrom all reasonable costs and expenses incurred:

- (a) Legal
- (b) Finance
- (c) Accounting and Tax
- (d) Bill Processing
- (e) Payroll
- (f) Human Resources
- (g) Property Maintenance

(2) The following Services will be provided by Nordstrom to NCL. In consideration of such Services, NCL will pay to Nordstrom all reasonable costs and expenses incurred plus a mutually agreed upon customary mark-up :

- (a) Operations
- (b) Strategy
- (c) IT Project Support
- (d) Site Selection
- (e) Construction Management

EXHIBIT B
SCOPE OF AGREEMENT

The following rights have been reserved by each party as set forth in Section 2.2 of the Agreement:

- (a) **Services** - the right to increase or decrease the level of services required.
- (b) **Financing Activities** - the right to offer financing assistance in conjunction with its operation or expansion. Any material financing activities would be subject to a separate agreement.
- (c) **Affiliated Entities** - the right to request Services be provided to any affiliated entities.
- (d) **Non-Affiliated Entities** - the right to contract with a non-affiliated party to receive some or all of the Services described in this Agreement. In the event that a contract with a non-affiliated party is executed, the parties hereby agree that the cost structure of a non-affiliated contract will have no bearing or adjustment on this Agreement.
- (e) **Service Activities** - the right to provide services to unaffiliated entities. In the event that a contract with a non-affiliated party is executed, the parties hereby agree that the cost structure of a non-affiliated contract will have no bearing or adjustment on this Agreement.

APPENDIX "F"
NINC-NCH SERVICES AGREEMENT

See attached.

INTER-AFFILIATE SERVICES AGREEMENT
(Nordstrom, Inc. / Nordstrom Canada Holdings LLC)

THIS INTER-AFFILIATE SERVICES AGREEMENT (the "Agreement") is entered into as of October 10, 2016 (the "Effective Date") by and between Nordstrom, Inc., a Washington corporation, with offices at 1700 7th Avenue, Suite 1000, Seattle, Washington 98101 ("Nordstrom") and Nordstrom Canada Holdings LLC, a Delaware limited liability company, with offices at 1617 Sixth Avenue, Seattle, Washington 98101 ("NCH").

WHEREAS, Nordstrom desires to provide services to NCH; and

WHEREAS, Nordstrom is prepared to render such services in accordance with the Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
TERM AND TERMINATION

Section 1.1 Term.

This Agreement shall be effective commencing on the Effective Date and remain in full force and effect until otherwise terminated as provided in Section 1.2.

Section 1.2 Termination.

This Agreement may be terminated by either party, at any time, with thirty (30) days written notice to the other party. This right of termination may be exercised by either party whether or not good cause has been demonstrated to the other party. Following termination, neither party shall have any further obligations under this Agreement except as specifically provided herein.

ARTICLE II
SERVICES

Section 2.1 Services Provided.

Nordstrom will provide to NCH the services set forth in Exhibit A, which is attached hereto and incorporated herein by reference, and which may be amended from time to time by mutual written agreement of the parties (individually and collectively, the "Services").

Section 2.2 Provision of Services.

Nordstrom shall, at all times, provide sufficient personnel or resources to perform any Services. Nordstrom shall be an independent contractor and/or service provider. Nothing contained herein shall be construed to create or imply a joint venture, principal and agent, employer and

employee, partnership or any other relationship other than that of an independent contractor. Accordingly, neither party shall have the right or power of authority to create any obligation, express or implied, on behalf of the other in connection with the performance of this Agreement.

Nordstrom may, at its own election, provide Services through its own employees and be under its direction and control. In such case, Nordstrom shall be responsible for the employees' salaries, benefits, wages, supervision, insurance (including liability and worker's compensation coverage) and other incidentals of their employment. Alternatively, Nordstrom may, at its own election, provide the Services through a duly qualified independent agent. However, neither party may assign this Agreement in whole or in part to a third party except as discussed in Article VII ("Assignability").

Each party reserves the right to engage in the various business activities set forth in Exhibit B, which is attached hereto and incorporated herein by reference, and which may be amended from time to time by mutual written agreement of the parties. Such activities may or may not involve the other party and do not require any written notification to the other party. Notwithstanding the foregoing, each party shall continue its obligations as described in the Agreement.

Section 2.3 Requisition of Services.

Each party acknowledges it has sole responsibility under this Agreement to provide sufficient documentation to enable Nordstrom to fulfill its responsibilities. Each party shall exercise its best efforts, upon receipt of sufficient documentation, to execute the Services. In the event sufficient documentation is not provided such that it results in an economic cost, that economic cost shall either be directly assumed or reimbursed by NCH.

Nordstrom agrees to use its best efforts in its scheduling of Services to ensure NCH is able to fulfill its responsibilities without delay.

Section 2.4 Indemnification.

Nordstrom agrees to indemnify NCH and hold it harmless against any loss, liability, claim or expense arising out of or in connection with its Services under this Agreement.

NCH agrees to indemnify Nordstrom and hold it harmless against any loss, liability, claim or expense arising out of or in connection with its duties or obligations under this Agreement.

Section 2.5 Risk of Loss.

NCH shall bear the loss associated with third party regulations or actions, such as (but not limited to) product recalls, violations of laws, changes in laws or any Force Majeure situations. For purposes of this Agreement, the term "Force Majeure" shall mean circumstances beyond a party's reasonable control.

Section 2.6 Regulatory Requirements.

Each party shall exercise best efforts to comply with regulatory requirements and associated requests by the other party. NCH shall assume any and all risks of compliance with regulatory laws, regulations, filing responsibilities and other regulatory requirements.

The parties will promptly notify each other of any information of regulatory significance concerning any Services. The parties will cooperate to the extent necessary to enable each party to file such reports and maintain such records as may be required of each party by any regulatory agency. In the event that either party is contacted by a regulatory agency, the contacted party shall promptly notify the other party. The parties will fully cooperate in responding to any inquiries, requests for information or other investigations.

ARTICLE III **COMPENSATION**

Section 3.1 Fees.

NCH agrees to pay Nordstrom for the actual and reasonable costs of the Services rendered when presented with a request for payment and adequate documentation of the costs incurred. Alternatively, NCH shall pay a flat fee of \$5,000 per year for any de minimus Services rendered by Nordstrom under this Agreement. Any ancillary services provided that are outside the scope of this Agreement may be billed by Nordstrom with adequate supporting documentation, as needed.

If it is subsequently determined that the mutually agreed upon periodic billings do not reflect an arm's length price, the parties agree to make any necessary year-end compensating adjustments to ensure that the fees paid provide an arm's length result.

NCH is responsible for any sales, use, value-added or other taxes, and any tariffs, duties, fees or other charges, imposed by any government authority (collectively, "Taxes") as a result of the Services, with the exception of taxes based on net income. If Nordstrom has the legal obligation to pay or collect Taxes for which such party is responsible under this section, the appropriate amount will be invoiced to and paid by NCH unless it provides Nordstrom with a valid exemption/resale certificate.

Section 3.2 Payment.

Any payment set forth in Section 3.1 shall not be paid at the end of each monthly accounting period, but shall accrue during successive monthly accounting periods and be paid within thirty (30) days after the end of each quarterly accounting period. Accordingly, the quarterly payment schedule shall be established such that any and all accrued amounts are paid within thirty (30) days of Nordstrom's fiscal year end.

ARTICLE IV
FORCE MAJEURE AND DEFAULT

Section 4.1 Force Majeure.

Any delay in performance or any non-performance by either party (the “Non-Performing Party”) will not constitute a breach of this Agreement if and to the extent the delay or non-performance is caused by a Force Majeure as defined in Section 2.5. If any such delay or non-performance occurs, then the time for performance will be extended by the number of days of such delay that occur after notice of the cause of delay is given to the other party, together with the details thereof. If this notice is not given within ten (10) business days after the cause of the delay or non-performance first becomes known, then the Non-Performing Party will be deemed to have waived its rights to extend the time for its performance due to that cause.

Section 4.2 Right to Cover.

In the event Nordstrom is unable or unwilling to perform or provide any of the Services, it may contract with any other person or entity to perform such Services as it deems reasonably appropriate. Nordstrom will provide NCH with timely notice of such an arrangement. Such contract shall not relieve Nordstrom of, nor be deemed an assignment of, its rights or obligations under this Agreement.

Section 4.3 Default.

Except as provided in Section 4.1, upon the occurrence of a material default by either party in performing its obligations under this Agreement, the non-defaulting party shall serve the other party with a written notice of default, which shall include a detailed explanation of the default. Should the defaulting party not cure the default within thirty (30) days of the date of such notice, then the Agreement shall be deemed terminated and the non-defaulting party may avail itself of the remedies provided in Article V (“Dispute Resolution and Remedies”).

ARTICLE V
DISPUTE RESOLUTION AND REMEDIES

The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between their respective representatives. If the matter is not resolved within thirty (30) days of a party's request for negotiation, it may be escalated to the parties' executive committees for resolution.

In addition to the remedies specifically set forth herein, the parties shall have all remedies otherwise available to them at law or in equity. The remedies herein provided shall be cumulative, and the exercise of any one remedy shall not preclude the non-defaulting party from exercising any other remedy available to it.

ARTICLE VI
NOTICES

Any notice required or permitted to be given hereunder shall be either delivered in person or delivered via certified mail, return receipt requested, addressed to the appropriate party at the following addresses:

Nordstrom, Inc.
Attention: Corporate Secretary
1700 7th Avenue, Suite 1000
Seattle, WA 98101

Nordstrom Canada Holdings LLC
P.O. Box 2229
Seattle, WA 98111

Either party may change its address by written notice to the other party.

ARTICLE VII
ASSIGNABILITY

This Agreement binds and inures to the benefit of the parties, their successors and assigns. Except as provided in the preceding sentence, neither party may assign or delegate any right or duty under this Agreement, without the prior written consent of the other party, such consent not to be unreasonably withheld.

ARTICLE VIII
REPRESENTATIONS

Each party represents and warrants to the other that it is validly organized, in good standing and qualified to do business under any applicable law, and has the requisite corporate power and authority and has obtained all necessary approvals and consents to enter into this Agreement and to make the commitments set forth in this Agreement.

ARTICLE IX
CONFIDENTIALITY

During the course of fulfilling their obligations under this Agreement, the parties may be exposed to or come into possession of information which is confidential and proprietary to the other. For purposes of this Article IX, the party receiving Protected Information is referred to as the "Recipient" and the party disclosing such information is referred to as the "Disclosing Party."

Section 9.1 Protected Information.

"Protected Information" means information, in any format, that Disclosing Party designates as confidential or that reasonably should be understood to be confidential, proprietary or a trade secret given its nature and circumstances of disclosure. Confidential Information includes, but is not limited to, business and marketing plans, technology and technical information, product plans and designs, research and development activities, business processes, costs, pricing, profits, compensation, financial information, and Personal Information.

Personal Information is a subset of Confidential Information and means all data that identifies or can be used to identify, contact or locate a natural person such as name, address, and telephone number, email address, credit card number, medical records, driver's license, social security number, marital status, ethnicity, age, or photograph as well as less obvious information such as IP address or information gathered from online data collection technologies.

Section 9.2 Exclusions.

Confidential Information shall not include any information that (i) is or becomes publicly available without Recipient's breach of this Agreement, (ii) was known to Recipient prior to its disclosure by Disclosing Party pursuant to the terms of this Agreement, (iii) Disclosing Party has approved for release, in writing, or, (iv) which has been independently developed by Recipient. In any dispute between the Parties with respect to these exclusions the burden of proof shall be on Recipient with a standard of clear and convincing evidence.

Section 9.3 Use of Protected Information.

Recipient shall: (i) not disclose Confidential Information to any third party without Disclosing Party's prior written consent, except as expressly set forth in the Agreement, and (ii) take security precautions, in the same manner it takes to protect its own confidential information, but in no event less than reasonable care or the measures required by applicable privacy and security laws or industry standards, to safeguard the Confidential Information.

Recipient may only disclose Confidential Information: (i) to its employees, consultants, attorneys, insurers, auditors ("Representatives"), and to its Affiliates' Representatives on a need-to-know basis, if such Representatives have entered into an agreement no less protective of the Confidential Information than what is contained in this Agreement; (ii) If Recipient is required to do so by law or court order, provided Recipient gives Disclosing Party prior written notice (to the extent legally permitted) and reasonable assistance, at Disclosing Party's expense, to allow Disclosing Party the opportunity to seek a protective order. In the event that a protective order or other remedy is not obtained, or that Disclosing Party waives compliance with these provisions, the Recipient agrees to furnish only that portion of the Confidential Information which the Recipient is legally required to furnish and will exercise its best efforts to obtain assurances that any Confidential Information disclosed will be treated as confidential.

Section 9.4 Return of and Title to Protected Information.

All Protected Information is and shall remain the property of the Disclosing Party. Upon written request, the Recipient shall promptly return or destroy Disclosing Party's Protected Information and provide confirmation of such destruction. Nothing in this Agreement is intended to grant any express or implied right to Recipient to or under any patents, copyrights, trademarks, or trade secret information except as otherwise provided in this Agreement.

Section 9.5 Recipient Liability.

Recipient shall be fully liable for any breach of this Article IX by its officers, directors, partners, employees, agents or representatives.

Section 9.6 Duration of Confidentiality Obligation.

The parties' confidentiality obligations shall survive and remain in effect for so long as any of the Protected Information remains confidential or proprietary to Disclosing Party.

Section 9.7 Remedies.

The parties acknowledge and agree that any violation of this Agreement will cause irreparable harm to Disclosing Party. The parties therefore acknowledge and agree that the harmed party may seek injunctive relief from a court of competent jurisdiction in addition to any other remedy available at law or equity.

ARTICLE X
MISCELLANEOUS

Section 10.1 Governing Law, Venue and Attorneys' Fees.

This Agreement shall be governed by the laws of the State of Washington, excluding its conflict of laws rules. The parties hereby submit to the jurisdiction and venue of the state and federal courts of Washington State for purposes of all legal proceedings arising out of or relating to this Agreement. Any award or judgment of any of said courts may be entered and enforced in any other domestic or foreign court of competent jurisdiction, and shall be awarded full faith and credit. If either party brings an action against the other by reason of a breach or alleged violation, enforcement of any provision, or otherwise arising out of this Agreement, the prevailing party in such suit shall be entitled to its costs of suit and reasonable attorneys' fees which shall be payable whether or not such action is prosecuted to judgment.

Section 10.2 Amendments.

This Agreement may be amended only in writing and signed by both parties.

Section 10.3 Severability.

The parties agree that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses. If one or more provisions contained in this Agreement shall for any reason be held to be unenforceable at law, such provision(s) shall be construed so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear.

Section 10.4 Facsimile and Electronic Signatures.

This Agreement may be executed as facsimile originals and each copy of this Agreement bearing the facsimile transmitted signature of either of the authorized representatives listed below shall

be deemed to be an original. This Agreement also may be executed by use of an electronic signature process.

Section 10.5 Cumulative Rights.

The rights and remedies contained in this Agreement shall be construed as cumulative, and no one remedy shall be exclusive of any other remedy, or of any other legal or equitable remedy which either party might otherwise have in the event of breach or default in the terms hereof, and the exercise of one right or remedy by such party shall not impair its right to any other right or remedy until all obligations imposed upon the other party have been fully performed.

Section 10.6 Entire Agreement.

This Agreement contains the entire understanding of the parties with respect to the matters covered, and no other previous agreement, statement or promise made by either party that is not contained in the terms of this Agreement or an applicable Exhibit shall be binding or valid, unless specifically incorporated by reference or attachment hereto.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties hereto acknowledge and agree to be bound by the terms and conditions herein as of the Effective Date.

NORDSTROM, INC., a Washington corporation

NORDSTROM CANADA HOLDINGS LLC, a Delaware limited liability company

By: 
Name: Robert B. Sari
Title: Executive Vice President,
General Counsel, Corporate
Secretary

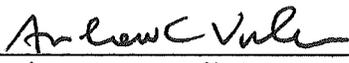
By: 
Name: Andrew Vickers
Title: Vice President and Treasurer

EXHIBIT A
SERVICES PROVIDED

The following Services will be provided by Nordstrom to NCH:

- (a) Payroll
- (b) Finance
- (c) Accounting
- (d) Treasury
- (e) Legal

EXHIBIT B
SCOPE OF AGREEMENT

The following rights have been reserved by each party as set forth in Section 2.2 of the Agreement:

- (a) **Services** - the right to increase or decrease the level of services required.
- (b) **Financing Activities** - the right to offer financing assistance in conjunction with its operation or expansion. Any material financing activities would be subject to a separate agreement.
- (c) **Affiliated Entities** - the right to request Services be provided to any affiliated entities.
- (d) **Non-Affiliated Entities** - the right to contract with a non-affiliated party to receive some or all of the Services described in this Agreement. In the event that a contract with a non-affiliated party is executed, the parties hereby agree that the cost structure of a non-affiliated contract will have no bearing or adjustment on this Agreement.
- (e) **Service Activities** - the right to provide services to unaffiliated entities. In the event that a contract with a non-affiliated party is executed, the parties hereby agree that the cost structure of a non-affiliated contract will have no bearing or adjustment on this Agreement.

APPENDIX "G"
NINC-NCHII SERVICES AGREEMENT

See attached.

INTER-AFFILIATE SERVICES AGREEMENT
(Nordstrom, Inc. / Nordstrom Canada Holdings II LLC)

THIS INTER-AFFILIATE SERVICES AGREEMENT (the "Agreement") is entered into as of October 10, 2016 (the "Effective Date") by and between Nordstrom, Inc., a Washington corporation, with offices at 1700 7th Avenue, Suite 1000, Seattle, Washington 98101 ("Nordstrom") and Nordstrom Canada Holdings II LLC, a Delaware limited liability company, with offices at 1617 Sixth Avenue, Seattle, Washington 98101 ("NCHII").

WHEREAS, Nordstrom desires to provide services to NCHII; and

WHEREAS, Nordstrom is prepared to render such services in accordance with the Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
TERM AND TERMINATION

Section 1.1 Term.

This Agreement shall be effective commencing on the Effective Date and remain in full force and effect until otherwise terminated as provided in Section 1.2.

Section 1.2 Termination.

This Agreement may be terminated by either party, at any time, with thirty (30) days written notice to the other party. This right of termination may be exercised by either party whether or not good cause has been demonstrated to the other party. Following termination, neither party shall have any further obligations under this Agreement except as specifically provided herein.

ARTICLE II
SERVICES

Section 2.1 Services Provided.

Nordstrom will provide to NCHII the services set forth in Exhibit A, which is attached hereto and incorporated herein by reference, and which may be amended from time to time by mutual written agreement of the parties (individually and collectively, the "Services").

Section 2.2 Provision of Services.

Nordstrom shall, at all times, provide sufficient personnel or resources to perform any Services. Nordstrom shall be an independent contractor and/or service provider. Nothing contained herein shall be construed to create or imply a joint venture, principal and agent, employer and

employee, partnership or any other relationship other than that of an independent contractor. Accordingly, neither party shall have the right or power of authority to create any obligation, express or implied, on behalf of the other in connection with the performance of this Agreement.

Nordstrom may, at its own election, provide Services through its own employees and be under its direction and control. In such case, Nordstrom shall be responsible for the employees' salaries, benefits, wages, supervision, insurance (including liability and worker's compensation coverage) and other incidentals of their employment. Alternatively, Nordstrom may, at its own election, provide the Services through a duly qualified independent agent. However, neither party may assign this Agreement in whole or in part to a third party except as discussed in Article VII ("Assignability").

Each party reserves the right to engage in the various business activities set forth in Exhibit B, which is attached hereto and incorporated herein by reference, and which may be amended from time to time by mutual written agreement of the parties. Such activities may or may not involve the other party and do not require any written notification to the other party. Notwithstanding the foregoing, each party shall continue its obligations as described in the Agreement.

Section 2.3 Requisition of Services.

Each party acknowledges it has sole responsibility under this Agreement to provide sufficient documentation to enable Nordstrom to fulfill its responsibilities. Each party shall exercise its best efforts, upon receipt of sufficient documentation, to execute the Services. In the event sufficient documentation is not provided such that it results in an economic cost, that economic cost shall either be directly assumed or reimbursed by NCHII.

Nordstrom agrees to use its best efforts in its scheduling of Services to ensure NCHII is able to fulfill its responsibilities without delay.

Section 2.4 Indemnification.

Nordstrom agrees to indemnify NCHII and hold it harmless against any loss, liability, claim or expense arising out of or in connection with its Services under this Agreement.

NCHII agrees to indemnify Nordstrom and hold it harmless against any loss, liability, claim or expense arising out of or in connection with its duties or obligations under this Agreement.

Section 2.5 Risk of Loss.

NCHII shall bear the loss associated with third party regulations or actions, such as (but not limited to) product recalls, violations of laws, changes in laws or any Force Majeure situations. For purposes of this Agreement, the term "Force Majeure" shall mean circumstances beyond a party's reasonable control.

Section 2.6 Regulatory Requirements.

Each party shall exercise best efforts to comply with regulatory requirements and associated requests by the other party. NCHII shall assume any and all risks of compliance with regulatory laws, regulations, filing responsibilities and other regulatory requirements.

The parties will promptly notify each other of any information of regulatory significance concerning any Services. The parties will cooperate to the extent necessary to enable each party to file such reports and maintain such records as may be required of each party by any regulatory agency. In the event that either party is contacted by a regulatory agency, the contacted party shall promptly notify the other party. The parties will fully cooperate in responding to any inquiries, requests for information or other investigations.

ARTICLE III **COMPENSATION**

Section 3.1 Fees.

NCHII agrees to pay Nordstrom for the actual and reasonable costs of the Services rendered when presented with a request for payment and adequate documentation of the costs incurred. Alternatively, NCHII shall pay a flat fee of \$5,000 per year for any de minimus Services rendered by Nordstrom under this Agreement. Any ancillary services provided that are outside the scope of this Agreement may be billed by Nordstrom with adequate supporting documentation, as needed.

If it is subsequently determined that the mutually agreed upon periodic billings do not reflect an arm's length price, the parties agree to make any necessary year-end compensating adjustments to ensure that the fees paid provide an arm's length result.

NCHII is responsible for any sales, use, value-added or other taxes, and any tariffs, duties, fees or other charges, imposed by any government authority (collectively, "Taxes") as a result of the Services, with the exception of taxes based on net income. If Nordstrom has the legal obligation to pay or collect Taxes for which such party is responsible under this section, the appropriate amount will be invoiced to and paid by NCHII unless it provides Nordstrom with a valid exemption/resale certificate.

Section 3.2 Payment.

Any payment set forth in Section 3.1 shall not be paid at the end of each monthly accounting period, but shall accrue during successive monthly accounting periods and be paid within thirty (30) days after the end of each quarterly accounting period. Accordingly, the quarterly payment schedule shall be established such that any and all accrued amounts are paid within thirty (30) days of Nordstrom's fiscal year end.

ARTICLE IV
FORCE MAJEURE AND DEFAULT

Section 4.1 Force Majeure.

Any delay in performance or any non-performance by either party (the "Non-Performing Party") will not constitute a breach of this Agreement if and to the extent the delay or non-performance is caused by a Force Majeure as defined in Section 2.5. If any such delay or non-performance occurs, then the time for performance will be extended by the number of days of such delay that occur after notice of the cause of delay is given to the other party, together with the details thereof. If this notice is not given within ten (10) business days after the cause of the delay or non-performance first becomes known, then the Non-Performing Party will be deemed to have waived its rights to extend the time for its performance due to that cause.

Section 4.2 Right to Cover.

In the event Nordstrom is unable or unwilling to perform or provide any of the Services, it may contract with any other person or entity to perform such Services as it deems reasonably appropriate. Nordstrom will provide NCHII with timely notice of such an arrangement. Such contract shall not relieve Nordstrom of, nor be deemed an assignment of, its rights or obligations under this Agreement.

Section 4.3 Default.

Except as provided in Section 4.1, upon the occurrence of a material default by either party in performing its obligations under this Agreement, the non-defaulting party shall serve the other party with a written notice of default, which shall include a detailed explanation of the default. Should the defaulting party not cure the default within thirty (30) days of the date of such notice, then the Agreement shall be deemed terminated and the non-defaulting party may avail itself of the remedies provided in Article V ("Dispute Resolution and Remedies").

ARTICLE V
DISPUTE RESOLUTION AND REMEDIES

The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between their respective representatives. If the matter is not resolved within thirty (30) days of a party's request for negotiation, it may be escalated to the parties' executive committees for resolution.

In addition to the remedies specifically set forth herein, the parties shall have all remedies otherwise available to them at law or in equity. The remedies herein provided shall be cumulative, and the exercise of any one remedy shall not preclude the non-defaulting party from exercising any other remedy available to it.

ARTICLE VI
NOTICES

Any notice required or permitted to be given hereunder shall be either delivered in person or delivered via certified mail, return receipt requested, addressed to the appropriate party at the following addresses:

Nordstrom, Inc.
Attention: Corporate Secretary
1700 7th Avenue, Suite 1000
Seattle, WA 98101

Nordstrom Canada Holdings II LLC
P.O. Box 2229
Seattle, WA 98111

Either party may change its address by written notice to the other party.

ARTICLE VII
ASSIGNABILITY

This Agreement binds and inures to the benefit of the parties, their successors and assigns. Except as provided in the preceding sentence, neither party may assign or delegate any right or duty under this Agreement, without the prior written consent of the other party, such consent not to be unreasonably withheld.

ARTICLE VIII
REPRESENTATIONS

Each party represents and warrants to the other that it is validly organized, in good standing and qualified to do business under any applicable law, and has the requisite corporate power and authority and has obtained all necessary approvals and consents to enter into this Agreement and to make the commitments set forth in this Agreement.

ARTICLE IX
CONFIDENTIALITY

During the course of fulfilling their obligations under this Agreement, the parties may be exposed to or come into possession of information which is confidential and proprietary to the other. For purposes of this Article IX, the party receiving Protected Information is referred to as the "Recipient" and the party disclosing such information is referred to as the "Disclosing Party."

Section 9.1 Protected Information.

"Protected Information" means information, in any format, that Disclosing Party designates as confidential or that reasonably should be understood to be confidential, proprietary or a trade secret given its nature and circumstances of disclosure. Confidential Information includes, but is not limited to, business and marketing plans, technology and technical information, product plans and designs, research and development activities, business processes, costs, pricing, profits, compensation, financial information, and Personal Information.

Personal Information is a subset of Confidential Information and means all data that identifies or can be used to identify, contact or locate a natural person such as name, address, and telephone number, email address, credit card number, medical records, driver's license, social security number, marital status, ethnicity, age, or photograph as well as less obvious information such as IP address or information gathered from online data collection technologies.

Section 9.2 Exclusions.

Confidential Information shall not include any information that (i) is or becomes publicly available without Recipient's breach of this Agreement, (ii) was known to Recipient prior to its disclosure by Disclosing Party pursuant to the terms of this Agreement, (iii) Disclosing Party has approved for release, in writing, or, (iv) which has been independently developed by Recipient. In any dispute between the Parties with respect to these exclusions the burden of proof shall be on Recipient with a standard of clear and convincing evidence.

Section 9.3 Use of Protected Information.

Recipient shall: (i) not disclose Confidential Information to any third party without Disclosing Party's prior written consent, except as expressly set forth in the Agreement, and (ii) take security precautions, in the same manner it takes to protect its own confidential information, but in no event less than reasonable care or the measures required by applicable privacy and security laws or industry standards, to safeguard the Confidential Information.

Recipient may only disclose Confidential Information: (i) to its employees, consultants, attorneys, insurers, auditors ("Representatives"), and to its Affiliates' Representatives on a need-to-know basis, if such Representatives have entered into an agreement no less protective of the Confidential Information than what is contained in this Agreement; (ii) If Recipient is required to do so by law or court order, provided Recipient gives Disclosing Party prior written notice (to the extent legally permitted) and reasonable assistance, at Disclosing Party's expense, to allow Disclosing Party the opportunity to seek a protective order. In the event that a protective order or other remedy is not obtained, or that Disclosing Party waives compliance with these provisions, the Recipient agrees to furnish only that portion of the Confidential Information which the Recipient is legally required to furnish and will exercise its best efforts to obtain assurances that any Confidential Information disclosed will be treated as confidential.

Section 9.4 Return of and Title to Protected Information.

All Protected Information is and shall remain the property of the Disclosing Party. Upon written request, the Recipient shall promptly return or destroy Disclosing Party's Protected Information and provide confirmation of such destruction. Nothing in this Agreement is intended to grant any express or implied right to Recipient to or under any patents, copyrights, trademarks, or trade secret information except as otherwise provided in this Agreement.

Section 9.5 Recipient Liability.

Recipient shall be fully liable for any breach of this Article IX by its officers, directors, partners, employees, agents or representatives.

Section 9.6 Duration of Confidentiality Obligation.

The parties' confidentiality obligations shall survive and remain in effect for so long as any of the Protected Information remains confidential or proprietary to Disclosing Party.

Section 9.7 Remedies.

The parties acknowledge and agree that any violation of this Agreement will cause irreparable harm to Disclosing Party. The parties therefore acknowledge and agree that the harmed party may seek injunctive relief from a court of competent jurisdiction in addition to any other remedy available at law or equity.

ARTICLE X
MISCELLANEOUS

Section 10.1 Governing Law, Venue and Attorneys' Fees.

This Agreement shall be governed by the laws of the State of Washington, excluding its conflict of laws rules. The parties hereby submit to the jurisdiction and venue of the state and federal courts of Washington State for purposes of all legal proceedings arising out of or relating to this Agreement. Any award or judgment of any of said courts may be entered and enforced in any other domestic or foreign court of competent jurisdiction, and shall be awarded full faith and credit. If either party brings an action against the other by reason of a breach or alleged violation, enforcement of any provision, or otherwise arising out of this Agreement, the prevailing party in such suit shall be entitled to its costs of suit and reasonable attorneys' fees which shall be payable whether or not such action is prosecuted to judgment.

Section 10.2 Amendments.

This Agreement may be amended only in writing and signed by both parties.

Section 10.3 Severability.

The parties agree that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses. If one or more provisions contained in this Agreement shall for any reason be held to be unenforceable at law, such provision(s) shall be construed so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear.

Section 10.4 Facsimile and Electronic Signatures.

This Agreement may be executed as facsimile originals and each copy of this Agreement bearing the facsimile transmitted signature of either of the authorized representatives listed below shall

be deemed to be an original. This Agreement also may be executed by use of an electronic signature process.

Section 10.5 Cumulative Rights.

The rights and remedies contained in this Agreement shall be construed as cumulative, and no one remedy shall be exclusive of any other remedy, or of any other legal or equitable remedy which either party might otherwise have in the event of breach or default in the terms hereof, and the exercise of one right or remedy by such party shall not impair its right to any other right or remedy until all obligations imposed upon the other party have been fully performed.

Section 10.6 Entire Agreement.

This Agreement contains the entire understanding of the parties with respect to the matters covered, and no other previous agreement, statement or promise made by either party that is not contained in the terms of this Agreement or an applicable Exhibit shall be binding or valid, unless specifically incorporated by reference or attachment hereto.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties hereto acknowledge and agree to be bound by the terms and conditions herein as of the Effective Date.

NORDSTROM, INC., a Washington corporation

NORDSTROM CANADA HOLDINGS II LLC, a Delaware limited liability company

By: 
Name: Robert B. Sari
Title: Executive Vice President, general counsel and Corporate Secretary

By: 
Name: Andrew Vickers
Title: Vice President & Treasurer

EXHIBIT A
SERVICES PROVIDED

The following Services will be provided by Nordstrom to NCHII:

- (a) Payroll
- (b) Finance
- (c) Accounting
- (d) Treasury
- (e) Legal

EXHIBIT B
SCOPE OF AGREEMENT

The following rights have been reserved by each party as set forth in Section 2.2 of the Agreement:

- (a) **Services** - the right to increase or decrease the level of services required.
- (b) **Financing Activities** - the right to offer financing assistance in conjunction with its operation or expansion. Any material financing activities would be subject to a separate agreement.
- (c) **Affiliated Entities** - the right to request Services be provided to any affiliated entities.
- (d) **Non-Affiliated Entities** - the right to contract with a non-affiliated party to receive some or all of the Services described in this Agreement. In the event that a contract with a non-affiliated party is executed, the parties hereby agree that the cost structure of a non-affiliated contract will have no bearing or adjustment on this Agreement.
- (e) **Service Activities** - the right to provide services to unaffiliated entities. In the event that a contract with a non-affiliated party is executed, the parties hereby agree that the cost structure of a non-affiliated contract will have no bearing or adjustment on this Agreement.

APPENDIX "H"
NCRI-NCL SERVICES AGREEMENT

See attached.

INTER-AFFILIATE SERVICES AGREEMENT

THIS INTER-AFFILIATE SERVICES AGREEMENT (the "Agreement") is entered into as of December 10, 2014 (the "Effective Date") by and between Nordstrom Canada Leasing LP, a limited partnership under the laws of Alberta, with offices at 1700 7th Avenue, Suite 1000, Seattle, WA 98101 ("NCL") and Nordstrom Canada Retail, Inc., a British Columbia corporation, with offices at P.O. box 10424, Pacific Centre, 1300 – 777 Dunsmuir Street, Vancouver, BC V7Y 1K2 ("NCRP").

WHEREAS, the parties desire to provide services to each other; and

WHEREAS, each party is prepared to render such services in accordance with the Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I **TERM AND TERMINATION**

Section 1.1 Term.

This Agreement shall be effective commencing on the Effective Date and remain in full force and effect until otherwise terminated as provided in Section 1.2.

Section 1.2 Termination.

This Agreement may be terminated by either party, at any time, with thirty (30) days written notice to the other party. This right of termination may be exercised by either party whether or not good cause has been demonstrated to the other party. Following termination, neither party shall have any further obligations under this Agreement except as specifically provided herein.

ARTICLE II **SERVICES**

Section 2.1 Services Provided.

Each party will provide services to the other as set forth in Exhibit A, which is attached hereto and incorporated herein by reference, and which may be amended from time to time by mutual written agreement of the parties (individually and collectively, the "Services").

Section 2.2 Provision of Services.

Each party shall, at all times, provide sufficient personnel or resources to perform any Services. The party performing Services shall be an independent contractor and/or service provider. Nothing contained herein shall be construed to create or imply a joint venture, principal and

agent, employer and employee, partnership or any other relationship other than that of an independent contractor. Accordingly, neither party shall have the right or power of authority to create any obligation, express or implied, on behalf of the other in connection with the performance of this Agreement.

Each party may, at its own election, provide Services through its own employees and be under its direction and control. In such case, the party providing Services shall be responsible for the employees' salaries, benefits, wages, supervision, insurance (including liability and worker's compensation coverage) and other incidentals of their employment. Alternatively, a party may, at its own election, provide the Services through a duly qualified independent agent. However, neither party may assign this Agreement in whole or in part to a third party except as discussed in Article VII ("Assignability").

Each party reserves the right to engage in the various business activities set forth in Exhibit B, which is attached hereto and incorporated herein by reference, and which may be amended from time to time by mutual written agreement of the parties. Such activities may or may not involve the other party and do not require any written notification to the other party. Notwithstanding the foregoing, each party shall continue its obligations as described in the Agreement.

Section 2.3 Requisition of Services.

Each party acknowledges it has sole responsibility under this Agreement to provide sufficient documentation to enable the party performing Services to fulfill its responsibilities. Each party shall exercise its best efforts, upon receipt of sufficient documentation, to execute the Services. In the event sufficient documentation is not provided such that it results in an economic cost, that economic cost shall either be directly assumed or reimbursed by the party receiving the Services.

Each party agrees to use its best efforts in its scheduling of Services to ensure the other party is able to fulfill its responsibilities without delay.

Section 2.4 Indemnification.

The party providing Services agrees to indemnify the other party and hold it harmless against any loss, liability, claim or expense arising out of or in connection with its Services under this Agreement.

The party receiving Services agrees to indemnify the other party and hold it harmless against any loss, liability, claim or expense arising out of or in connection with its duties or obligations under this Agreement.

Section 2.5 Risk of Loss.

The party receiving Services shall bear the loss associated with third party regulations or actions, such as (but not limited to) product recalls, violations of laws, changes in laws or any Force Majeure situations. For purposes of this Agreement, the term "Force Majeure" shall mean circumstances beyond a party's reasonable control.

Section 2.6 Regulatory Requirements.

Each party shall exercise best efforts to comply with regulatory requirements and associated requests by the other party. The party receiving Services shall assume any and all risks of compliance with regulatory laws, regulations, filing responsibilities and other regulatory requirements.

The parties will promptly notify each other of any information of regulatory significance concerning any Services. The parties will cooperate to the extent necessary to enable each party to file such reports and maintain such records as may be required of each party by any regulatory agency. In the event that either party is contacted by a regulatory agency, the contacted party shall promptly notify the other party. The parties will fully cooperate in responding to any inquiries, requests for information or other investigations.

**ARTICLE III
COMPENSATION****Section 3.1 Fees.**

Each party agrees to pay the other the U.S. dollar amount set forth in **Exhibit A**. Any ancillary services provided that are outside the scope of this Agreement may be billed with adequate supporting documentation, as needed.

If it is subsequently determined that the mutually agreed upon periodic billings do not reflect an arm's length price, the parties agree to make any necessary year-end compensating adjustments to ensure that the fees paid provide an arm's length result.

The party receiving Services is responsible for any sales, use, value-added or other taxes, and any tariffs, duties, fees or other charges, imposed by any government authority (collectively, "Taxes") as a result of the Services, with the exception of taxes based on net income. If a party providing Services has the legal obligation to pay or collect Taxes for which such party is responsible under this section, the appropriate amount will be invoiced to and paid by the party receiving Services unless it provides the party providing Services with a valid exemption/resale certificate.

Section 3.2 Payment.

Any payment set forth in Section 3.1 shall not be paid at the end of each monthly accounting period, but shall accrue during successive monthly accounting periods and be paid within thirty (30) days after the end of each quarterly accounting period. Accordingly, the quarterly payment schedule shall be established such that any and all accrued amounts are paid within thirty (30) days of Nordstrom's fiscal year end.

ARTICLE IV
FORCE MAJEURE AND DEFAULT

Section 4.1 Force Majeure.

Any delay in performance or any non-performance by either party (the "Non-Performing Party") will not constitute a breach of this Agreement if and to the extent the delay or non-performance is caused by a Force Majeure as defined in Section 2.5. If any such delay or non-performance occurs, then the time for performance will be extended by the number of days of such delay that occur after notice of the cause of delay is given to the other party, together with the details thereof. If this notice is not given within ten (10) business days after the cause of the delay or non-performance first becomes known, then the Non-Performing Party will be deemed to have waived its rights to extend the time for its performance due to that cause.

Section 4.2 Right to Cover.

In the event a party is unable or unwilling to perform or provide any of the Services, it may contract with any other person or entity to perform such Services as it deems reasonably appropriate. The contracting party will provide the other party with timely notice of such an arrangement. Such contract shall not relieve the contracting party of, nor be deemed an assignment of, its rights or obligations under this Agreement.

Section 4.3 Default.

Except as provided in Section 4.1, upon the occurrence of a material default by either party in performing its obligations under this Agreement, the non-defaulting party shall serve the other party with a written notice of default, which shall include a detailed explanation of the default. Should the defaulting party not cure the default within thirty (30) days of the date of such notice, then the Agreement shall be deemed terminated and the non-defaulting party may avail itself of the remedies provided in Article V ("Dispute Resolution and Remedies").

ARTICLE V
DISPUTE RESOLUTION AND REMEDIES

The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between their respective representatives. If the matter is not resolved within thirty (30) days of a party's request for negotiation, it may be escalated to the parties' executive committees for resolution.

In addition to the remedies specifically set forth herein, the parties shall have all remedies otherwise available to them at law or in equity. The remedies herein provided shall be cumulative, and the exercise of any one remedy shall not preclude the non-defaulting party from exercising any other remedy available to it.

ARTICLE VI
NOTICES

Any notice required or permitted to be given hereunder shall be either delivered in person or delivered via certified mail, return receipt requested, addressed to the appropriate party at the following addresses:

Nordstrom Canada Leasing LP
Attention: Corporate Secretary
1700 7th Avenue, Suite 1000
Seattle, WA 98101

Nordstrom Canada Retail, Inc.
P.O. Box 10424
Pacific Centre
1300 – 777 Dunsmuir Street
Vancouver, BC V7Y 1K2

With a copy to:
c/o Nordstrom, Inc.
Attention: Corporate Secretary
1700 7th Avenue, Suite 1000
Seattle, WA 98101

Either party may change its address by written notice to the other party.

ARTICLE VII
ASSIGNABILITY

This Agreement binds and inures to the benefit of the parties, their successors and assigns. Except as provided in the preceding sentence, neither party may assign or delegate any right or duty under this Agreement, without the prior written consent of the other party, such consent not to be unreasonably withheld.

ARTICLE VIII
REPRESENTATIONS

Each party represents and warrants to the other that it is validly organized, in good standing and qualified to do business under any applicable law, and has the requisite corporate power and authority and has obtained all necessary approvals and consents to enter into this Agreement and to make the commitments set forth in this Agreement.

ARTICLE IX
CONFIDENTIALITY

During the course of fulfilling their obligations under this Agreement, the parties may be exposed to or come into possession of information which is confidential and proprietary to the other. For purposes of this Article IX, the party receiving Protected Information is referred to as the “Recipient” and the party disclosing such information is referred to as the “Disclosing Party.”

Section 9.1 Protected Information.

“Protected Information” means information, in any format, that Disclosing Party designates as confidential or that reasonably should be understood to be confidential, proprietary or a trade secret given its nature and circumstances of disclosure. Confidential Information includes, but is not limited to, business and marketing plans, technology and technical information, product plans and designs, research and development activities, business processes, costs, pricing, profits, compensation, financial information, and Personal Information.

Personal Information is a subset of Confidential Information and means all data that identifies or can be used to identify, contact or locate a natural person such as name, address, and telephone number, email address, credit card number, medical records, driver’s license, social security number, marital status, ethnicity, age, or photograph as well as less obvious information such as IP address or information gathered from online data collection technologies.

Section 9.2 Exclusions.

Confidential Information shall not include any information that (i) is or becomes publicly available without Recipient’s breach of this Agreement, (ii) was known to Recipient prior to its disclosure by Disclosing Party pursuant to the terms of this Agreement, (iii) Disclosing Party has approved for release, in writing, or, (iv) which has been independently developed by Recipient. In any dispute between the Parties with respect to these exclusions the burden of proof shall be on Recipient with a standard of clear and convincing evidence.

Section 9.3 Use of Protected Information.

Recipient shall: (i) not disclose Confidential Information to any third party without Disclosing Party’s prior written consent, except as expressly set forth in the Agreement, and (ii) take security precautions, in the same manner it takes to protect its own confidential information, but in no event less than reasonable care or the measures required by applicable privacy and security laws or industry standards, to safeguard the Confidential Information.

Recipient may only disclose Confidential Information: (i) to its employees, consultants, attorneys, insurers, auditors (“Representatives”), and to its Affiliates’ Representatives on a need-to-know basis, if such Representatives have entered into an agreement no less protective of the Confidential Information than what is contained in this Agreement; (ii) If Recipient is required to do so by law or court order, provided Recipient gives Disclosing Party prior written notice (to the extent legally permitted) and reasonable assistance, at Disclosing Party’s expense, to allow Disclosing Party the opportunity to seek a protective order. In the event that a protective order or other remedy is not obtained, or that Disclosing Party waives compliance with these provisions, the Recipient agrees to furnish only that portion of the Confidential Information which the Recipient is legally required to furnish and will exercise its best efforts to obtain assurances that any Confidential Information disclosed will be treated as confidential.

Section 9.4 Return of and Title to Protected Information.

All Protected Information is and shall remain the property of the Disclosing Party. Upon written request, the Recipient shall promptly return or destroy Disclosing Party's Protected Information and provide confirmation of such destruction. Nothing in this Agreement is intended to grant any express or implied right to Recipient to or under any patents, copyrights, trademarks, or trade secret information except as otherwise provided in this Agreement.

Section 9.5 Recipient Liability.

Recipient shall be fully liable for any breach of this Article IX by its officers, directors, partners, employees, agents or representatives.

Section 9.6 Duration of Confidentiality Obligation.

The parties' confidentiality obligations shall survive and remain in effect for so long as any of the Protected Information remains confidential or proprietary to Disclosing Party.

Section 9.7 Remedies.

The parties acknowledge and agree that any violation of this Agreement will cause irreparable harm to Disclosing Party. The parties therefore acknowledge and agree that the harmed party may seek injunctive relief from a court of competent jurisdiction in addition to any other remedy available at law or equity.

**ARTICLE X
MISCELLANEOUS****Section 10.1 Governing Law, Venue and Attorneys' Fees.**

This Agreement shall be governed by the laws of the State of Washington, excluding its conflict of laws rules. The parties hereby submit to the jurisdiction and venue of the state and federal courts of Washington State for purposes of all legal proceedings arising out of or relating to this Agreement. Any award or judgment of any of said courts may be entered and enforced in any other domestic or foreign court of competent jurisdiction, and shall be awarded full faith and credit. If either party brings an action against the other by reason of a breach or alleged violation, enforcement of any provision, or otherwise arising out of this Agreement, the prevailing party in such suit shall be entitled to its costs of suit and reasonable attorneys' fees which shall be payable whether or not such action is prosecuted to judgment.

Section 10.2 Amendments.

This Agreement may be amended only in writing and signed by both parties.

Section 10.3 Severability.

The parties agree that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses. If one or more provisions contained in this Agreement shall for any reason be held to be unenforceable at law, such provision(s) shall be construed so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear.

Section 10.4 Facsimile and Electronic Signatures.

This Agreement may be executed as facsimile originals and each copy of this Agreement bearing the facsimile transmitted signature of either of the authorized representatives listed below shall be deemed to be an original. This Agreement also may be executed by use of an electronic signature process.

Section 10.5 Cumulative Rights.

The rights and remedies contained in this Agreement shall be construed as cumulative, and no one remedy shall be exclusive of any other remedy, or of any other legal or equitable remedy which either party might otherwise have in the event of breach or default in the terms hereof, and the exercise of one right or remedy by such party shall not impair its right to any other right or remedy until all obligations imposed upon the other party have been fully performed.

Section 10.6 Entire Agreement.

This Agreement contains the entire understanding of the parties with respect to the matters covered, and no other previous agreement, statement or promise made by either party that is not contained in the terms of this Agreement or an applicable Exhibit shall be binding or valid, unless specifically incorporated by reference or attachment hereto.

IN WITNESS WHEREOF, the parties hereto acknowledge and agree to be bound by the terms and conditions herein as of the Effective Date.

NORDSTROM CANADA LEASING LP

By: James A. Howell

Name: James A. Howell

Title: VP Treasurer

NORDSTROM CANADA RETAIL, INC.

By: Karen McKibbin

Name: JCSH

Title: Pres. Nordstrom CA.

EXHIBIT A
SERVICES PROVIDED

(1) The following Services will be provided by NCL to NCRI. In consideration of such Services, NCRI will pay to NCL all reasonable costs and expenses incurred:

(a) Property Management

(2) The following Services will be provided by NCRI to NCL. In consideration of such Services, NCL will pay to NCRI all reasonable costs and expenses incurred:

(a) Payroll

(b) Finance

(c) Accounting

EXHIBIT B
SCOPE OF AGREEMENT

The following rights have been reserved by each party as set forth in Section 2.2 of the Agreement:

- (a) **Services** - the right to increase or decrease the level of services required.
- (b) **Financing Activities** - the right to offer financing assistance in conjunction with its operation or expansion. Any material financing activities would be subject to a separate agreement.
- (c) **Affiliated Entities** - the right to request Services be provided to any affiliated entities.
- (d) **Non-Affiliated Entities** - the right to contract with a non-affiliated party to receive some or all of the Services described in this Agreement. In the event that a contract with a non-affiliated party is executed, the parties hereby agree that the cost structure of a non-affiliated contract will have no bearing or adjustment on this Agreement.
- (e) **Service Activities** - the right to provide services to unaffiliated entities. In the event that a contract with a non-affiliated party is executed, the parties hereby agree that the cost structure of a non-affiliated contract will have no bearing or adjustment on this Agreement.

**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**

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**FIFTH REPORT OF THE MONITOR
(Monitor's Intercompany Claims Report)**

GOODMANS LLP

Barristers & Solicitors

Bay Adelaide Centre

333 Bay Street, Suite 3400

Toronto, Canada M5H 2S7

Brendan O'Neill LSO#: 43331J

boneill@goodmans.ca

Bradley Wiffen LSO#: 64279L

bwiffen@goodmans.ca

Andrew Harmes LSO#: 73221A

aharmes@goodmans.ca

Tel: 416.979.2211

Fax: 416.979.1234

Lawyers for the Monitor