

5 December 2005

Dear Nordstrom Direct 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 business unit practices. The following changes will take effect **February 1, 2006**:

- **The current EDP barcode labeling requirement is changing to a UPC barcode.** All merchandise must be received with a UPC ticket placed according to our requirements. The ticket can be obtained from third party ticket providers listed in our manual or you may contact the Floor Ready Team for approval on tickets made through alternate means at FRM@nordstrom.com.
- **The current \$60 per hour charge will be replaced with per incident and/or per unit charges.** *Note that our requirements are unchanged and remain critical to our shared goals.* The new charge structure is outlined below:

Compliance Violation	Expense Offset Charge
Merchandise not UPC Marked (label on the upper left hand side of polybag)	\$25 per PO shipment + 10¢ per unit
Individual Polybag (not securely sealed [heat seal/tape], too thin, not individually polybagged according to dimensions)	\$25 per PO shipment + 25¢ per unit
No/Incorrect Hanger in Garment (2" Neck)	\$25 per PO shipment + 25¢ per unit
Flat Item Shipped Hanging	\$25 per PO shipment + 50¢ per unit
Merchandise Not Packaged As Selling Unit (no presentation jewelry boxes; giftware not in boxes)	\$25 per PO shipment + 50¢ per unit
Quality Assurance (100% inspection)	\$25 per PO shipment + 75¢ per unit

Your company's compliance with our requirements will serve to expedite the movement of merchandise, resulting in improved customer service, more rapid payment to your company and potential increases in sales. Our expense-offset policy, which is now more consistent with industry standard practices, is designed to defray the additional processing costs incurred by Nordstrom for non-compliant shipments.

We will be moving to implement additional industry standard practices in 2006, including:

- Electronic Invoices (810 4010 VICS)
- Electronic Purchase Order (PO/850)
- Electronic Advance Ship Notice (ASN/856)
- UCC-128 carton label

It is critical that we develop collaborative partnerships with vendors who share a commitment to these technologies. We look forward to working with you as you move to become compliant with them.

Should you have any questions about these requirements or changes to our charge structure, please visit our website at www.supplier.nordstrom.com (click on "Nordstrom Direct" link).

Sincerely,

Jamie Nordstrom
President
Nordstrom Direct