

December 28, 2023

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

Dear Sirs/Mesdames,

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

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

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

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

1. Overview

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

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

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

Key features of the Plan include:

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

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

If the Plan is approved at the Creditors’ Meeting, the Nordstrom Canada Entities expect to apply to the Court on March 19, 2024, for an order sanctioning the Plan. If the order is granted, the Nordstrom Canada Entities hope to make an initial distribution to Affected Creditors with Proven Claims as quickly as possible thereafter.

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

2. Background to the Plan

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

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

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

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

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

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

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

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

3. Treatment of Creditors and Expected Recoveries

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

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

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

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

(b) **Convenience Class Creditors**

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

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

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

(c) **Employees**

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

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

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

(d) Priority Claims

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

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

(e) Additional Information about Claims, Generally

(i) *Currency*

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

(ii) *Assignment of Claims*

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

(iii) *Tax Considerations*

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

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

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

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

4. Consideration of and Approval of the Plan

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

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

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

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

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

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

5. Where You Can Find More Information

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

Osler, Hoskin & Harcourt LLP
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Toronto, ON M5X 1B8

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

Attention: Tracy C. Sandler

Attention: Alan Hutchens

Email: NordstromCanada@osler.com

Email: NordstromCanada@alvarezandmarsal.com

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

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

Yours very truly,

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

per:

“Misti Heckel”

Misti Heckel
President, Nordstrom Canada Retail, Inc.