

# NORDSTROM

## An Update from Nordstrom on COVID-19

March 25, 2020

To our entire Nordstrom community,

We hope you are staying well during this time of uncertainty. Today, we updated our employees on the steps we're taking and tough decisions we've had to make in light of COVID-19 impacts. We want to share those details with you as well.

We appreciate your continued loyalty as we all work together to make it through this difficult time.

Pete and Erik Nordstrom

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To all Nordstrom employees,

We hope you and your families are all staying well. Many of you have expressed concerns about what COVID-19 means for our business and how that will impact you.

During this time of great uncertainty, we're making decisions to best position Nordstrom for our employees, customers and communities. We have a responsibility to protect the health of our people, while also preserving our long-term ability to offer jobs and benefits to all of you. This bears repeating, because the decisions we make are with that in mind.

We are proactively taking steps to strengthen our financial position for the long term to help us navigate through this challenging time. We announced Monday to our shareholders that we're suspending quarterly cash dividends and share repurchases. As a company, we have also suspended hiring, and we're targeting further reductions of more than \$500 million in operating expenses, capital expenditures and working capital. This includes ongoing efforts to realign inventory to sales trends.

To do our part to help slow the spread of the virus, we will continue to keep all our U.S. and Canada stores closed beyond the original two-week period we announced on March 16 and will extend for at least another week, through April 5. It's clear the situation is evolving and at this time we don't know for certain how long our stores will be closed. Our distribution and fulfillment centers, as well as a small team of store fulfillment, will remain open where permitted by local authorities to help us continue serving customers online and through our apps. We appreciate their commitment to serving customers and we are grateful to these employees for their dedication.

There's no doubt we're facing a challenging and unprecedented situation that could be potentially devastating to our industry. Nordstrom is also affected by the realities of today's environment. We're in the business of selling, and our stores, which are nearly 70 percent of our business, are a critical part of that. With stores closed, our online business has become our only method of serving customers.

We are taking action to respond to the challenges we are facing today, while also working to prepare for what the future may hold. The decisions we make will impact our employees, customers, shareholders, brand partners, suppliers and our business. The gravity of that responsibility is very real to us, which is why we are being thorough and deliberate with every decision we make.

Since March 17, we've provided ongoing pay and benefits to all Nordstrom store employees impacted by our temporary store closures. We're able to offer our store employees an additional week of pay through April 5, as well as benefits through April.

During this time while our stores are closed, we require a smaller workforce to execute on the critical activities of our business. As a result, we've decided to furlough a portion of our corporate employee base for six weeks starting April 5. Our impacted corporate employees who are currently enrolled in our benefits program will continue to receive full benefits.

Our Executive Leadership Group will continue to work through this crisis to support the company and will forgo a part of their salary from April through September. Both of us are declining our salaries from April through September. Similarly, all board members will forgo their cash compensation for a six-month period.

We realize the significance of this for you and the hardship it will cause for many. This is the most difficult decision we've made in our company's long history, because it impacts the people who matter most —you. This incredibly tough decision enables us to continue providing much needed benefits, including health care, to our people. It means that when life goes back to normal, as we know it eventually will, we can keep providing consistent employment and pay to tens of thousands of people.

We are living in very difficult times and there are many unknowns. What we do know is we have been around for 119 years. Our company has survived wars, a depression, several recessions and natural disasters. The strength of our culture and the loyalty of our customers are what have sustained us through tough times. We can't predict what's next, but you have our commitment that we are here to support you and we will get through this.

Erik & Pete

**Steps we're taking for you:**



In total, three weeks of pay continuation for our store employees while stores are closed



Health & Welfare benefits continuation for enrolled employees through April



A bank of five additional days of paid time off for our FC/DC teams while these facilities are still open – and up to 10 days of pay if the facilities close



Free telemedicine, no copay for COVID testing, 100% pay for any Short-term Disability with COVID diagnosis



A shift premium of \$2 per hour while our FC/DCs work during this crisis (March 29-May 9)