

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

**SECOND REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

MARCH 16, 2023

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1.0 INTRODUCTION

- 1.1 On March 2, 2023 (the “**Filing Date**”), Nordstrom Canada Retail, Inc. (“**Nordstrom Canada**”), Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC (together 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 (“**Canada Leasing LP**” and, collectively with the Applicants, the “**Nordstrom Canada Entities**”).
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as monitor of the Nordstrom Canada Entities (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”).
- 1.3 The Initial Order, among other things:
- (a) granted a stay of proceedings in favour of the Nordstrom Canada Entities (the “**Stay of Proceedings**”) for an initial 10-day period ending on March 12, 2023 (the “**Initial Stay Period**”);
 - (b) granted a stay of proceedings for the Initial Stay Period prohibiting the exercise of any rights or remedies by third-party tenants of commercial properties in which the Nordstrom Canada Entities operate a store (the “**Co-Tenant Stay**”);
 - (c) granted a stay of proceedings for the Initial Stay Period in favour of Nordstrom, Inc. (“**Nordstrom US**”) and its direct and indirect subsidiaries (other than the

Nordstrom Canada Entities) in respect of obligations that are derivative of the primary liability of or related to the Nordstrom Canada Entities (the “**Parent Stay**”);

- (d) authorized the Nordstrom Canada Entities, in consultation with, and with the oversight of, the Monitor, to:
 - (i) solicit proposals and agreements from third parties in respect of the liquidation of the inventory, furniture, equipment and fixtures located in and/or forming part of the Property (as defined in the Initial Order) of the Nordstrom Canada Entities (the “**Liquidation Solicitation Process**”); and
 - (ii) with the assistance of any real estate advisor or other assistants as may be desirable, pursue all avenues and offers for the sale, transfer or assignment of Canada Leasing LP’s leases to third parties;
- (e) approved an employee trust agreement among Nordstrom US, as settlor, the Monitor, as administrator (the “**Administrator**”), and Gale Rubenstein in her personal capacity as trustee (the “**Trustee**”), providing for the establishment of a trust funded by Nordstrom US for the benefit of employees of Nordstrom Canada (the “**Employee Trust**”);
- (f) approved the appointment of Ursel Phillips Fellows Hopkinson LLP as representative counsel to represent the interests of Nordstrom Canada employees other than: (i) non-store level employees who are eligible for a payment under the

KERP (as defined below); (ii) directors and officers of the Nordstrom Canada Entities; and (iii) the Senior Vice President, Regional Manager for Canada; and

(g) granted an Administration Charge and a Directors' Charge over the Property.

1.4 On March 10, 2023, the Court granted an Amended and Restated Initial Order (the “**ARIO**”) which modified the Initial Order in certain respects. The ARIO, among other things:

(a) approved the Applicants' key employee retention plan (the “**KERP**”) and granted a charge over the Property in the maximum amount of \$2.6 million in favour of the employees entitled to participate in the KERP as security for the payments to be made in accordance with the KERP;

(b) increased the amount of the Administration Charge to \$1.5 million and increased the amount of the Directors' Charge to \$13.25 million; and

(c) extended the Stay Period (as defined in the ARIO) and the Parent Stay to and including March 20, 2023.

1.5 The purpose of this report (the “**Second Report**”) is to provide the Court with information, and where applicable the Monitor's views, on:

(a) the Liquidation Solicitation Process;

(b) the Applicants' motion for an order (the “**Sale Approval Order**”), among other things:

- (i) approving a consulting agreement (the “**Consulting Agreement**”) between Nordstrom Canada and Canada Leasing LP (together, the “**Merchant**”) and a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC and Gordon Brothers Canada, ULC (the “**Consultant**”);
 - (ii) approving the proposed sale guidelines (the “**Sale Guidelines**”) for the orderly liquidation of certain merchandise and FF&E (as defined below) at each of the Merchant’s stores (as listed as Exhibit “1A” to the Consulting Agreement, the “**Stores**”) through a “store closing”, “everything must go”, “everything on sale” or similar themed sale (the “**Sale**”);
 - (iii) authorizing the Merchant, with the assistance of the Consultant, to undertake a liquidation process in accordance with the terms of the Sale Approval Order, the Consulting Agreement and the Sale Guidelines; and
 - (iv) extending the Stay Period and the Parent Stay to and including June 30, 2023;
- (c) the activities of the Monitor since the date of the First Report; and
- (d) the Monitor’s conclusions and recommendations in connection with the foregoing.

1.6 Following service of the Applicants’ motion record in respect of the Sale Approval Order (the “**Applicants’ Motion Record**”) on March 14, 2023, there were further discussions involving the Applicants, the Monitor, the Consultant and counsel to certain landlords with respect to the relief sought by the Applicants. As a result of these discussions, the Applicants have made certain modifications to the Consulting Agreement, the proposed

Sale Approval Order and the proposed Sale Guidelines. Attached to this Second Report are the following:

- (a) **Appendix “A”** is the Amended and Restated Consulting Agreement dated as of March 16, 2023
- (b) **Appendix “B”** is a blackline comparison of the Amended and Restated Consulting Agreement and the Consulting Agreement contained in the Applicants’ Motion Record;
- (c) **Appendix “C”** is the proposed Sale Approval Order, as revised;
- (d) **Appendix “D”** is a blackline comparison of the proposed Sale Approval Order (as revised) and the proposed Sale Approval Order contained in the Applicants’ Motion Record;
- (e) **Appendix “E”** is the proposed Sale Guidelines, as revised; and
- (f) **Appendix “F”** is a blackline comparison of the proposed Sale Guidelines (as revised) and the proposed Sale Guidelines contained in the Applicants’ motion record.

1.7 The Monitor understands that the Amended and Restated Consulting Agreement, the revised proposed Sale Approval Order and the revised proposed Sale Guidelines are acceptable to the landlords of all six of the Full Line Stores and four landlords of the Nordstrom Rack Stores. The Monitor is not aware of any opposition from the landlords of

the other three Nordstrom Rack Stores. The Monitor understands that the revised documents are also acceptable to the Consultant.

- 1.8 In this Second Report, unless otherwise noted, references to: (i) the Consulting Agreement mean the Amended and Restated Consulting Agreement attached as Appendix “A” to this Second Report; and (ii) references to the proposed Sale Approval Order and the proposed Sale Guidelines mean the revised versions of those documents attached to this Second Report as Appendices “C”, and “E”, respectively.

2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this Second Report, the Monitor has 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**”). Except as otherwise described in this Second Report, in respect of the Nordstrom Canada Entities’ cash flow forecast:

- (a) 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; and

- (b) some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

- 2.2 Future oriented financial information referred to in this Second Report was prepared based on the estimates and assumptions of the Nordstrom Group. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
- 2.3 This Second Report should be read in conjunction with the affidavit of Misti Heckel, President of Nordstrom Canada, President and Treasurer of Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC, and Vice President – Tax of Nordstrom US, sworn on March 14, 2023 (the “**Third Heckel Affidavit**”). Capitalized terms used and not defined in this Second Report have the meanings given to them in the Initial Order or the Third Heckel Affidavit, as applicable.
- 2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars (“**CAD**”).
- 2.5 A copy of the Pre-Filing Report of the Proposed Monitor dated March 1, 2023 (the “**Pre-Filing Report**”) is attached hereto (without appendices) as **Appendix “G”**. The Pre-Filing Report, the First Report of the Monitor dated March 8, 2023 (the “**First Report**”), and

other Court-filed documents and notices in the CCAA Proceedings are available on the Monitor's case website at www.alvarezandmarsal.com/NordstromCanada.

3.0 LIQUIDATION CONSULTANT SOLICITATION PROCESS

- 3.1 As described above, the Initial Order authorized the Nordstrom Canada Entities, in consultation with the Monitor, to undertake the Liquidation Solicitation Process.
- 3.2 Shortly after the granting of the Initial Order, the Monitor, on behalf of the Nordstrom Canada Entities, emailed a letter (the "**Process Letter**") to five (5) third-party liquidators to solicit proposals in respect of the liquidation contemplated as part of the Orderly Wind-Down (as defined in the Initial Order). Each of these five parties was identified by the Nordstrom Canada Entities, in consultation with the Monitor, to have the requisite expertise, qualifications and capability to implement a liquidation of Nordstrom Canada's inventory and FF&E. Prior to the Proposal Deadline (as defined below), five (5) additional parties (together with the five (5) liquidators contacted by the Monitor, the "**Potential Bidders**") contacted the Monitor to express interest in participating in the Liquidation Solicitation Process.
- 3.3 Potential Bidders were required to execute a confidentiality and non-disclosure agreement with Nordstrom Canada (an "**NDA**") prior to being provided access to an electronic data room populated with information relevant to the Orderly Wind-Down (the "**Data Room**"). Nine (9) Potential Bidders executed an NDA.
- 3.4 To facilitate and assist the Potential Bidders in conducting necessary due diligence in order to prepare and submit proposals, the Monitor: (i) established the Data Room and worked with the Nordstrom Canada Entities to populate it with information relevant to the Orderly

Wind-Down, including detailed inventory and operational and financial reports; (ii) responded to information requests and questions from the Potential Bidders, and updated the Data Room accordingly; and (iii) coordinated and attended site visits by certain Potential Bidders to select stores.

- 3.5 The Process Letter directed the Potential Bidders to submit proposals, in the form of either a consulting fee proposal or an equity proposal (as each is described in greater detail in the Third Heckel Affidavit), no later than 5:00 p.m. Eastern Time on March 9, 2023 (the “**Proposal Deadline**”). At the request of certain Potential Bidders, the Proposal Deadline was extended by the Nordstrom Canada Entities, in consultation with the Monitor, to 12:00 p.m. Eastern Time on March 10, 2023, to allow further time for the Potential Bidders to conduct due diligence and prepare proposal submissions. The extension of the Proposal Deadline was communicated to each of the Potential Bidders.
- 3.6 On March 10, 2023, four (4) proposals were received from six (6) Potential Bidders (the “**Bidders**”), consisting of two (2) proposals from individual Potential Bidders and two (2) proposals from approved joint ventures consisting of two Potential Bidders. Three (3) of the proposals were proposals to conduct the entire liquidation, while one (1) proposal was determined to be a secondary proposal as it did not contemplate conducting a Sale from commencement to conclusion.
- 3.7 After review and negotiation of various terms of the proposals with the Bidders, the Merchant, in consultation with its legal counsel and the Monitor, selected the revised proposal from the Consultant as the most favourable proposal for the Nordstrom Canada Entities and their stakeholders as a whole.

4.0 PROPOSED CONSULTING AGREEMENT & SALE GUIDELINES

Consulting Agreement

- 4.1 The Consultant and the Merchant (defined in the Consulting Agreement as, collectively, Nordstrom Canada and Canada Leasing LP) have executed the Consulting Agreement, which is subject to approval by the Court pursuant to the Sale Approval Order. A copy of the Consulting Agreement, in revised form, is attached as Appendix “A” to this Second Report. Capitalized terms used in this section and not otherwise defined in this Second Report have the meanings given to them in the Consulting Agreement.
- 4.2 The terms of the Consulting Agreement in the form attached to the Applicants’ Motion Record are described in paragraphs 13 to 15 of the Third Heckel Affidavit. The following table summarizes certain key terms of the Consulting Agreement.

Summary of Key Terms of Consulting Agreement	
Exclusive Consultant	<ul style="list-style-type: none"> The Consultant will act as the exclusive Consultant of the Merchant for the purpose of conducting the Sale in accordance with the Sale Guidelines.
Timing	<ul style="list-style-type: none"> For each Store, the Sale of Merchandise will commence on the first business day following the entry of the proposed Sale Approval Order, or such later date as may be agreed by the Parties in consultation with the Monitor (the “Sale Commencement Date”), and conclude no later than June 30, 2023 (the “Sale Termination Date”), provided that the Parties may, in consultation with the Monitor, agree to extend the Sale Termination Date or to terminate the Sale at any Store prior to the Sale Termination Date.

Summary of Key Terms of Consulting Agreement	
Services Provided by Consultant	<ul style="list-style-type: none"> During the Sale Term, the Consultant will, in collaboration with the Merchant, among other things: <ul style="list-style-type: none"> provide qualified supervisors to oversee the management of the Stores and the Sale; recommend appropriate advertising, discounts and staffing levels; oversee display of Merchandise for the Stores; evaluate sales of Merchandise by category and sales reporting and monitor expenses; assist the Merchant in connection with managing and controlling loss prevention and employee relation matters; and provide such other related services deemed necessary or appropriate by the Merchant and the Consultant in consultation with the Monitor.
Sale of Merchandise and Additional Consultant Goods	<ul style="list-style-type: none"> All sales of Merchandise will be made on behalf of the Merchant and will be “final” with no returns allowed, unless otherwise directed by the Merchant. The Consulting Agreement provides that, subject to the Sale Approval Order, the Consultant shall have the right to supplement the Merchandise in the Sale at the Full Line Stores with additional goods procured by the Consultant which are of like kind and category and no lesser quality to the Merchandise in the Sale at the Full Line Stores and procured from existing vendors of the Merchant (including goods that had previously been ordered by or on behalf of the Merchant from such vendors), and which are consented to by the Merchant in advance (the “Additional Consultant Goods”), provided, however, that (i) the Additional Consultant Goods sold as part of the Sale will not exceed \$10 million at cost in the aggregate; (ii) the Additional Consultant Goods will be distributed amongst the Full Line Stores such that no Full Line Store receives Additional Consultant Goods with an aggregate cost in excess of \$2 million; and (iii) the Sale Term shall not be extended on account of the inclusion of the Additional Consultant Goods in the Sale. The Monitor notes that the definition of “Additional Consultant Goods” in the original Consulting Agreement attached to the Applicants’ Motion Record included (i) jewelry of like kind and no lesser quality to the jewelry Merchandise in the Sale at the Full Line Stores; and (ii) additional goods of like kind and no lesser quality to the Merchandise in the Sale at the Full Line Stores procured from other vendors similar to the Merchant’s existing vendors as consented to by the Merchant in advance. These components of “Additional Consultant Goods” were removed from the revised Consulting Agreement. The Consultant shall pay the Merchant an amount equal to 7.5% of the gross proceeds (net only of sales taxes) from the sale of all Additional Consultant Goods.

Summary of Key Terms of Consulting Agreement											
FF&E	<ul style="list-style-type: none"> The Consultant shall undertake to sell, commencing on the Sale Commencement Date and ending on the FF&E Removal Deadline, on an “as is, where is” basis, the furniture, fixtures and equipment located at the Stores and the Distribution Centre that is: (i) fully owned by the Merchant; (ii) owned jointly by the Merchant and one or more third party vendors of Merchant as directed by the Merchant with the consent of the Monitor and agreed to by such third parties; or (iii) fully owned by a third party if agreed to by such third party and the Merchant with the consent of the Monitor (collectively, the “FF&E”). The Merchant shall be responsible for all reasonable and documented costs and expenses incurred by the Consultant in connection with the sale, removal and disposal of FF&E (defined as the “FF&E Costs”). The Merchant shall also be responsible for paying to any third party with a full or partial ownership interest in any FF&E that is sold, such party’s <i>pro rata</i> share of the applicable sale proceeds, net of applicable sales taxes, FF&E Fee (as defined below) and FF&E Costs. The Merchant may, in its sole discretion and with the consent of the Monitor, instruct the Consultant to abandon any Remaining FF&E in any of the Stores by providing written notice to the Consultant, in which case the Consultant may abandon in place, in a neat and orderly manner, such Remaining FF&E. The Sale Guidelines provide that the Merchant shall only abandon Remaining FF&E if: (i) the applicable landlord has consented thereto; (ii) such abandonment is not prohibited under the applicable lease; or (iii) upon further order of the Court. 										
Consultant Fees & Expenses	<ul style="list-style-type: none"> The Consultant will earn a fee equal to 1.5% of the Gross Proceeds of Merchandise sold at the Stores during the Sale Term (the “Merchandise Fee”). In addition to the Merchandise Fee, the Consultant will earn an additional fee based upon the Gross Recovery Percentage achieved as set forth in the table below (the “Additional Incentive Compensation”). The Additional Incentive Compensation shall be equal to the aggregate sum of the percentages set forth in the “Additional Incentive Compensation” column of the table (calculated back to the first dollar): <table border="1"> <thead> <tr> <th>Gross Recovery Percentage</th><th>Additional Incentive Compensation</th></tr> </thead> <tbody> <tr> <td>Between 131%-133.99%</td><td>An additional 0.4% of Gross Proceeds (total fee equal to 1.9% of Gross Proceeds)</td></tr> <tr> <td>Between 134%-136.99%</td><td>An additional 0.4% of Gross Proceeds (total fee equal to 2.3% of Gross Proceeds)</td></tr> <tr> <td>Between 137%-139.99%</td><td>An additional 0.4% of Gross Proceeds (total fee equal to 2.7% of Gross Proceeds)</td></tr> <tr> <td>Above 140%</td><td>An additional 0.4% of Gross Proceeds (total fee equal to 3.1% of Gross Proceeds)</td></tr> </tbody> </table> The Gross Recovery Percentages set forth above are based on a ratio of Cost Value to Retail Price (the “Cost Factor”) of 43%. For every 25 basis points increase (or decrease) in the Cost Factor, each Additional Incentive Compensation Gross Recovery Percentage threshold will decrease (or increase) by 80 basis points. For certainty, in no event will the combined Merchandise Fee and Additional Incentive Compensation exceed 3.1% of Gross Proceeds. The Consultant shall be entitled to a commission from the sale of FF&E equal to fifteen percent (15%) of the gross proceeds of the sale of FF&E, net of applicable sales taxes (the “FF&E Fee”). 	Gross Recovery Percentage	Additional Incentive Compensation	Between 131%-133.99%	An additional 0.4% of Gross Proceeds (total fee equal to 1.9% of Gross Proceeds)	Between 134%-136.99%	An additional 0.4% of Gross Proceeds (total fee equal to 2.3% of Gross Proceeds)	Between 137%-139.99%	An additional 0.4% of Gross Proceeds (total fee equal to 2.7% of Gross Proceeds)	Above 140%	An additional 0.4% of Gross Proceeds (total fee equal to 3.1% of Gross Proceeds)
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Above 140%	An additional 0.4% of Gross Proceeds (total fee equal to 3.1% of Gross Proceeds)										

Summary of Key Terms of Consulting Agreement	
	<ul style="list-style-type: none"> • The Merchant shall be responsible for all expenses of the Sale, including all Store operating expenses and all of the Consultant's reasonable and documented out-of-pocket expenses incurred pursuant to the Expense Budget attached as Exhibit "C" to the Consulting Agreement, which Expense Budget may be modified by mutual agreement of the Parties with the consent of the Monitor. • The Consulting Agreement does not contemplate a "net-minimum guarantee" or other floor recovery for the Merchant. • The Parties shall, in consultation with the Monitor, complete a Final Reconciliation of all amounts payable pursuant to the Consulting Agreement no later than 45 days following the earlier of: (i) the Sale Termination Date for the last Store; and (ii) the date upon which the Consulting Agreement is terminated in accordance with its terms. • The Consulting Agreement requires the Merchant to pay the Special Purpose Payment, in the amount of \$465,000, to the Consultant by no later than the second business day following entry of the Liquidation Sale Approval Order, which Special Purpose Payment shall be held by the Consultant on account of any final amounts owing to the Consultant until the Final Reconciliation.

4.3 The Monitor recommends that the Court approve the Consulting Agreement for the following reasons:

- (a) the Consultant was selected as the successful bidder by the Nordstrom Canada Entities, with the support of the Monitor, following a competitive process and the review of a number of competing bids;
- (b) the joint venture partners acting as the Consultant have extensive experience in conducting liquidations in Canada involving retail businesses of similar size and complexity to the business of the Nordstrom Canada Entities;
- (c) in the Monitor's view, the fees and expenses payable to the Consultant under the Consulting Agreement are reasonable in comparison to bids received in the Liquidation Solicitation Process and fees charged in other comparable retail liquidations;

- (d) the Consulting Agreement takes into consideration the interests of the stakeholders of the Nordstrom Canada Entities, including landlords, concession vendors, and creditors with an interest in maximizing the value of the Nordstrom Canada Entities' estate;
- (e) the inclusion of Additional Consultant Goods in the Sale is expected to drive traffic to the Stores, help to "fill the hole" created by the removal of concession inventory prior to the commencement of the Sale, and generate additional value for the Nordstrom Canada Entities' estate; and
- (f) the engagement of the Consultant in accordance with the terms of the Consulting Agreement is expected to provide for the best realization outcome during the Orderly Wind-Down for the benefit of stakeholders, through a timely liquidation process that maximizes proceeds and minimizes costs.

Sale Guidelines

- 4.4 The Sale Approval Order provides that the Merchant, with the assistance of the Consultant, is authorized to conduct the Sale in accordance with the Consulting Agreement and the Sale Guidelines and to advertise and promote the Sale within the Stores in accordance with the Sale Guidelines. The Sale Approval Order provides that, in the event of a conflict between the Sale Guidelines and the Consulting Agreement, the Sale Guidelines are paramount.

4.5 The terms of the Sale Guidelines in the form attached to the Applicants' Motion Record are described at paragraph 18 of the Third Heckel Affidavit. The key terms of the Sale Guidelines include:

- (a) subject to the Sale Approval Order, any further Order of the Court, or any written agreement between the Merchant and the applicable landlord as approved by the Consultant, the Sale shall be conducted in accordance with the terms of the applicable Lease;
- (b) the Sale shall be conducted so that each Store remains open during its normal hours of operations provided for in its respective Lease, until the respective Sale Termination Date for each Store;
- (c) the Consultant and its agents and representatives shall have the same access rights to the Stores as the Merchant under the terms of the applicable Lease, and the landlords shall have access rights to the Stores as provided for in the applicable Lease;
- (d) all signage, banners and other materials used to advertise the Sale shall comply with the requirements set forth in the Sale Guidelines;
- (e) at the conclusion of the Sale and the FF&E Removal Period in each Store, the Consultant shall arrange that the premises for each store are in a "broom-swept" and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted; and

- (f) the Consultant may sell FF&E located in the Stores during the Sale and the FF&E Removal Period, subject to the terms of the Sale Guidelines.

4.6 The Monitor supports the approval of the Sale Guidelines pursuant to the Sale Approval Order for the following reasons:

- (a) the Sale Guidelines prescribe the manner in which the Sales are to be conducted at the Stores and prospectively address various matters that may arise in the conduct of the Sale;
- (b) the Sale Guidelines consider the interests of stakeholders in connection with the conduct of the Sale, including the Nordstrom Canada Entities, landlords, the Consultant, and creditors with an interest in maximizing the value of the Nordstrom Canada Entities' estate;
- (c) the Sale Guidelines are similar to the guidelines approved by this Court in other recent CCAA proceedings involving the liquidation of retail businesses, with appropriate adjustments having regard to the circumstances of the Nordstrom Canada Entities and the terms of the Consulting Agreement;
- (d) the proposed Sale Approval Order provides that the Sale Guidelines are paramount where any conflict arises between the Sale Guidelines and the Consulting Agreement;
- (e) the proposed Sale Guidelines reflect feedback received from the Nordstrom Canada Entities' landlords; and

- (f) the Sale Guidelines are integral to completing the Sale and the Orderly Wind-Down in a controlled and responsible manner.

5.0 CASH FLOW RESULTS RELATIVE TO FORECAST

- 5.1 Receipts and disbursements for the cumulative two-week period ended March 11, 2023 (the “**Reporting Period**”), as compared to the cash flow forecast that was attached as Appendix “G” to the Pre-Filing Report (the “**Cash Flow Forecast**”), are summarized in the table below.

Cash Flow Variance Reporting	Cumulative Two-Week Period Ended March 11, 2023		
<i>(CAD \$000s, Unaudited)</i>	Actual	Forecast	Variance
Receipts	22,011	13,533	8,478
Disbursements			
Salaries and Benefits	4,349	4,450	101
Occupancy Costs	1,035	2,123	1,088
Sales Tax Remittances	617	-	(617)
Logistics, Transportation and Customs	2,539	4,156	1,617
Shared Service Payments - Intercompany	-	-	-
Professional Fees	-	1,901	1,901
Liquidation Fees	-	-	-
Total Disbursements	8,541	12,630	4,090
Net Cash Flow	13,470	903	12,568
Opening Cash Balance	35,959	35,959	-
Net Cash Flow	13,470	903	12,568
Closing Cash Balance / Deficit	49,429	36,862	12,568

- 5.2 During the Reporting Period, Nordstrom Canada’s total receipts were approximately \$8.5 million greater than projected in the Cash Flow Forecast. The net positive variance is primarily due to a combination of higher than forecast sales, partially offset by higher than forecast gift card redemptions. The forecast sales were estimated utilizing sales for the

similar period in prior years and had not been materially adjusted for higher customer traffic that occurred following the Filing Date.

- 5.3 During the Reporting Period, Nordstrom Canada’s total disbursements were approximately \$4.1 million less than projected in the Cash Flow Forecast. The net positive variance is primarily attributable to lower than forecast occupancy costs (by \$1.1 million), logistics and transportation costs (by \$1.6 million) and professional fees (by \$1.9 million). It is expected that these variances are primarily timing differences that will reverse in future weeks.

6.0 UPDATED & EXTENDED CASH FLOW FORECAST

- 6.1 The Nordstrom Canada Entities have prepared an updated and extended cash flow forecast (the “**Updated Forecast**”) for the 16-week period from March 11 to July 1, 2023 (the “**Cash Flow Period**”). A copy of the Updated Forecast, together with a summary of assumptions, is attached hereto as **Appendix “H”**. A summary of the Updated Forecast is provided in the following table:

<i>Cash Flow Forecast</i>	<i>000s CAD</i>
Receipts	118,391
Disbursements	
Salaries and Benefits	(28,430)
Occupancy Costs	(16,609)
Sales Tax Remittances	(13,161)
Logistics, Transportation and Customs	(7,101)
Liquidation Costs	(6,337)
Professional Fees	(6,067)
Shared Service Payments - Intercompany	(5,300)
Total Disbursements	(83,005)
Net Cash Flow	35,386
Opening Cash Balance	49,429
Net Cash Flow	35,386
Closing Cash Balance	84,815

- 6.2 The Updated Forecast has been prepared on the basis that the Sale Approval Order will be granted on March 20, 2023 and that the Sale will commence the following day. Forecast receipts reflect the estimated proceeds from the Sale, inclusive of sales taxes and net of gift card redemptions during the Sale.

7.0 EXTENSION OF THE STAYS OF PROCEEDINGS

- 7.1 Pursuant to the ARIO, the current Stay Period (which applies to the Stay of Proceedings and the Co-Tenant Stay) extends to March 20, 2023. The Nordstrom Canada Entities are seeking an extension of the Stay Period to and including June 30, 2023.

- 7.2 The Monitor supports the Nordstrom Canada Entities' request to extend the Stay Period to and including June 30, 2023 for the following reasons:

- (a) the extension of the Stay Period is necessary to enable the Nordstrom Canada Entities to continue to advance the Orderly Wind-Down;
- (b) the extension of the Stay Period will provide stability while the Nordstrom Canada Entities, with the assistance of the Consultant and the oversight of the Monitor, proceed with the liquidation of the Merchandise and FF&E to maximize the value of their estate;
- (c) the extension of the Co-Tenant Stay will preserve the status quo among all parties and prevent actions by third parties that could impair value and lead to claims against the Nordstrom Canada Entities' estate;
- (d) the Nordstrom Canada Entities have acted, and continue to act, in good faith and with due diligence to advance the Orderly Wind-Down and the CCAA Proceedings;

- (e) as shown in the Updated Forecast, the Nordstrom Canada Entities have sufficient liquidity to operate through the proposed extension of the Stay Period; and
- (f) the Monitor is not aware of any party that would be materially prejudiced by the proposed extension of the Stay Period.

7.3 The Initial Order, and subsequently the ARIO, include the Parent Stay in favour of Nordstrom US and its direct and indirect subsidiaries (other than the Nordstrom Canada Entities) in respect of obligations that are derivative of the primary liability of or related to the Nordstrom Canada Entities. The Nordstrom Canada Entities are seeking an extension of the Parent Stay to and including June 30, 2023.

7.4 The Monitor supports the Nordstrom Canada Entities' request to extend the Parent Stay to and including June 30, 2023 for the following reasons:

- (a) the Parent Stay will stay derivative claims against Nordstrom US or its affiliated entities that would require the participation of the Nordstrom Canada Entities and their senior management, and enable the Nordstrom Canada Entities to focus their efforts on the Orderly Wind-Down;
- (b) the stay of actions relating to the Lease Indemnities arising as a consequence of the Parent Stay will enable the Nordstrom Canada Entities and the landlords to focus their attention on the conduct of the Sale in accordance with the Sale Guidelines;
- (c) the extent of the obligations under the Lease Indemnities cannot be determined at this time, as the applicable Leases have not been disclaimed, rent for March 2023 was paid in advance of the CCAA filing, and Canada Leasing LP will continue to

pay rent to third party landlords pursuant to the ARIO while the Leases remain in effect; and

- (d) any prejudice to landlords arising from the temporary stay of the Lease Indemnities is mitigated by the provision in the ARIO providing that the Lease Indemnities will not be compromised or released under a CCAA plan of arrangement or BIA proposal.

8.0 ACTIVITIES OF THE MONITOR

8.1 Since the date of the First Report (March 8, 2023), the primary activities of the Monitor and its counsel, Goodmans LLP, have included the following:

- (a) continuing to assist the Nordstrom Canada Entities in implementing accounting cut-off measures to ensure proper determination of pre- and post-filing obligations and liabilities as of the Filing Date;
- (b) continuing to assist Nordstrom Canada, as required, in working with logistics service providers for the continuation of required services, with a view to minimizing supply disruptions and continuing the movement of goods-in-transit to the Distribution Centre and Nordstrom Canada stores;
- (c) assisting Nordstrom Canada in communicating with vendors regarding purchase orders to be fulfilled or cancelled, and inventory in transit to be delivered or retrieved;
- (d) monitoring the Nordstrom Canada Entities' cash receipts and disbursements, and assisting in preparing weekly cash flow variance reporting;

- (e) assisting the Nordstrom Canada Entities in the preparation of the Updated Forecast;
- (f) assisting the Nordstrom Canada Entities with the Liquidation Solicitation Process, including assisting in the finalization of non-disclosure agreements, coordinating access to the Data Room and posting information to the Data Room, working with the Nordstrom Group to address questions and information requests received from Potential Bidders, attending store visits with Potential Bidders, reviewing and analyzing proposal submissions, and participating in reviews of the Consulting Agreement and the Sales Guidelines;
- (g) engaging in discussions with the Nordstrom Canada Entities, the Consultant and counsel to certain landlords with respect to the revised forms of Consulting Agreement, proposed Sale Approval Order, and proposed Sale Guidelines;
- (h) participating in meetings with potential real estate advisors, with a view to Canada Leasing LP engaging a real estate advisor in the near term to assist in pursuing offers for the sale, transfer or assignment of Leases to third parties;
- (i) establishing an electronic data room and populating it with the Leases and other related information in preparation for due diligence activities by the real estate advisor engaged by the Nordstrom Canada Entities and parties that may wish to review potential transactions in respect of the Leases, in each case to be subject to the execution of a confidentiality and non-disclosure agreement;

- (j) participating in visits to the Stores with landlords and concession vendors to coordinate on third-party owned merchandise and FF&E to be removed from the Stores in advance of the commencement of the Sale;
- (k) in its capacity as Administrator, coordinating with Nordstrom US in respect of the initial funding of the Employee Trust in the amount of \$14 million, which was received from Nordstrom US on March 13, 2023 into the Employee Trust bank account recently opened by the Administrator and the Trustee; and
- (l) preparing this Second Report with the assistance of counsel.

9.0 CONCLUSIONS AND RECOMMENDATIONS

9.1 For the reasons set out in this Second Report, the Monitor respectfully recommends that the Court grant the Sale Approval Order, approving the Consulting Agreement and the proposed Sale Guidelines, in the revised forms of such documents attached to this Second Report.

All of which is respectfully submitted to the Court this 16th day of March 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
AMENDED AND RESTATED CONSULTING AGREEMENT

AMENDED & RESTATED CONSULTING AGREEMENT

This Amended & Restated Consulting Agreement, dated as of March 16, 2023 (this “**Agreement**”) is made by and between Nordstrom Canada Retail, Inc. (“**Nordstrom Canada**”) and Nordstrom Canada Leasing LP (“**Canada Leasing LP**”, and together with Nordstrom Canada, the “**Merchant**”) and a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC and Gordon Brothers Canada, ULC (collectively, the “**Consultant**”, and together with the Merchant, the “**Parties**”), under which the Consultant shall act as the exclusive consultant for the purpose of conducting a sale of certain Merchandise (as defined below) at the Merchant’s stores set forth on Exhibit “1A” (each a “**Store**” and collectively, the “**Stores**”) and at the third party distribution centre set forth on Exhibit “1B” annexed hereto (the “**Distribution Centre**”) through a “store closing”, “everything must go”, “everything on sale” or similar themed sale (the “**Sale**”) in accordance with the terms of the sale guidelines substantially in the form attached hereto as Exhibit “B” (the “**Sale Guidelines**”). Only the Merchant’s approved Sale terminology, including the foregoing advertising handles, will be utilized at each Store.

This Agreement amends and restates, in its entirety, the Consulting Agreement dated as of March 14, 2023, together with all exhibits and schedules attached thereto or incorporated therein, among the Parties.

RECITALS:

WHEREAS:

- A. The Merchant operates a network of six (6) retail stores under the “Nordstrom” banner (collectively, the “**Full Line Stores**”) and seven (7) retail stores under the “Nordstrom Rack” banner in Ontario, British Columbia and Alberta.
- B. On March 2, 2023, Nordstrom Canada, Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC (the “**Applicants**”) commenced proceedings (the “**CCAA Proceedings**”) pursuant to the *Companies’ Creditors Arrangement Act* and obtained an initial order (as amended and restated on March 10, 2023, and as may be further amended and restated from time to time, the “**Initial Order**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Although not an applicant in the CCAA Proceedings, pursuant to the Initial Order, the stay of proceedings and authorizations and protections of the Initial Order were extended to Canada Leasing LP (together, with the Applicants, the “**Nordstrom Canada Entities**”).
- C. Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed monitor (the “**Monitor**”) in the CCAA Proceedings and the Nordstrom Canada Entities, in consultation with the Monitor, were authorized to conduct the Liquidation Solicitation Process (as defined in the Initial Order).
- D. The Merchant intends to seek an order in the CCAA Proceedings approving, among other things, this Agreement and the conduct of the Sale, in accordance with the terms hereof and the Sale Guidelines (the “**Liquidation Sale Approval Order**”).

- E. The Consultant is willing to serve as the Merchant's exclusive consultant for the purpose of providing such consulting services, upon the terms and conditions and in the manner set forth in this Agreement.

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

1. Merchandise

For purposes hereof, "**Merchandise**" shall mean all inventory that is owned by the Merchant and actually sold in the Stores during the Sale Term (as defined below), which includes goods saleable in the ordinary course, located at or in transit to the Stores on the Sale Commencement Date (as defined below) and/or located in or in transit to the Distribution Centre on the Sale Commencement Date and thereafter delivered to the Stores as mutually agreed by the Merchant and the Consultant. "Merchandise" does not mean and shall not include: (a) goods that belong to sublessees, licensees or concessionaires of the Merchant or are leased or licensed from third parties by the Merchant; (b) owned, partially owned, third party owned and/or leased furnishings, trade fixtures, equipment and/or improvements to real property that are located in the Stores and the Distribution Centre; (c) damaged or defective goods that cannot be sold; (d) goods held by the Merchant on memo, consignment or pursuant to license or similar arrangements with third parties, unless otherwise agreed by the Merchant, the Consultant and the applicable third party (which, for certainty, shall, with such agreement, constitute "Merchandise" hereunder); (e) gift cards (third party and Merchant branded), gift certificates or Nordstrom Notes issued by the Merchant; and (f) Additional Consultant Goods (as defined below).

2. Sale Term

- (a) For each Store, the Sale shall commence on the first business day following the entry of the Liquidation Sale Approval Order, or such later date as may be agreed by the Parties in consultation with the Monitor (the "**Sale Commencement Date**"), and conclude no later than June 30, 2023 (the "**Sale Termination Date**"); provided, however, that the Parties may, in consultation with the Monitor, mutually agree in writing to extend the Sale Termination Date or to terminate the Sale at any Store prior to the Sale Termination Date. The period between the Sale Commencement Date and the Sale Termination Date shall be referred to as the "**Sale Term**".
- (b) At the conclusion of the Sale Term and the FF&E Removal Period (as defined below), the Consultant shall surrender the premises for each Store to the Merchant (i) in "broom swept" and clean condition; and (ii) if requested by the Merchant, in accordance with the lease requirements for such premises; provided, however, that, if the Merchant requests that the Consultant surrender any premises in accordance with the lease requirements, except for costs in respect of damage caused by the Consultant (including its employees, agents or representatives) for which the Consultant is in law responsible, the Merchant shall bear all other costs and expenses associated with surrendering the premises in accordance with the lease requirements for such premises to the extent such expenses were incurred by the Consultant in accordance with a budget mutually agreed to in writing between the

Consultant and the Merchant prior to surrender of the premises. At the conclusion of the Sale at each Store, the Consultant shall photographically document the condition of each Store and provide such photographs to the Merchant within ten (10) days. Photographs shall reference with specificity each Store by number, name and/or location.

- (c) At the conclusion of the Sale Term, to the extent there is any Merchandise remaining on the Sale Termination Date (the “**Remaining Merchandise**”), such Remaining Merchandise shall, subject to the terms hereof, be sold on behalf of Merchant or otherwise disposed of by the Consultant as directed by the Merchant, in consultation with the Monitor. The costs and expenses of removing and disposing of the Remaining Merchandise shall be incurred pursuant to a written budget or budgets (in addition to the Expense Budget (as defined below)), to be established from time to time by mutual agreement of the Parties with the consent of the Monitor (the “**Remaining Merchandise Costs**”). Any associated expenses shall be paid by the Merchant as Remaining Merchandise Costs and in accordance with the budget referred to herein, and the gross receipts thereof (net of sales taxes) shall be included in the calculation of the Merchandise Fee and Additional Incentive Compensation (each as defined below) due to the Consultant. To the extent any proceeds from any sale or disposition of any Remaining Merchandise is received by the Consultant after the applicable Sale Termination Date, such proceeds shall be treated in accordance with Section 7.

3. Project Management

(a) Consulting Services

The Merchant will seek from the Court the Liquidation Sale Approval Order. Subject to the entry of and the terms of the Liquidation Sale Approval Order, the Merchant hereby retains the Consultant and the Consultant hereby agrees to serve as an independent consultant to the Merchant in connection with the conduct of the Sale as set forth herein. With respect to the Sale, the Consultant shall serve as the sole and exclusive consultant to the Merchant relative thereto throughout the Sale Term and may not be compensated by any other party, except as provided for herein.

(b) Consultant’s Undertakings

During the Sale Term, the Consultant shall, in collaboration with the Merchant, (i) provide qualified supervisors (the “**Supervisors**”) engaged by the Consultant and approved in advance by the Merchant to oversee the management of the Stores and the Sale; (ii) recommend appropriate in-Store, point-of-sale and external advertising (including signage) for the Stores, all of which shall be approved in advance by the Merchant; (iii) recommend appropriate discounts of Merchandise, staffing levels for the Stores, and appropriate bonus and incentive programs, if any, for the Stores’ employees, in each case, approved in advance by the Merchant in consultation with the Monitor; (iv) oversee display of Merchandise for the Stores, subject to the terms hereof; (v) to the extent that information is available, evaluate sales of Merchandise by category and sales reporting and monitor expenses; (vi) maintain the confidentiality of all proprietary or non-public information regarding the Merchant, the Stores and the underlying leases in accordance with the provisions of the confidentiality agreements signed by the Parties (the “**Confidentiality Agreements**”); (vii)

assist the Merchant in connection with managing and controlling loss prevention and employee relations matters; (viii) to the extent necessary, assist the Merchant in obtaining all required permits and governmental consents required to conduct the Sale, except as otherwise provided in the Liquidation Sale Approval Order; and (ix) provide such other related services deemed necessary or appropriate by the Merchant and the Consultant, in consultation with the Monitor.

The Consultant shall provide qualified supervision to oversee the conduct of the Sale in the Stores as may be required to maximize sales, the expense for which is included in the Expense Budget. In connection with the Sale, the Consultant shall indirectly retain and engage the Supervisors. The Supervisors shall not be deemed to be employees or consultants of the Merchant in any manner whatsoever; nor do the Supervisors have any relationship with the Merchant by virtue of this Agreement or otherwise which creates any liability or responsibility on behalf of the Merchant for the Supervisors. During the Sale Term, the Supervisors shall perform the services provided for herein during normal Store operating hours and for the period of time prior to the Stores opening and subsequent to the Stores closing, as required in connection with the Sale, in the Consultant's discretion and direction. In consideration of the Consultant's engagement of the Supervisors, the Merchant agrees to pay the Consultant, as a Sale Cost (as defined below), the amount of the reasonable and documented Supervisor-related wages, fees paid to arm's length third parties, travel, expenses, deferred compensation and third-party payroll costs and expenses, in accordance with and subject to the Expense Budget (collectively, the "**Supervisor Costs**"). The Supervisor Costs set forth in the Expense Budget include, among other things, industry standard deferred compensation. The Merchant shall reimburse the Consultant for all Supervisor Costs weekly, based upon invoices or other documentation reasonably satisfactory to the Merchant and the Monitor.

All right, title and interest of the Merchant in and to its Merchandise and FF&E (as defined below) shall remain with the Merchant at all times during the Sale Term until such Merchandise (including Remaining Merchandise) and FF&E (including Remaining FF&E (as defined below)), as applicable, is sold or otherwise disposed of in accordance with the terms hereof and the Liquidation Sale Approval Order. Although the Consultant shall undertake its obligations under this Agreement in a manner designed to achieve the desired results of the Sale and to maximize the benefits to the Merchant, the Merchant expressly acknowledges that the Consultant is not guaranteeing the results of the Sale. All sales of Merchandise and FF&E in the Stores and the Distribution Centre shall be made in the name and on behalf of the Merchant, and all sales during the Sale Term and any applicable removal period shall be final with no returns accepted or allowed following the Sale Commencement Date (including with respect to any items purchased prior to the Sale). The Parties acknowledge and agree that the Stores shall accept cash, active gift cards, gift certificates and unexpired Nordstrom Notes issued by the Merchant, and credit and debit cards, during the Sale.

Without limiting the generality of the foregoing or the terms of the Confidentiality Agreements, all information of a business nature relating to the pricing, sales, promotions, marketing, assets, liabilities or other business affairs of the Nordstrom Canada Entities, its customers, employees, parent, subsidiary, or other affiliated entities (for purposes of this paragraph and the paragraph that follows immediately hereafter, all such entities are included within each reference to "**Nordstrom Canada Entities**") constitutes the Nordstrom Canada Entities' confidential, trade secret information ("**Nordstrom Canada Confidential Information**"), which is and shall remain the exclusive intellectual property of the Nordstrom Canada Entities and shall

be treated as strictly confidential by the Consultant in accordance with and subject to the Confidentiality Agreements. The Consultant agrees to maintain strict confidentiality in accordance with the Confidentiality Agreements and agrees that it may use Nordstrom Canada Confidential Information only as reasonably necessary to the performance of its obligations related to the Sale. If and to the extent the use or other handling of any Personal Information (as defined below) is necessary for the Consultant to perform its obligations hereunder, the Consultant shall comply with all Data Security Requirements (as defined below) and such other reasonable restrictions requested by the Nordstrom Canada Entities. For purposes of this Agreement, “**Personal Information**” means any natural person’s name, street address, telephone number, e-mail address, social insurance number, driver’s license number, passport number, credit card number, or user or account number, or any other piece of information that, individually or when combined with other information, allows the identification of a natural person or is otherwise considered personally identifiable information or personal data protected under any applicable Data Security Requirement. For purposes of this Agreement, “**Data Security Requirements**” means, collectively, all of the following to the extent relating to privacy, security, or security breach notification requirements: (i) the Nordstrom Canada Entities’ own rules, policies, and procedures; (ii) all applicable statutes and regulations; (iii) industry standards applicable to the industry in which the Nordstrom Canada Entities’ business is conducted (including, as applicable, the Payment Card Industry Data Security Standard (PCI DSS)); and (iv) contracts into which the Nordstrom Canada Entities have entered or by which they are otherwise bound, provided such contracts (or the requirements of such contracts) are provided to the Consultant.

The Parties expressly acknowledge and agree that the Nordstrom Canada Entities shall have no liability to the Supervisors for debts, wages, bonuses, benefits, severance pay, termination pay, vacation pay, pay in lieu of notice of termination or any other liability arising from the hiring or engagement of the Supervisors, and the Supervisors shall not be considered employees of the Nordstrom Canada Entities.

The Consultant acknowledges and agrees that, notwithstanding anything to the contrary herein, any Merchandise, Remaining Merchandise, FF&E, Remaining FF&E or other goods (including, for certainty, any signage, tagging and labels), remaining in the Stores immediately prior to the Sale Termination Date that include the trademarks and/or intellectual property of Nordstrom, Inc. and its affiliates (collectively, other than the Nordstrom Canada Entities, “**Nordstrom US**”), shall, at the election of Nordstrom US, be (i) purchased by Nordstrom US at such arm’s length consideration as agreed upon between Nordstrom US and the Merchant with the consent of the Monitor; or (ii) destroyed by the Merchant at the sole cost and expense of Nordstrom US, and, in each case, no fees or other amounts shall be payable to the Consultant hereunder in connection with any of the foregoing.

(c) Merchant’s Undertakings

During the Sale Term, the Merchant shall: (i) be the employer of the Stores’ employees, other than the Supervisors; (ii) be responsible for all taxes, costs, expenses, accounts payable, and other liabilities relating to the Stores, the Stores’ employees and other representatives of the Merchant (excluding, for greater certainty, the Supervisors); (iii) prepare and process all tax forms and other documentation with respect thereto; (iv) collect all sales taxes and other applicable taxes assessed on the sale of the Merchandise, Additional Consultant Goods and FF&E, and pay them to the appropriate taxing authorities; (v) use reasonable efforts to cause the Merchant’s employees

to cooperate with the Consultant and the Supervisors; (vi) execute all agreements mutually determined by the Merchant and the Consultant, in consultation with the Monitor, to be necessary or desirable for the operation of the Stores during the Sale; (vii) arrange for the ordinary maintenance of all point-of-sale equipment required for the Stores; and (viii) use commercially reasonable efforts to ensure that the Consultant may access and use the Stores and the Distribution Centre for the Sale Term and the FF&E Removal Period in order to perform its obligations under this Agreement.

The Merchant shall provide throughout the Sale Term central administrative services necessary for the Sale, including (without limitation) customary point-of-sale administration, sales audit, cash reconciliation, accounting, and payroll processing, as currently available through the Merchant's existing accounting and IT systems, all at no cost to the Consultant.

The Parties expressly acknowledge and agree that the Consultant shall have no liability to the Merchant's employees for wages, bonuses, benefits, severance pay, termination pay, vacation pay, pay in lieu of notice of termination or any other liability arising from the Merchant's employment, hiring or retention of its employees, and such employees shall not be considered employees of the Consultant.

4. The Sale

All sales of Merchandise shall be made on behalf of the Merchant, including any bulk or buy-back sale transactions made with the consent of the Monitor. The Consultant does not have, nor shall it have, any right, title or interest in the Merchandise. All sales of Merchandise shall be by cash, active gift card, gift certificate or unexpired Nordstrom Note issued by the Merchant, or credit or debit card, in accordance with the Merchant's policies, and shall be "final" with no returns accepted or allowed, unless otherwise directed by the Merchant. The Merchant and the Consultant shall not sell gift cards or gift certificates during the Sale Term.

5. Consultant Fee and Expenses in Connection with the Sale

In consideration of its services hereunder, the Consultant shall earn a base fee equal to one and a half percent (1.5%) of the Gross Proceeds (as defined below) of Merchandise sold during the Sale Term (the "**Merchandise Fee**"). For purposes of this Agreement, "**Gross Proceeds**" means gross receipts (including, without limitation, gift card, gift certificate or unexpired Nordstrom Notes issued by the Merchant), calculated using the "gross rings", from sales of Merchandise during the Sale Term, net of applicable sales taxes. For the purposes of calculating Gross Proceeds, the Merchant and the Consultant shall keep (a) a strict count of gross register receipts less applicable sales taxes; and (b) cash reports of sales within each Store.

In addition to the Merchandise Fee, and not in lieu thereof, the Merchant shall pay to the Consultant from Gross Proceeds an additional fee based upon the Gross Recovery Percentages achieved as set forth in the following table (the "**Additional Incentive Compensation**"). The Additional Incentive Compensation shall be equal to the aggregate sum of the percentages set forth in the "Additional Incentive Compensation" column of the table (e.g., calculated back to first dollar) for the corresponding Gross Recovery Percentage achieved; provided, however, no Additional Incentive Compensation shall be earned or payable where the Gross Recovery Percentage is less than 131%:

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

For purposes of the Additional Incentive Compensation:

“**Cost Value**” with respect to each item of Merchandise sold shall mean the lower of (i) the lowest per unit vendor cost in the File or in the Merchant’s books and records, maintained in the ordinary course consistent with historic practices; or (ii) the Retail Price.¹

“**File**” shall mean the following files provided to the Consultant: “3.1 Canada Stock on Hand.xlsx.” and “3.2 Nordstrom Canada Inventory On Order”.

“**Gross Recovery Percentage**” shall mean the Gross Proceeds divided by the sum of the aggregate Cost Value of all of the Merchandise.

“**Retail Price**” shall mean with respect to each item of Merchandise sold, the retail price reflected at the register for such item, excluding the discount granted in connection with such sale.

The Merchant shall be responsible for all expenses of the Sale, including, without limitation, all Store operating expenses, all costs and expenses related to the Merchant’s other retail store operations (if any), and all of the Consultant’s reasonable and documented out-of-pocket expenses incurred pursuant to the Expense Budget (the “**Sale Costs**”). To control Sale Costs, the Merchant and the Consultant, in consultation with the Monitor, have established an aggregate budget (the “**Expense Budget**”) of certain delineated expenses, including, without limitation, payment of the costs of supervision (including Supervisor Costs), advertising and signage costs, and other miscellaneous expenses expected to be incurred by the Consultant, including reasonable legal fees. The Expense Budget for the Sale is attached hereto as Exhibit “C”. The Expense Budget may only be modified by mutual written (including email) agreement of the Consultant and the Merchant with the consent of the Monitor. The Supervisor Costs set forth on Exhibit “C” include, among other things, industry standard deferred compensation. Notwithstanding anything to the contrary herein, unless otherwise agreed to by the Merchant in

¹ The Gross Recovery Percentages are based on a relationship between Cost Value and Retail Price — a “Cost Factor” of 43%. For every 25 basis points increase (or decrease) in the Cost Factor, each Additional Incentive Compensation Gross Recovery Percentage threshold will decrease (or increase) by 80 basis points. For certainty, in no event will the combined Merchandise Fee and Additional Incentive Compensation equal more than 3.1% of Gross Proceeds.

writing with the consent of the Monitor, the Merchant shall not be obligated to pay any Sale Costs that are not included or provided for in the Expense Budget, as it may be amended in accordance with this Agreement. The Merchant shall reimburse the Consultant for all Sale Costs incurred by the Consultant up to the aggregate budgeted amount set forth in the Expense Budget.

By no later than the second business day following the entry of the Liquidation Sale Approval Order, or such later date as may be agreed by the Parties, and as a condition to the Consultant's obligations under this Agreement, the Merchant shall fund to the Consultant \$465,000 (the "**Special Purpose Payment**"), by the Consultant on account of any final amounts owing to the Consultant hereunder until the Final Reconciliation (as defined below), and the Merchant shall not apply the Special Purpose Payment to, or otherwise offset any portion of the Special Purpose Payment against, any weekly reimbursement, payment of fees, or other amount owing to the Consultant under this Agreement prior to the Final Reconciliation. Without limiting any of the Consultant's other rights, the Consultant may apply the Special Purpose Payment to any unpaid obligation owing by the Merchant to the Consultant under this Agreement following the completion of the Final Reconciliation on prior written notice to the Monitor. Any portion of the Special Purpose Payment not so applied shall be returned to the Merchant within five (5) business days following the Final Reconciliation.

6. Furniture, Fixtures and Equipment

- (a) The Consultant shall also undertake to sell, commencing on the Sale Commencement Date and ending on the FF&E Removal Deadline (as defined below), on an "as is where is" basis, the furniture, fixtures and equipment located at the Stores and the Distribution Centre that is (i) fully owned by the Merchant; (ii) owned jointly by the Merchant and one or more third party vendors of Merchant as directed by Merchant with the consent of the Monitor and agreed to by such third parties; or (iii) fully owned by a third party if agreed to by such third party and the Merchant with the consent of the Monitor (collectively, the "**FF&E**"). The Consultant shall advertise in the context of advertising for the Sale that such FF&E is available for sale, and shall contact and solicit known purchasers and dealers of furniture, fixtures and equipment. Any Nordstrom US or third party trademarks on FF&E shall be removed prior to any sale to the extent reasonably practicable to do so if requested by Nordstrom US or such third party, and in all cases, at the sole cost of Nordstrom US or such third party, respectively.
- (b) The Merchant shall be responsible for all reasonable and documented costs and expenses incurred by the Consultant in connection with the sale of FF&E, including the sale, removal, and disposal of Remaining FF&E, which costs and expenses shall be incurred pursuant to a written budget or budgets (in addition to the Expense Budget) to be established from time to time by mutual agreement of the Parties with the consent of the Monitor (such costs and expenses, not including the Sale Costs, shall be referred to as the "**FF&E Costs**"). After payment to the Consultant of the applicable FF&E Fee (as defined below) and the FF&E Costs, the Merchant shall also be responsible for paying, from the sale proceeds received from the sale of any FF&E (i) owned jointly by the Merchant and one or more third party vendors of the Merchant; or (ii) fully owned by a third party, to such third party, such third party's

pro rata share of such sale proceeds net of any applicable sales taxes, FF&E Fee and FF&E Costs.

- (c) In consideration for providing the services set forth in this Section 6, the Consultant shall be entitled to a commission from the sale of FF&E equal to fifteen percent (15%) of the gross proceeds of the sale of FF&E, net of applicable sales taxes (the “**FF&E Fee**”).
- (d) “**FF&E Removal Period**” means (i) with respect to each Store, the twenty-one (21) day period following the applicable Sale Termination Date for such Store; and (ii) with respect to the Distribution Centre, the period up to the effective date of the disclaimer or termination of the agreements between the Merchant and the third party operator of the Distribution Centre. The last date of the applicable FF&E Removal Period shall be referred to herein as the “**FF&E Removal Deadline**”.
- (e) Subject to Sections 6(f) and 6(g), on the FF&E Removal Deadline, the Consultant shall remove and otherwise dispose of any and all FF&E that is owned, in whole or in part, by the Merchant, which has not been sold by the Consultant prior to such FF&E Removal Deadline (the “**Remaining FF&E**”), as directed by the Merchant, in consultation with the Monitor. To the extent any proceeds from any sale or disposition of any Remaining FF&E is received by the Consultant after the FF&E Removal Deadline, the Consultant shall remit such proceeds to the Merchant net of the FF&E Fee. Any associated expenses shall be paid by the Merchant as FF&E Costs and in accordance with the budget referred to herein, and the gross receipts thereof (net of sales taxes) shall be included in the calculation of the FF&E Fee due to the Consultant. The removal of any Remaining FF&E shall be done in accordance with the Sale Guidelines, as applicable. For the avoidance of doubt, the right, title and interest in the Remaining FF&E shall not at any time vest in and to the Consultant.
- (f) Notwithstanding anything herein to the contrary, the Merchant may, in its sole discretion and with the consent of the Monitor, instruct the Consultant to abandon any Remaining FF&E in any of the Stores by providing written notice to the Consultant by no later than seven (7) days prior to the applicable FF&E Removal Deadline. If so instructed, as of the FF&E Removal Deadline, the Consultant may abandon in place, in a neat and orderly manner, any unsold FF&E at the applicable Store. If the Consultant chooses to remove any Remaining FF&E notwithstanding receipt of the aforementioned notice from the Merchant, the Consultant shall assume all costs and expenses relating to the removal of such FF&E and retain all proceeds from the sale thereof for its own account.
- (g) Notwithstanding anything to the contrary herein, the terms and conditions regarding the access to, timing of, sale and removal of the FF&E located in the Distribution Centre, if any, shall be agreed by the Merchant, the Consultant and the owner and operator of the Distribution Centre, in consultation with the Monitor. The Consultant and the Merchant shall mutually agree upon procedures for the collection of the sale proceeds from sales of FF&E located in the Distribution Centre.

- (h) Notwithstanding anything in this Agreement to the contrary, the Consultant shall not have any obligation whatsoever to cap any electrical or plumbing outlets or purchase, sell, make, store, handle, treat, dispose, or remove any hazardous materials from the Stores, Distribution Centre or otherwise. The Consultant shall have no liability to any party for any environmental action brought: (i) that is related to the storage, handling, treatment, disposition, generation, or transportation of hazardous materials; or (ii) in connection with any remedial actions associated therewith or the Stores or the Distribution Centre, in each case, save and except for any gross negligence or wilful misconduct on its part.

7. Payments & Accounting

All proceeds of sales of Merchandise and FF&E through the Sale and the FF&E Removal Period shall be collected by the Merchant's Store management personnel and deposited into the Merchant's existing deposit accounts. During the Sale Term, all accounting matters (including, without limitation, the determination of the Merchandise Fee, Sale Costs, FF&E Fee, FF&E Costs and all other fees, expenses, or other amounts reimbursable or payable hereunder) shall be reconciled by the Parties, in consultation with the Monitor, on every Wednesday for the prior calendar week and the amounts determined to be owing for such prior calendar week pursuant to such reconciliation shall be paid within seven (7) days after each such weekly reconciliation.

The Parties shall, in consultation with the Monitor, complete a final reconciliation and settlement of all amounts payable pursuant to this Agreement, including, without limitation, the determination of the Merchandise Fee, Sale Costs, FF&E Fee, FF&E Costs and all other fees, expenses, or other amounts reimbursable or payable hereunder (the "**Final Reconciliation**"), no later than forty five (45) days following the earlier of: (a) the Sale Termination Date for the last Store; or (b) the date upon which this Agreement is terminated in accordance with its terms. Within ten (10) days after the completion of the Final Reconciliation, (i) any amounts that are determined to be owing by the Merchant to the Consultant shall be paid by the Merchant to the Consultant pursuant to this Agreement, and (ii) any amounts that are determined to be owing by the Consultant to the Merchant pursuant to this Agreement (including any full or partial refund of the Special Purpose Payment) shall be paid by the Consultant to the Merchant.

8. Additional Consultant Goods

Subject to the Liquidation Sale Approval Order, the Consultant shall have the right to supplement the Merchandise in the Sale at the Full Line Stores with additional goods procured by the Consultant which are of like kind and category and no lesser quality to the Merchandise in the Sale at the Full Line Stores and procured from existing vendors of the Merchant (including goods that had previously been ordered by or on behalf of the Merchant from such vendors), and which are consented to by the Merchant in advance (collectively, the "**Additional Consultant Goods**"); provided, however, that: (i) the Additional Consultant Goods sold as part of the Sale will not exceed \$10 million at cost in the aggregate; (ii) the Additional Consultant Goods will be distributed amongst the Full Line Stores such that no Full Line Store receives Additional Consultant Goods with an aggregate cost in excess of \$2 million; and (iii) the Sale Term shall not be extended on account of the inclusion of the Additional Consultant Goods in the Sale. The Additional Consultant Goods shall be purchased by Consultant as part of the Sale, and delivered to the Full Line Stores. Sales of Additional Consultant Goods shall be run through the Merchant's cash register systems;

provided, however, that the Merchant shall assist with marking, and the Consultant shall mark the Additional Consultant Goods, using “dummy” SKUs or unique “fee codes” or department numbers, or in such other manner so as to distinguish the sale of Additional Consultant Goods from the sale of Merchandise. For the avoidance of doubt, the Merchant shall provide the Consultant with “dummy” SKUs or unique “fee codes” within seven (7) days of the Sale Commencement Date. The Consultant and the Merchant shall also cooperate so as to ensure that the Additional Consultant Goods are marked in such a way that a reasonable consumer could identify the Additional Consultant Goods as non-Merchant goods. Additionally, the Consultant shall provide signage acceptable to the Merchant in the Full Line Stores which notify customers that the Additional Consultant Goods have been included in the Sale.

The Consultant shall pay to the Merchant an amount equal to seven and one-half percent (7.5%) of the gross proceeds (excluding sales taxes) from the sale of Additional Consultant Goods completed during the Sale Term (the “**Additional Consultant Goods Fee**”), and the Consultant shall retain all remaining amounts from the sale of the Additional Consultant Goods. Any amount due from the Consultant to the Merchant in respect of the sale of Additional Consultant Goods in accordance with this Section 8 shall be paid not later than three (3) business days following the Parties’ completion of each weekly reconciliation with respect to sales of Additional Consultant Goods sold by the Consultant during the prior week (or at such other mutually agreed upon time).

The Consultant and the Merchant intend that the transactions relating to the Additional Consultant Goods are, and shall be construed as, a true consignment from the Consultant to the Merchant in all respects and not a consignment for security purposes. Subject solely to the Consultant’s obligations to pay to the Merchant the Additional Consultant Goods Fee, at all times and for all purposes the Additional Consultant Goods and their proceeds shall be the exclusive property of the Consultant, and no other person or entity shall have any claim against any of the Additional Consultant Goods or their proceeds. The Merchant shall, at the Consultant’s sole cost and expense, insure the Additional Consultant Goods and, if required, promptly file any proofs of loss with regard to same with the Merchant’s insurers. The Consultant shall be responsible for payment of any deductible under any such insurance in the event of any casualty affecting the Additional Consultant Goods.

The Merchant acknowledges, and the Liquidation Sale Approval Order shall provide, that the Additional Consultant Goods shall be consigned to the Merchant as a true consignment under applicable law. Subject to the Court’s issuance of the Liquidation Sale Approval Order, the Consultant is hereby granted a first priority security interest in and lien upon (i) the Additional Consultant Goods; and (ii) the Additional Consultant Goods proceeds, and the Consultant is hereby authorized to make any filings and provide notifications to any prior secured parties and which security interest shall be deemed perfected pursuant to the Liquidation Sale Approval Order without the requirement of any such filings or providing notifications to any prior secured parties (provided that, the Consultant is hereby authorized to deliver all required notices and file all necessary financing statements and amendments thereof under applicable law identifying the Consultant’s interest in the Additional Consultant Goods as consigned goods thereunder and the Merchant as the consignee therefor, and the Consultant’s security interest in and lien upon such Additional Consultant Goods and Additional Consultant Goods proceeds).

9. Indemnification

(a) Merchant's Indemnification

The Merchant shall indemnify, defend, and hold the Consultant and its consultants, members, managers, partners, officers, directors, employees, attorneys, advisors, representatives, principals, affiliates, and Supervisors (collectively, "**Consultant Indemnified Parties**" and each a "**Consultant Indemnified Party**") harmless from and against all liabilities, claims, demands, damages, costs and expenses (including reasonable attorneys' fees) arising from or related to: (i) the willful or negligent acts or omissions of the Nordstrom Canada Indemnified Parties (as defined below); (ii) the material breach of any provision of, or the failure to perform any obligation under, this Agreement by the Merchant; (iii) any liability or other claims, including, without limitation, product liability claims, asserted by customers, any Store employees, or any other person (excluding the Consultant Indemnified Parties) against the Consultant or the Consultant Indemnified Parties, except claims arising from the negligence, willful misconduct, gross negligence, or unlawful behavior of the Consultant or the Consultant Indemnified Parties; (iv) any harassment, discrimination or violation of any laws or regulations or any other unlawful, tortious or otherwise actionable treatment of the Consultant Indemnified Parties or the Merchant's customers by the Nordstrom Canada Indemnified Parties; and (v) the Merchant's failure to pay over to the appropriate taxing authority any taxes required to be paid by the Merchant during the Sale Term in accordance with applicable law.

(b) Consultant's Indemnification

The Consultant shall indemnify, defend and hold the Nordstrom Canada Entities and their consultants, members, managers, partners, officers, directors, employees, attorneys, advisors, representatives, principals, and affiliates (other than the Consultant or the Consultant Indemnified Parties) (collectively, "**Nordstrom Canada Indemnified Parties**" and each a "**Nordstrom Canada Indemnified Party**") harmless from and against all liabilities, claims, demands, damages, costs and expenses (including reasonable attorneys' fees) arising from or related to (i) the willful or negligent acts or omissions of the Consultant Indemnified Parties; (ii) the material breach of any provision of, or the failure to perform any obligation under, this Agreement by the Consultant; (iii) any liability or other claims made by the Consultant's Indemnified Parties or any other person (excluding Nordstrom Canada Indemnified Parties) against a Nordstrom Canada Indemnified Party arising out of or related to the Consultant's conduct of the Sale, except claims arising from the Merchant's or any Nordstrom Canada Indemnified Parties' negligence, willful misconduct, gross negligence, or unlawful behavior; (iv) any harassment, discrimination or violation of any laws or regulations or any other unlawful, tortious or otherwise actionable treatment of Nordstrom Canada Indemnified Parties, or the Merchant's customers by the Consultant or any of the Consultant Indemnified Parties; and (v) any claims made by any party engaged by the Consultant as an employee, agent, representative or independent contractor arising out of such engagement, including, without limitation, the Supervisors.

10. Insurance

(a) Merchant's Insurance Obligations

The Merchant shall maintain throughout the Sale Term all liability insurance policies (including, without limitation, products liability, comprehensive public liability and auto liability

insurance) covering injuries to persons and property in or in connection with the Stores that are maintained by the Merchant and in effect as of the date of this Agreement, and shall, to the extent reasonably practicable, cause the Consultant to be named an additional insured with respect to all such policies. At the Consultant's request, the Merchant shall provide the Consultant with a certificate or certificates evidencing the insurance coverage required hereunder. In addition, the Merchant shall maintain throughout the Sale Term, in such amounts as it currently has in effect, workers compensation insurance in compliance with all statutory requirements.

(b) Consultant's Insurance Obligations

The Consultant shall maintain (at its sole cost and expense) throughout the Sale Term, liability insurance policies (including, without limitation, products liability/completed operations, contractual liability, comprehensive public liability and auto liability insurance) on an occurrence basis in an amount of at least \$1 million and an aggregate basis of at least \$5 million. covering injuries to persons and property in or in connection with the Consultant's provision of services hereunder. The Consultant's insurance policies will be primary to any insurance carried by the Merchant, whose insurance(s), will be excess and non-contributory for claims and losses arising out of Consultant's performance under this Agreement. In addition, the Consultant shall name the Merchant as an additional insured and loss payee under such policy, and upon execution of this Agreement provide the Merchant with a certificate or certificates evidencing the insurance coverage required hereunder. In addition, the Consultant shall maintain throughout the Sale Term, workers' compensation insurance in compliance with all statutory requirements. Further, should the Consultant employ or engage third parties to perform any of the Consultant's undertakings with regard to this Agreement, the Consultant will ensure that such third parties are covered by the Consultant's insurance or maintain all of the same insurance as the Consultant is required to maintain pursuant to this paragraph and name the Merchant as an additional insured and loss payee under the policy for each such insurance.

11. Representations, Warranties, Covenants and Agreements

(a) Representations and Covenants of the Merchant

Each entity comprising the Merchant represents, warrants, covenants and agrees that, subject to the issuance of the Liquidation Sale Approval Order: (i) it is duly organized, validly existing and in good standing under the laws of its province of organization, with full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (ii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary actions of it and this Agreement constitutes a valid and binding obligation of it enforceable against it in accordance with its terms and conditions, and the consent of no other entity or person is required for it to fully perform all of its obligations herein; (iii) all ticketing of Merchandise at the Stores has been and will be done in accordance with the Merchant's customary ticketing practices; (iv) all normal course hard markdowns on the Merchandise have been, and will be, taken consistent with the Merchant's customary practices; and (v) subject to the Initial Order, Sale Guidelines and this Agreement, the Stores will be operated in the ordinary course of business in all respects, except as otherwise expressly agreed to by the Merchant and the Consultant, in consultation with the Monitor.

(b) Representations and Covenants of the Consultant

Each entity comprising the Consultant represents, warrants, covenants and agrees that: (i) it is a company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder; (ii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary actions of it and this Agreement constitutes a valid and binding obligation of it enforceable against it in accordance with its terms and conditions, and the consent of no other entity or person is required for it to fully perform all of its obligations herein; (iii) it shall comply with and act in accordance with any and all applicable federal, provincial and local laws, rules, and regulations, and other legal obligations of all governmental authorities; (iv) no non-emergency repairs or maintenance in the Stores will be conducted without the Merchant's prior written consent; (v) it will not take any disciplinary action against any employee of the Merchant; and (vi) it is not a non-resident of Canada pursuant to the *Income Tax Act* (Canada) and shall provide the Merchant with its relevant sales tax number(s) prior to the Sale.

(c) Confirmations of the Parties

- (i) Except as may be provided otherwise in the Liquidation Sale Approval Order or any order of the Court, the Consultant shall assist and provide recommendations to the Merchant with respect to the legal requirements of effecting the Sale as a "store closing", "everything must go", "everything on sale" or other mutually agreed upon theme in compliance, if required with applicable provincial and local "going out of business" laws and assist in obtaining all permits and governmental consents required in order to conduct the Sale under such laws.
- (ii) The Merchant shall seek Court approval of this Agreement and the Sale Guidelines pursuant to the Liquidation Sale Approval Order. The Parties expressly acknowledge and agree that the entering into of this Agreement by the Merchant is subject to the issuance of the Liquidation Sale Approval Order approving, among other things, this Agreement, the Sale Guidelines and the conduct of the Sale and that should the Liquidation Sale Approval Order not be obtained, this Agreement shall have no force or effect.
- (iii) The Consultant shall conduct the Sale in accordance with the terms of this Agreement, the Liquidation Sale Approval Order, and the Sale Guidelines. The Consultant shall ensure that during the Sale no sale price or promotional stickers or tags shall be affixed to any (A) Merchandise, or (B) Additional Consultant Goods, except as provided in Section 8 herein. The Parties confirm that conspicuous signs shall be posted in the cash register areas of each of the Stores to the effect that all sales are "final" and customers with any questions or complaints are to call the Merchant's customer care number, and such signs shall be in addition to any other caution signage of the Merchant in the cash register areas.
- (iv) Unless otherwise directed by the Merchant and subject to the terms of the Initial Order, the Consultant and the Merchant shall, throughout the entirety

of the Sale Term, honour and accept active gift cards, gift certificates and unexpired Nordstrom Notes issued by the Merchant prior to the Sale Commencement Date at the Stores, in accordance with store operation procedures, with the full amount of such gift cards, gift certificates and Nordstrom Notes constituting Gross Proceeds hereunder.

12. Termination

The following shall constitute “**Termination Events**” hereunder:

- (a) The Merchant’s or the Consultant’s failure to perform any of their respective material obligations hereunder, which failure shall continue uncured seven (7) days after receipt of written notice thereof to the defaulting Party;
- (b) Any representation or warranty made by the Merchant or the Consultant is untrue in any material respect as of the date made or at any time and throughout the Sale Term; or
- (c) The Sale is terminated or materially interrupted or impaired for any reason, including but not limited to an order of the Court, other than as a result of an Event of Default (as defined below) by the Consultant or the Merchant.

If a Termination Event occurs, (i) the non-defaulting Party in the event of a Termination Event arising under subparagraphs (a) or (b) above (an “**Event of Default**”), or (ii) either Party in the event of a Termination Event arising under subparagraph (c) above, may, in its discretion, elect to terminate this Agreement by providing seven (7) business days’ written notice thereof to the other Party and, in the case of an Event of Default, in addition to terminating this Agreement, pursue any and all rights and remedies and damages resulting from such Event of Default. If this Agreement is terminated, the Merchant shall be obligated to pay the Consultant all amounts due and owing by the Merchant to the Consultant under this Agreement through and including the termination date of the Agreement, subject to the rights of the Merchant in the event of an Event of Default committed by the Consultant.

13. Notices

All notices, certificates, approvals, and payments provided for herein shall be sent by electronic mail or by recognized overnight delivery service as follows: (a) to the Merchant, c/o Osler, Hoskin and Harcourt LLP, 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto, ON M5X 1B8, Attn: Tracy C. Sandler, Email: tsandler@osler.com and Martino Calvaruso, Email: mcalvaruso@osler.com; (b) to the Consultant: (i) Hilco Merchant Retail Solutions, ULC c/o Hilco Merchant Resources, LLC, 5 Revere Drive, Suite 206, Northbrook, IL 60062, Attention: Ian S. Fredericks, Email: ifredericks@hilcoglobal.com; and (ii) co-counsel to the Consultant, Cassels Brock & Blackwell LLP, Suite 2100, Scotia Plaza, 40 King St. W., Toronto, ON M5H 3C2, Attn: Jane Dietrich, Esq., Email: jdietrich@cassels.com; or (c) such other address as may be designated in writing by the Merchant or the Consultant, and in any case, with a copy to the Monitor at: Alvarez and Marsal Canada Inc., Royal Bank Plaza, South Tower, 2900 – 200 Bay Street, Toronto, ON M5J 2J1, Attn: Al Hutchens, Email: ahutchens@alvarezandmarsal.com and Nate Fennema, Email: nfennema@alvarezandmarsal.com

with a copy to Goodmans LLP, Bay Adelaide Centre – West Tower, 333 Bay Street, Suite 3400, Toronto ON M5H 2S7, Attn: Brendan O'Neill, Email: boneill@goodmans.ca and Bradley Wiffen, Email: bwiffen@goodmans.ca.

14. Independent Consultant

The Consultant's relationship to the Merchant is that of an independent contractor without the capacity to bind the Merchant in any respect. No employer/employee, principal/agent, joint venture or other such relationship is created by this Agreement. The Merchant shall have no control over the hours that the Consultant or its employees or assistants or the Supervisors work or the means or manner in which the services that will be provided are performed and the Consultant is not authorized to enter into any contracts or agreements on behalf of the Merchant or to otherwise create any obligations of the Merchant to third parties, unless authorized in writing to do so by the Merchant. Nothing herein constitutes any form of landlord and tenant relationship between the Merchant and the Consultant or grants the Consultant any interest in the Stores or the underlying leases, or in the Distribution Centre.

15. Non-Assignment

Subject to Section 16 below, neither this Agreement nor any of the rights hereunder may be transferred or assigned by either Party without the prior written consent of the other Party and the Monitor. No modification, amendment or waiver of any of the provisions contained in this Agreement, or any future representation, promise or condition in connection with the subject matter of this Agreement, shall be binding upon any Party to this Agreement unless made in writing and signed by a duly authorized representative or agent of such Party. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, successors and permitted assigns.

16. Syndication of Transaction

The Consultant shall have the right, but not the obligation, to syndicate the transaction contemplated by this Agreement by providing Nordstrom Canada with written notice of such syndication within twenty four (24) hours of the execution of this Agreement and if syndicated, this Agreement shall be deemed amended and restated to expressly name such parties as parties hereto and such parties shall thereafter be deemed to be included in references to "Consultant" hereunder for all purposes.

17. Joint and Several Liability

Each of the entities that comprises the Consultant hereunder hereby irrevocably and unconditionally agree that it is jointly and severally liable for all of the liabilities, obligations, covenants and agreements of the Consultant hereunder, whether now or hereafter existing or due or to become due. The obligations of each of the entities that comprise the Consultant hereunder may be enforced by the Merchant against any such entity comprising the Consultant or all of the

entities that comprise the Consultant in any manner or order as determined by the Merchant in its sole discretion.

18. Severability

If any term or provision of this Agreement, as applied to either Party or any circumstance, for any reason shall be declared by a court of competent jurisdiction to be invalid, illegal, unenforceable, inoperative or otherwise ineffective, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable. If the surviving portions of the Agreement fail to retain the essential understanding of the Parties, the Agreement may be terminated by mutual consent of the Parties.

19. Governing Law, Venue, Jurisdiction and Jury Waiver

This Agreement, and its validity, construction and effect, shall be governed by and enforced in accordance with the laws of the Province of Ontario (without reference to the conflicts of laws provisions therein) and the laws of Canada applicable therein. The Merchant and the Consultant waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either the Consultant against the Merchant or the Merchant against the Consultant on any matter whatsoever arising out of, or in any way connected with, this Agreement, the relationship between the Merchant and the Consultant, any claim of injury or damage or the enforcement of any remedy under any law, statute or regulation, emergency or otherwise, now or hereafter in effect (an “**Agreement Related Dispute**”). The Parties hereby attorn to the exclusive jurisdiction of the Court to determine any Agreement Related Dispute.

20. Entire Agreement

Other than with respect to the Confidentiality, Non-Disclosure and Non-Use Agreements entered into between Nordstrom Canada and each entity that comprises the Consultant (which remain in full force and effect), this Agreement, together with all additional schedules and exhibits attached hereto, constitutes a single, integrated written contract expressing the entire agreement of the Parties concerning the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any Party except as specifically set forth in this Agreement. All prior agreements, discussions and negotiations are entirely superseded by this Agreement.

21. Execution

This Agreement may be executed simultaneously in counterparts (including by means of electronic mail or portable document format (pdf) signature pages), any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same instrument. This Agreement, and any amendments hereto, to the extent signed and delivered by means of electronic mail or electronic transmission in portable document format (pdf), shall be treated in all manner and respects as an original thereof and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

22. Canadian Dollars

The Expense Budget expresses amounts in Canadian dollars. All references to monetary amounts in this Agreement are in Canadian dollars.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first written above.

NORDSTROM CANADA RETAIL, INC.

By: Misti Heckel
Name: Misti Heckel
Title: President

NORDSTROM CANADA LEASING LP,
an Alberta limited partnership

By: Nordstrom Canada Holdings, LLC, its
General Partner

By: Misti Heckel
Name: Misti Heckel
Title: President and Treasurer

**HILCO MERCHANT RETAIL
SOLUTIONS ULC**

By: _____
Name:
Title:

GORDON BROTHERS CANADA, ULC

By: _____
Name:
Title:

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first written above.

NORDSTROM CANADA RETAIL, INC.

By: _____
 Name: _____
 Title: _____

NORDSTROM CANADA LEASING LP,
 an Alberta limited partnership

By: Nordstrom Canada Holdings, LLC, its
 General Partner

By: _____
 Name: _____
 Title: _____

**HILCO MERCHANT RETAIL
 SOLUTIONS ULC**

By:  _____
 Name: Sarah Baker
 Title: Assistant Secretary

GORDON BROTHERS CANADA, ULC

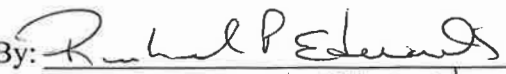
By:  _____
 Name: Richard Edwards
 Title: President - Retail

Exhibit “1A”**List of Stores**

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

<i>Nordstrom Rack Stores</i>					
Store No.	Location	Street Address	City	Province	Postal Code
840	Willowbrook	19705 Fraser Hwy #610	Langley	BC	V3A 7E9
841	Vaughan Mills	1 Bass Pro Mills Drive #E4	Vaughan	ON	L4K 5W4
842	South Edmonton Common	1910 102nd Street NW	Edmonton	AB	T6N 1N3
843	Heartland Town Centre	788 Boyer Boulevard	Mississauga	ON	L5V 2Y1
844	One Bloor	731 Yonge Street	Toronto	ON	M4Y 0E3
845	Ottawa Train Yards	595 Industrial Avenue	Ottawa	ON	K1G 5A5
846	Deerfoot Meadows	1180-33 Heritage Meadows Way SE	Calgary	AB	T2H 3B8

Exhibit “1B”**List of Distribution Centre**

Location	Street Address	City	Province	Postal Code
DC 868 - National Logistics Services	110A Iron Street	Etobicoke	ON	M9W 5L9

Exhibit “B”

Sale Guidelines

SALE GUIDELINES

Capitalized terms used but not defined in these Sale Guidelines shall have the meanings ascribed to them in the Initial Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated March 2, 2023 (as amended and restated from time to time, the “**Initial Order**”) made in the proceedings involving, *inter alia*, Nordstrom Canada Retail, Inc. and Nordstrom Canada Leasing LP (collectively, the “**Merchant**”) under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) and the Liquidation Sale Approval Order (as defined below), as applicable.

The following procedures shall apply to the sale (the “**Sale**”) of merchandise, inventory, furniture, fixtures and equipment at the Merchant’s retail stores (individually, a “**Store**” and, collectively, the “**Stores**”).

1. Except as otherwise expressly set out herein, and subject to: (i) the Order of the Court dated March 20, 2023, approving, *inter alia*, the amended & restated consulting agreement between the Merchant and a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC and Gordon Brothers Canada, ULC (collectively, the “**Consultant**”) dated as of March 16, 2023 (as amended and restated from time to time, the “**Consulting Agreement**”) and the transactions contemplated thereunder (the “**Liquidation Sale Approval Order**”); (ii) any further Order of the Court; and/or (iii) any subsequent written agreement between the Merchant and its Landlord(s) and approved by the Consultant, the Sale shall be conducted in accordance with the terms of the applicable Leases. However, nothing contained herein shall be construed to create or impose upon the Merchant or the Consultant any additional restrictions not contained in the applicable Lease.
2. The Sale shall be conducted so that each Store remains open during its normal hours of operation provided for in its respective Lease, until the respective Sale Termination Date (as defined below) of each Store. The Sale at the Stores shall end by no later than June 30, 2023 (such date, or such other date as determined in accordance with the Liquidation Sale Approval Order, the “**Sale Termination Date**”). Rent payable under the Leases shall be paid as provided in the Initial Order (including, for certainty, for the period of up to twenty-one (21) days following the applicable Sale Termination Date for each Store (the “**FF&E Removal Period**”).
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise set out herein or ordered by the Court.
4. All display and hanging signs used by the Consultant in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the Leases, the Consultant may advertise the Sale at the Stores as a “everything on sale”, “everything must go”, “store closing” and/or similar theme sale at the Stores (provided however that no signs shall advertise the Sale as a “bankruptcy”, a “liquidation” or a “going out of business” sale). Forthwith upon request from a Landlord, the Landlord’s counsel, the Merchant or the Monitor, the Consultant shall provide the proposed signage packages along with proposed dimensions by e-mail to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify the Consultant of any requirement for such signage to otherwise comply with the terms of the Lease and/or these Sale Guidelines and where the provisions of the Lease conflict with these Sale Guidelines, these Sale Guidelines shall govern. The Consultant shall not use neon or day-glow signs or any handwritten signage (save that handwritten “you pay” or “topper” signs

may be used). If a Landlord is concerned with “Store Closing” signs being placed in the front window of a Store or with the number or size of the signs in the front window, the Merchant, the Consultant and the Landlord will work together to resolve the dispute. Furthermore, with respect to enclosed mall Store locations without a separate entrance from the exterior of the enclosed mall, no exterior signs or signs in common areas of a mall shall be used unless explicitly permitted by the applicable Lease and shall otherwise be subject to all applicable laws. In addition, the Consultant shall be permitted to utilize exterior banners/signs at stand alone, strip mall or enclosed mall Store locations with a separate entrance from the exterior of the enclosed mall; provided, however, that: (i) no signage in any other common areas of a mall shall be used; and (ii) where such banners are not explicitly permitted by the applicable Lease and the Landlord requests in writing that banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Service List. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Consultant.

5. The Consultant shall be permitted to utilize sign-walkers and street signage; provided, however, such sign-walkers and street signage shall not be located on the shopping centre or mall premises.
6. The Consultant shall be entitled to include additional merchandise of the Merchant in the Sale; provided that: (i) the additional merchandise is currently in the possession or control of the Merchant (including in any distribution centre used by the Merchant) or has previously been ordered by or on behalf of the Merchant and is currently in transit to the Merchant (including any distribution centre used by the Merchant) or a Store; and (ii) the additional merchandise is of like kind and category and no lesser quality to the merchandise in the Stores at the commencement of the Sale.
7. Conspicuous signs shall be posted in the cash register areas of each of the Stores to the effect that all sales are “final” and customers with any questions or complaints are to call the Merchant’s customer care number.
8. The Consultant shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on Landlord’s property, unless explicitly permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Store is located. Otherwise, the Consultant may solicit customers in the Stores themselves. The Consultant shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as explicitly permitted under the applicable Lease or agreed to by the Landlord, and no advertising trucks shall be used on Landlord property or mall ring roads, except as explicitly permitted under the applicable Lease or agreed to by the Landlord.
9. At the conclusion of the Sale and the FF&E Removal Period in each Store, the Consultant shall arrange that the premises for each Store are in “broom-swept” and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than the FF&E (as defined below)) may be

removed without the applicable Landlord's written consent unless otherwise provided by the applicable Lease and in accordance with the Initial Order and the Liquidation Sale Approval Order. Any trade fixtures or personal property left in a Store after the applicable FF&E Removal Period in respect of which the applicable Lease has been disclaimed by the Merchant shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Landlord. Nothing in this paragraph shall derogate from or expand upon the Consultant's obligations under the Consulting Agreement. Notwithstanding the foregoing, the Merchant shall only abandon FF&E pursuant to Section 6(f) of the Consulting Agreement if: (i) the applicable Landlord has consented thereto; (ii) such abandonment is not prohibited under the applicable Lease; or (iii) upon further Order of the Court.

10. Subject to the terms of paragraph 9 above, the Consultant may also sell existing furniture, fixtures and equipment located in the Stores during the Sale and the FF&E Removal Period that are (i) fully owned by the Merchant; (ii) owned jointly by the Merchant and one or more third-party vendors of the Merchant, as directed by the Merchant with the consent of the Monitor and agreed to by such third parties; or (iii) fully owned by a third party if agreed to by such third party and the Merchant with the consent of the Monitor (collectively, the "**FF&E**"). For greater certainty, FF&E does not include any portion of a Stores' mechanical, electrical, plumbing, security, HVAC, sprinkler, fire suppression, or fire alarm systems (including related fixtures and affixed equipment). The Merchant and the Consultant may advertise the sale of the FF&E consistent with these Sale Guidelines on the understanding that the Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to the Landlord. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove the FF&E either through the back shipping areas designated by the Landlord or through other areas after regular Store business hours or, through the front door of the Store during Store business hours if the FF&E can fit in a shopping bag, with Landlord's supervision if required by the Landlord and in accordance with the Initial Order and the Liquidation Sale Approval Order. The Consultant shall repair any damage to the Stores resulting from the removal of any FF&E or personal property of the Merchant by the Consultant or by third party purchasers of FF&E or personal property from the Consultant.
11. The Consultant shall not make any alterations to interior or exterior Store lighting, except as authorized pursuant to the affected Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these Sale Guidelines, shall not constitute an alteration to a Store.
12. The Merchant hereby provides notice, including for purposes of the Initial Order, to the Landlords of the Merchant's and the Consultant's intention to sell and remove FF&E from the Stores. The Consultant shall make commercially reasonable efforts to arrange with each Landlord represented by counsel on the Service List and with any other Landlord that so requests, a walk-through with the Consultant to identify any FF&E that is subject to the Sale. The relevant Landlord shall be entitled to have a representative present in the applicable Stores to observe such removal. If the Landlord disputes the Consultant's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between the Merchant, the Consultant and such Landlord, or by further Order of the Court upon application by the Merchant on at least two (2) business days' notice to such Landlord and the Monitor. If the Merchant has disclaimed the Lease

governing such Store in accordance with the CCAA and the Initial Order, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the CCAA and the Initial Order), and the disclaimer of the Lease shall be without prejudice to the Merchant's or the Consultant's claim to the FF&E in dispute.

13. If a notice of disclaimer of Lease is delivered pursuant to the CCAA and the Initial Order to a Landlord while the Sale is ongoing and the Store in question has not yet been vacated, then:
(i) during the notice period prior to the effective date of the disclaimer, the Landlord may show the affected Store to prospective tenants during normal business hours, on giving the Merchant, the Monitor and the Consultant at least twenty-four (24) hours' prior written notice; and
(ii) at the effective date of the disclaimer, the relevant Landlord shall be entitled to take possession of any such Store without waiver of or prejudice to any claims or rights such Landlord may have against the Merchant or any of its affiliates in respect of such Lease or Store; provided that, nothing herein shall relieve such Landlord of any obligation to mitigate any damages claimed in connection therewith.
14. The Consultant and its agents and representatives shall have the same access rights to the Stores as the Merchant under the terms of the applicable Lease, and the Landlords shall have access rights to the Stores as provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings and the terms of the Initial Order).
15. The Merchant and the Consultant shall not conduct any auctions of merchandise or FF&E at any of the Stores.
16. The Consultant shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for the Consultant shall be Cassels Brock & Blackwell LLP, Suite 2100, Scotia Plaza, 40 King St. W., Toronto, ON M5H 3C2 Canada, Attn: Jane Dietrich, Esq., Email: jdietrich@cassels.com. If the parties are unable to resolve the dispute between themselves, the Landlord or the Merchant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties and the Monitor, during which time the Consultant shall suspend all activity in dispute other than activities expressly permitted herein, pending determination of the matter by the Court; provided, however, subject to paragraph 4 of these Sale Guidelines, if a banner has been hung in accordance with these Sale Guidelines and is the subject of a dispute, the Consultant shall not be required to take any such banner down pending determination of any dispute.
17. Nothing herein or in the Consulting Agreement is, or shall be deemed to be, a sale, assignment or transfer of any Lease to the Consultant nor a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to the Landlord any greater rights in relation to the sale, assignment or transfer of any Lease than already exist under the terms of any such Lease.
18. These Sale Guidelines may be amended on a Store-by-Store basis, by written agreement between the Merchant, the Consultant, and the applicable Landlord, with the consent of the Monitor; provided however, that such amended Sale Guidelines shall not affect or bind any other Landlord not privy thereto without further Order of the Court approving such amended Sale Guidelines.

Exhibit “C”

Expense Budget

Nordstrom Canada.2023.01
Exhibit C

Expense Budget (1)

Advertising

Media	100,000
Signs (2)	273,128
Sign Walkers	230,864
Subtotal Advertising	<u>603,992</u>

Supervision

Fees / Wages / Expenses (3)	1,178,107
Subtotal Supervision	<u>1,178,107</u>

Miscellaneous /Legal (4)	100,000
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Total Expenses	<u><u>1,882,099</u></u>
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Notes:

1. This Expense Budget contemplates a sale term of March, 20, 2023 through June 18, 2023. The Expense Budget remains subject to modification in the event that this term is extended, or as otherwise agreed to by the parties.
2. Includes Sales Tax.
3. Includes Deferred Compensation and Insurance.
4. Any legal expenses associated with issues raised by or disputes with landlords, including (without limitation) negotiations in respect of landlord side letters, shall be in addition to and not part of the budgeted legal expenses.

APPENDIX B
BLACKLINE COMPARISON – CONSULTING AGREEMENT

AMENDED & RESTATED CONSULTING AGREEMENT

This Amended & Restated Consulting Agreement, dated as of March 14⁶, 2023 (this “**Agreement**”) is made by and between Nordstrom Canada Retail, Inc. (“**Nordstrom Canada**”) and Nordstrom Canada Leasing LP (“**Canada Leasing LP**”, and together with Nordstrom Canada, the “**Merchant**”) and a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC and Gordon Brothers Canada, ULC (collectively, the “**Consultant**”, and together with the Merchant, the “**Parties**”), under which the Consultant shall act as the exclusive consultant for the purpose of conducting a sale of certain Merchandise (as defined below) at the Merchant’s stores set forth on Exhibit “1A” (each a “**Store**” and collectively, the “**Stores**”) and at the third party distribution centre set forth on Exhibit “1B” annexed hereto (the “**Distribution Centre**”) through a “store closing”, “everything must go”, “everything on sale” or similar themed sale (the “**Sale**”) in accordance with the terms of the sale guidelines substantially in the form attached hereto as Exhibit “B” (the “**Sale Guidelines**”). Only the Merchant’s approved Sale terminology, including the foregoing advertising handles, will be utilized at each Store.

This Agreement amends and restates, in its entirety, the Consulting Agreement dated as of March 14, 2023, together with all exhibits and schedules attached thereto or incorporated therein, among the Parties.

RECITALS:

WHEREAS:

- A. The Merchant operates a network of six (6) retail stores under the “Nordstrom” banner (collectively, the “**Full Line Stores**”) and seven (7) retail stores under the “Nordstrom Rack” banner in Ontario, British Columbia and Alberta.
- B. On March 2, 2023, Nordstrom Canada, Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC (the “**Applicants**”) commenced proceedings (the “**CCAA Proceedings**”) pursuant to the *Companies’ Creditors Arrangement Act* and obtained an initial order (as amended and restated on March 10, 2023, and as may be further amended and restated from time to time, the “**Initial Order**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Although not an applicant in the CCAA Proceedings, pursuant to the Initial Order, the stay of proceedings and authorizations and protections of the Initial Order were extended to Canada Leasing LP (together, with the Applicants, the “**Nordstrom Canada Entities**”).
- C. Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed monitor (the “**Monitor**”) in the CCAA Proceedings and the Nordstrom Canada Entities, in consultation with the Monitor, were authorized to conduct the Liquidation Solicitation Process (as defined in the Initial Order).
- D. The Merchant intends to seek an order in the CCAA Proceedings approving, among other things, this Agreement and the conduct of the Sale, in accordance with the terms hereof and the Sale Guidelines (the “**Liquidation Sale Approval Order**”).

- E. The Consultant is willing to serve as the Merchant's exclusive consultant for the purpose of providing such consulting services, upon the terms and conditions and in the manner set forth in this Agreement.

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

1. Merchandise

For purposes hereof, "**Merchandise**" shall mean all inventory that is owned by the Merchant and actually sold in the Stores during the Sale Term (as defined below), which includes goods saleable in the ordinary course, located at or in transit to the Stores on the Sale Commencement Date (as defined below) and/or located in or in transit to the Distribution Centre on the Sale Commencement Date and thereafter delivered to the Stores as mutually agreed by the Merchant and the Consultant. "Merchandise" does not mean and shall not include: (a) goods that belong to sublessees, licensees or concessionaires of the Merchant or are leased or licensed from third parties by the Merchant; (b) owned, partially owned, third party owned and/or leased furnishings, trade fixtures, equipment and/or improvements to real property that are located in the Stores and the Distribution Centre; (c) damaged or defective goods that cannot be sold; (d) goods held by the Merchant on memo, consignment or pursuant to license or similar arrangements with third parties, unless otherwise agreed by the Merchant, the Consultant and the applicable third party (which, for certainty, shall, with such agreement, constitute "Merchandise" hereunder); (e) gift cards (third party and Merchant branded), gift certificates or Nordstrom Notes issued by the Merchant; and (f) Additional Consultant Goods (as defined below).

2. Sale Term

- (a) For each Store, the Sale shall commence on the first business day following the entry of the Liquidation Sale Approval Order, or such later date as may be agreed by the Parties in consultation with the Monitor (the "**Sale Commencement Date**"), and conclude no later than June 30, 2023 (the "**Sale Termination Date**"); provided, however, that the Parties may, in consultation with the Monitor, mutually agree in writing to extend the Sale Termination Date or to terminate the Sale at any Store prior to the Sale Termination Date. The period between the Sale Commencement Date and the Sale Termination Date shall be referred to as the "**Sale Term**".
- (b) At the conclusion of the Sale Term and the FF&E Removal Period (as defined below), the Consultant shall surrender the premises for each Store to the Merchant (i) in "broom swept" and clean condition; and (ii) if requested by the Merchant, in accordance with the lease requirements for such premises; provided, however, that, if the Merchant requests that the Consultant surrender any premises in accordance with the lease requirements, except for costs in respect of damage caused by the Consultant (including its employees, agents or representatives) for which the Consultant is in law responsible, the Merchant shall bear all other costs and expenses associated with surrendering the premises in accordance with the lease requirements for such premises to the extent such expenses were incurred by

the Consultant in accordance with a budget mutually agreed to in writing between the Consultant and the Merchant prior to surrender of the premises. At the conclusion of the Sale at each Store, the Consultant shall photographically document the condition of each Store and provide such photographs to the Merchant within ten (10) days. Photographs shall reference with specificity each Store by number, name and/or location.

- (c) At the conclusion of the Sale Term, to the extent there is any Merchandise remaining on the Sale Termination Date (the “**Remaining Merchandise**”), such Remaining Merchandise shall, subject to the terms hereof, be sold on behalf of Merchant or otherwise disposed of by the Consultant as directed by the Merchant, in consultation with the Monitor. The costs and expenses of removing and disposing of the Remaining Merchandise shall be incurred pursuant to a written budget or budgets (in addition to the Expense Budget (as defined below)), to be established from time to time by mutual agreement of the Parties with the consent of the Monitor (the “**Remaining Merchandise Costs**”). Any associated expenses shall be paid by the Merchant as Remaining Merchandise Costs and in accordance with the budget referred to herein, and the gross receipts thereof (net of sales taxes) shall be included in the calculation of the Merchandise Fee and Additional Incentive Compensation (each as defined below) due to the Consultant. To the extent any proceeds from any sale or disposition of any Remaining Merchandise is received by the Consultant after the applicable Sale Termination Date, such proceeds shall be treated in accordance with Section 7.

3. Project Management

(a) Consulting Services

The Merchant will seek from the Court the Liquidation Sale Approval Order. Subject to the entry of and the terms of the Liquidation Sale Approval Order, the Merchant hereby retains the Consultant and the Consultant hereby agrees to serve as an independent consultant to the Merchant in connection with the conduct of the Sale as set forth herein. With respect to the Sale, the Consultant shall serve as the sole and exclusive consultant to the Merchant relative thereto throughout the Sale Term and may not be compensated by any other party, except as provided for herein.

(b) Consultant’s Undertakings

During the Sale Term, the Consultant shall, in collaboration with the Merchant, (i) provide qualified supervisors (the “**Supervisors**”) engaged by the Consultant and approved in advance by the Merchant to oversee the management of the Stores and the Sale; (ii) recommend appropriate in-Store, point-of-sale and external advertising (including signage) for the Stores, all of which shall be approved in advance by the Merchant; (iii) recommend appropriate discounts of Merchandise, staffing levels for the Stores, and appropriate bonus and incentive programs, if any, for the Stores’ employees, in each case, approved in advance by the Merchant in consultation with the Monitor; (iv) oversee display of Merchandise for the Stores, subject to the terms hereof; (v) to the extent that information is available, evaluate sales of Merchandise by category and sales reporting and monitor expenses; (vi) maintain the confidentiality of all proprietary or non-public information regarding the Merchant, the Stores and the underlying

leases in accordance with the provisions of the confidentiality agreements signed by the Parties (the “**Confidentiality Agreements**”); (vii) assist the Merchant in connection with managing and controlling loss prevention and employee relations matters; (viii) to the extent necessary, assist the Merchant in obtaining all required permits and governmental consents required to conduct the Sale, except as otherwise provided in the Liquidation Sale Approval Order; and (ix) provide such other related services deemed necessary or appropriate by the Merchant and the Consultant, in consultation with the Monitor.

The Consultant shall provide qualified supervision to oversee the conduct of the Sale in the Stores as may be required to maximize sales, the expense for which is included in the Expense Budget. In connection with the Sale, the Consultant shall indirectly retain and engage the Supervisors. The Supervisors shall not be deemed to be employees or consultants of the Merchant in any manner whatsoever; nor do the Supervisors have any relationship with the Merchant by virtue of this Agreement or otherwise which creates any liability or responsibility on behalf of the Merchant for the Supervisors. During the Sale Term, the Supervisors shall perform the services provided for herein during normal Store operating hours and for the period of time prior to the Stores opening and subsequent to the Stores closing, as required in connection with the Sale, in the Consultant’s discretion and direction. In consideration of the Consultant’s engagement of the Supervisors, the Merchant agrees to pay the Consultant, as a Sale Cost (as defined below), the amount of the reasonable and documented Supervisor-related wages, fees paid to arm’s length third parties, travel, expenses, deferred compensation and third-party payroll costs and expenses, in accordance with and subject to the Expense Budget (collectively, the “**Supervisor Costs**”). The Supervisor Costs set forth in the Expense Budget include, among other things, industry standard deferred compensation. The Merchant shall reimburse the Consultant for all Supervisor Costs weekly, based upon invoices or other documentation reasonably satisfactory to the Merchant and the Monitor.

All right, title and interest of the Merchant in and to its Merchandise and FF&E (as defined below) shall remain with the Merchant at all times during the Sale Term until such Merchandise (including Remaining Merchandise) and FF&E (including Remaining FF&E (as defined below)), as applicable, is sold or otherwise disposed of in accordance with the terms hereof and the Liquidation Sale Approval Order. Although the Consultant shall undertake its obligations under this Agreement in a manner designed to achieve the desired results of the Sale and to maximize the benefits to the Merchant, the Merchant expressly acknowledges that the Consultant is not guaranteeing the results of the Sale. All sales of Merchandise and FF&E in the Stores and the Distribution Centre shall be made in the name and on behalf of the Merchant, and all sales during the Sale Term and any applicable removal period shall be final with no returns accepted or allowed following the Sale Commencement Date (including with respect to any items purchased prior to the Sale). The Parties acknowledge and agree that the Stores shall accept cash, active gift cards, gift certificates and unexpired Nordstrom Notes issued by the Merchant, and credit and debit cards, during the Sale.

Without limiting the generality of the foregoing or the terms of the Confidentiality Agreements, all information of a business nature relating to the pricing, sales, promotions, marketing, assets, liabilities or other business affairs of the Nordstrom Canada Entities, its customers, employees, parent, subsidiary, or other affiliated entities (for purposes of this paragraph and the paragraph that follows immediately hereafter, all such entities are included within each reference to “**Nordstrom Canada Entities**”) constitutes the Nordstrom Canada

Entities' confidential, trade secret information ("**Nordstrom Canada Confidential Information**"), which is and shall remain the exclusive intellectual property of the Nordstrom Canada Entities and shall be treated as strictly confidential by the Consultant in accordance with and subject to the Confidentiality Agreements. The Consultant agrees to maintain strict confidentiality in accordance with the Confidentiality Agreements and agrees that it may use Nordstrom Canada Confidential Information only as reasonably necessary to the performance of its obligations related to the Sale. If and to the extent the use or other handling of any Personal Information (as defined below) is necessary for the Consultant to perform its obligations hereunder, the Consultant shall comply with all Data Security Requirements (as defined below) and such other reasonable restrictions requested by the Nordstrom Canada Entities. For purposes of this Agreement, "**Personal Information**" means any natural person's name, street address, telephone number, e-mail address, social insurance number, driver's license number, passport number, credit card number, or user or account number, or any other piece of information that, individually or when combined with other information, allows the identification of a natural person or is otherwise considered personally identifiable information or personal data protected under any applicable Data Security Requirement. For purposes of this Agreement, "**Data Security Requirements**" means, collectively, all of the following to the extent relating to privacy, security, or security breach notification requirements: (i) the Nordstrom Canada Entities' own rules, policies, and procedures; (ii) all applicable statutes and regulations; (iii) industry standards applicable to the industry in which the Nordstrom Canada Entities' business is conducted (including, as applicable, the Payment Card Industry Data Security Standard (PCI DSS)); and (iv) contracts into which the Nordstrom Canada Entities have entered or by which they are otherwise bound, provided such contracts (or the requirements of such contracts) are provided to the Consultant.

The Parties expressly acknowledge and agree that the Nordstrom Canada Entities shall have no liability to the Supervisors for debts, wages, bonuses, benefits, severance pay, termination pay, vacation pay, pay in lieu of notice of termination or any other liability arising from the hiring or engagement of the Supervisors, and the Supervisors shall not be considered employees of the Nordstrom Canada Entities.

The Consultant acknowledges and agrees that, notwithstanding anything to the contrary herein, any Merchandise, Remaining Merchandise, FF&E, Remaining FF&E or other goods (including, for certainty, any signage, tagging and labels), remaining in the Stores immediately prior to the Sale Termination Date that include the trademarks and/or intellectual property of Nordstrom, Inc. and its affiliates (collectively, other than the Nordstrom Canada Entities, "**Nordstrom US**"), shall, at the election of Nordstrom US, be (i) purchased by Nordstrom US at such arm's length consideration as agreed upon between Nordstrom US and the Merchant with the consent of the Monitor;² or (ii) destroyed by the Merchant at the sole cost and expense of Nordstrom US, and, in each case, no fees or other amounts shall be payable to the Consultant hereunder in connection with any of the foregoing.

(c) Merchant's Undertakings

During the Sale Term, the Merchant shall: (i) be the employer of the Stores' employees, other than the Supervisors; (ii) be responsible for all taxes, costs, expenses, accounts payable, and other liabilities relating to the Stores, the Stores' employees and other representatives of the Merchant (excluding, for greater certainty, the Supervisors); (iii) prepare and process all tax

forms and other documentation with respect thereto; (iv) collect all sales taxes and other applicable taxes assessed on the sale of the Merchandise, Additional Consultant Goods and FF&E, and pay them to the appropriate taxing authorities; (v) use reasonable efforts to cause the Merchant's employees to cooperate with the Consultant and the Supervisors; (vi) execute all agreements mutually determined by the Merchant and the Consultant, in consultation with the Monitor, to be necessary or desirable for the operation of the Stores during the Sale; (vii) arrange for the ordinary maintenance of all point-of-sale equipment required for the Stores; and (viii) use commercially reasonable efforts to ensure that the Consultant may access and use the Stores and the Distribution Centre for the Sale Term and the FF&E Removal Period in order to perform its obligations under this Agreement.

The Merchant shall provide throughout the Sale Term central administrative services necessary for the Sale, including (without limitation) customary point-of-sale administration, sales audit, cash reconciliation, accounting, and payroll processing, as currently available through the Merchant's existing accounting and IT systems, all at no cost to the Consultant.

The Parties expressly acknowledge and agree that the Consultant shall have no liability to the Merchant's employees for wages, bonuses, benefits, severance pay, termination pay, vacation pay, pay in lieu of notice of termination or any other liability arising from the Merchant's employment, hiring or retention of its employees, and such employees shall not be considered employees of the Consultant.

4. The Sale

All sales of Merchandise shall be made on behalf of the Merchant, including any bulk or buy-back sale transactions made with the consent of the Monitor. The Consultant does not have, nor shall it have, any right, title or interest in the Merchandise. All sales of Merchandise shall be by cash, active gift card, gift certificate or unexpired Nordstrom Note issued by the Merchant, or credit or debit card, in accordance with the Merchant's policies, and shall be "final" with no returns accepted or allowed, unless otherwise directed by the Merchant. The Merchant and the Consultant shall not sell gift cards or gift certificates during the Sale Term.

5. Consultant Fee and Expenses in Connection with the Sale

In consideration of its services hereunder, the Consultant shall earn a base fee equal to one and a half percent (1.5%) of the Gross Proceeds (as defined below) of Merchandise sold ~~at the Stores~~ during the Sale Term (the "**Merchandise Fee**"). For purposes of this Agreement, "**Gross Proceeds**" means gross receipts (including, without limitation, gift card, gift certificate or unexpired Nordstrom Notes issued by the Merchant), calculated using the "gross rings", from sales of Merchandise during the Sale Term, net of applicable sales taxes. For the purposes of calculating Gross Proceeds, the Merchant and the Consultant shall keep (a) a strict count of gross register receipts less applicable sales taxes; and (b) cash reports of sales within each Store.

In addition to the Merchandise Fee, and not in lieu thereof, the Merchant shall pay to the Consultant from Gross Proceeds an additional fee based upon the Gross Recovery Percentages achieved as set forth in the following table (the "**Additional Incentive Compensation**"). The Additional Incentive Compensation shall be equal to the aggregate sum of the percentages set forth in the "Additional Incentive Compensation" column of the table (e.g., calculated back to

first dollar) for the corresponding Gross Recovery Percentage achieved; provided, however, no Additional Incentive Compensation shall be earned or payable where the Gross Recovery Percentage is less than 131%:

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

For purposes of the Additional Incentive Compensation:

“**Cost Value**” with respect to each item of Merchandise sold shall mean the lower of (i) the lowest per unit vendor cost in the File or in the Merchant’s books and records, maintained in the ordinary course consistent with historic practices; or (ii) the Retail Price.¹

“**File**” shall mean the following files provided to the Consultant: “3.1 Canada Stock on Hand.xlsx.” and “3.2 Nordstrom Canada Inventory On Order”.

“**Gross Recovery Percentage**” shall mean the Gross Proceeds divided by the sum of the aggregate Cost Value of all of the Merchandise.

“**Retail Price**” shall mean with respect to each item of Merchandise sold, the retail price reflected at the register for such item, excluding the discount granted in connection with such sale.

The Merchant shall be responsible for all expenses of the Sale, including, without limitation, all Store operating expenses, all costs and expenses related to the Merchant’s other retail store operations (if any), and all of the Consultant’s reasonable and documented out-of-pocket expenses incurred pursuant to the Expense Budget (the “**Sale Costs**”). To control Sale Costs, the Merchant and the Consultant, in consultation with the Monitor, have established an aggregate budget (the “**Expense Budget**”) of certain delineated expenses, including, without limitation, payment of the costs of supervision (including Supervisor Costs), advertising and signage costs, and other miscellaneous expenses expected to be incurred by the Consultant,

¹ The Gross Recovery Percentages are based on a relationship between Cost Value and Retail Price — a “Cost Factor” of 43%. For every 25 basis points increase (or decrease) in the Cost Factor, each Additional Incentive Compensation Gross Recovery Percentage threshold will decrease (or increase) by 80 basis points. For certainty, in no event will the combined Merchandise Fee and Additional Incentive Compensation equal more than 3.1% of Gross Proceeds.

including reasonable legal fees. The Expense Budget for the Sale is attached hereto as Exhibit “C”. The Expense Budget may only be modified by mutual written (including email) agreement of the Consultant and the Merchant with the consent of the Monitor. The Supervisor Costs set forth on Exhibit “C” include, among other things, industry standard deferred compensation. Notwithstanding anything to the contrary herein, unless otherwise agreed to by the Merchant in writing with the consent of the Monitor, the Merchant shall not be obligated to pay any Sale Costs that are not included or provided for in the Expense Budget, as it may be amended in accordance with this Agreement. The Merchant shall reimburse the Consultant for all Sale Costs incurred by the Consultant up to the aggregate budgeted amount set forth in the Expense Budget.

By no later than the second business day following the entry of the Liquidation Sale Approval Order, or such later date as may be agreed by the Parties, and as a condition to the Consultant’s obligations under this Agreement, the Merchant shall fund to the Consultant \$465,000 (the “**Special Purpose Payment**”), by the Consultant on account of any final amounts owing to the Consultant hereunder until the Final Reconciliation (as defined below), and the Merchant shall not apply the Special Purpose Payment to, or otherwise offset any portion of the Special Purpose Payment against, any weekly reimbursement, payment of fees, or other amount owing to the Consultant under this Agreement prior to the Final Reconciliation. Without limiting any of the Consultant’s other rights, the Consultant may apply the Special Purpose Payment to any unpaid obligation owing by the Merchant to the Consultant under this Agreement following the completion of the Final Reconciliation on prior written notice to the Monitor. Any portion of the Special Purpose Payment not so applied shall be returned to the Merchant within five (5) business days following the Final Reconciliation.

6. Furniture, Fixtures and Equipment

- (a) The Consultant shall also undertake to sell, commencing on the Sale Commencement Date and ending on the FF&E Removal Deadline (as defined below), on an “as is where is” basis, the furniture, fixtures and equipment located at the Stores and the Distribution Centre that is (i) fully owned by the Merchant; (ii) owned jointly by the Merchant and one or more third party vendors of Merchant as directed by Merchant with the consent of the Monitor and agreed to by such third parties; or (iii) fully owned by a third party if agreed to by such third party and the Merchant with the consent of the Monitor (collectively, the “**FF&E**”). The Consultant shall advertise in the context of advertising for the Sale that such FF&E is available for sale, and shall contact and solicit known purchasers and dealers of furniture, fixtures and equipment. Any Nordstrom US or third party trademarks on FF&E shall be removed prior to any sale to the extent reasonably practicable to do so if requested by Nordstrom US or such third party, and in all cases, at the sole cost of Nordstrom US or such third party, respectively.
- (b) The Merchant shall be responsible for all reasonable and documented costs and expenses incurred by the Consultant in connection with the sale of FF&E, including the sale, removal, and disposal of Remaining FF&E, which costs and expenses shall be incurred pursuant to a written budget or budgets (in addition to the Expense Budget) to be established from time to time by mutual agreement of the Parties with the consent of the Monitor (such costs and expenses, not including the Sale Costs, shall be referred to as the “**FF&E Costs**”). After

payment to the Consultant of the applicable FF&E Fee (as defined below) and the FF&E Costs, the Merchant shall also be responsible for paying, from the sale proceeds received from the sale of any FF&E (i) owned jointly by the Merchant and one or more third party vendors of the Merchant; or (ii) fully owned by a third party, to such third party, such third party's *pro rata* share of such sale proceeds net of any applicable sales taxes, FF&E Fee and FF&E Costs.

- (c) In consideration for providing the services set forth in this Section 6, the Consultant shall be entitled to a commission from the sale of FF&E equal to fifteen percent (15%) of the gross proceeds of the sale of FF&E, net of applicable sales taxes (the "**FF&E Fee**").
- (d) "**FF&E Removal Period**" means (i) with respect to each Store, the twenty-one (21) day period following the applicable Sale Termination Date for such Store; and (ii) with respect to the Distribution Centre, the period up to the effective date of the disclaimer or termination of the agreements between the Merchant and the third party operator of the Distribution Centre. The last date of the applicable FF&E Removal Period shall be referred to herein as the "**FF&E Removal Deadline**".
- (e) Subject to Sections 6(f) and 6(g), on the FF&E Removal Deadline, the Consultant shall remove and otherwise dispose of any and all FF&E that is owned, in whole or in part, by the Merchant, which has not been sold by the Consultant prior to such FF&E Removal Deadline (the "**Remaining FF&E**"), as directed by the Merchant, in consultation with the Monitor. To the extent any proceeds from any sale or disposition of any Remaining FF&E is received by the Consultant after the FF&E Removal Deadline, the Consultant shall remit such proceeds to the Merchant net of the FF&E Fee. Any associated expenses shall be paid by the Merchant as FF&E Costs and in accordance with the budget referred to herein, and the gross receipts thereof (net of sales taxes) shall be included in the calculation of the FF&E Fee due to the Consultant. The removal of any Remaining FF&E shall be done in accordance with the Sale Guidelines, as applicable. For the avoidance of doubt, the right, title and interest in the Remaining FF&E shall not at any time vest in and to the Consultant.
- (f) Notwithstanding anything herein to the contrary, the Merchant may, in its sole discretion and with the consent of the Monitor, instruct the Consultant to abandon any Remaining FF&E in any of the Stores by providing written notice to the Consultant by no later than seven (7) days prior to the applicable FF&E Removal Deadline. If so instructed, as of the FF&E Removal Deadline, the Consultant may abandon in place, in a neat and orderly manner, any unsold FF&E at the applicable Store. If the Consultant chooses to remove any Remaining FF&E notwithstanding receipt of the aforementioned notice from the Merchant, the Consultant shall assume all costs and expenses relating to the removal of such FF&E and retain all proceeds from the sale thereof for its own account.
- (g) Notwithstanding anything to the contrary herein, the terms and conditions regarding the access to, timing of, sale and removal of the FF&E located in the Distribution Centre, if any, shall be agreed by the Merchant, the Consultant and

the owner and operator of the Distribution Centre, in consultation with the Monitor. The Consultant and the Merchant shall mutually agree upon procedures for the collection of the sale proceeds from sales of FF&E located in the Distribution Centre.

- (h) Notwithstanding anything in this Agreement to the contrary, the Consultant shall not have any obligation whatsoever to cap any electrical or plumbing outlets or purchase, sell, make, store, handle, treat, dispose, or remove any hazardous materials from the Stores, Distribution Centre or otherwise. The Consultant shall have no liability to any party for any environmental action brought: (i) that is related to the storage, handling, treatment, disposition, generation, or transportation of hazardous materials; or (ii) in connection with any remedial actions associated therewith or the Stores or the Distribution Centre, in each case, save and except for any gross negligence or wilful misconduct on its part.

7. Payments & Accounting

All proceeds of sales of Merchandise and FF&E through the Sale and the FF&E Removal Period shall be collected by the Merchant's Store management personnel and deposited into the Merchant's existing deposit accounts. During the Sale Term, all accounting matters (including, without limitation, the determination of the Merchandise Fee, Sale Costs, FF&E Fee, FF&E Costs and all other fees, expenses, or other amounts reimbursable or payable hereunder) shall be reconciled by the Parties, in consultation with the Monitor, on every Wednesday for the prior calendar week and the amounts determined to be owing for such prior calendar week pursuant to such reconciliation shall be paid within seven (7) days after each such weekly reconciliation.

The Parties shall, in consultation with the Monitor, complete a final reconciliation and settlement of all amounts payable pursuant to this Agreement, including, without limitation, the determination of the Merchandise Fee, Sale Costs, FF&E Fee, FF&E Costs and all other fees, expenses, or other amounts reimbursable or payable hereunder (the "**Final Reconciliation**"), no later than forty five (45) days following the earlier of: (a) the Sale Termination Date for the last Store; or (b) the date upon which this Agreement is terminated in accordance with its terms. Within ten (10) days after the completion of the Final Reconciliation, (i) any amounts that are determined to be owing by the Merchant to the Consultant shall be paid by the Merchant to the Consultant pursuant to this Agreement, and (ii) any amounts that are determined to be owing by the Consultant to the Merchant pursuant to this Agreement (including any full or partial refund of the Special Purpose Payment) shall be paid by the Consultant to the Merchant.

8. Additional Consultant Goods

Subject to the Liquidation Sale Approval Order, the Consultant shall have the right to supplement the Merchandise in the Sale at the Full Line Stores with additional goods ~~(of like kind and no lesser quality)~~ procured by the Consultant which are ~~(a) jewelry of like kind and no lesser quality to the jewelry Merchandise in the Sale at the Full Line Stores; or (b) of like kind~~ category and no lesser quality to the Merchandise in the Sale at the Full Line Stores and procured from existing vendors of the Merchant (including goods that had previously been ordered by or on behalf of the Merchant from such vendors) ~~or from other vendors similar to the Merchant's existing vendors, in each case,~~ and which are consented to by the Merchant in advance (collectively, the "**Additional Consultant Goods**"); provided, however, that: (i) the

Additional Consultant Goods sold as part of the Sale will not exceed \$10 million at cost in the aggregate; (ii) the Additional Consultant Goods will be distributed amongst the Full Line Stores such that no Full Line Store receives Additional Consultant Goods with an aggregate cost in excess of \$2 million; and ~~(iii)~~ the Sale Term shall not be extended on account of the inclusion of the Additional Consultant Goods in the Sale. The Additional Consultant Goods shall be purchased by Consultant as part of the Sale, and delivered to the Full Line Stores. Sales of Additional Consultant Goods shall be run through the Merchant's cash register systems; provided, however, that the Merchant shall assist with marking, and the Consultant shall mark the Additional Consultant Goods, using "dummy" SKUs or unique "fee codes" or department numbers, or in such other manner so as to distinguish the sale of Additional Consultant Goods from the sale of Merchandise. For the avoidance of doubt, the Merchant shall provide the Consultant with "dummy" SKUs or unique "fee codes" within seven (7) days of the Sale Commencement Date. The Consultant and the Merchant shall also cooperate so as to ensure that the Additional Consultant Goods are marked in such a way that a reasonable consumer could identify the Additional Consultant Goods as non-Merchant goods. Additionally, the Consultant shall provide signage acceptable to the Merchant in the Full Line Stores which notify customers that the Additional Consultant Goods have been included in the Sale.

The Consultant shall pay to the Merchant an amount equal to seven and one-half percent (7.5%) of the gross proceeds (excluding sales taxes) from the sale of Additional Consultant Goods completed during the Sale Term (the "**Additional Consultant Goods Fee**"), and the Consultant shall retain all remaining amounts from the sale of the Additional Consultant Goods. Any amount due from the Consultant to the Merchant in respect of the sale of Additional Consultant Goods in accordance with this Section 8 shall be paid not later than three (3) business days following the Parties' completion of each weekly reconciliation with respect to sales of Additional Consultant Goods sold by the Consultant during the prior week (or at such other mutually agreed upon time).

The Consultant and the Merchant intend that the transactions relating to the Additional Consultant Goods are, and shall be construed as, a true consignment from the Consultant to the Merchant in all respects and not a consignment for security purposes. Subject solely to the Consultant's obligations to pay to the Merchant the Additional Consultant Goods Fee, at all times and for all purposes the Additional Consultant Goods and their proceeds shall be the exclusive property of the Consultant, and no other person or entity shall have any claim against any of the Additional Consultant Goods or their proceeds. The Merchant shall, at the Consultant's sole cost and expense, insure the Additional Consultant Goods and, if required, promptly file any proofs of loss with regard to same with the Merchant's insurers. The Consultant shall be responsible for payment of any deductible under any such insurance in the event of any casualty affecting the Additional Consultant Goods.

The Merchant acknowledges, and the Liquidation Sale Approval Order shall provide, that the Additional Consultant Goods shall be consigned to the Merchant as a true consignment under applicable law. Subject to the Court's issuance of the Liquidation Sale Approval Order, the Consultant is hereby granted a first priority security interest in and lien upon (i) the Additional Consultant Goods; and (ii) the Additional Consultant Goods proceeds, and the Consultant is hereby authorized to make any filings and provide notifications to any prior secured parties and which security interest shall be deemed perfected pursuant to the Liquidation Sale Approval Order without the requirement of any such filings or providing notifications to any prior secured

parties (provided that, the Consultant is hereby authorized to deliver all required notices and file all necessary financing statements and amendments thereof under applicable law identifying the Consultant's interest in the Additional Consultant Goods as consigned goods thereunder and the Merchant as the consignee therefor, and the Consultant's security interest in and lien upon such Additional Consultant Goods and Additional Consultant Goods proceeds).

9. Indemnification

(a) Merchant's Indemnification

The Merchant shall indemnify, defend, and hold the Consultant and its consultants, members, managers, partners, officers, directors, employees, attorneys, advisors, representatives, principals, affiliates, and Supervisors (collectively, "**Consultant Indemnified Parties**") and each a "**Consultant Indemnified Party**") harmless from and against all liabilities, claims, demands, damages, costs and expenses (including reasonable attorneys' fees) arising from or related to: (i) the willful or negligent acts or omissions of the Nordstrom Canada Indemnified Parties (as defined below); (ii) the material breach of any provision of, or the failure to perform any obligation under, this Agreement by the Merchant; (iii) any liability or other claims, including, without limitation, product liability claims, asserted by customers, any Store employees, or any other person (excluding the Consultant Indemnified Parties) against the Consultant or the Consultant Indemnified Parties, except claims arising from the negligence, willful misconduct, gross negligence, or unlawful behavior of the Consultant or the Consultant Indemnified Parties; (iv) any harassment, discrimination or violation of any laws or regulations or any other unlawful, tortious or otherwise actionable treatment of the Consultant Indemnified Parties or the Merchant's customers by the Nordstrom Canada Indemnified Parties; and (v) the Merchant's failure to pay over to the appropriate taxing authority any taxes required to be paid by the Merchant during the Sale Term in accordance with applicable law.

(b) Consultant's Indemnification

The Consultant shall indemnify, defend and hold the Nordstrom Canada Entities and their consultants, members, managers, partners, officers, directors, employees, attorneys, advisors, representatives, principals, and affiliates (other than the Consultant or the Consultant Indemnified Parties) (collectively, "**Nordstrom Canada Indemnified Parties**" and each a "**Nordstrom Canada Indemnified Party**") harmless from and against all liabilities, claims, demands, damages, costs and expenses (including reasonable attorneys' fees) arising from or related to (i) the willful or negligent acts or omissions of the Consultant Indemnified Parties; (ii) the material breach of any provision of, or the failure to perform any obligation under, this Agreement by the Consultant; (iii) any liability or other claims made by the Consultant's Indemnified Parties or any other person (excluding Nordstrom Canada Indemnified Parties) against a Nordstrom Canada Indemnified Party arising out of or related to the Consultant's conduct of the Sale, except claims arising from the Merchant's or any Nordstrom Canada Indemnified Parties' negligence, willful misconduct, gross negligence, or unlawful behavior; (iv) any harassment, discrimination or violation of any laws or regulations or any other unlawful, tortious or otherwise actionable treatment of Nordstrom Canada Indemnified Parties, or the Merchant's customers by the Consultant or any of the Consultant Indemnified Parties; and (v) any claims made by any party engaged by the Consultant as an employee, agent, representative or independent contractor arising out of such engagement, including, without limitation, the Supervisors.

10. Insurance

(a) Merchant's Insurance Obligations

The Merchant shall maintain throughout the Sale Term all liability insurance policies (including, without limitation, products liability, comprehensive public liability and auto liability insurance) covering injuries to persons and property in or in connection with the Stores that are maintained by the Merchant and in effect as of the date of this Agreement, and shall, to the extent reasonably practicable, cause the Consultant to be named an additional insured with respect to all such policies. At the Consultant's request, the Merchant shall provide the Consultant with a certificate or certificates evidencing the insurance coverage required hereunder. In addition, the Merchant shall maintain throughout the Sale Term, in such amounts as it currently has in effect, workers compensation insurance in compliance with all statutory requirements.

(b) Consultant's Insurance Obligations

The Consultant shall maintain (at its sole cost and expense) throughout the Sale Term, liability insurance policies (including, without limitation, products liability/completed operations, contractual liability, comprehensive public liability and auto liability insurance) on an occurrence basis in an amount of at least \$1 million and an aggregate basis of at least \$5 million, covering injuries to persons and property in or in connection with the Consultant's provision of services hereunder. The Consultant's insurance policies will be primary to any insurance carried by the Merchant, whose insurance(s), will be excess and non-contributory for claims and losses arising out of Consultant's performance under this Agreement. In addition, the Consultant shall name the Merchant as an additional insured and loss payee under such policy, and upon execution of this Agreement provide the Merchant with a certificate or certificates evidencing the insurance coverage required hereunder. In addition, the Consultant shall maintain throughout the Sale Term, workers' compensation insurance in compliance with all statutory requirements. Further, should the Consultant employ or engage third parties to perform any of the Consultant's undertakings with regard to this Agreement, the Consultant will ensure that such third parties are covered by the Consultant's insurance or maintain all of the same insurance as the Consultant is required to maintain pursuant to this paragraph and name the Merchant as an additional insured and loss payee under the policy for each such insurance.

11. Representations, Warranties, Covenants and Agreements

(a) Representations and Covenants of the Merchant

Each entity comprising the Merchant represents, warrants, covenants and agrees that, subject to the issuance of the Liquidation Sale Approval Order: (i) it is duly organized, validly existing and in good standing under the laws of its province of organization, with full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (ii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary actions of it and this Agreement constitutes a valid and binding obligation of it enforceable against it in accordance with its terms and conditions, and the consent of no other entity or person is required for it to fully perform all of its obligations herein; (iii) all ticketing of Merchandise at the Stores has been and will be done in accordance with the Merchant's customary ticketing practices; (iv) all normal course hard markdowns on the Merchandise have been, and will be, taken consistent with the Merchant's customary practices; and (v) subject to the Initial Order, Sale Guidelines and this Agreement, the Stores will be operated in the ordinary course of business in all respects, except as otherwise expressly agreed to by the Merchant and the Consultant, in consultation with the Monitor.

(b) Representations and Covenants of the Consultant

Each entity comprising the Consultant represents, warrants, covenants and agrees that: (i) it is a company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder; (ii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary actions of it and this Agreement constitutes a valid and binding obligation of it enforceable against it in accordance with its terms and conditions, and the consent of no other entity or person is required for it to fully perform all of its obligations herein; (iii) it shall comply with and act in accordance with any and all applicable federal, provincial and local laws, rules, and regulations, and other legal obligations of all governmental authorities; (iv) no non-emergency repairs or maintenance in the Stores will be conducted without the Merchant's prior written consent; (v) it will not take any disciplinary action against any employee of the Merchant; and (vi) it is not a non-resident of Canada pursuant to the *Income Tax Act* (Canada) and shall provide the Merchant with its relevant sales tax number(s) prior to the Sale.

(c) Confirmations of the Parties

- (i) Except as may be provided otherwise in the Liquidation Sale Approval Order or any order of the Court, the Consultant shall assist and provide recommendations to the Merchant with respect to the legal requirements of effecting the Sale as a "store closing", "everything must go", "everything on sale" or other mutually agreed upon theme in compliance, if required with applicable provincial and local "going out of business" laws and assist in obtaining all permits and governmental consents required in order to conduct the Sale under such laws.
- (ii) The Merchant shall seek Court approval of this Agreement and the Sale Guidelines pursuant to the Liquidation Sale Approval Order. The Parties expressly acknowledge and agree that the entering into of this Agreement by the Merchant is subject to the issuance of the Liquidation Sale Approval Order approving, among other things, this Agreement, the Sale Guidelines and the conduct of the Sale and that should the Liquidation Sale Approval Order not be obtained, this Agreement shall have no force or effect.
- (iii) The Consultant shall conduct the Sale in accordance with the terms of this Agreement, the Liquidation Sale Approval Order, and the Sale Guidelines. The Consultant shall ensure that during the Sale no sale price or promotional stickers or tags shall be affixed to any (A) Merchandise, or (B) Additional Consultant Goods, except as provided in Section 8 herein. The Parties confirm that conspicuous signs shall be posted in the cash register areas of each of the Stores to the effect that all sales are "final" and customers with any questions or complaints are to call the Merchant's customer care number, and such signs shall be in addition to any other caution signage of the Merchant in the cash register areas.

- (iv) Unless otherwise directed by the Merchant and subject to the terms of the Initial Order, the Consultant and the Merchant shall, throughout the entirety of the Sale Term, honour and accept active gift cards, gift certificates and unexpired Nordstrom Notes issued by the Merchant prior to the Sale Commencement Date at the Stores, in accordance with store operation procedures, with the full amount of such gift cards, gift certificates and Nordstrom Notes constituting Gross Proceeds hereunder.

12. Termination

The following shall constitute “**Termination Events**” hereunder:

- (a) The Merchant’s or the Consultant’s failure to perform any of their respective material obligations hereunder, which failure shall continue uncured seven (7) days after receipt of written notice thereof to the defaulting Party;
- (b) Any representation or warranty made by the Merchant or the Consultant is untrue in any material respect as of the date made or at any time and throughout the Sale Term; or
- (c) The Sale is terminated or materially interrupted or impaired for any reason, including but not limited to an order of the Court, other than as a result of an Event of Default (as defined below) by the Consultant or the Merchant.

If a Termination Event occurs, (i) the non-defaulting Party in the event of a Termination Event arising under subparagraphs (a) or (b) above (an “**Event of Default**”), or (ii) either Party in the event of a Termination Event arising under subparagraph (c) above, may, in its discretion, elect to terminate this Agreement by providing seven (7) business days’ written notice thereof to the other Party and, in the case of an Event of Default, in addition to terminating this Agreement, pursue any and all rights and remedies and damages resulting from such Event of Default. If this Agreement is terminated, the Merchant shall be obligated to pay the Consultant all amounts due and owing by the Merchant to the Consultant under this Agreement through and including the termination date of the Agreement, subject to the rights of the Merchant in the event of an Event of Default committed by the Consultant.

13. Notices

All notices, certificates, approvals, and payments provided for herein shall be sent by electronic mail or by recognized overnight delivery service as follows: (a) to the Merchant, c/o Osler, Hoskin and Harcourt LLP, 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto, ON M5X 1B8, Attn: Tracy C. Sandler, Email: tsandler@osler.com and Martino Calvaruso, Email: mcalvaruso@osler.com; (b) to the Consultant: (i) Hilco Merchant Retail Solutions, ULC c/o Hilco Merchant Resources, LLC, 5 Revere Drive, Suite 206, Northbrook, IL 60062, Attention: Ian S. Fredericks, Email: ifredericks@hilcoglobal.com; and (ii) co-counsel to the Consultant, Cassels Brock & Blackwell LLP, Suite 2100, Scotia Plaza, 40 King St. W., Toronto, ON M5H 3C2, Attn: Jane Dietrich, Esq., Email: jdietrich@cassels.com; or (c) such other address as may be designated in writing by the Merchant or the Consultant, and in any case, with a copy to the Monitor at: Alvarez and Marsal Canada Inc., Royal Bank Plaza, South Tower, 2900 – 200 Bay Street, Toronto, ON M5J 2J1, Attn: Al Hutchens, Email: ahutchens@alvarezandmarsal.com and Nate Fennema, Email: nfennema@alvarezandmarsal.com with a copy to Goodmans LLP, Bay Adelaide Centre – West Tower, 333 Bay Street, Suite 3400, Toronto ON M5H 2S7, Attn: Brendan O'Neill, Email: boneill@goodmans.ca and Bradley Wiffen, Email: bwiffen@goodmans.ca.

14. Independent Consultant

The Consultant's relationship to the Merchant is that of an independent contractor without the capacity to bind the Merchant in any respect. No employer/employee, principal/agent, joint venture or other such relationship is created by this Agreement. The Merchant shall have no control over the hours that the Consultant or its employees or assistants or the Supervisors work or the means or manner in which the services that will be provided are performed and the Consultant is not authorized to enter into any contracts or agreements on behalf of the Merchant or to otherwise create any obligations of the Merchant to third parties, unless authorized in writing to do so by the Merchant. Nothing herein constitutes any form of landlord and tenant relationship between the Merchant and the Consultant or grants the Consultant any interest in the Stores or the underlying leases, or in the Distribution Centre.

15. Non-Assignment

Subject to Section 16 below, neither this Agreement nor any of the rights hereunder may be transferred or assigned by either Party without the prior written consent of the other Party and the Monitor. No modification, amendment or waiver of any of the provisions contained in this Agreement, or any future representation, promise or condition in connection with the subject matter of this Agreement, shall be binding upon any Party to this Agreement unless made in writing and signed by a duly authorized representative or agent of such Party. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, successors and permitted assigns.

16. Syndication of Transaction

The Consultant shall have the right, but not the obligation, to syndicate the transaction contemplated by this Agreement by providing Nordstrom Canada with written notice of such syndication within twenty four (24) hours of the execution of this Agreement and if syndicated, this Agreement shall be deemed amended and restated to expressly name such parties as parties hereto and such parties shall thereafter be deemed to be included in references to “Consultant” hereunder for all purposes.

17. Joint and Several Liability

Each of the entities that comprises the Consultant hereunder hereby irrevocably and unconditionally agree that it is jointly and severally liable for all of the liabilities, obligations, covenants and agreements of the Consultant hereunder, whether now or hereafter existing or due or to become due. The obligations of each of the entities that comprise the Consultant hereunder may be enforced by the Merchant against any such entity comprising the Consultant or all of the entities that comprise the Consultant in any manner or order as determined by the Merchant in its sole discretion.

18. Severability

If any term or provision of this Agreement, as applied to either Party or any circumstance, for any reason shall be declared by a court of competent jurisdiction to be invalid, illegal, unenforceable, inoperative or otherwise ineffective, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable. If the surviving portions of the Agreement fail to retain the essential understanding of the Parties, the Agreement may be terminated by mutual consent of the Parties.

19. Governing Law, Venue, Jurisdiction and Jury Waiver

This Agreement, and its validity, construction and effect, shall be governed by and enforced in accordance with the laws of the Province of Ontario (without reference to the conflicts of laws provisions therein) and the laws of Canada applicable therein. The Merchant and the Consultant waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either the Consultant against the Merchant or the Merchant against the Consultant on any matter whatsoever arising out of, or in any way connected with, this Agreement, the relationship between the Merchant and the Consultant, any claim of injury or damage or the enforcement of any remedy under any law, statute or regulation, emergency or otherwise, now or hereafter in effect (an “**Agreement Related Dispute**”). The Parties hereby attorn to the exclusive jurisdiction of the Court to determine any Agreement Related Dispute.

20. Entire Agreement

Other than with respect to the Confidentiality, Non-Disclosure and Non-Use Agreements entered into between Nordstrom Canada and each entity that comprises the Consultant (which remain in full force and effect), this Agreement, together with all additional schedules and exhibits attached hereto, constitutes a single, integrated written contract expressing the entire agreement of the Parties concerning the subject matter hereof. No covenants, agreements,

representations or warranties of any kind whatsoever have been made by any Party except as specifically set forth in this Agreement. All prior agreements, discussions and negotiations are entirely superseded by this Agreement.

21. Execution

This Agreement may be executed simultaneously in counterparts (including by means of electronic mail or portable document format (pdf) signature pages), any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same instrument. This Agreement, and any amendments hereto, to the extent signed and delivered by means of electronic mail or electronic transmission in portable document format (pdf), shall be treated in all manner and respects as an original thereof and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

22. Canadian Dollars

The Expense Budget expresses amounts in Canadian dollars. All references to monetary amounts in this Agreement are in Canadian dollars.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first written above.

NORDSTROM CANADA RETAIL, INC.

By: _____
Name:
Title:

NORDSTROM CANADA LEASING LP,
an Alberta limited partnership

By: Nordstrom Canada Holdings, LLC, its
General Partner

By: _____
Name:
Title:

**HILCO MERCHANT RETAIL
SOLUTIONS ULC**

By: _____
Name:
Title:

GORDON BROTHERS CANADA, ULC

By: _____
Name:
Title:

Exhibit “1A”**List of Stores**

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

<i>Nordstrom Rack Stores</i>					
Store No.	Location	Street Address	City	Province	Postal Code
840	Willowbrook	19705 Fraser Hwy #610	Langley	BC	V3A 7E9
841	Vaughan Mills	1 Bass Pro Mills Drive #E4	Vaughan	ON	L4K 5W4
842	South Edmonton Common	1910 102nd Street NW	Edmonton	AB	T6N 1N3
843	Heartland Town Centre	788 Boyer Boulevard	Mississauga	ON	L5V 2Y1
844	One Bloor	731 Yonge Street	Toronto	ON	M4Y 0E3
845	Ottawa Train Yards	595 Industrial Avenue	Ottawa	ON	K1G 5A5
846	Deerfoot Meadows	1180-33 Heritage Meadows Way SE	Calgary	AB	T2H 3B8

Exhibit “1B”**List of Distribution Centre**

Location	Street Address	City	Province	Postal Code
DC 868 - National Logistics Services	110A Iron Street	Etobicoke	ON	M9W 5L9

Exhibit “B”

Sale Guidelines

Exhibit “C”

Expense Budget

APPENDIX C
REVISED PROPOSED SALE APPROVAL ORDER

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	MONDAY, THE 20 TH
)	
CHIEF JUSTICE MORAWETZ)	DAY OF MARCH, 2023

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

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

LIQUIDATION SALE APPROVAL ORDER

THIS MOTION, made by Nordstrom Canada Retail, Inc. ("**Nordstrom Canada**"), Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, among other things, (i) approving the amended & restated consulting agreement between Nordstrom Canada and Nordstrom Canada Leasing LP ("**Canada Leasing LP**"), and together with Nordstrom Canada, the "**Merchant**") and a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC and Gordon Brothers Canada, ULC (collectively, the "**Consultant**") dated as of March 16, 2023 (as may be amended and restated in accordance with the terms thereof, the "**Consulting Agreement**") and the transactions contemplated thereby, and (ii) granting certain related relief, was heard this day at 130 Queen Street West, Toronto, Ontario.

ON READING the Notice of Motion of the Applicants, the Affidavit of Misti Heckel sworn on March 14, 2023, including the exhibits thereto, the Second Report of Alvarez & Marsal Canada Inc., in its capacity as Monitor (the "**Monitor**"), dated March 16, 2023 (the "**Second Report**"), filed, and on hearing the submissions of respective counsel for the Applicants and

Canada Leasing LP (collectively, the “**Nordstrom Canada Entities**”), the Monitor, the Consultant, and such other counsel as were present, no one else appearing although duly served as appears from the Affidavit of Service of ● sworn ●, 2023, filed:

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Amended and Restated Initial Order in these proceedings dated March 10, 2023 (as amended and restated from time to time, the “**Amended and Restated Initial Order**”), the Sale Guidelines (as defined below), or the Consulting Agreement (attached as Appendix “A” to the Second Report), as applicable.

THE CONSULTING AGREEMENT

3. **THIS COURT ORDERS** that the Consulting Agreement, including the sale guidelines attached as Schedule “A” hereto (the “**Sale Guidelines**”), and the transactions contemplated thereunder are hereby approved, authorized and ratified and that the execution of the Consulting Agreement by the Merchant is hereby approved, authorized, and ratified, *nunc pro tunc*, with such minor amendments to the Consulting Agreement (but not the Sale Guidelines) as the Merchant (with the consent of the Monitor) and the Consultant may agree to in writing. Subject to the provisions of this Order and the Amended and Restated Initial Order, the Merchant is hereby authorized and directed to take any and all actions as may be necessary or desirable to implement the Consulting Agreement and each of the transactions contemplated therein. Without limiting the foregoing, the Merchant is authorized to execute any other agreement, contract, deed or document, or take any other action, that is necessary or desirable to give full and complete effect to the Consulting Agreement. The Consultant shall have the right to syndicate and partner with additional entities to serve as “Consultant” under the Consulting Agreement in accordance with the terms thereof.

THE SALE

4. **THIS COURT ORDERS** that the Merchant, with the assistance of the Consultant, is authorized to conduct the Sale in accordance with this Order, the Consulting Agreement and the Sale Guidelines and to advertise and promote the Sale within the Stores in accordance with the Sale Guidelines. If there is a conflict between this Order, the Consulting Agreement or the Sale Guidelines, the order of priority of documents to resolve such conflicts is as follows: (1) this Order; (2) the Sale Guidelines; and (3) the Consulting Agreement.

5. **THIS COURT ORDERS** that, subject to paragraph 13 of the Amended and Restated Initial Order, the Merchant, with the assistance of the Consultant, is authorized to market and sell, or otherwise dispose of, the Merchandise, FF&E and Additional Consultant Goods on a “final sale” and/or “as is” basis and in accordance with the Sale Guidelines and the Consulting Agreement, free and clear of all liens, claims, encumbrances, security interests, mortgages, charges, trusts, deemed trusts, executions, levies, and financial, monetary or other claims, whether or not such claims have attached or been perfected, registered or filed and whether secured, unsecured, quantified or unquantified, contingent or otherwise, whensoever and howsoever arising, and whether such claims arose or came into existence prior to or following the date of this Order (in each case, whether contractual, statutory, arising by operation of law, in equity or otherwise) (all of the foregoing, collectively “**Claims**”), including, without limitation, (a) the Administration Charge, the Directors’ Charge, the KERP Charge and any other charges hereafter granted by this Court in these proceedings (collectively, the “**CCAA Charges**”); and (b) all Claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), *Personal Property Security Act* (Alberta), *Personal Property Security Act* (British Columbia), or any other personal or movable property registration system (all of such Claims (including the CCAA Charges) collectively referred to herein as the “**Encumbrances**”), which Encumbrances will attach instead to the proceeds of the Sale (other than amounts specified in paragraph 15 of this Order) in the same order and priority as they existed immediately prior to the Sale.

6. **THIS COURT ORDERS** that subject to the terms of this Order, the Amended and Restated Initial Order and the Sale Guidelines, or any greater restrictions in the Consulting Agreement, the Consultant shall have the right to enter and use the Stores and Distribution Centre and all related store services and all facilities and all furniture, trade fixtures and equipment,

including the FF&E, located at the Stores and Distribution Centre and other assets of the Merchant as designated under the Consulting Agreement, for the purpose of conducting the Sale and for such purposes, the Consultant shall be entitled to the benefit of the stay of proceedings granted in favour of the Nordstrom Canada Entities under the Amended and Restated Initial Order, as such stay of proceedings may be extended by further Order of the Court.

7. **THIS COURT ORDERS** that until the FF&E Removal Deadline for each Store (which shall in no event be later than July 21, 2023, or such later date as may be ordered by this Court) and the Distribution Centre, the Consultant shall have access to (a) the Stores in accordance with the applicable Leases and the Sale Guidelines; and (b) the Distribution Centre in accordance with the applicable contractual agreements between the Merchant and the third party operator of the Distribution Centre, in each case, on the basis that the Consultant is assisting the Merchant, and the Merchant has granted its right of access to the Stores and the Distribution Centre to the Consultant. To the extent that the terms of the applicable Leases are in conflict with any term of this Order or the Sale Guidelines, the terms of this Order and the Sale Guidelines shall govern. With respect to the Distribution Centre, the Consultant shall be deemed to be the Merchant's authorized representative.

8. **THIS COURT ORDERS** that nothing in this Order shall amend or vary, or be deemed to amend or vary, the terms of the Leases. Nothing contained in this Order or the Sale Guidelines shall be construed to create or impose upon the Merchant or the Consultant any additional restrictions not contained in the applicable Lease.

9. **THIS COURT ORDERS** that, subject to and in accordance with the Consulting Agreement, the Sale Guidelines and this Order, the Consultant is authorized to advertise and promote the Sale, without further consent of any Person other than (a) the Merchant and the Monitor as provided under the Consulting Agreement; or (b) a Landlord as provided under the Sale Guidelines.

10. **THIS COURT ORDERS** that until the Sale Termination Date, the Consultant shall have the right to use, without interference by any Person (including any licensor), all licenses and rights granted to the Merchant to use trade names, trademarks, logos, copyrights or other intellectual property of any Person, solely for the purpose of advertising and conducting the Sale of the

Merchandise, FF&E and Additional Consultant Goods in accordance with the terms of the Consulting Agreement, the Sale Guidelines, and this Order.

CONSULTANT LIABILITY

11. **THIS COURT ORDERS** that the Consultant shall act solely as an independent consultant to the Merchant and that it shall not be liable for any claims against the Merchant other than as expressly provided in the Consulting Agreement (including the Consultant's indemnity obligations thereunder) or the Sale Guidelines and, for greater certainty:

- (a) the Consultant shall not be deemed to be an owner or in possession, care, control or management of the Stores or the Distribution Centre, of the assets located therein or associated therewith or of the Merchant's employees located at the Stores or the Distribution Centre or any other property of the Merchant;
- (b) the Consultant shall not be deemed to be an employer, or a joint or successor employer, related or common employer or payor within the meaning of any legislation, statute or regulation or rule of law or equity governing employment, labour standards, pension benefits or health and safety for any purpose whatsoever in relation to the employees of Nordstrom Canada, and shall not incur any successorship liabilities whatsoever (including without limitation losses, costs, damages, fines or awards); and
- (c) subject to and without limiting the Consultant's indemnification of the Nordstrom Canada Indemnified Parties pursuant to the Consulting Agreement, the Consultant shall bear no responsibility for any liability whatsoever (including without limitation losses, costs, damages, fines or awards) relating to Claims of customers, employees and any other Persons arising from events occurring at the Stores during and after the term of the Sale, or at the Distribution Centre, or otherwise in connection with the Sale, except to the extent that such Claims are the result of events or circumstances caused or contributed to by the gross negligence or wilful misconduct of the Consultant, its employees, Supervisors, independent contractors, agents or other representatives, or otherwise in accordance with the Consulting Agreement.

12. **THIS COURT ORDERS** that, to the extent (a) any Landlord has a claim against the Merchant arising solely out of the conduct of the Consultant in conducting the Sale; and (b) the Merchant has a claim against the Consultant under the Consulting Agreement arising from such conduct, the Merchant shall be deemed to have assigned such claim against the Consultant under the Consulting Agreement free and clear to the applicable Landlord (the “**Assigned Landlord Rights**”); provided that, each such Landlord shall only be permitted to advance the Assigned Landlord Rights against the Consultant if written notice, including the reasonable details of such claim, is provided by such Landlord to the Consultant, the Merchant and the Monitor during the period commencing on the Sale Commencement Date and ending on the date that is thirty (30) days following the FF&E Removal Deadline; provided, however, that, the Landlords shall be provided with access to the Stores to inspect the Stores within fifteen (15) days following the FF&E Removal Deadline.

CONSULTANT AN UNAFFECTED CREDITOR

13. **THIS COURT ORDERS** that the Consulting Agreement shall not be repudiated, resiliated or disclaimed by the Merchant nor shall the claims of the Consultant pursuant to the Consulting Agreement be compromised or arranged pursuant to any plan of arrangement or compromise among the Merchant and its creditors (a “**Plan**”) and, for greater certainty, the Consultant shall be treated as an unaffected creditor in these proceedings and under any Plan.

14. **THIS COURT ORDERS** that the Merchant is hereby authorized and directed, in accordance with the Consulting Agreement, to remit all amounts that become due to the Consultant thereunder.

15. **THIS COURT ORDERS** that no Encumbrances shall attach to any amounts payable or to be credited or reimbursed to, or retained by, the Consultant pursuant to the Consulting Agreement, including without limitation, any amounts to be reimbursed by any Nordstrom Canada Entity to the Consultant pursuant to the Consulting Agreement (including, for greater certainty, the proceeds of the Additional Consultant Goods (other than the Additional Consultant Goods Fee), which Additional Consultant Goods shall be consigned to the Merchant as a true consignment under applicable law), and at all times the Consultant will retain such amounts, free and clear of all Encumbrances, notwithstanding any enforcement or other process or Claims, all in accordance with the Consulting Agreement.

16. **THIS COURT ORDERS** that notwithstanding:

- (a) the pendency of these proceedings;
- (b) any application for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”) in respect of any Nordstrom Canada Entity, or any bankruptcy order made pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of any Nordstrom Canada Entity;
- (d) the provisions of any federal or provincial statute; or
- (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other document or agreement to which any Nordstrom Canada Entity is a party;

the Consulting Agreement and the transactions and actions provided for and contemplated therein, including without limitation, the payment of amounts due to the Consultant and the Assigned Landlord Rights shall be binding on any trustee in bankruptcy that may be appointed in respect of the Nordstrom Canada Entities and shall not be void or voidable by any Person, including any creditor of the Nordstrom Canada Entities, nor shall they, or any of them, constitute or be deemed to be a preference, fraudulent conveyance, transfer at undervalue or other challengeable or reviewable transaction, under the CCAA or BIA or any applicable law, nor shall they constitute oppressive or unfairly prejudicial conduct under any applicable law.

BULK SALES ACT AND OTHER LEGISLATION

17. **THIS COURT ORDERS AND DECLARES** that the transactions contemplated under the Consulting Agreement shall be exempt from the application of any applicable federal or provincial “bulk sales” legislation.

18. **THIS COURT ORDERS** that the Merchant is authorized and permitted to transfer to the Consultant personal information in the Merchant’s custody and control solely for the purposes of assisting with and conducting the Sale and only to the extent necessary for such purposes and the

Consultant is hereby authorized to make use of such personal information solely for the purposes as if it were the Merchant, subject to and in accordance with the Consulting Agreement.

STAY EXTENSION

19. **THIS COURT ORDERS** that (a) the Stay Period is hereby extended until and including June 30, 2023; and (b) the stay of proceedings granted in favour of Nordstrom US pursuant to paragraph 17 of the Amended and Restated Initial Order is hereby extended until and including June 30, 2023.

GENERAL

20. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

21. **THIS COURT HEREBY REQUESTS** the aid and recognition of any Court, tribunal, agency or regulatory or administrative bodies, having jurisdiction in Canada, the United States of America or any other jurisdiction, to give effect to this Order and to assist the Nordstrom Canada Entities, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, agencies and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Nordstrom Canada Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Nordstrom Canada Entities and the Monitor and their respective agents in carrying out the terms of this Order.

22. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of the date of this Order without the need for entry or filing.

SCHEDULE “A”
SALE GUIDELINES
(Attached)

SALE GUIDELINES

Capitalized terms used but not defined in these Sale Guidelines shall have the meanings ascribed to them in the Initial Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated March 2, 2023 (as amended and restated from time to time, the “**Initial Order**”) made in the proceedings involving, *inter alia*, Nordstrom Canada Retail, Inc. and Nordstrom Canada Leasing LP (collectively, the “**Merchant**”) under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) and the Liquidation Sale Approval Order (as defined below), as applicable.

The following procedures shall apply to the sale (the “**Sale**”) of merchandise, inventory, furniture, fixtures and equipment at the Merchant’s retail stores (individually, a “**Store**” and, collectively, the “**Stores**”).

1. Except as otherwise expressly set out herein, and subject to: (i) the Order of the Court dated March 20, 2023, approving, *inter alia*, the amended & restated consulting agreement between the Merchant and a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC and Gordon Brothers Canada, ULC (collectively, the “**Consultant**”) dated as of March 16, 2023 (as amended and restated from time to time, the “**Consulting Agreement**”) and the transactions contemplated thereunder (the “**Liquidation Sale Approval Order**”); (ii) any further Order of the Court; and/or (iii) any subsequent written agreement between the Merchant and its Landlord(s) and approved by the Consultant, the Sale shall be conducted in accordance with the terms of the applicable Leases. However, nothing contained herein shall be construed to create or impose upon the Merchant or the Consultant any additional restrictions not contained in the applicable Lease.
2. The Sale shall be conducted so that each Store remains open during its normal hours of operation provided for in its respective Lease, until the respective Sale Termination Date (as defined below) of each Store. The Sale at the Stores shall end by no later than June 30, 2023 (such date, or such other date as determined in accordance with the Liquidation Sale Approval Order, the “**Sale Termination Date**”). Rent payable under the Leases shall be paid as provided in the Initial Order (including, for certainty, for the period of up to twenty-one (21) days following the applicable Sale Termination Date for each Store (the “**FF&E Removal Period**”).
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise set out herein or ordered by the Court.
4. All display and hanging signs used by the Consultant in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the Leases, the Consultant may advertise the Sale at the Stores as a “everything on sale”, “everything must go”, “store closing” and/or similar theme sale at the Stores (provided however that no signs shall advertise the Sale as a “bankruptcy”, a “liquidation” or a “going out of business” sale). Forthwith upon request from a Landlord, the Landlord’s counsel, the Merchant or the Monitor, the Consultant shall provide the proposed signage packages along with proposed dimensions by e-mail to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify the Consultant of any requirement for such signage to otherwise comply with the terms of the Lease and/or these Sale Guidelines and where the provisions of the Lease conflict with these Sale Guidelines, these Sale Guidelines shall govern. The Consultant shall not use neon or day-glow signs or any handwritten signage (save that handwritten “you pay” or “topper” signs

may be used). If a Landlord is concerned with “Store Closing” signs being placed in the front window of a Store or with the number or size of the signs in the front window, the Merchant, the Consultant and the Landlord will work together to resolve the dispute. Furthermore, with respect to enclosed mall Store locations without a separate entrance from the exterior of the enclosed mall, no exterior signs or signs in common areas of a mall shall be used unless explicitly permitted by the applicable Lease and shall otherwise be subject to all applicable laws. In addition, the Consultant shall be permitted to utilize exterior banners/signs at stand alone, strip mall or enclosed mall Store locations with a separate entrance from the exterior of the enclosed mall; provided, however, that: (i) no signage in any other common areas of a mall shall be used; and (ii) where such banners are not explicitly permitted by the applicable Lease and the Landlord requests in writing that banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Service List. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Consultant.

5. The Consultant shall be permitted to utilize sign-walkers and street signage; provided, however, such sign-walkers and street signage shall not be located on the shopping centre or mall premises.
6. The Consultant shall be entitled to include additional merchandise of the Merchant in the Sale; provided that: (i) the additional merchandise is currently in the possession or control of the Merchant (including in any distribution centre used by the Merchant) or has previously been ordered by or on behalf of the Merchant and is currently in transit to the Merchant (including any distribution centre used by the Merchant) or a Store; and (ii) the additional merchandise is of like kind and category and no lesser quality to the merchandise in the Stores at the commencement of the Sale.
7. Conspicuous signs shall be posted in the cash register areas of each of the Stores to the effect that all sales are “final” and customers with any questions or complaints are to call the Merchant’s customer care number.
8. The Consultant shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on Landlord’s property, unless explicitly permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Store is located. Otherwise, the Consultant may solicit customers in the Stores themselves. The Consultant shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as explicitly permitted under the applicable Lease or agreed to by the Landlord, and no advertising trucks shall be used on Landlord property or mall ring roads, except as explicitly permitted under the applicable Lease or agreed to by the Landlord.
9. At the conclusion of the Sale and the FF&E Removal Period in each Store, the Consultant shall arrange that the premises for each Store are in “broom-swept” and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than the FF&E (as defined below)) may be

removed without the applicable Landlord's written consent unless otherwise provided by the applicable Lease and in accordance with the Initial Order and the Liquidation Sale Approval Order. Any trade fixtures or personal property left in a Store after the applicable FF&E Removal Period in respect of which the applicable Lease has been disclaimed by the Merchant shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Landlord. Nothing in this paragraph shall derogate from or expand upon the Consultant's obligations under the Consulting Agreement. Notwithstanding the foregoing, the Merchant shall only abandon FF&E pursuant to Section 6(f) of the Consulting Agreement if: (i) the applicable Landlord has consented thereto; (ii) such abandonment is not prohibited under the applicable Lease; or (iii) upon further Order of the Court.

10. Subject to the terms of paragraph 9 above, the Consultant may also sell existing furniture, fixtures and equipment located in the Stores during the Sale and the FF&E Removal Period that are (i) fully owned by the Merchant; (ii) owned jointly by the Merchant and one or more third-party vendors of the Merchant, as directed by the Merchant with the consent of the Monitor and agreed to by such third parties; or (iii) fully owned by a third party if agreed to by such third party and the Merchant with the consent of the Monitor (collectively, the "**FF&E**"). For greater certainty, FF&E does not include any portion of a Stores' mechanical, electrical, plumbing, security, HVAC, sprinkler, fire suppression, or fire alarm systems (including related fixtures and affixed equipment). The Merchant and the Consultant may advertise the sale of the FF&E consistent with these Sale Guidelines on the understanding that the Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to the Landlord. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove the FF&E either through the back shipping areas designated by the Landlord or through other areas after regular Store business hours or, through the front door of the Store during Store business hours if the FF&E can fit in a shopping bag, with Landlord's supervision if required by the Landlord and in accordance with the Initial Order and the Liquidation Sale Approval Order. The Consultant shall repair any damage to the Stores resulting from the removal of any FF&E or personal property of the Merchant by the Consultant or by third party purchasers of FF&E or personal property from the Consultant.
11. The Consultant shall not make any alterations to interior or exterior Store lighting, except as authorized pursuant to the affected Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these Sale Guidelines, shall not constitute an alteration to a Store.
12. The Merchant hereby provides notice, including for purposes of the Initial Order, to the Landlords of the Merchant's and the Consultant's intention to sell and remove FF&E from the Stores. The Consultant shall make commercially reasonable efforts to arrange with each Landlord represented by counsel on the Service List and with any other Landlord that so requests, a walk-through with the Consultant to identify any FF&E that is subject to the Sale. The relevant Landlord shall be entitled to have a representative present in the applicable Stores to observe such removal. If the Landlord disputes the Consultant's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between the Merchant, the Consultant and such Landlord, or by further Order of the Court upon application by the Merchant on at least two (2) business days' notice to such Landlord and the Monitor. If the Merchant has disclaimed the Lease

governing such Store in accordance with the CCAA and the Initial Order, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the CCAA and the Initial Order), and the disclaimer of the Lease shall be without prejudice to the Merchant's or the Consultant's claim to the FF&E in dispute.

13. If a notice of disclaimer of Lease is delivered pursuant to the CCAA and the Initial Order to a Landlord while the Sale is ongoing and the Store in question has not yet been vacated, then:
(i) during the notice period prior to the effective date of the disclaimer, the Landlord may show the affected Store to prospective tenants during normal business hours, on giving the Merchant, the Monitor and the Consultant at least twenty-four (24) hours' prior written notice; and
(ii) at the effective date of the disclaimer, the relevant Landlord shall be entitled to take possession of any such Store without waiver of or prejudice to any claims or rights such Landlord may have against the Merchant or any of its affiliates in respect of such Lease or Store; provided that, nothing herein shall relieve such Landlord of any obligation to mitigate any damages claimed in connection therewith.
14. The Consultant and its agents and representatives shall have the same access rights to the Stores as the Merchant under the terms of the applicable Lease, and the Landlords shall have access rights to the Stores as provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings and the terms of the Initial Order).
15. The Merchant and the Consultant shall not conduct any auctions of merchandise or FF&E at any of the Stores.
16. The Consultant shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for the Consultant shall be Cassels Brock & Blackwell LLP, Suite 2100, Scotia Plaza, 40 King St. W., Toronto, ON M5H 3C2 Canada, Attn: Jane Dietrich, Esq., Email: jdietrich@cassels.com. If the parties are unable to resolve the dispute between themselves, the Landlord or the Merchant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties and the Monitor, during which time the Consultant shall suspend all activity in dispute other than activities expressly permitted herein, pending determination of the matter by the Court; provided, however, subject to paragraph 4 of these Sale Guidelines, if a banner has been hung in accordance with these Sale Guidelines and is the subject of a dispute, the Consultant shall not be required to take any such banner down pending determination of any dispute.
17. Nothing herein or in the Consulting Agreement is, or shall be deemed to be, a sale, assignment or transfer of any Lease to the Consultant nor a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to the Landlord any greater rights in relation to the sale, assignment or transfer of any Lease than already exist under the terms of any such Lease.
18. These Sale Guidelines may be amended on a Store-by-Store basis, by written agreement between the Merchant, the Consultant, and the applicable Landlord, with the consent of the Monitor; provided however, that such amended Sale Guidelines shall not affect or bind any other Landlord not privy thereto without further Order of the Court approving such amended Sale Guidelines.

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

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

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

Applicants

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

LIQUIDATION SALE APPROVAL ORDER

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Lawyers for the Applicants

APPENDIX D
BLACKLINE COMPARISON – PROPOSED SALE APPROVAL ORDER

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	MONDAY, THE 20 TH
)	
CHIEF JUSTICE MORAWETZ)	DAY OF MARCH, 2023

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

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

LIQUIDATION SALE APPROVAL ORDER

THIS MOTION, made by Nordstrom Canada Retail, Inc. ("**Nordstrom Canada**"), Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, among other things, (i) approving the [amended & restated](#) consulting agreement between Nordstrom Canada and Nordstrom Canada Leasing LP ("**Canada Leasing LP**"), and together with Nordstrom Canada, the "**Merchant**") and a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC and Gordon Brothers Canada, ULC (collectively, the "**Consultant**") dated as of March 14⁶, 2023 (as may be amended and restated in accordance with the terms thereof, the "**Consulting Agreement**") and the transactions contemplated thereby, and (ii) granting certain related relief, was heard this day at [3130 University Avenue Queen Street West](#), Toronto, Ontario.

ON READING the Notice of Motion of the Applicants, the Affidavit of Misti Heckel sworn on March 14, 2023, including the exhibits thereto ~~(the "**Third Heckel Affidavit**")~~, the Second Report of Alvarez & Marsal Canada Inc., in its capacity as Monitor (the "**Monitor**"), [dated March 16, 2023 \(the "**Second Report**"\)](#), filed, and on hearing the submissions of

respective counsel for the Applicants and Canada Leasing LP (collectively, the “**Nordstrom Canada Entities**”), the Monitor, the Consultant, and such other counsel as were present, no one else appearing although duly served as appears from the Affidavit of Service of ● sworn ●, 2023, filed:

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Amended and Restated Initial Order in these proceedings dated March 10, 2023 (as amended and restated from time to time, the “**Amended and Restated Initial Order**”), the Sale Guidelines (as defined below), or the Consulting Agreement (attached as ~~Exhibit~~[Appendix](#) “A” to the ~~Third Heckel Affidavit~~[Second Report](#)), as applicable.

THE CONSULTING AGREEMENT

3. **THIS COURT ORDERS** that the Consulting Agreement, including the sale guidelines attached as Schedule “A” hereto (the “**Sale Guidelines**”), and the transactions contemplated thereunder are hereby approved, authorized and ratified and that the execution of the Consulting Agreement by the Merchant is hereby approved, authorized, and ratified, *nunc pro tunc*, with such minor amendments to the Consulting Agreement (but not the Sale Guidelines) as the Merchant (with the consent of the Monitor) and the Consultant may agree to in writing. Subject to the provisions of this Order and the Amended and Restated Initial Order, the Merchant is hereby authorized and directed to take any and all actions as may be necessary or desirable to implement the Consulting Agreement and each of the transactions contemplated therein. Without limiting the foregoing, the Merchant is authorized to execute any other agreement, contract, deed or document, or take any other action, that is necessary or desirable to give full and complete effect to the Consulting Agreement. The Consultant shall have the right to syndicate and partner with additional entities to serve as “Consultant” under the Consulting Agreement in accordance with the terms thereof.

THE SALE

4. **THIS COURT ORDERS** that the Merchant, with the assistance of the Consultant, is authorized to conduct the Sale in accordance with this Order, the Consulting Agreement and the Sale Guidelines and to advertise and promote the Sale within the Stores in accordance with the Sale Guidelines. If there is a conflict between this Order, the Consulting Agreement or the Sale Guidelines, the order of priority of documents to resolve such conflicts is as follows: (1) this Order; (2) the Sale Guidelines; and (3) the Consulting Agreement.

5. **THIS COURT ORDERS** that, subject to paragraph 13 of the Amended and Restated Initial Order, the Merchant, with the assistance of the Consultant, is authorized to market and sell, or otherwise dispose of, the Merchandise, FF&E and Additional Consultant Goods on a “final sale” and/or “as is” basis and in accordance with the Sale Guidelines and the Consulting Agreement, free and clear of all liens, claims, encumbrances, security interests, mortgages, charges, trusts, deemed trusts, executions, levies, and financial, monetary or other claims, whether or not such claims have attached or been perfected, registered or filed and whether secured, unsecured, quantified or unquantified, contingent or otherwise, whensoever and howsoever arising, and whether such claims arose or came into existence prior to or following the date of this Order (in each case, whether contractual, statutory, arising by operation of law, in equity or otherwise) (all of the foregoing, collectively “**Claims**”), including, without limitation, (a) the Administration Charge, the Directors’ Charge, the KERP Charge and any other charges hereafter granted by this Court in these proceedings (collectively, the “**CCAA Charges**”); and (b) all Claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), *Personal Property Security Act* (Alberta), *Personal Property Security Act* (British Columbia), or any other personal or movable property registration system (all of such Claims (including the CCAA Charges) collectively referred to herein as the “**Encumbrances**”), which Encumbrances will attach instead to the proceeds of the Sale (other than amounts specified in paragraph 15 of this Order) in the same order and priority as they existed immediately prior to the Sale.

6. **THIS COURT ORDERS** that subject to the terms of this Order, the Amended and Restated Initial Order and the Sale Guidelines, or any greater restrictions in the Consulting Agreement, the Consultant shall have the right to enter and use the Stores and Distribution

Centre and all related store services and all facilities and all furniture, trade fixtures and equipment, including the FF&E, located at the Stores and Distribution Centre and other assets of the Merchant as designated under the Consulting Agreement, for the purpose of conducting the Sale and for such purposes, the Consultant shall be entitled to the benefit of the stay of proceedings granted in favour of the Nordstrom Canada Entities under the Amended and Restated Initial Order, as such stay of proceedings may be extended by further Order of the Court.

7. **THIS COURT ORDERS** that until the FF&E Removal Deadline for each Store (which shall in no event be later than July 21, 2023, or such later date as may be ordered by this Court) and the Distribution Centre, the Consultant shall have access to (a) the Stores in accordance with the applicable Leases and the Sale Guidelines; and (b) the Distribution Centre in accordance with the applicable contractual agreements between the Merchant and the third party operator of the Distribution Centre, in each case, on the basis that the Consultant is assisting the Merchant, and the Merchant has granted its right of access to the Stores and the Distribution Centre to the Consultant. To the extent that the terms of the applicable Leases are in conflict with any term of this Order or the Sale Guidelines, the terms of this Order and the Sale Guidelines shall govern. With respect to the Distribution Centre, the Consultant shall be deemed to be the Merchant's authorized representative.

8. **THIS COURT ORDERS** that nothing in this Order shall amend or vary, or be deemed to amend or vary, the terms of the Leases; ~~provided that, the Merchant shall not be in breach or default of the Leases where it takes any action in accordance with and as permitted by the terms of this Order, the Sale Guidelines or the Consulting Agreement.~~ Nothing contained in this Order or the Sale Guidelines shall be construed to create or impose upon the Merchant or the Consultant any additional restrictions not contained in the applicable Lease.

9. **THIS COURT ORDERS** that, subject to and in accordance with the Consulting Agreement, the Sale Guidelines and this Order, the Consultant is authorized to advertise and promote the Sale, without further consent of any Person other than (a) the Merchant and the Monitor as provided under the Consulting Agreement; or (b) a Landlord as provided under the Sale Guidelines.

10. **THIS COURT ORDERS** that until the Sale Termination Date, the Consultant shall have the right to use, without interference by any Person (including any licensor), all licenses and rights granted to the Merchant to use trade names, trademarks, logos, copyrights or other intellectual property of any Person, solely for the purpose of advertising and conducting the Sale of the Merchandise, FF&E and Additional Consultant Goods in accordance with the terms of the Consulting Agreement, the Sale Guidelines, and this Order.

CONSULTANT LIABILITY

11. **THIS COURT ORDERS** that the Consultant shall act solely as an independent consultant to the Merchant and that it shall not be liable for any claims against the Merchant other than as expressly provided in the Consulting Agreement (including the Consultant's indemnity obligations thereunder) or the Sale Guidelines and, for greater certainty:

- (a) the Consultant shall not be deemed to be an owner or in possession, care, control or management of the Stores or the Distribution Centre, of the assets located therein or associated therewith or of the Merchant's employees located at the Stores or the Distribution Centre or any other property of the Merchant;
- (b) the Consultant shall not be deemed to be an employer, or a joint or successor employer, related or common employer or payor within the meaning of any legislation, statute or regulation or rule of law or equity governing employment, labour standards, pension benefits or health and safety for any purpose whatsoever in relation to the employees of Nordstrom Canada, and shall not incur any successorship liabilities whatsoever (including without limitation losses, costs, damages, fines or awards); and
- (c) subject to and without limiting the Consultant's indemnification of the Nordstrom Canada Indemnified Parties pursuant to the Consulting Agreement, the Consultant shall bear no responsibility for any liability whatsoever (including without limitation losses, costs, damages, fines or awards) relating to Claims of customers, employees and any other Persons arising from events occurring at the Stores during and after the term of the Sale, or at the Distribution Centre, or otherwise in connection with the Sale, except to the extent that such Claims are

the result of events or circumstances caused or contributed to by the gross negligence or wilful misconduct of the Consultant, its employees, Supervisors, independent contractors, agents or other representatives, or otherwise in accordance with the Consulting Agreement.

12. **THIS COURT ORDERS** that, to the extent (a) any Landlord has a claim against the Merchant arising solely out of the conduct of the Consultant in conducting the Sale; and (b) the Merchant has a claim against the Consultant under the Consulting Agreement arising from such conduct, the Merchant shall be deemed to have assigned such claim against the Consultant under the Consulting Agreement free and clear to the applicable Landlord (the “**Assigned Landlord Rights**”); provided that, each such Landlord shall only be permitted to advance the Assigned Landlord Rights against the Consultant if written notice, including the reasonable details of such claim, is provided by such Landlord to the Consultant, the Merchant and the Monitor during the period commencing on the Sale Commencement Date and ending on the date that is thirty (30) days following the FF&E Removal Deadline; provided, however, that, the Landlords shall be provided with access to the Stores to inspect the Stores within fifteen (15) days following the FF&E Removal Deadline.

CONSULTANT AN UNAFFECTED CREDITOR

13. **THIS COURT ORDERS** that the Consulting Agreement shall not be repudiated, resiliated or disclaimed by the Merchant nor shall the claims of the Consultant pursuant to the Consulting Agreement be compromised or arranged pursuant to any plan of arrangement or compromise among the Merchant and its creditors (a “**Plan**”) and, for greater certainty, the Consultant shall be treated as an unaffected creditor in these proceedings and under any Plan.

14. **THIS COURT ORDERS** that the Merchant is hereby authorized and directed, in accordance with the Consulting Agreement, to remit all amounts that become due to the Consultant thereunder.

15. **THIS COURT ORDERS** that no Encumbrances shall attach to any amounts payable or to be credited or reimbursed to, or retained by, the Consultant pursuant to the Consulting Agreement, including without limitation, any amounts to be reimbursed by any Nordstrom Canada Entity to the Consultant pursuant to the Consulting Agreement [\(including, for greater](#)

certainty, the proceeds of the Additional Consultant Goods (other than the Additional Consultant Goods Fee), which Additional Consultant Goods shall be consigned to the Merchant as a true consignment under applicable law), and at all times the Consultant will retain such amounts, free and clear of all Encumbrances, notwithstanding any enforcement or other process or Claims, all in accordance with the Consulting Agreement.

16. **THIS COURT ORDERS** that notwithstanding:

- (a) the pendency of these proceedings;
- (b) any application for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”) in respect of any Nordstrom Canada Entity, or any bankruptcy order made pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of any Nordstrom Canada Entity;
- (d) the provisions of any federal or provincial statute; or
- (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other document or agreement to which any Nordstrom Canada Entity is a party;

the Consulting Agreement and the transactions and actions provided for and contemplated therein, including without limitation, the payment of amounts due to the Consultant and the Assigned Landlord Rights shall be binding on any trustee in bankruptcy that may be appointed in respect of the Nordstrom Canada Entities and shall not be void or voidable by any Person, including any creditor of the Nordstrom Canada Entities, nor shall they, or any of them, constitute or be deemed to be a preference, fraudulent conveyance, transfer at undervalue or other challengeable or reviewable transaction, under the CCAA or BIA or any applicable law, nor shall they constitute oppressive or unfairly prejudicial conduct under any applicable law.

BULK SALES ACT AND OTHER LEGISLATION

17. **THIS COURT ORDERS AND DECLARES** that the transactions contemplated under the Consulting Agreement shall be exempt from the application of any applicable federal or provincial “bulk sales” legislation.

18. **THIS COURT ORDERS** that the Merchant is authorized and permitted to transfer to the Consultant personal information in the Merchant’s custody and control solely for the purposes of assisting with and conducting the Sale and only to the extent necessary for such purposes and the Consultant is hereby authorized to make use of such personal information solely for the purposes as if it were the Merchant, subject to and in accordance with the Consulting Agreement.

STAY EXTENSION

19. **THIS COURT ORDERS** that (a) the Stay Period is hereby extended until and including June 30, 2023; and (b) the stay of proceedings granted in favour of Nordstrom US pursuant to paragraph 17 of the Amended and Restated Initial Order is hereby extended until and including June 30, 2023.

GENERAL

20. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

21. **THIS COURT HEREBY REQUESTS** the aid and recognition of any Court, tribunal, agency or regulatory or administrative bodies, having jurisdiction in Canada, the United States of America or any other jurisdiction, to give effect to this Order and to assist the Nordstrom Canada Entities, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, agencies and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Nordstrom Canada Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Nordstrom Canada Entities and the Monitor and their respective agents in carrying out the terms of this Order.

22. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of the date of this Order without the need for entry or filing.

SCHEDULE “A”
SALE GUIDELINES
(Attached)

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

Applicants

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

LIQUIDATION SALE APPROVAL ORDER

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Lawyers for the Applicants

APPENDIX E
REVISED PROPOSED SALE GUIDELINES

SALE GUIDELINES

Capitalized terms used but not defined in these Sale Guidelines shall have the meanings ascribed to them in the Initial Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated March 2, 2023 (as amended and restated from time to time, the “**Initial Order**”) made in the proceedings involving, *inter alia*, Nordstrom Canada Retail, Inc. and Nordstrom Canada Leasing LP (collectively, the “**Merchant**”) under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) and the Liquidation Sale Approval Order (as defined below), as applicable.

The following procedures shall apply to the sale (the “**Sale**”) of merchandise, inventory, furniture, fixtures and equipment at the Merchant’s retail stores (individually, a “**Store**” and, collectively, the “**Stores**”).

1. Except as otherwise expressly set out herein, and subject to: (i) the Order of the Court dated March 20, 2023, approving, *inter alia*, the amended & restated consulting agreement between the Merchant and a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC and Gordon Brothers Canada, ULC (collectively, the “**Consultant**”) dated as of March 16, 2023 (as amended and restated from time to time, the “**Consulting Agreement**”) and the transactions contemplated thereunder (the “**Liquidation Sale Approval Order**”); (ii) any further Order of the Court; and/or (iii) any subsequent written agreement between the Merchant and its Landlord(s) and approved by the Consultant, the Sale shall be conducted in accordance with the terms of the applicable Leases. However, nothing contained herein shall be construed to create or impose upon the Merchant or the Consultant any additional restrictions not contained in the applicable Lease.
2. The Sale shall be conducted so that each Store remains open during its normal hours of operation provided for in its respective Lease, until the respective Sale Termination Date (as defined below) of each Store. The Sale at the Stores shall end by no later than June 30, 2023 (such date, or such other date as determined in accordance with the Liquidation Sale Approval Order, the “**Sale Termination Date**”). Rent payable under the Leases shall be paid as provided in the Initial Order (including, for certainty, for the period of up to twenty-one (21) days following the applicable Sale Termination Date for each Store (the “**FF&E Removal Period**”).
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise set out herein or ordered by the Court.
4. All display and hanging signs used by the Consultant in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the Leases, the Consultant may advertise the Sale at the Stores as a “everything on sale”, “everything must go”, “store closing” and/or similar theme sale at the Stores (provided however that no signs shall advertise the Sale as a “bankruptcy”, a “liquidation” or a “going out of business” sale). Forthwith upon request from a Landlord, the Landlord’s counsel, the Merchant or the Monitor, the Consultant shall provide the proposed signage packages along with proposed dimensions by e-mail to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify the Consultant of any requirement for such signage to otherwise comply with the terms of the Lease and/or these Sale Guidelines and where the provisions of the Lease conflict with these Sale Guidelines, these Sale Guidelines shall govern. The Consultant shall not use neon or day-glow signs or any handwritten signage (save that handwritten “you pay” or “topper” signs

may be used). If a Landlord is concerned with “Store Closing” signs being placed in the front window of a Store or with the number or size of the signs in the front window, the Merchant, the Consultant and the Landlord will work together to resolve the dispute. Furthermore, with respect to enclosed mall Store locations without a separate entrance from the exterior of the enclosed mall, no exterior signs or signs in common areas of a mall shall be used unless explicitly permitted by the applicable Lease and shall otherwise be subject to all applicable laws. In addition, the Consultant shall be permitted to utilize exterior banners/signs at stand alone, strip mall or enclosed mall Store locations with a separate entrance from the exterior of the enclosed mall; provided, however, that: (i) no signage in any other common areas of a mall shall be used; and (ii) where such banners are not explicitly permitted by the applicable Lease and the Landlord requests in writing that banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Service List. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Consultant.

5. The Consultant shall be permitted to utilize sign-walkers and street signage; provided, however, such sign-walkers and street signage shall not be located on the shopping centre or mall premises.
6. The Consultant shall be entitled to include additional merchandise of the Merchant in the Sale; provided that: (i) the additional merchandise is currently in the possession or control of the Merchant (including in any distribution centre used by the Merchant) or has previously been ordered by or on behalf of the Merchant and is currently in transit to the Merchant (including any distribution centre used by the Merchant) or a Store; and (ii) the additional merchandise is of like kind and category and no lesser quality to the merchandise in the Stores at the commencement of the Sale.
7. Conspicuous signs shall be posted in the cash register areas of each of the Stores to the effect that all sales are “final” and customers with any questions or complaints are to call the Merchant’s customer care number.
8. The Consultant shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on Landlord’s property, unless explicitly permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Store is located. Otherwise, the Consultant may solicit customers in the Stores themselves. The Consultant shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as explicitly permitted under the applicable Lease or agreed to by the Landlord, and no advertising trucks shall be used on Landlord property or mall ring roads, except as explicitly permitted under the applicable Lease or agreed to by the Landlord.
9. At the conclusion of the Sale and the FF&E Removal Period in each Store, the Consultant shall arrange that the premises for each Store are in “broom-swept” and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than the FF&E (as defined below)) may be

removed without the applicable Landlord's written consent unless otherwise provided by the applicable Lease and in accordance with the Initial Order and the Liquidation Sale Approval Order. Any trade fixtures or personal property left in a Store after the applicable FF&E Removal Period in respect of which the applicable Lease has been disclaimed by the Merchant shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Landlord. Nothing in this paragraph shall derogate from or expand upon the Consultant's obligations under the Consulting Agreement. Notwithstanding the foregoing, the Merchant shall only abandon FF&E pursuant to Section 6(f) of the Consulting Agreement if: (i) the applicable Landlord has consented thereto; (ii) such abandonment is not prohibited under the applicable Lease; or (iii) upon further Order of the Court.

10. Subject to the terms of paragraph 9 above, the Consultant may also sell existing furniture, fixtures and equipment located in the Stores during the Sale and the FF&E Removal Period that are (i) fully owned by the Merchant; (ii) owned jointly by the Merchant and one or more third-party vendors of the Merchant, as directed by the Merchant with the consent of the Monitor and agreed to by such third parties; or (iii) fully owned by a third party if agreed to by such third party and the Merchant with the consent of the Monitor (collectively, the "**FF&E**"). For greater certainty, FF&E does not include any portion of a Stores' mechanical, electrical, plumbing, security, HVAC, sprinkler, fire suppression, or fire alarm systems (including related fixtures and affixed equipment). The Merchant and the Consultant may advertise the sale of the FF&E consistent with these Sale Guidelines on the understanding that the Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to the Landlord. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove the FF&E either through the back shipping areas designated by the Landlord or through other areas after regular Store business hours or, through the front door of the Store during Store business hours if the FF&E can fit in a shopping bag, with Landlord's supervision if required by the Landlord and in accordance with the Initial Order and the Liquidation Sale Approval Order. The Consultant shall repair any damage to the Stores resulting from the removal of any FF&E or personal property of the Merchant by the Consultant or by third party purchasers of FF&E or personal property from the Consultant.
11. The Consultant shall not make any alterations to interior or exterior Store lighting, except as authorized pursuant to the affected Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these Sale Guidelines, shall not constitute an alteration to a Store.
12. The Merchant hereby provides notice, including for purposes of the Initial Order, to the Landlords of the Merchant's and the Consultant's intention to sell and remove FF&E from the Stores. The Consultant shall make commercially reasonable efforts to arrange with each Landlord represented by counsel on the Service List and with any other Landlord that so requests, a walk-through with the Consultant to identify any FF&E that is subject to the Sale. The relevant Landlord shall be entitled to have a representative present in the applicable Stores to observe such removal. If the Landlord disputes the Consultant's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between the Merchant, the Consultant and such Landlord, or by further Order of the Court upon application by the Merchant on at least two (2) business days' notice to such Landlord and the Monitor. If the Merchant has disclaimed the Lease

governing such Store in accordance with the CCAA and the Initial Order, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the CCAA and the Initial Order), and the disclaimer of the Lease shall be without prejudice to the Merchant's or the Consultant's claim to the FF&E in dispute.

13. If a notice of disclaimer of Lease is delivered pursuant to the CCAA and the Initial Order to a Landlord while the Sale is ongoing and the Store in question has not yet been vacated, then:
(i) during the notice period prior to the effective date of the disclaimer, the Landlord may show the affected Store to prospective tenants during normal business hours, on giving the Merchant, the Monitor and the Consultant at least twenty-four (24) hours' prior written notice; and
(ii) at the effective date of the disclaimer, the relevant Landlord shall be entitled to take possession of any such Store without waiver of or prejudice to any claims or rights such Landlord may have against the Merchant or any of its affiliates in respect of such Lease or Store; provided that, nothing herein shall relieve such Landlord of any obligation to mitigate any damages claimed in connection therewith.
14. The Consultant and its agents and representatives shall have the same access rights to the Stores as the Merchant under the terms of the applicable Lease, and the Landlords shall have access rights to the Stores as provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings and the terms of the Initial Order).
15. The Merchant and the Consultant shall not conduct any auctions of merchandise or FF&E at any of the Stores.
16. The Consultant shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for the Consultant shall be Cassels Brock & Blackwell LLP, Suite 2100, Scotia Plaza, 40 King St. W., Toronto, ON M5H 3C2 Canada, Attn: Jane Dietrich, Esq., Email: jdietrich@cassels.com. If the parties are unable to resolve the dispute between themselves, the Landlord or the Merchant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties and the Monitor, during which time the Consultant shall suspend all activity in dispute other than activities expressly permitted herein, pending determination of the matter by the Court; provided, however, subject to paragraph 4 of these Sale Guidelines, if a banner has been hung in accordance with these Sale Guidelines and is the subject of a dispute, the Consultant shall not be required to take any such banner down pending determination of any dispute.
17. Nothing herein or in the Consulting Agreement is, or shall be deemed to be, a sale, assignment or transfer of any Lease to the Consultant nor a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to the Landlord any greater rights in relation to the sale, assignment or transfer of any Lease than already exist under the terms of any such Lease.
18. These Sale Guidelines may be amended on a Store-by-Store basis, by written agreement between the Merchant, the Consultant, and the applicable Landlord, with the consent of the Monitor; provided however, that such amended Sale Guidelines shall not affect or bind any other Landlord not privy thereto without further Order of the Court approving such amended Sale Guidelines.

APPENDIX F
BLACKLINE COMPARISON – PROPOSED SALE GUIDELINES

SALE GUIDELINES

Capitalized terms used but not defined in these Sale Guidelines shall have the meanings ascribed to them in the ~~Consulting Agreement (as defined below) or the~~ Initial Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated March 2, 2023 (as amended and restated from time to time, the “**Initial Order**”) made in the proceedings involving, *inter alia*, Nordstrom Canada Retail, Inc. and Nordstrom Canada Leasing LP (collectively, the “**Merchant**”) under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) and the Liquidation Sale Approval Order (as defined below), as applicable.

The following procedures shall apply to the sale (the “**Sale**”) of merchandise, inventory, furniture, fixtures and equipment at the Merchant’s retail stores (individually, a “**Store**” and, collectively, the “**Stores**”).

1. Except as otherwise expressly set out herein, and subject to: (i) the Order of the Court dated March 20, 2023, approving, *inter alia*, the ~~Consulting Agreement~~ amended & restated consulting agreement between the Merchant and a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC and Gordon Brothers Canada, ULC (collectively, the “**Consultant**”) dated as of March 14⁶, 2023 (as amended and restated from time to time, the “**Consulting Agreement**”) and the transactions contemplated thereunder (the “**Liquidation Sale Approval Order**”); (ii) any further Order of the Court; and/or (iii) any subsequent written agreement between the Merchant and its Landlord(s) and approved by the Consultant, the Sale shall be conducted in accordance with the terms of the applicable Leases. However, nothing contained herein shall be construed to create or impose upon the Merchant or the Consultant any additional restrictions not contained in the applicable Lease.
2. The Sale shall be conducted so that each Store remains open during its normal hours of operation provided for in its respective Lease, until the respective Sale Termination Date (as defined below) of each Store. The Sale at the Stores shall end by no later than June 30, 2023 (such date, or such other date as determined in accordance with ~~the Consulting Agreement~~ and the Liquidation Sale Approval Order, the “Sale Termination Date”). Rent payable under the Leases shall be paid as provided in the Initial Order (including, for certainty, for the period of up to twenty-one (21) days following the applicable Sale Termination Date for each Store (the “FF&E Removal Period”)).
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise set out herein or ordered by the Court.
4. All display and hanging signs used by the Consultant in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the Leases, the Consultant may advertise the Sale at the Stores as a “everything on sale”, “everything must go”, “store closing” and/or similar theme sale at the Stores (provided however that no signs shall advertise the Sale as a “bankruptcy”, a “liquidation” or a “going out of business” sale). Forthwith upon request from a Landlord, the Landlord’s counsel, the Merchant or the Monitor, the Consultant shall provide the proposed signage packages along with proposed dimensions by e-mail to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify the Consultant of any requirement for such signage to otherwise comply with the terms of the Lease and/or these Sale Guidelines and where the provisions of the Lease conflict with these Sale Guidelines, these Sale Guidelines shall

govern. The Consultant shall not use neon or day-glow signs or any handwritten signage (save that handwritten “you pay” or “topper” signs may be used). If a Landlord is concerned with “Store Closing” signs being placed in the front window of a Store or with the number or size of the signs in the front window, the Merchant, the Consultant and the Landlord will work together to resolve the dispute. Furthermore, with respect to enclosed mall Store locations without a separate entrance from the exterior of the enclosed mall, no exterior signs or signs in common areas of a mall shall be used unless explicitly permitted by the applicable Lease and shall otherwise be subject to all applicable laws. In addition, the Consultant shall be permitted to utilize exterior banners/signs at stand alone, strip mall or enclosed mall Store locations with a separate entrance from the exterior of the enclosed mall; provided, however, that: (i) no signage in any other common areas of a mall shall be used; and (ii) where such banners are not explicitly permitted by the applicable Lease and the Landlord requests in writing that banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Service List. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Consultant.

5. The Consultant shall be permitted to utilize sign-walkers and street signage; provided, however, such sign-walkers and street signage shall not be located on the shopping centre or mall premises.
6. The Consultant shall be entitled to include additional merchandise of the Merchant in the Sale, ~~including~~; provided that: (i) the additional merchandise ~~that~~ is currently in the possession or control of the Merchant (including in any distribution centre used by the Merchant) or has previously been ordered by or on behalf of the Merchant and is currently in transit to the Merchant (including any distribution centre used by the Merchant) or a Store; and (ii) the additional merchandise is of like kind and category and no lesser quality to the ~~Merchandise~~.
- ~~7. In addition, the Consultant shall be entitled, as agent of the Merchant, pursuant to and merchandise in accordance with the Consulting Agreement, to include in the Sale at the Full Line Stores the Additional Consultant Goods to the extent permitted under the terms of the Consulting Agreement, which terms include that (i) the Additional Consultant Goods sold as part of the Sale will not exceed \$10 million Stores at cost in the aggregate; and (ii) the Additional Consultant Goods are of like kind and category and no lesser quality to the Merchandise, and consistent with any restriction on usage of the Full Line Stores set out in the applicable Leases commencement of the Sale.~~
7. ~~8.~~ Conspicuous signs shall be posted in the cash register areas of each of the Stores to the effect that all sales are “final” and customers with any questions or complaints are to call the Merchant’s customer care number, ~~and such signs shall be in addition to any other caution signage of the Merchant in the cash register areas.~~
8. ~~9.~~ The Consultant shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on Landlord’s property, unless explicitly permitted by

the applicable Lease or, if distribution is customary in the shopping centre in which the Store is located. Otherwise, the Consultant may solicit customers in the Stores themselves. The Consultant shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as explicitly permitted under the applicable Lease or agreed to by the Landlord, and no advertising trucks shall be used on Landlord property or mall ring roads, except as explicitly permitted under the applicable Lease or agreed to by the Landlord.

9. ~~10.~~ At the conclusion of the Sale and the FF&E Removal Period in each Store, the Consultant shall arrange that the premises for each Store are in “broom-swept” and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than the FF&E (as defined below)) may be removed without the applicable Landlord’s written consent unless otherwise provided by the applicable Lease and in accordance with the Initial Order and the Liquidation Sale Approval Order. Any trade fixtures or personal property left in a Store after the applicable FF&E Removal ~~Deadline~~Period in respect of which the applicable Lease has been disclaimed by the Merchant shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Landlord. Nothing in this paragraph shall derogate from or expand upon the Consultant’s obligations under the Consulting Agreement. Notwithstanding the foregoing, the Merchant shall only ~~exercise its rights to~~ abandon ~~Remaining~~ FF&E pursuant to Section 6(f) of the Consulting Agreement if: (i) the applicable Landlord has consented thereto; (ii) such abandonment is not prohibited under the applicable Lease; or (iii) upon further Order of the Court.

10. ~~11.~~ Subject to the terms of paragraph ~~10~~9 above, the Consultant may also sell existing furniture, fixtures and equipment located in the Stores during the Sale and the FF&E Removal Period that are (i) fully owned by the Merchant; (ii) owned jointly by the Merchant and one or more third-party vendors of the Merchant, as directed by the Merchant with the consent of the Monitor and agreed to by such third parties; or (iii) fully owned by a third party if agreed to by such third party and the Merchant with the consent of the Monitor (collectively, the “FF&E”). For greater certainty, FF&E does not include any portion of a Stores’ mechanical, electrical, plumbing, security, HVAC, sprinkler, fire suppression, or fire alarm systems (including related fixtures and affixed equipment). The Merchant and the Consultant may advertise the sale of the FF&E consistent with these Sale Guidelines on the understanding that the Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to the Landlord. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove the FF&E either through the back shipping areas designated by the Landlord or through other areas after regular Store business hours or, through the front door of the Store during Store business hours if the FF&E can fit in a shopping bag, with Landlord’s supervision if required by the Landlord and in accordance with the Initial Order and the Liquidation Sale Approval Order. The Consultant shall repair any damage to the Stores resulting from the removal of any FF&E or personal property of the Merchant by the Consultant or by third party purchasers of FF&E or personal property from the Consultant.

11. ~~12.~~ The Consultant shall not make any alterations to interior or exterior Store lighting, except as authorized pursuant to the affected Lease. The hanging of exterior banners or other

signage, where permitted in accordance with the terms of these Sale Guidelines, shall not constitute an alteration to a Store.

12. ~~13.~~ The Merchant hereby provides notice, including for purposes of the Initial Order, to the Landlords of the Merchant's and the Consultant's intention to sell and remove FF&E from the Stores. The Consultant shall make commercially reasonable efforts to arrange with each Landlord represented by counsel on the Service List and with any other Landlord that so requests, a walk-through with the Consultant to identify any FF&E that is subject to the Sale. The relevant Landlord shall be entitled to have a representative present in the applicable Stores to observe such removal. If the Landlord disputes the Consultant's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between the Merchant, the Consultant and such Landlord, or by further Order of the Court upon application by the Merchant on at least two (2) business days' notice to such Landlord and the Monitor. If the Merchant has disclaimed the Lease governing such Store in accordance with the CCAA and the Initial Order, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the CCAA and the Initial Order), and the disclaimer of the Lease shall be without prejudice to the Merchant's or the Consultant's claim to the FF&E in dispute.
13. ~~14.~~ If a notice of disclaimer of Lease is delivered pursuant to the CCAA and the Initial Order to a Landlord while the Sale is ongoing and the Store in question has not yet been vacated, then: (i) during the notice period prior to the effective date of the disclaimer, the Landlord may show the affected Store to prospective tenants during normal business hours, on giving the Merchant, the Monitor and the Consultant at least twenty-four (24) hours' prior written notice; and (ii) at the effective date of the disclaimer, the relevant Landlord shall be entitled to take possession of any such Store without waiver of or prejudice to any claims or rights such Landlord may have against the Merchant or any of its affiliates in respect of such Lease or Store; provided that, nothing herein shall relieve such Landlord of any obligation to mitigate any damages claimed in connection therewith.
14. ~~15.~~ The Consultant and its agents and representatives shall have the same access rights to the Stores as the Merchant under the terms of the applicable Lease, and the Landlords shall have access rights to the Stores as provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings and the terms of the Initial Order ~~and the Liquidation Sale Approval Order~~).
15. ~~16.~~ The Merchant and the Consultant shall not conduct any auctions of ~~Merchandise~~merchandise or FF&E at any of the Stores.
16. ~~17.~~ The Consultant shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for the Consultant shall be Cassels Brock & Blackwell LLP, Suite 2100, Scotia Plaza, 40 King St. W., Toronto, ON M5H 3C2 Canada, Attn: Jane Dietrich, Esq., Email: jdietrich@cassels.com. If the parties are unable to resolve the dispute between themselves, the Landlord or the Merchant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties and the Monitor, during which time the Consultant shall suspend all activity in dispute other than activities expressly permitted herein, pending determination of the matter by the Court; provided, however, subject to paragraph 4 of these

Sale Guidelines, if a banner has been hung in accordance with these Sale Guidelines and is the subject of a dispute, the Consultant shall not be required to take any such banner down pending determination of any dispute.

17. ~~18.~~ Nothing herein or in the Consulting Agreement is, or shall be deemed to be, a sale, assignment or transfer of any Lease to the Consultant nor a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to the Landlord any greater rights in relation to the sale, assignment or transfer of any Lease than already exist under the terms of any such Lease.

18. ~~19.~~ These Sale Guidelines may be amended on a Store-by-Store basis, by written agreement between the Merchant, the Consultant, and the applicable Landlord, with the consent of the Monitor; provided however, that such amended Sale Guidelines shall not affect or bind any other Landlord not privy thereto without further Order of the Court approving such amended Sale Guidelines.

APPENDIX G
PRE-FILING REPORT OF THE PROPOSED MONITOR
(WITHOUT APPENDICES)

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

**PRE-FILING REPORT OF THE PROPOSED MONITOR
ALVAREZ & MARSAL CANADA INC.**

MARCH 1, 2023

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1.0 INTRODUCTION

- 1.1 Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Proposed Monitor**”) understands that Nordstrom Canada Retail, Inc., Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC (together, the “**Applicants**”) intend to make an application to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an order (the “**Initial Order**”) granting, among other things, a stay of proceedings pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and appointing A&M as Monitor (the “**Monitor**”). The proceedings to be commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
- 1.2 Although the limited partnership Nordstrom Canada Leasing LP (“**Canada Leasing LP**”) is not an applicant in this proceeding, the Applicants seek to have the stay of proceedings and other benefits and requirements of the Initial Order extended to Canada Leasing LP, which is wholly owned by certain of the Applicants and performs functions integral to the Applicants’ business. Together, the Applicants and Canada Leasing LP are referred to herein as the “**Nordstrom Canada Entities**”.
- 1.3 The purpose of this pre-filing report (the “**Report**”) is to provide the Court with information, and where applicable, the Proposed Monitor’s views on:
- (a) A&M’s qualifications to act as Monitor (if appointed);
 - (b) background information with respect to the Nordstrom Canada Entities;
 - (c) the proposed orderly wind-down of the Nordstrom Canada Entities;

- (d) the stays of proceedings sought in the proposed Initial Order;
- (e) the credit facility of Nordstrom, Inc. (“**Nordstrom US**”), the ultimate, indirect parent company of the Nordstrom Canada Entities;
- (f) the Nordstrom Canada Entities’ cash management system (the “**Cash Management System**”);
- (g) intercompany arrangements and agreements among the Nordstrom Canada Entities and Nordstrom US;
- (h) the Nordstrom Canada Entities’ 13-week cash flow forecast;
- (i) the establishment of a trust (the “**Employee Trust**”) funded by Nordstrom US for the benefit of employees of Nordstrom Canada Retail, Inc. (“**Nordstrom Canada**”) and the appointment of Gale Rubenstein in her personal capacity as trustee of the Employee Trust (the “**Trustee**”);
- (j) the proposed appointment of representative counsel (“**Employee Representative Counsel**”) to represent the interests of substantially all of the employees of Nordstrom Canada;
- (k) the proposed key employee retention plan, for which approval will be sought by the Applicants at the “comeback hearing” to occur within ten (10) days of the granting of the Initial Order;
- (l) the authority in the proposed Initial Order for the Nordstrom Canada Entities to pay certain pre-filing amounts to critical suppliers with the consent of the Monitor;

- (m) the Administration Charge and the Directors' Charge (each as defined below) sought by the Applicants in the Initial Order;
- (n) the intended next steps in the CCAA Proceedings; and
- (o) the Proposed Monitor's conclusions and recommendations in respect of the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Report, A&M, in its capacity as the Proposed Monitor, has 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**"). Except as otherwise described in this Report, in respect of the Nordstrom Canada Entities' cash flow forecast:

- (a) the Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed 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 Proposed Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information; and

(b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.2 Future oriented financial information referred to in this Report was prepared based on the estimates and assumptions of the Nordstrom Group. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

2.3 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars (“CAD”).

3.0 A&M’S QUALIFICATIONS TO ACT AS MONITOR

3.1 On November 14, 2022, Alvarez & Marsal Canada ULC (an affiliate of the Proposed Monitor) was engaged to act as consultant to Osler, Hoskin & Harcourt LLP to assist as the Nordstrom Canada Entities considered their options in relation to their business and operations in Canada. As such, the Proposed Monitor is familiar with the business and operations of the Nordstrom Canada Entities, their personnel and the key issues and stakeholders in the proposed CCAA Proceedings. A&M is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, C. B-3, as amended (the “BIA”), and is not subject to any of the restrictions on who may be appointed as monitor set out in subsection 11.7(2) of the CCAA.

- 3.2 A&M is related to Alvarez & Marsal Holdings, LLC, which is an independent international professional services firm, providing, among other things, bankruptcy, insolvency and restructuring services. The senior A&M professional personnel with carriage of this matter include experienced insolvency and restructuring practitioners who are Chartered Professional Accountants (Chartered Accountants), Chartered Insolvency and Restructuring Professionals, and Licensed Insolvency Trustees, and who have previously acted in CCAA matters of a similar nature and complexity in Canada.
- 3.3 The Proposed Monitor has retained Goodmans LLP (“**Goodmans**”) to act as its independent legal counsel.
- 3.4 A&M has consented to act as Monitor of the Nordstrom Canada Entities should the Court grant the Applicants’ request to commence the CCAA Proceedings.

4.0 BACKGROUND INFORMATION

General

- 4.1 This Report should be read in conjunction with the Affidavit of Misti Heckel, President of Nordstrom Canada, President and Treasurer of Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC, and Vice President – Tax of Nordstrom US, sworn March 1, 2023 (the “**Heckel Affidavit**”). The Heckel Affidavit extensively describes the Nordstrom Canada Entities’ corporate structure, business, operations, and financial performance and position. Certain key points are summarized below.
- 4.2 Nordstrom US, the indirect and ultimate parent company of the Nordstrom Canada Entities, is a leading United States-based retailer headquartered in Seattle, Washington. Nordstrom

US is publicly traded on the New York Stock Exchange under the ticker “JWN”. The Nordstrom Group operates 358 stores in the United States and Canada, primarily under the Nordstrom and Nordstrom Rack banners. The Nordstrom Group also operates the Nordstrom.ca website in Canada for online orders, and separate websites for the Nordstrom and Nordstrom Rack banners in the US. The Nordstrom Group reported net consolidated sales of approximately USD\$14.4 billion during the fiscal year ended January 29, 2022 (FY2021) and USD\$10.9 billion through the three quarters ended October 29, 2022 (FY2022).

- 4.3 The Nordstrom Group entered the Canadian marketplace in September 2014 with the opening of its first full-line store and continued to add full-line and Nordstrom Rack stores through 2019. The Nordstrom Canada Entities currently operate six full-line stores (four in Ontario, one in Alberta and one in British Columbia) and seven Nordstrom Rack stores (four in Ontario, two in Alberta and one in British Columbia). The Nordstrom Canada Entities currently employ approximately 2,330 employees. There is no union representation of any of the employees of the Nordstrom Canada Entities.
- 4.4 All of the 13 retail stores operated in Canada are leased from third-party property owners pursuant to lease agreements entered into by Canada Leasing LP (the “**Leases**”), which Canada Leasing LP subleases to Nordstrom Canada by a separate sublease in accordance with the applicable Lease.
- 4.5 The Proposed Monitor understands that the obligations of the tenant under the Leases governing Nordstrom Canada’s six full-line stores are subject to an indemnity provided by Nordstrom US in favour of the applicable landlord (the “**Lease Indemnities**”). The

Proposed Monitor understands from Nordstrom Canada that four indemnities previously granted by Nordstrom US in respect of Leases for Nordstrom Rack stores have been released in accordance with their terms, and accordingly none of the Leases for the seven Nordstrom Rack stores in Canada is guaranteed or indemnified by Nordstrom US.

4.6 The Nordstrom Canada Entities have generated negative cash flows and losses during each year of operation since entering the Canadian market, excluding financial support from Nordstrom US. The Nordstrom Canada Entities have only been able to sustain operations over the past eight years because of the significant financial and operational support of Nordstrom US. Since 2014, Nordstrom US has absorbed most of the Nordstrom Canada Entities' cumulative losses through intercompany payments under its Transfer Pricing Policy (as defined below). The Heckel Affidavit indicates that Nordstrom US and its United States-based affiliates (other than NCH and NCHII (each as defined below)) have provided the Nordstrom Canada Entities with approximately USD\$775 million in funding (net of distributions received from the Nordstrom Canada Entities) through various means since the inception of the Nordstrom Canada Entities.

4.7 The impact of high operating costs, stagnant sales growth, unfavourable exchange rates, the effects of the COVID-19 pandemic and lack of brand awareness have contributed to the overall poor financial performance of the Nordstrom Canada Entities' business. During FY2022, the Nordstrom Canada Entities' earnings before interest and taxes, excluding transfer pricing adjustments and payments from Nordstrom US, was approximately negative \$72 million on annual revenue of approximately \$515 million.

- 4.8 As described in the Heckel Affidavit, following a thorough review by Nordstrom US of the Nordstrom Canada Entities' operations and financial performance and potential options to address the persistent financial challenges of the Canadian business, the board of directors of Nordstrom US determined to discontinue the operational and financial support provided by Nordstrom US to the Nordstrom Canada Entities. Without financial support from Nordstrom US, the Nordstrom Canada Entities cannot continue operations or meet their obligations as they become due. Further, without the significant operational support provided by Nordstrom US through shared service agreements, including the licensing of intellectual property, the Nordstrom Canada Entities cannot continue to operate.

Corporate Organization

Nordstrom Canada Retail, Inc.

- 4.9 Nordstrom Canada is the Canadian operating entity of the Nordstrom Group. Nordstrom Canada is a corporation incorporated pursuant to the laws of British Columbia and is an indirect subsidiary of Nordstrom US. Nordstrom Canada serves as the customer retail sales entity for the Nordstrom Group in the Canadian market and is the employer of the employees working in Canada. Nordstrom Canada is a wholly-owned subsidiary of Nordstrom International Limited ("NIL"). NIL is in turn a wholly-owned subsidiary of Nordstrom US.

Nordstrom Canada Holdings, LLC

- 4.10 Nordstrom Canada Holdings, LLC ("NCH") is a US single member limited liability company wholly owned by NIL. The Heckel Affidavit indicates that NCH is a dual-status

company in that it is a disregarded entity in the US, is treated as a corporation in Canada, and files Canadian income tax returns. NCH, as general partner, owns 99.9% of Canada Leasing LP.

Nordstrom Canada Holdings II, LLC

- 4.11 Nordstrom Canada Holdings II, LLC (“**NCHII**”) is a wholly-owned subsidiary of NCH. NCHII is a US single member limited liability company that owns 0.1% of Canada Leasing LP as its limited partner. The Heckel Affidavit indicates that NCHII is a dual status company, meaning it is a disregarded entity in the US, is treated as a corporation in Canada, and files Canadian income tax returns.

Nordstrom Canada Leasing LP

- 4.12 Canada Leasing LP is an Alberta limited partnership. Canada Leasing LP 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 stores, and subleasing retail space to Nordstrom Canada to operate stores. Canada Leasing LP is owned 99.9% and 0.1% by NCH and NCHII, respectively.
- 4.13 A simplified version of the Nordstrom Group’s corporate structure is attached hereto as **Appendix “A”**.

Financial Information

- 4.14 As a publicly-traded company, Nordstrom US files audited consolidated financial statements with the United States Securities and Exchange Commission, which include the

consolidated results of its United States and Canadian operations. A copy of Nordstrom US' audited consolidated financial statements for the year ended January 29, 2022 and the most recent interim financial statements for the nine-months ended October 29, 2022 are attached as exhibits to the Heckel Affidavit. The Nordstrom Canada Entities generate approximately 3% of the Nordstrom Group's consolidated net sales.

- 4.15 The Nordstrom Canada Entities do not prepare stand-alone financial statements for the Canadian operations. Exhibit "K" to the Heckel Affidavit contains an unaudited summarized trial balance reflecting the consolidated financial position of the Nordstrom Canada Entities as at January 28, 2023. For the twelve-month period ended January 28, 2023, the Nordstrom Canada Entities generated a net loss of approximately \$95.1 million and EBITDA of approximately negative \$34.6 million, before internal transfer pricing adjustments of approximately \$100.9 million in favour of the Nordstrom Canada Entities.
- 4.16 Until termination on March 1, 2023 of the inter-affiliate license and services agreement effective as of February 3, 2019, between Nordstrom US and Nordstrom Canada (the "**License and Services Agreement**"), operational funding for Nordstrom Canada was provided by Nordstrom US through transfer pricing arrangements and payments prescribed by the License and Services Agreement. The transfer pricing payments were set such that Nordstrom Canada and Nordstrom US each agreed to pay the other the US dollar amount necessary such that Nordstrom Canada realized an arm's length rate of return of 4.5% to 6.5% of operating income (the "**Transfer Pricing Policy**").
- 4.17 For the twelve-months ended January 28, 2023, transfer pricing adjustments payable by Nordstrom US to Nordstrom Canada of approximately \$100.9 million have been recorded

by Nordstrom Canada pursuant to the License and Services Agreement. Approximately \$74 million of the FY2022 transfer pricing adjustment (USD\$55 million) has not been cash settled and is currently recorded as an intercompany receivable of Nordstrom Canada due from Nordstrom US.

- 4.18 As of January 28, 2023, the Nordstrom Canada Entities had total net assets with a book value of approximately \$501 million and total liabilities with a net book value of approximately \$561 million.

Shared Services

- 4.19 The Nordstrom Canada Entities do not operate from a stand-alone Canadian headquarters; substantially all corporate functions required to manage and support the Nordstrom Canada Entities are provided by Nordstrom US, primarily from its headquarters in Seattle. Substantially all of the Nordstrom Canada Entities' information technology, site selection, construction management, operations, strategy, property maintenance, merchandising, logistics, marketing, treasury, banking, finance, legal, accounting and tax, bill processing, human resources and payroll functions are provided by Nordstrom US (collectively, the “**Shared Services**”). As noted above, the Nordstrom Canada Entities would be unable to operate without the Shared Services.

Employees

- 4.20 The following table summarizes the approximate number of employees at each of the locations operated by the Nordstrom Canada Entities:

Province	Store	Type	Full Time	Part Time	Total
Ontario	Yorkdale	Full Line	284	64	348
	Eaton Centre	Full Line	278	57	335
	Sherway	Full Line	156	74	230
	Rideau Centre	Full Line	180	56	236
	One Bloor	Rack	37	23	60
	Vaughan	Rack	29	22	51
	Ottawa Train Yards	Rack	22	16	38
	Heartland	Rack	22	12	34
	Toronto DC	Other	2	-	2
Subtotal Ontario			1,010	324	1,334
Alberta	Chinook Centre	Full Line	225	38	263
	Deerfoot Meadows	Rack	39	9	48
	Edmonton Commons	Rack	26	19	45
Subtotal Alberta			290	66	356
British Columbia	Pacific Centre	Full Line	498	98	596
	Willowbrook	Rack	31	16	47
Subtotal British Columbia			529	114	643
Total			1,829	504	2,333

- 4.21 The employee summary above includes approximately 50 non-store supervisory, information technology and human resources employees who are grouped into the nearest store location for presentation purposes.
- 4.22 Nordstrom Canada sponsors a group registered retirement savings plan issued by Canada Life Assurance Company and a deferred profit-sharing plan administered by Investors Group Trust Co. Ltd. for eligible employees. Nordstrom Canada also sponsors a full suite of group health and welfare benefits for eligible employees. The Nordstrom Canada Entities do not have any registered pension plans.
- 4.23 Nordstrom US manages payroll functions on behalf of Nordstrom Canada, including payroll processing and the collection and remittance of related source deductions.

Merchandising, Sourcing and Distribution

- 4.24 The sourcing and purchasing of goods sold by Nordstrom Canada is conducted from the Nordstrom Group's head office in Seattle by the merchandise buying and corporate procurement groups. Nordstrom Canada purchases its merchandise from a number of North American and international suppliers. In addition to sourcing merchandise from vendors, certain Nordstrom Canada stores carry brand-name merchandise sold by concession vendors, many of which are in designated areas within the full-line stores. Nordstrom Canada also sells Nordstrom private-label merchandise in stores and online that is sourced through Nordstrom US (in the name and at the cost of Nordstrom Canada) and is primarily imported from outside North America.
- 4.25 Merchandise sold by Nordstrom Canada is sourced in two primary ways:
- (a) approximately 60% of merchandise is purchased by Nordstrom Canada from vendors that are responsible for the transportation and delivery of the merchandise to Nordstrom Canada, including payment of customs duties and taxes. These goods are delivered to Nordstrom Canada's third-party distribution centre located in Etobicoke, Ontario (the "**Distribution Centre**"), and then shipped to stores; and
 - (b) approximately 40% of merchandise is purchased by Nordstrom Canada from vendors where Nordstrom Canada is responsible for transportation and logistics. Nordstrom Canada hires a carrier to transport the goods from a vendor location to the Distribution Centre and manages related customs duties and taxes.

- 4.26 Approximately 60% to 70% of the merchandise sold by Nordstrom Canada is imported into Canada from the US (irrespective of where the merchandise is manufactured). The remaining merchandise is sourced from within Canada or other international markets.
- 4.27 Commitments to suppliers are generally made three (3) to nine (9) months in advance through a purchase order (“**PO**”). The POs are then usually sent to the suppliers 45 days in advance of pre-determined shipment windows.
- 4.28 A significant amount of Nordstrom Canada’s merchandise is purchased in United States Dollars (“**USD**”). Unfavourable exchange rate fluctuations between CAD and USD currencies have contributed to the financial losses experienced by Nordstrom Canada.

Distribution Centre

- 4.29 The Distribution Centre located in Etobicoke, Ontario is managed by a third-party, National Logistics Services (2006) Inc. (“**NLS**”), pursuant to a master warehousing and distribution agreement effective October 28, 2013. NLS is responsible for all services required to operate the Distribution Centre, including receiving in-bound inventory and shipping out-bound inventory to Nordstrom Canada’s stores. The staff that work at the Distribution Centre are employees of NLS, with the exception of two Nordstrom Canada employees who provide coordination and oversight.

5.0 PROPOSED ORDERLY WIND-DOWN

- 5.1 The Nordstrom Canada Entities intend to undertake an orderly wind-down of their business and closure of all of their Canadian stores (the “**Orderly Wind-Down**”) during the CCAA

Proceedings. Key aspects of the Orderly Wind-Down include the following, subject to the approval of this Court:

- (a) the establishment of a key employee retention plan (the “**KERP**”) to facilitate and encourage the continued participation of certain key active employees during the Orderly Wind-Down and CCAA Proceedings. It is intended that Court approval of the proposed KERP will be sought at the comeback hearing;
- (b) the authorization (but not the requirement) to pay, with the consent of the Monitor, amounts for goods or services supplied to the Nordstrom Canada Entities prior to the date of the Initial Order by: (i) logistics and supply chain providers (including amounts payable in respect of customs and duties for goods); (ii) providers of technology services; (iii) providers of payment services; and (iv) other third-party suppliers or service providers (up to a maximum aggregate amount of \$1 million as part of the Initial Order, and to which an increase to \$1.5 million will be sought at the comeback hearing) that are critical to the Orderly Wind-Down;
- (c) the authorization (but not the requirement) to honour customer obligations arising before or after the date of the Initial Order, including in respect of gift cards, Nordstrom Notes, customer deposits and rebates, refunds and discounts;
- (d) the authorization for the Nordstrom Canada Entities, in consultation with the Monitor, to engage in discussions with and solicit proposals and agreements from third-party agents in respect of the liquidation of the inventory, furniture, fixtures and equipment of the Nordstrom Canada Entities (the “**Realization Process**”). It is intended that the Nordstrom Canada Entities will return to Court to seek approval

of the Realization Process and an agreement with a third-party agent in respect of same;

- (e) the authorization for the Nordstrom Canada Entities, in consultation with the Monitor and with the assistance of any real estate advisor or other assistants as may be desirable, to pursue all avenues and offers for the sale, transfer or assignment of the Leases to third parties, in whole or in part, subject to Court approval of any such sale, transfer or assignment; and
- (f) at such future time as the Nordstrom Canada Entities may deem appropriate: (i) the implementation of a claims process for purposes of determining creditor claims against the Nordstrom Canada Entities; and (ii) the filing with the Court of a plan of compromise or arrangement (a “**Plan**”).

5.2 In connection with the Orderly Wind-Down, Nordstrom US has agreed to fund the Employee Trust to provide eligible employees with a measure of financial security during the Orderly Wind-Down, accelerate in part the payment of statutory termination and severance amounts to such eligible employees, and facilitate the continued participation of such employees during the Orderly Wind-Down.

6.0 STAYS OF PROCEEDINGS

6.1 In addition to a stay of proceedings in favour of the Applicants, the Applicants are seeking the following additional stays of proceedings in the proposed Initial Order:

- (a) a stay of proceedings against Canada Leasing LP;

- (b) a stay of the exercise of any rights or remedies by third-party tenants of commercial properties in which the Nordstrom Canada Entities operate a store (the “**Co-Tenant Stay**”); and
- (c) a stay of proceedings against Nordstrom US and its direct and indirect subsidiaries (other than the Nordstrom Canada Entities) in respect of obligations that are derivative of the primary liability of or related to the Nordstrom Canada Entities (the “**Parent Stay**”).

Extension of the Stay to Canada Leasing LP

- 6.2 The Applicants are requesting that the stay of proceedings, and the benefits of the protections and authorizations provided by the Initial Order, be extended to Canada Leasing LP. As a limited partnership, Canada Leasing LP is not a “debtor company” pursuant to the CCAA.
- 6.3 Canada Leasing LP is closely intertwined with the operations of the Applicants. As referenced above, Canada Leasing LP is the Canadian leasing entity and is party to each of the Leases, which are subleased by Canada Leasing LP to Nordstrom Canada. Canada Leasing LP also provided capital for store construction and remodelling activities for the Canadian business.

Co-Tenant Stay

- 6.4 Many retail leases provide that tenants have certain rights against their landlords upon an anchor tenant’s insolvency or upon an anchor tenant ceasing operations. To assist the landlords under the Leases in dealing with the effects of the proposed Orderly Wind-Down,

the Applicants are requesting to stay rights that tenants or occupants may have against the owners, operators, managers and landlords of the commercial properties where Nordstrom Canada's stores are located that arise as a result of the declarations of insolvency by the Nordstrom Canada Entities, the granting of the Initial Order, or any actions taken by the Nordstrom Canada Entities pursuant to the Initial Order.

Parent Stay

- 6.5 The Applicants are requesting, subject to certain exceptions regarding the Cash Management System, a stay of any proceedings against or in respect of Nordstrom US and its direct and indirect subsidiaries arising out of or in connection with any obligation that is derivative of the primary liability of or related to the Nordstrom Canada Entities.
- 6.6 Among other things, the Parent Stay would affect contractual counterparties with contracts or purchase orders involving Nordstrom Canada merchandise and concession operations entered into or issued by Nordstrom US on behalf of, or jointly with, Nordstrom Canada.
- 6.7 As described above, the Lease Indemnities relate to six Leases for premises at which Nordstrom Canada operates its full-line stores. The Parent Stay would also have the effect of staying the exercise of rights or remedies by the applicable landlords against Nordstrom US under the Lease Indemnities, in order to preserve the status quo and provide time to engage in good faith discussions with the landlords.
- 6.8 While any enforcement actions in respect of the Lease Indemnities would be stayed pursuant to the proposed Initial Order, the proposed Initial Order provides 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 in any CCAA Plan or BIA proposal filed by the Nordstrom Canada Entities.

6.9 The Proposed Monitor is of the view that the stays of proceedings sought by the Applicants in the proposed Initial Order, including the extension of the stay to Canada Leasing LP and the Co-Tenant Stay and the Parent Stay, are appropriate in the circumstances of this case to enable the Nordstrom Canada Entities to proceed with an Orderly Wind-Down. The Proposed Monitor notes the following:

- (a) a stay of proceedings in favour of the Nordstrom Canada Entities will provide the breathing space contemplated by the CCAA and enable the Applicants to undertake the Orderly Wind-Down in a controlled manner that maximizes value for all stakeholders;
- (b) the operations of Canada Leasing LP and Nordstrom Canada are closely intertwined since Canada Leasing LP leases each of the Canadian store premises from third parties and subleases the premises to Nordstrom Canada. The extension of the stay of proceedings to Canada Leasing LP is necessary to prevent enforcement actions against Canada Leasing LP that could impair the ability of the Nordstrom Canada Entities to maximize value through the Realization Process and to undertake the Orderly Wind-Down;
- (c) the Co-Tenant Stay will preserve the status quo among all parties, provide stability for the Nordstrom Canada Entities and their landlords while they are engaged in discussions with respect to the Orderly Wind-Down, and prevent actions by third

parties that could impair value and lead to claims against the Nordstrom Canada Entities' estates;

- (d) the Parent Stay will prevent a multitude of potential proceedings being commenced in several different jurisdictions against Nordstrom US during this initial period. The Parent Stay will stay derivative claims against Nordstrom US or its affiliated entities that would require the participation of the Nordstrom Canada Entities and the time and resources of senior management. The Parent Stay will therefore enable the Nordstrom Canada Entities to focus their efforts on the Orderly Wind-Down, which must occur on an expedited timeline in order to maximize value and creditor recoveries;
- (e) the stay of actions relating to the Lease Indemnities arising as a consequence of the Parent Stay will enable the Nordstrom Canada Entities and the landlords to focus their immediate attention on the conduct of the Orderly Wind-Down;
- (f) any prejudice to landlords arising from the temporary stay of the Lease Indemnities is mitigated by the provision in the Initial Order providing that the Lease Indemnities will not be compromised or released under a CCAA Plan or BIA proposal;
- (g) at the comeback hearing, the Applicants intend to request a continuation of the Parent Stay for a period beyond the initial 10-day stay period, which is subject to approval by the Court at that time; and

- (h) this Court has exercised its jurisdiction in other complex CCAA proceedings, where circumstances warranted, to grant stays of proceedings similar to those sought in the proposed Initial Order.

7.0 CREDIT FACILITY

7.1 Nordstrom US, as borrower, the Lenders party thereto, and Wells Fargo Bank, National Association, as Agent, Swing Line Lender and L/C Issuer are parties to a revolving credit agreement dated May 6, 2022 (the “**Credit Agreement**”)¹ under which the Lenders have made available to Nordstrom US a revolving USD\$800 million credit facility (the “**Credit Facility**”). The Proposed Monitor understands that there are no obligations outstanding under the Credit Agreement at this time.

7.2 Until very recently, Nordstrom Canada was a loan party and guarantor of the Credit Facility. On May 6, 2022, Nordstrom Canada entered into: (a) a guaranty agreement pursuant to which Nordstrom Canada guaranteed the obligations under the Credit Facility (the “**Guaranty Agreement**”); and (b) a Canadian security agreement pursuant to which Nordstrom Canada granted the Agent a continuing security interest in all of its present and after-acquired assets and property as security for the obligations under the Credit Facility (the “**Canadian Security Agreement**”).

¹ Capitalized terms used but not defined in this section have the meanings given to such terms in the Credit Agreement. A copy of the Credit Agreement (without exhibits) is attached as Exhibit “L” to the Heckel Affidavit.

- 7.3 The Proposed Monitor understands that, until the recent amendment of the Credit Agreement, the commencement of CCAA proceedings by Nordstrom Canada would have constituted an event of default under the Credit Agreement.
- 7.4 Pursuant to a First Amendment to Revolving Credit Agreement dated and effective as of March 1, 2023 (the “**Credit Agreement Amendment**”), Wells Fargo and the other secured parties to the Credit Agreement amended the Credit Agreement to, among other things: (i) remove Nordstrom Canada as a Loan Party thereunder; (ii) irrevocably release Nordstrom Canada from its guaranty provided pursuant to the Guaranty Agreement; (iii) irrevocably release and discharge the security interest granted by Nordstrom Canada to the Agent pursuant to the Canadian Security Agreement; (iv) remove each of the Nordstrom Canada Entities from the definitions of Subsidiary and Affiliate, except in limited circumstances; and (v) otherwise amend the Loan Documents to ensure that the proposed Orderly Wind-Down and any acts taken by Nordstrom US under agreements related to the Orderly Wind-Down, including with respect to the Employee Trust or any potential debtor in possession (“**DIP**”) financing provided to the Nordstrom Canada Entities, do not create a Default or Event of Default under the Loan Documents.
- 7.5 On February 24, 2022, Goodmans, in its capacity as counsel to the Proposed Monitor, conducted searches in respect of Nordstrom Canada and Canada Leasing LP under the *Personal Property Security Act* (Ontario) (the “**Ontario PPSA**”), the *Personal Property Security Act* (Alberta) (the “**Alberta PPSA**”) and the *Personal Property Security Act* (British Columbia) (the “**B.C. PPSA**”). The results of these searches are as follows:

- (a) with the exception of registrations in favour of the Agent which are to be discharged pursuant to the Credit Agreement Amendment, the searches: (i) did not disclose any registrations in respect of Nordstrom Canada under the Ontario PPSA or the Alberta PPSA; and (ii) disclosed six registrations in respect of Nordstrom Canada under the B.C. PPSA, consisting of (A) five registrations in favour of EMKAY Canada Leasing Corporation relating to VIN-listed motor vehicles, and (B) one registration in favour of Golden Goose S.P.A. in respect of all goods delivered by Golden Goose S.P.A. to Nordstrom Canada on consignment pursuant to a services agreement; and
- (b) the searches did not disclose any registrations against Canada Leasing LP under the Ontario PPSA, the Alberta PPSA or the B.C. PPSA.

8.0 CASH MANAGEMENT SYSTEM

- 8.1 The Nordstrom Canada Entities maintain a centralized Cash Management System, which is administered by Nordstrom US from its headquarters in Seattle, to collect, transfer and disburse funds generated by the operations of Nordstrom Canada.
- 8.2 The Nordstrom Canada Entities are dependent upon Nordstrom US for treasury, banking and related services that were provided pursuant to the License and Services Agreement with Nordstrom US and, going forward, will be provided pursuant to the Wind-Down Agreement (as described below).
- 8.3 The Nordstrom Canada Entities have 13 active bank accounts. Nordstrom Canada has seven accounts; Canadian Leasing LP has four accounts; NCH has one account; and NCHII

has one account. Ten bank accounts are maintained at the Bank of Nova Scotia (“**Scotiabank**”), two at Wells Fargo, and one at Toronto-Dominion Bank. Store receipts are deposited into the depository account at Scotiabank and debit and credit card receipts are deposited daily into the main Nordstrom Canada cash account at Scotiabank.

8.4 The Nordstrom Canada Entities maintain six bank accounts that process all outgoing wires, Automatic Clearing House and cheque payments for disbursements to landlords, vendors and employees, tax payments, and payments to Nordstrom US for intercompany charges. These accounts are funded by the main cash account in each respective Canadian entity. In addition, the Nordstrom Canada Entities hold nominal cash to ensure sufficient cash float at the stores. Excess cash is deposited into the Nordstrom Canada Entities’ main cash account as needed, which is typically twice a week.

8.5 The Nordstrom Canada Entities utilize corporate credit cards for travel, store and other miscellaneous expenses and are responsible for the related payments. The Nordstrom Canada Entities estimate that, on average, approximately \$300,000 is charged monthly to the Canadian credit cards. The obligations of the Nordstrom Canada Entities under these credit cards have been guaranteed by Nordstrom US pursuant to a guaranty made and entered into by Nordstrom US in favour of U.S. Bank National Association dated June 17, 2022.

8.6 The Nordstrom Canada Entities have advised the Proposed Monitor that the Cash Management System is critical to the Orderly Wind-Down and, accordingly, are seeking to continue to operate the Cash Management System during the CCAA Proceedings. The

providers of the Cash Management System will be unaffected under the Initial Order. The Proposed Monitor supports this request.

9.0 INTERCOMPANY ARRANGEMENTS AND AGREEMENTS

Intercompany Agreements

- 9.1 Prior to its recent termination, Nordstrom US and Nordstrom Canada were parties to the License and Services Agreement, a copy of which is attached to the Heckel Affidavit. Under the License and Services Agreement, Nordstrom US, among other things: (a) provided certain services to Nordstrom Canada in support of Nordstrom Canada's retail business operations; and (b) granted to Nordstrom Canada a non-exclusive, non-transferable license to use the Intellectual Property (as defined in the License and Services Agreement) owned or licensed by Nordstrom US. The License and Services Agreement also set the Transfer Pricing Policy.
- 9.2 Prior to their recent termination, Nordstrom US also had separate services agreements with each of Canada Leasing LP, NCH, and NCHII (collectively with the License and Services Agreement, the "**Intercompany Agreements**").
- 9.3 As described in the Heckel Affidavit, on March 1, 2023, Nordstrom US issued a written notice of termination to the Nordstrom Canada Entities advising that the Intercompany Agreements would terminate at the end of the prescribed 30-day notice period in accordance with the terms of the Intercompany Agreements.
- 9.4 Nordstrom Canada and Canada Leasing LP are parties to an inter-affiliate services agreement dated as of December 10, 2014 under which Canada Leasing LP provides

property management services to Nordstrom Canada, and Nordstrom Canada provides payroll, finance and accounting services to Canada Leasing LP through its shared services arrangements with Nordstrom US. The Wind-Down Agreement provides for the continuation of this agreement.

Wind-Down Agreement

- 9.5 In connection with the termination of the Intercompany Agreements, Nordstrom US and the Nordstrom Canada Entities entered into a Wind-Down Agreement dated and effective as of March 1, 2023 (the “**Wind-Down Agreement**”). Under the Wind-Down Agreement, the Nordstrom Canada Entities agreed to waive the 30-day notice termination period and consented to the immediate termination of the Intercompany Agreements. In consideration for such waiver, Nordstrom US agreed pursuant to the Wind-Down Agreement to: (a) provide the Services (as defined in the Wind-Down Agreement) during the Orderly Wind-Down; and (b) grant Nordstrom Canada a limited and temporary non-exclusive, non-transferable license and sublicense to use the Intellectual Property for purposes of the Orderly Wind-Down (including use by a liquidator).
- 9.6 The Wind-Down Agreement provides for the continuation of services that the Nordstrom Canada Entities anticipate requiring during the Orderly Wind-Down, including accounting and finance, cash management, communications and public relations, human resources and payroll, information technology, customer service, office administration, real estate, store management, treasury, internal audit, tax compliance, international administration, risk management and legal, merchandising and procurement, loss prevention, insurance, asset protection services and other ad hoc consulting requests. In addition, Nordstrom US has

also agreed under the Wind-Down Agreement to provide such other services as may be agreed by Nordstrom US and Nordstrom Canada with the consent of the Proposed Monitor. Nordstrom Canada also provides certain shared services to Nordstrom US, including human resources, information technology, and communications which will also continue under the Wind-Down Agreement.

- 9.7 The Wind-Down Agreement is to continue until the earlier of: (a) the date on which the stay pursuant to the Initial Order in favour of the Nordstrom Canada Entities expires without being extended; (b) the date on which the CCAA Proceedings are terminated; and (c) the date on which the Wind-Down Agreement is terminated in accordance with its terms; provided that Nordstrom US and the Nordstrom Canada Entities, in consultation with the Monitor, may agree to a later date of termination of the Wind-Down Agreement.
- 9.8 Under the Wind-Down Agreement, Nordstrom Canada, on behalf of the Nordstrom Canada Entities, will pay Nordstrom US, on a monthly basis, an arm's length fee as agreed between the parties from time to time with the consent of the Monitor. It is anticipated that the monthly fee will be reduced over the course of the CCAA Proceedings to reflect reductions in the level of support required by the Nordstrom Canada Entities as the Orderly Wind-Down progresses. The monthly fee payable by Nordstrom Canada will be net of the arm's length fee payable by Nordstrom US to Nordstrom Canada, on behalf of the Nordstrom Canada Entities, in respect of any services provided by employees of the Nordstrom Canada Entities to Nordstrom US pursuant to the Wind-Down Agreement, which are not expected to be material.

9.9 Schedule B to the Wind-Down Agreement sets out the estimated aggregate monthly fee over the period of the Wind-Down Agreement, which fee is subject to adjustment with the consent of the Monitor based on the actual level of services required during any particular period. The Nordstrom Canada Entities project the monthly fee for the first full month after the commencement of the CCAA proceedings to be approximately \$2.3 million. Based on its review of the scope of Services to be provided by Nordstrom US under the Wind-Down Agreement and its review of the historic fees paid by Nordstrom Canada to Nordstrom US for the provision of similar services, the Proposed Monitor believes that the estimated monthly fees set out on Schedule B to the Wind-Down Agreement are reasonable in the circumstances.

9.10 Pursuant to the Wind-Down Agreement, Nordstrom US has also agreed to make available to the Nordstrom Canada Entities in the CCAA Proceedings a standby DIP credit facility of up to \$15 million, on reasonable terms, upon the written request of the Nordstrom Canada Entities in consultation with the Monitor. As described below, the Cash Flow Forecast indicates that the Nordstrom Canada Entities will have a cash balance of approximately \$36 million at the outset of the CCAA Proceedings and will be cash flow positive over the Cash Flow Period (as defined below). Accordingly, the Nordstrom Canada Entities do not anticipate requiring any DIP financing during the Cash Flow Period and are not seeking approval of any DIP financing at this stage.

10.0 CASH FLOW FORECAST

10.1 The Nordstrom Canada Entities, with the assistance of the Proposed Monitor, have prepared a weekly cash flow forecast (the “**Cash Flow Forecast**”) for the 13-week period

from February 26 to May 27, 2023 (the “**Cash Flow Period**”). A copy of the Cash Flow Forecast, together with a summary of assumptions (the “**Cash Flow Assumptions**”) and Management’s report on the cash flow statement required by section 10(2)(b) of the CCAA, are attached hereto as **Appendices “B” and “C”**, respectively.

- 10.2 As summarized in the table below, during the Cash Flow Period, the Cash Flow Forecast shows positive net cash flow of approximately \$41.6 million.

<i>Cash Flow Forecast</i>	<i>000s CAD</i>
Receipts	114,794
Disbursements	
Salaries and Benefits	(29,114)
Occupancy Costs	(14,513)
Sales Tax Remittances	(8,391)
Logistics, Transportation and Customs	(8,529)
Shared Service Payments - Intercompany	(3,900)
Professional Fees	(6,051)
Liquidation Costs	(2,722)
Total Disbursements	(73,221)
Net Cash Flow	41,573
Opening Cash Balance	35,959
Net Cash Flow	41,573
Closing Cash Balance	77,532

- 10.3 The Cash Flow Forecast indicates that the Nordstrom Canada Entities are expected to have an opening consolidated cash position of approximately \$36 million after adjusting for March rents and other amounts scheduled to be paid in the ordinary course prior to the commencement of the CCAA Proceedings.

10.4 The Proposed Monitor notes the following with respect to the Cash Flow Forecast:

Forecast Receipts

- (a) Receipts reflect forecast receipts from near-term sales taking into consideration the forecast commencement date of the store closing sales. Assumptions with respect to forecast receipts from the Realization Process will be updated based on input from the liquidator, once selected and an agreement is finalized;

Forecast Disbursements

- (b) Salaries and Benefits includes payroll, benefits and taxes for all employees of Nordstrom Canada. Payroll estimates have been adjusted to reflect projected store closures towards the latter part of the Cash Flow Period;
- (c) Occupancy costs include payments required to operate the stores during the Orderly Wind-Down, including rents, utilities, security, cleaning, credit card processing and general supplies. Store rent for March 2023 was paid prior to the commencement of the CCAA Proceedings. Store rent for April 2023 and future months is forecast to be paid in equal instalments on the 1st and 15th of each month, in accordance with the proposed Initial Order, while the applicable Lease remains in effect. After the commencement of the CCAA proceedings, Nordstrom Canada intends to make the basic rent payments to Canada Leasing LP under the subleases that are then paid to the third-party landlords under the Leases. Nordstrom Canada does not intend to make the intercompany rent payments in respect of the Premises Fixturing Costs (as defined in the Heckel Affidavit). The proposed Initial Order includes a reservation of rights with respect to claims relating to Premises Fixturing Costs;

- (d) Sales Tax Remittances reflect sales taxes collected less sales taxes paid, to be remitted monthly;
- (e) Shared Service Payments are forecasted to be \$2.3 million for the month ended March 31, 2023 and then decrease in accordance with projected requirements as the Orderly Wind-Down progresses;
- (f) Professional Fees include the fees of the Nordstrom Canada Entities' Canadian legal counsel, legal counsel to the directors and officers of the Nordstrom Canada Entities, the Monitor, the Monitor's counsel, and Employee Representative Counsel; and
- (g) Liquidation Costs include fees and costs payable to the third-party liquidator, which are forecast as a percentage of sales receipts during the Realization Process. Assumptions related to these fees and costs will be updated based on input from the liquidator, once selected and an agreement is finalized.

10.5 Based on the Cash Flow Forecast and the current cash balance of the Nordstrom Canada Entities, the Monitor believes that the Nordstrom Canada Entities will have sufficient liquidity throughout the Cash Flow Period without the need for any DIP financing.

10.6 The Proposed Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed Monitor by section 23(1)(b) of the CCAA. Section 23(1)(b) requires a Monitor to review the cash flow statement as to its reasonableness and to file a report with the Court on the Monitor's findings. Pursuant to this standard, the Proposed Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and

discussions related to information supplied to it by certain members of management. The Proposed Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow Assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast.

10.7 Based on the Proposed Monitor's review, nothing has come to its attention that causes it to believe, in all material respects that:

- (a) the Cash Flow Assumptions are not consistent with the purpose of the Cash Flow Forecast;
- (b) as at the date of this Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of the Nordstrom Canada Entities or do not provide a reasonable basis for the Cash Flow Forecast, given the Cash Flow Assumptions; or
- (c) the Cash Flow Forecast does not reflect the Cash Flow Assumptions.

10.8 The Cash Flow Forecast has been prepared solely for the purpose and subject to the assumptions described above, and readers are cautioned that it may not be appropriate for other purposes.

11.0 PROPOSED EMPLOYEE TRUST

11.1 In order to provide eligible employees with a measure of financial security during the Orderly Wind-Down process and to accelerate in part the payment of statutory termination and severance amounts, the Nordstrom Canada Entities are seeking approval of: (a) a

proposed employee trust agreement (the “**Employee Trust Agreement**”) pursuant to which Nordstrom US will fund the Employee Trust for the benefit of eligible employees of Nordstrom Canada; (b) the appointment of Gale Rubenstein in her personal capacity as Trustee of the Employee Trust; and (c) the appointment of the Monitor as administrator of the Employee Trust (in such capacity, the “**Administrator**”).²

11.2 Nordstrom US is to be the settlor of the Employee Trust and will provide all funds required for payment under the Employee Trust, subject to the conditions of the Employee Trust Agreement. Subject to the approval of the Court, Nordstrom US will provide an initial contribution of \$14 million, followed by additional contributions to fund Eligible Employee Claims as requested by the Administrator and Trustee, up to a total maximum contribution of \$25 million (the “**Maximum Required Trust Contribution**”). If the Administrator considers there are excess funds, the Trustee, on the direction of the Administrator, may refund such excess to Nordstrom US. The Employee Trust will bear the costs of its establishment and administration, including the fees and expenses of the Administrator and the Trustee. No funds from any of the Nordstrom Canada Entities will be used to fund the Employee Trust.

11.3 Prior to each bi-weekly pay period, Nordstrom Canada and the Administrator will calculate the aggregate Eligible Employee Claims for such pay period. The aggregate amount of such Eligible Employee Claims, subject to a reconciliation in respect of prior pay periods, will be paid by the Employee Trust to Nordstrom Canada for payment to eligible

² Capitalized terms used but not defined in this section have the meanings given to such terms in the Employee Trust Agreement. A copy of the Employee Trust Agreement is attached as Exhibit “T” to the Heckel Affidavit.

employees (less required withholdings and deductions) pursuant to Nordstrom Canada's existing payroll system.

11.4 The Eligible Employee Claims will be determined by the formula A minus B, where:

- (a) A is such eligible Employee's statutory minimum termination entitlement under applicable employment standards legislation; and
- (b) B is all amounts earned by such Eligible Employee up to their Regular Wages for a Regular Work Week in respect of actual post-filing services provided following the effective date of notice of termination.

11.5 Each of the following persons will be Eligible Employees pursuant to the Employee Trust Agreement and hence eligible to receive payments from the Employee Trust:

- (a) each 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;
- (b) each inactive Nordstrom Canada Employee on approved disability leave, statutory leave or authorized personal and education 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 during the CCAA Proceedings; and

- (c) each such other inactive Nordstrom Canada Employee on authorized leave of absence that Nordstrom Canada and the Monitor may expressly agree.
- 11.6 Nordstrom Canada employees who voluntarily resign or abandon their employment prior to their effective date of termination, whether or not such individual has received notice of termination at the time of such resignation and/or abandonment, are not eligible to receive payments funded by the Employee Trust.
- 11.7 In its capacity as Administrator of the Employee Trust, the Monitor's primary role is to determine, in consultation with Nordstrom Canada, the amounts Eligible Employees are entitled to under the Employee Trust and to authorize, jointly with the Trustee, payments from the Employee Trust to Nordstrom Canada for distribution to the Eligible Employees.
- 11.8 The Employee Trust was developed by Nordstrom Canada and Nordstrom US and their respective counsel in consultation with the Proposed Monitor and its counsel. The terms of the Employee Trust have also been reviewed by, and reflect feedback from, proposed Employee Representative Counsel and the Trustee.
- 11.9 The Proposed Monitor has been provided with employee data and has considered various scenarios in which the Orderly Wind-Down process may take place. Based on the data provided and its analysis, the Proposed Monitor believes the Maximum Required Trust Contribution will be sufficient to meet all Eligible Employee Trust Claims. The Administrator and Trustee will keep Employee Representative Counsel informed of the status of funding and will report to this Court on the status of the Employee Trust on a regular basis.

11.10 The Employee Trust Agreement and the proposed Initial Order contain “Deemed Release Terms” pursuant to which each Eligible Employee will be deemed to release Nordstrom Canada, Nordstrom US and their affiliates, and each of their respective present and former officers, directors, employees, representatives and agents as follows:

- (a) for each Pay Period in which an amount is paid to an Eligible Employee from the Employee Trust, a release in an amount equal to such distribution; and
- (b) a full and final release in respect of an Eligible Employee’s total Eligible Employee Claim effective 60 days after the final payment to such Eligible Employee, provided that the Eligible Employee has not prior to that time provided notice of dispute to the Administrator and Representative Counsel in the manner set out in the proposed Initial Order. An Eligible Employee has 45 days from the date of the final payment to notify the Administrator and Employee Representative Counsel of any dispute with respect to an Eligible Employee Claim.

11.11 The Employee Trust does not cover, and does not release, any damages or claims other than Eligible Employee Claims. Any other claims or potential claims against the Nordstrom Canada Entities will be dealt with through the claims process, once established.

11.12 The terms of the Employee Trust and the proposed Initial Order provide that Nordstrom US will be subrogated to all rights of recovery of the Eligible Employees against Nordstrom Canada in an amount equal to the aggregate gross amounts paid to such Eligible Employees from the Employee Trust.

11.13 The Proposed Monitor supports the creation of the Employee Trust as:

- (a) the Employee Trust will provide a measure of financial security to eligible employees during the Orderly Wind-Down by: (i) paying a top-up to the wages actually earned by such employee during their working notice period to ensure such employee receives their regular wages (as determined by employment standards legislation), even if such employee's hours of work or wages vary or are reduced such that they do not receive such regular wages through actual services performed; and (ii) to the extent not paid during such employee's working notice period, providing to them additional entitlements owing under employment standards legislation at the end of employment, including termination and severance pay if and as required by such legislation;
- (b) the Employee Trust will be funded by Nordstrom US, with a right of subrogation against Nordstrom Canada in respect of amounts paid from the Employee Trust to Eligible Employees;
- (c) the Employee Trust will bear the costs of its establishment and administration, so that such costs do not affect amounts available to creditors generally that may be recoverable out of the Nordstrom Canada Entities' estate;
- (d) since the Employee Trust provides payments on a bi-weekly basis until the end of employment, it will also provide an incentive for employees to continue working during the Orderly Wind-Down;

- (e) proposed Employee Representative Counsel has reviewed and provided feedback on the terms of the Employee Trust; and
- (f) approval of the Employee Trust at the outset of the CCAA Proceedings will provide certainty to employees that the Employee Trust will be in place, enable the Administrator and the Trustee to commence the administrative steps necessary to establish the Employee Trust, and commence the 21-day appeal period that must expire in order for the Trust Conditions to be satisfied.

12.0 APPOINTMENT OF EMPLOYEE REPRESENTATIVE COUNSEL

- 12.1 The Nordstrom Canada Entities are seeking the appointment of Ursel Phillips Fellows Hopkinson LLP (“**Ursel Phillips**”) as representative counsel (“**Employee Representative Counsel**”) to represent the interests of Nordstrom Canada’s employees other than: (i) non-store level employees who will be eligible for a KERP payment; (ii) directors and officers of the Nordstrom Canada Entities; and (iii) the Senior Vice President, Regional Manager for Canada (all such employees other than the excluded employees, the “**Represented Employees**”). Susan Ursel of Ursel Phillips is to be lead counsel. The fees and expenses of Employee Representative Counsel will be funded by the Nordstrom Canada Entities on the terms of a retainer between Employee Representative Counsel and Nordstrom Canada.
- 12.2 The proposed Initial Order provides that Employee Representative Counsel will represent the Represented Employees in the CCAA Proceedings and any related insolvency proceedings in respect of any employment, human rights or other workplace law issues affecting such Represented Employees, including the Employee Trust, the claims process, and the settlement or compromise of any rights, entitlements or claims of the Represented

Employees. The proposed Initial Order provides an opt-out process for any Represented Employee who does not wish to be represented by Employee Representative Counsel.

- 12.3 The proposed Initial Order provides that Employee Representative Counsel will identify up to three (3) individual Represented Employees to be appointed as Court-appointed representatives of the Represented Employees (the “**Employee Representatives**”) who will, upon their appointment, represent and act in the overall best interests of all Represented Employees and advise and instruct Employee Representative Counsel in respect of the CCAA Proceedings. It is intended that Employee Representative Counsel will begin the process of identifying potential Employee Representatives as soon as practicable following her appointment by the Court. Employee Representative Counsel will be establishing a website for informational purposes for the Represented Employees.
- 12.4 The Nordstrom Canada Entities are seeking the appointment of Employee Representative Counsel as part of the Initial Order because of the importance of providing affected employees with the opportunity to have their questions answered and obtain advice from an independent legal advisor from the outset of the CCAA Proceedings.
- 12.5 The Monitor supports the appointment of Employee Representative Counsel and of Ursel Phillips in that role. Employee Representative Counsel will help to reduce costs and streamline the CCAA process by serving as a single point of contact between approximately 2,300 employees, the Nordstrom Canada Entities, the Monitor and the Court. Ursel Phillips is experienced employee representative counsel and has the expertise and resources required.

13.0 KEY EMPLOYEE RETENTION PLAN

- 13.1 In order to facilitate and encourage the continued participation of key active employees during the Orderly Wind-Down process and CCAA Proceedings, the Nordstrom Canada Entities intend to seek approval at the comeback hearing of: (i) a KERP for certain of their employees who are considered by the Nordstrom Canada Entities to be critical to the completion of the Orderly Wind-Down and CCAA Proceedings (the “**KERP Participants**”); and (ii) the creation of a related charge over the assets and property of the Nordstrom Canada Entities (the “**Property**”) to secure the payments due under the KERP (the “**KERP Charge**”).
- 13.2 Under the provisions of the KERP, any payments are conditional upon the KERP Participants continuing to provide services to Nordstrom Canada until such time as they are advised that they are no longer required to assist in the Orderly Wind-Down or other matters in the CCAA Proceedings.
- 13.3 The KERP Participants are categorized as follows
- (a) Non-Store Personnel – includes approximately 37 senior management, human resources and operations oversight employees. The Nordstrom Canada Entities estimate that the total KERP payments to this category of employees will be approximately \$532,000;
 - (b) Store Managers – includes up to 13 store managers who will be eligible for a KERP payment of 20% of base salary, for a total maximum payout of approximately \$359,000;

- (c) Department Managers – includes up to 117 department managers who will be eligible for a KERP payment of 15% of base salary, for a total maximum payout of approximately \$1.2 million;
 - (d) Assistant Department Managers – includes up to 42 assistant department managers who will be eligible for a KERP payment of 10% of base salary, for a total maximum payout of approximately \$193,000; and
 - (e) Asset Protection Personnel – includes up to 56 employees who will be eligible for a KERP payment of 10% of base salary, for a total maximum payout of approximately \$263,000.
- 13.4 The maximum aggregate amount of potential payments under the KERP is estimated to be approximately \$2.6 million, with approximately 10% of store level employees anticipated to be KERP Participants.
- 13.5 The KERP was developed by the Nordstrom Canada Entities in consultation with the Proposed Monitor. The Proposed Monitor supports the creation of the KERP as: (a) it will provide stability to, and facilitate, the Orderly Wind-Down process by encouraging key active employees to remain with Nordstrom Canada, as required; (b) the KERP Participants are considered to be key to the execution of the Orderly Wind-Down and their participation will assist in maximizing realizations for the benefit of stakeholders; and (c) given the nature of the merchandise and scale of store operations, particularly at the full-line stores, as outlined in the Heckel Affidavit, the KERP is reasonable and appropriate in the circumstances to ensure that value is preserved and maximized through the Orderly Wind-Down process.

- 13.6 While the Nordstrom Canada Entities are not seeking approval of the KERP until the comeback hearing, the Monitor has set out its views on the proposed KERP in this Report for the benefit of the Court and stakeholders of the Nordstrom Canada Entities.

14.0 CRITICAL SUPPLIERS

- 14.1 In the proposed Initial Order, the Nordstrom Canada Entities are seeking the authority (but not the requirement) to pay pre-filing amounts with the consent of the Proposed Monitor to certain suppliers, including: (i) logistics or supply chain providers, including transportation providers, customs brokers, freight forwarders and security and armoured truck carriers, and including amounts payable in respect of customs and duties for goods; (ii) providers of information, internet, telecommunications and other technology, including ecommerce providers and related services; (iii) providers of payment, credit, debit and gift card processing related services; and (iv) other third-party suppliers or service providers other than those listed above, up to a maximum aggregate amount of \$1 million, if, in the opinion of the Nordstrom Canada Entities following consultation with the Monitor, such supplier or service provider is critical to the Orderly Wind-Down. The Nordstrom Canada Entities intend to seek an increase of this amount to \$1.5 million at the comeback hearing.
- 14.2 The Proposed Monitor is of the view that the above relief is reasonable and appropriate in the circumstances to ensure the continued flow of inventory through the Nordstrom Canada Entities' supply chain, to avoid disruption with critical payment and service providers, and to maximize recoveries during the Realization Process. The proposed Initial Order provides that pre-filing amounts will only be paid to these parties with the consent of the Monitor.

15.0 INTENDED NEXT STEPS IN THE CCAA PROCEEDINGS

15.1 The following summarizes the intended primary next steps in the CCAA Proceedings should the Court grant the Initial Order:

- (a) following the granting of the Initial Order, the Nordstrom Canada Entities, with the assistance of the Monitor, will immediately:
 - (i) implement an extensive communications plan with stakeholders of the Nordstrom Canada Entities, including employees, landlords, concession parties, vendors, and service providers;
 - (ii) engage in discussions with landlords regarding the Orderly Wind-Down, proposed sale guidelines for the Realization Process, and Lease-related matters;
 - (iii) activate and fund the Employee Trust; and
 - (iv) engage in discussions with and solicit proposals and agreements from third-party agents in respect of the Realization Process.
- (b) at the comeback hearing, the Nordstrom Canada Entities intend to seek Court approval of, among other things:
 - (i) the KERP and the KERP Charge;
 - (ii) increases to the Administration Charge and Directors' Charge; and

- (iii) an extension of the stay of proceedings, including an extension of the Parent Stay and the Co-Tenant Stay, until June 30, 2023; and
- (c) within a short period following the comeback hearing, the Nordstrom Canada Entities intend to bring a motion before the Court seeking approval of sale guidelines with respect to the Realization Process and an agreement with a third-party liquidator to undertake the Realization Process.

16.0 COURT-ORDERED CHARGES SOUGHT IN THE INITIAL ORDER

- 16.1 The proposed Initial Order seeks the granting of an Administration Charge and a Directors' Charge (collectively, the "**Charges**") over the Property of the Nordstrom Canada Entities, as described below.

Administration Charge

- 16.2 The Initial Order provides for a superpriority charge over the Property in an amount not to exceed \$750,000 in favour of the Monitor, counsel to the Monitor, counsel to the Nordstrom Canada Entities, Employee Representative Counsel (up to the maximum amount of \$75,000) and counsel to the directors and officers of the Nordstrom Canada Entities (the "**Administration Charge**"). The Nordstrom Canada Entities intend to seek an increase in the amount of the Administration Charge in the Amended and Restated Initial Order to \$1.5 million at the comeback hearing.
- 16.3 The Proposed Monitor assisted the Nordstrom Canada Entities in the calculation of the Administration Charge and is of the view that the amount of the charge for the initial 10-day stay period is reasonable and appropriate in the circumstances, having regard to the

nature of the proceedings, the scope and level of work expected to be required during the period, and the size of charges approved in similar CCAA proceedings.

Directors' Charge

- 16.4 The Initial Order provides that the Nordstrom Canada Entities shall indemnify their directors and officers against obligations and liabilities that they may incur as directors and officers of the Nordstrom Canada Entities after commencement of the CCAA Proceedings, except to the extent that the obligation or liability was incurred as a result of an officer's or director's gross negligence or wilful misconduct. The Initial Order provides for a superpriority charge over the Property in the amount of \$10.75 million in favour of the directors and officers of the Nordstrom Canada Entities as security for that indemnity. The Nordstrom Canada Entities intend to seek an increase in the amount of the Directors' Charge to \$13.25 million at the comeback hearing.
- 16.5 The present and former directors and officers of the Nordstrom Canada Entities are among the potential beneficiaries under a liability insurance policy with an aggregate limit of USD\$10 million that covers directors and officers of the entire Nordstrom Group. The Nordstrom Canada Entities do not believe that the insurance policy provides sufficient coverage against the potential liability that directors and officers could incur in relation to the CCAA Proceedings in light of the extensive operations and hence potential liabilities associated with Nordstrom US.
- 16.6 The Proposed Monitor assisted the Nordstrom Canada Entities in the calculation of the initial amount of the Directors' Charge, taking into consideration the amount of the payroll source deductions, vacation pay, federal and provincial sales tax liabilities, and other

potential sources of director or officer liability during the initial 10-day stay period. The Proposed Monitor is of the view that the Directors' Charge is required and that the quantum of the charge is reasonable having regard to the significant employment and sales tax liabilities arising in the operation of the business. The Proposed Monitor notes that the quantum of potential director and officer liabilities will increase in the early stages of the Realization Process as sales are processed and sales taxes are collected, and then decline over time as sales volumes and employment levels decrease.

Priority of Charges Created by the Proposed Initial Order

16.7 The proposed priorities of the Charges, as between them, are as follows:

- (a) First – Administration Charge, to the maximum amount of \$750,000; and
- (b) Second – Directors' Charge, to the maximum amount of \$10,750,000.

16.8 The proposed Initial Order provides that the Charges shall rank in priority to all other Encumbrances (as defined in the Initial Order) in favour of any person, except for any secured creditor that did not receive notice of the CCAA application. At the comeback hearing, the Nordstrom Canada Entities intend to seek priority of the Charges ahead of all Encumbrances.

16.9 At the comeback hearing, the Nordstrom Canada Entities also intend to seek a KERP Charge in an amount not to exceed \$2.6 million in favour of the KERP Participants as security for all amounts that may become payable under the KERP. It is expected that the KERP Charge, if approved at the comeback hearing, will rank second in priority amongst the Charges (subordinate to the Administration Charge and in priority to the Directors'

Charge). In light of its support for the KERP for the reasons set forth in this Report, the Proposed Monitor is of the view that the KERP Charge is required and is reasonable in the circumstances.

17.0 CONCLUSIONS AND RECOMMENDATIONS

17.1 For the reasons set out in this Report, if the Court is prepared to grant the Applicants' CCAA application, the Proposed Monitor is of the view that the relief requested in the proposed Initial Order is reasonable, appropriate and necessary having regard to the current circumstances of the Nordstrom Canada Entities. As such, the Proposed Monitor respectfully recommends that the Court grant the Initial Order containing the relief requested by the Applicants.

All of which is respectfully submitted to the Court this 1st day of March 2023.

**Alvarez & Marsal Canada Inc., in its capacity as
Proposed Monitor of Nordstrom Canada Retail, Inc.,
Nordstrom Canada Holdings, LLC,
Nordstrom Canada Holdings II, LLC, and
Nordstrom Canada Leasing LP,
and not in its personal or corporate capacity**

Per:



Alan Hutchens
Senior Vice-President

APPENDIX H

CASH FLOW FORECAST

Nordstrom Canada Entities
16-Week Cash Flow Forecast
(Unaudited, in 000s CAD)

Week Ending	Notes	Week 1 Mar 18	Week 2 Mar 25	Week 3 Apr 1	Week 4 Apr 8	Week 5 Apr 15	Week 6 Apr 22	Week 7 Apr 29	Week 8 May 6	Week 9 May 13	Week 10 May 20	Week 11 May 27	Week 12 Jun 3	Week 13 Jun 10	Week 14 Jun 17	Week 15 Jun 24	Week 16 Jul 1	16-Week Total
Receipts	[1]	8,200	10,541	13,862	14,708	14,612	14,756	13,529	11,619	9,940	3,976	2,646	-	-	-	-	-	118,391
Operating Disbursements																		
Salaries and Benefits	[2]	4,500	-	4,500	-	3,717	-	3,482	201	3,577	201	3,012	2,505	1,603	470	663	-	28,430
Occupancy Costs	[3]	1,653	739	2,234	2,484	1,966	266	627	1,932	213	1,638	169	1,299	82	1,203	53	53	16,609
Sales Tax Remittances	[4]	-	1,379	-	-	-	-	3,486	-	-	-	5,810	-	-	-	2,486	-	13,161
Logistics, Transportation and Customs	[5]	749	749	2,349	505	457	434	363	821	189	165	123	87	87	12	12	-	7,101
Liquidation Costs	[6]	-	1,002	537	1,667	77	77	77	77	77	77	77	75	75	75	75	2,295	6,337
Professional Fees	[7]	1,563	-	1,359	-	633	-	503	-	503	-	503	-	503	-	503	-	6,067
Shared Service Payments - Intercompany	[8]	-	-	-	2,300	-	-	-	1,600	-	-	-	-	1,400	-	-	-	5,300
Total Disbursements		8,465	3,869	10,978	6,955	6,849	776	8,536	4,631	4,558	2,082	9,693	3,966	3,749	1,759	3,791	2,348	83,005
Net Cash Flow		(264)	6,672	2,884	7,753	7,763	13,980	4,993	6,988	5,382	1,895	(7,047)	(3,966)	(3,749)	(1,759)	(3,791)	(2,348)	35,386
Opening Cash Balance		49,429	49,165	55,837	58,721	66,475	74,237	88,217	93,210	100,198	105,580	107,475	100,428	96,462	92,714	90,954	87,163	49,429
Net Cash Flow		(264)	6,672	2,884	7,753	7,763	13,980	4,993	6,988	5,382	1,895	(7,047)	(3,966)	(3,749)	(1,759)	(3,791)	(2,348)	35,386
Closing Cash Balance		49,165	55,837	58,721	66,475	74,237	88,217	93,210	100,198	105,580	107,475	100,428	96,462	92,714	90,954	87,163	84,815	84,815

Nordstrom Canada Entities
16-Week Cash Flow Forecast
Notes and Summary of Assumptions

Disclaimer

In preparing this cash flow forecast (the “Forecast”), the Nordstrom Canada Entities have relied upon unaudited financial information and have not attempted to further verify the accuracy or completeness of such information. The Forecast includes assumptions described below with respect to the requirements and impact of the Nordstrom Canada Entities’ filing under the Companies’ Creditors Arrangement Act (“CCAA”). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

The Forecast is presented in thousands of Canadian dollars.

1) Sales Receipts

Includes receipts from the sale of goods through Nordstrom Canada’s stores (the Canadian e-commerce platform was closed on the day of the CCAA filing). Store closing sales are forecast to commence on March 21, 2023 subject to Court approval of the Consulting Agreement and Sale Guidelines. Sales include HST/GST and are net of forecast gift-card and Nordstrom Notes redemptions during the Orderly Wind-Down.

2) Salaries and Benefits

Includes payroll, benefits (including RRSP matching contributions) and taxes for all employees of the Nordstrom Canada Entities. Payroll estimates have been adjusted to reflect forecast store closures and include approximately \$520,000 of KERP payments during the week ending May 13, 2023 to align with the forecast timing for closure of the Rack stores and approximately \$2.0 million during the week ending June 3, 2023 to align with the forecast closure of the full-line Nordstrom stores. Forecast disbursements for salaries and benefits exclude payments to employees for amounts that will be funded by the Employee Trust.

3) Occupancy Costs

Occupancy costs include payments required to operate the stores during the wind-down period, including third-party rents, property taxes, utilities, security, cleaning, credit card processing and general supplies. March rent was paid prior to commencement of the CCAA proceedings, and payment of March property taxes is forecast during the week ending May 18, 2023. For April forward, monthly rents to third-party landlords, including property taxes, are forecast to be paid in equal instalments on the 1st and 15th of each month while the leases remain in effect.

4) Sales Tax Remittance

Includes payment of February sales taxes and estimated net monthly amounts based on forecast sales and disbursements.

5) Logistics, Transportation and Customs

Includes payment to logistics and supply chain providers, customs brokers and customs duties.

6) Liquidation Costs

Includes estimated fees and costs to be paid to the liquidator pursuant to the Consulting Agreement, including supervision, store signage, advertising and FF&E removal costs.

7) Professional Fees

Includes payments to the Applicants’ legal counsel, the Monitor, Monitor’s legal counsel, Employee Representative Counsel and counsel to the directors and officers of the Nordstrom Canada Entities.

8) Shared Service Payments - Intercompany

Disbursements represent payments to Nordstrom, Inc. for fees and costs pursuant to the Wind-Down Agreement, which are forecast to decrease in accordance with projected requirements as the Orderly Wind-Down advances. Such payments will be net of amounts owed from Nordstrom US to Nordstrom Canada for fees pursuant to the Wind-Down Agreement.

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

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

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

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

SECOND REPORT OF THE MONITOR

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