

# NORDSTROM

July 24, 2007

RE: Change in Purchase Order Violation Expense Offset Fees and Return Authorizations

Dear Nordstrom Supplier,

As a part of our ongoing efforts to further improve our merchandising and logistics strategy, Nordstrom Direct is moving to bring its compliance requirements, policies and internal support structure in line with existing industry standards and with Nordstrom Full Line Store and Rack business unit practices. The changes outlined below apply to current and future Nordstrom Direct Suppliers.

Effective September 1, 2007, Nordstrom will return merchandise without Return Authorizations (RAs) for purchase order violations including but not limited to unordered or misallocated merchandise or merchandise failing quality inspection.

Effective February 1, 2008, Nordstrom will implement revised expense offset fees for Nordstrom Direct purchase order violations. These will apply to all shipments sent to DC 599 for Store 808 on or after February 1<sup>st</sup>.

A Purchase Order (PO) violation expense offset fee will be issued when one or more of the following errors are identified:

- Error type "SNOPO": The shipment included UPCs that were not valid in our system at the time of DC receipt.
- Error type "Exceeds PO": The shipment included units in excess of what was ordered.
- Error type "Distro Error": The shipment included units for stores which were not allocated according to the PO.

Once a violation is identified, the merchandise may be kept or returned. The table below outlines the expense offset fee schedule. If the merchandise is returned to you, there will be a separate claim against the invoice in addition to the non-compliance expense offset fee against the PO.

<b>Compliance Issue</b>	<b>Expense Offset</b>
Unordered merchandise and received	\$150 per PO ship-to warehouse <ul style="list-style-type: none"><li>• Plus \$12.50 per store</li></ul>
Unordered merchandise and returned to supplier	\$100 per PO ship-to warehouse <ul style="list-style-type: none"><li>• Plus \$12.50 per store</li></ul>

If you have any questions in regard to this policy, please refer to the Expense Offset Fee policies within our online supplier compliance manual at [www.nordstromsupplier.com](http://www.nordstromsupplier.com). You may also contact our CMIO Chargebacks department by email at [cmio.chargebacks@nordstrom.com](mailto:cmio.chargebacks@nordstrom.com).

Sincerely,

Jamie Nordstrom  
President  
Nordstrom Direct