



Q4 2017 EARNINGS CONFERENCE CALL

March 1, 2018





FORWARD-LOOKING STATEMENTS

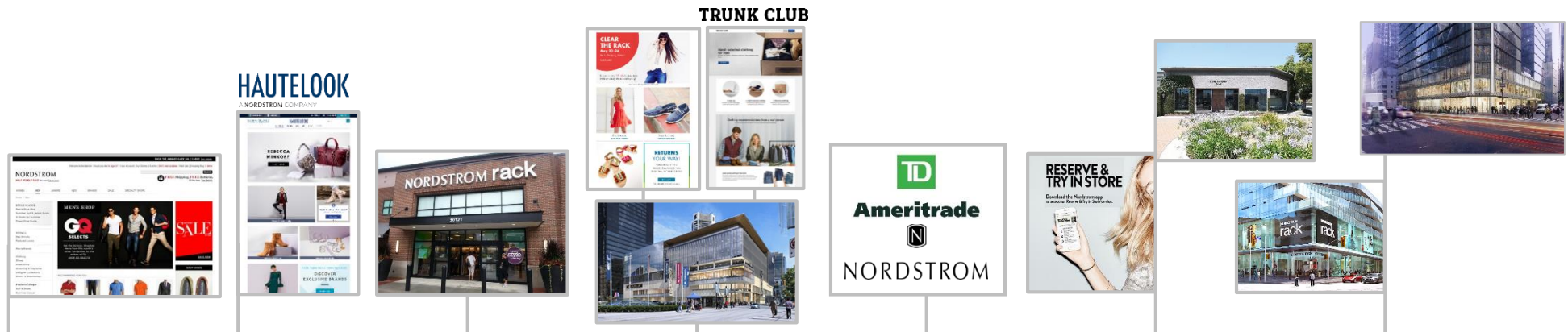
This presentation contains statements that are forward looking. These statements are based upon current expectations and assumptions that are subject to risks and uncertainties. We may not achieve the results projected in these forward-looking statements, and our actual results could materially differ because of factors discussed in this conference call, in the comments made during this presentation, and in the risk factors section of our Form 10-K, Form 10-Qs, and other reports and filings with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statement to reflect subsequent events, new information or future circumstances.



BLAKE NORDSTROM

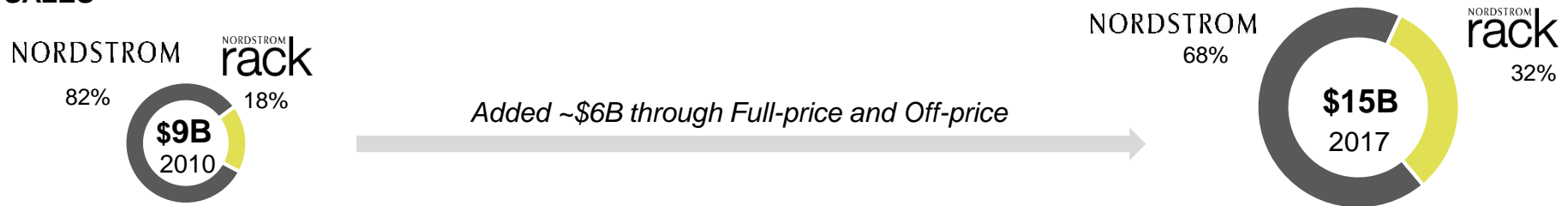
CO-PRESIDENT

SERVING CUSTOMERS IN MULTIPLE WAYS



- 2010**
Accelerated Nordstrom.com growth & launched omnichannel capabilities
- 2011**
Acquired HauteLook
- 2013**
Accelerated Rack store growth
- 2014**
Launched Nordstromrack.com; acquired Trunk Club; Canadian expansion
- 2015**
Entered strategic credit partnership
- 2017**
Launched Nordstrom Local & Reserve Online, Try in Store
- 2018**
Opening Men's NYC store & Nordstrom Rack Canada locations

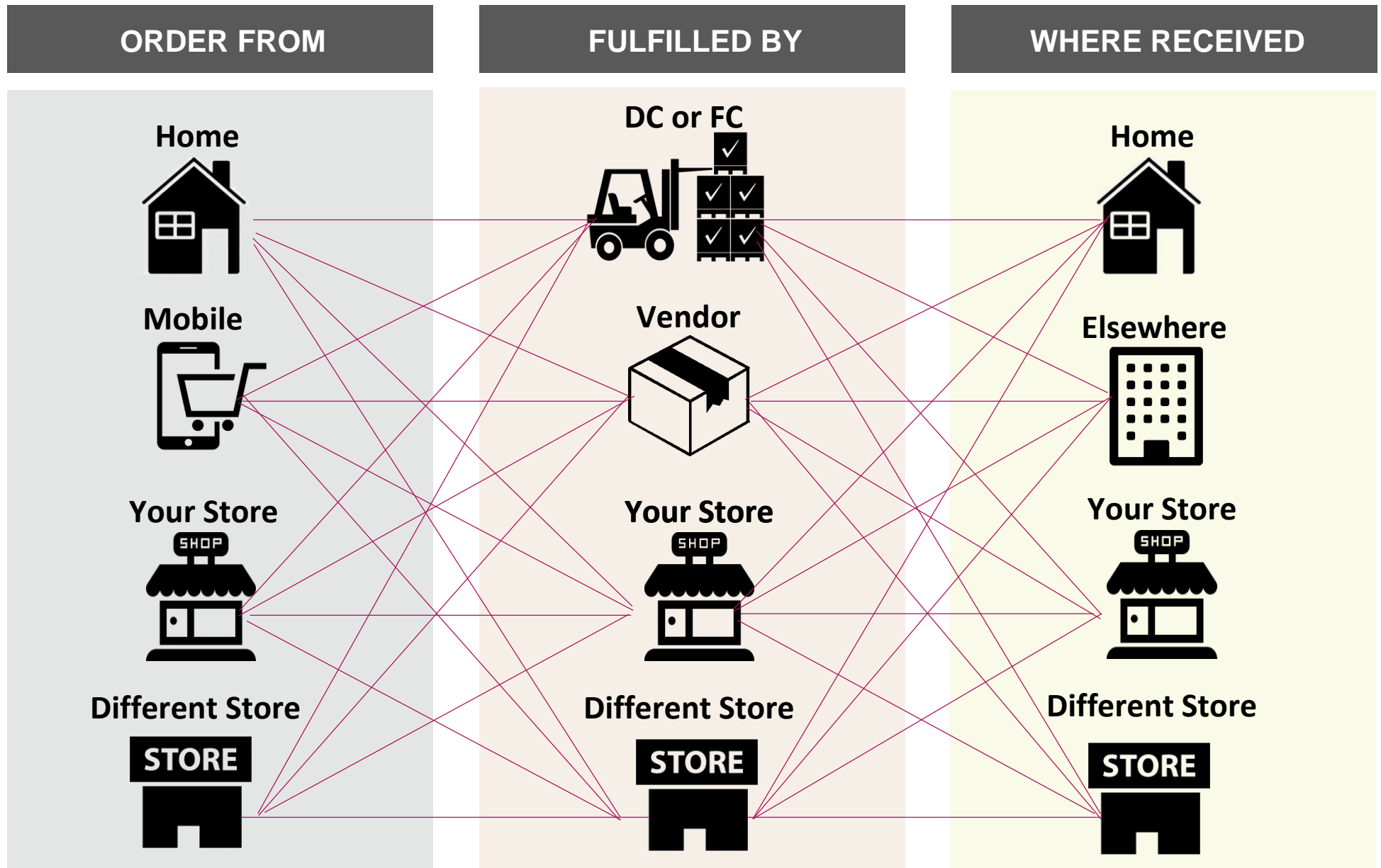
SALES



DIGITAL PENETRATION



INTEGRATED DIGITAL AND PHYSICAL ASSETS



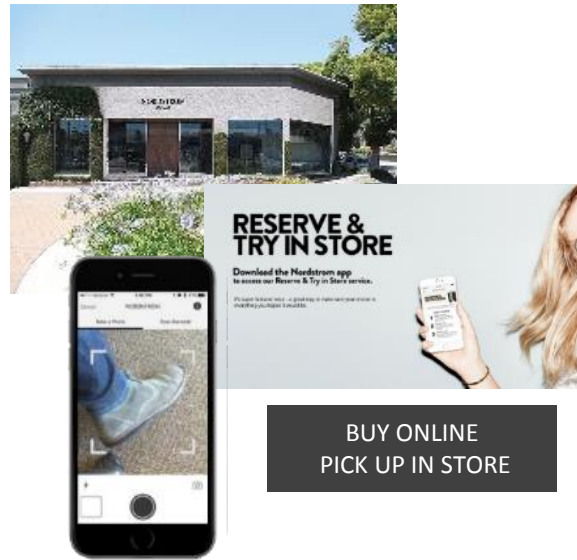
RECORD SALES OF ~\$15 BILLION IN 2017



33 million
active customers



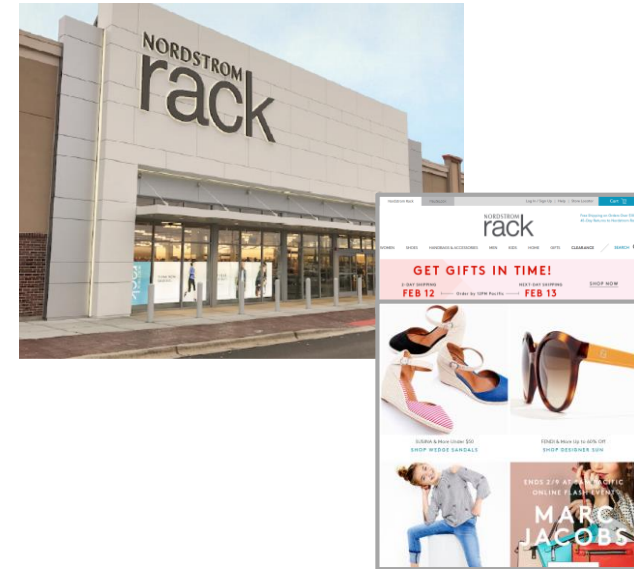
*9 million customers shopped across
Nordstrom's multiple touch points*



30% digital sales
penetration in Full-price



*High-quality store portfolio combined
with robust digital platform to serve
customers in multiple ways*



6 million
new customers in Off-price



*One-third of Off-price customers
cross-shop Nordstrom Full-price
over time*

STRATEGIC BRAND PARTNERSHIPS

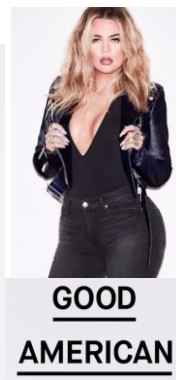
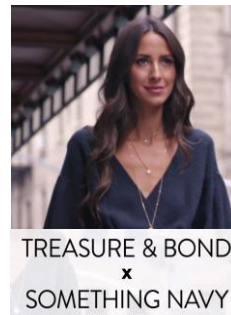
PRODUCT BREADTH

Wide range of brands across categories and price points



LIMITED DISTRIBUTION BRAND PARTNERSHIPS

Brands and products that inspire our customers and which are not widely available



NEW CONCEPTS

New and innovative product concepts to our customers



NORDSTROM REWARDS DRIVING LOYALTY

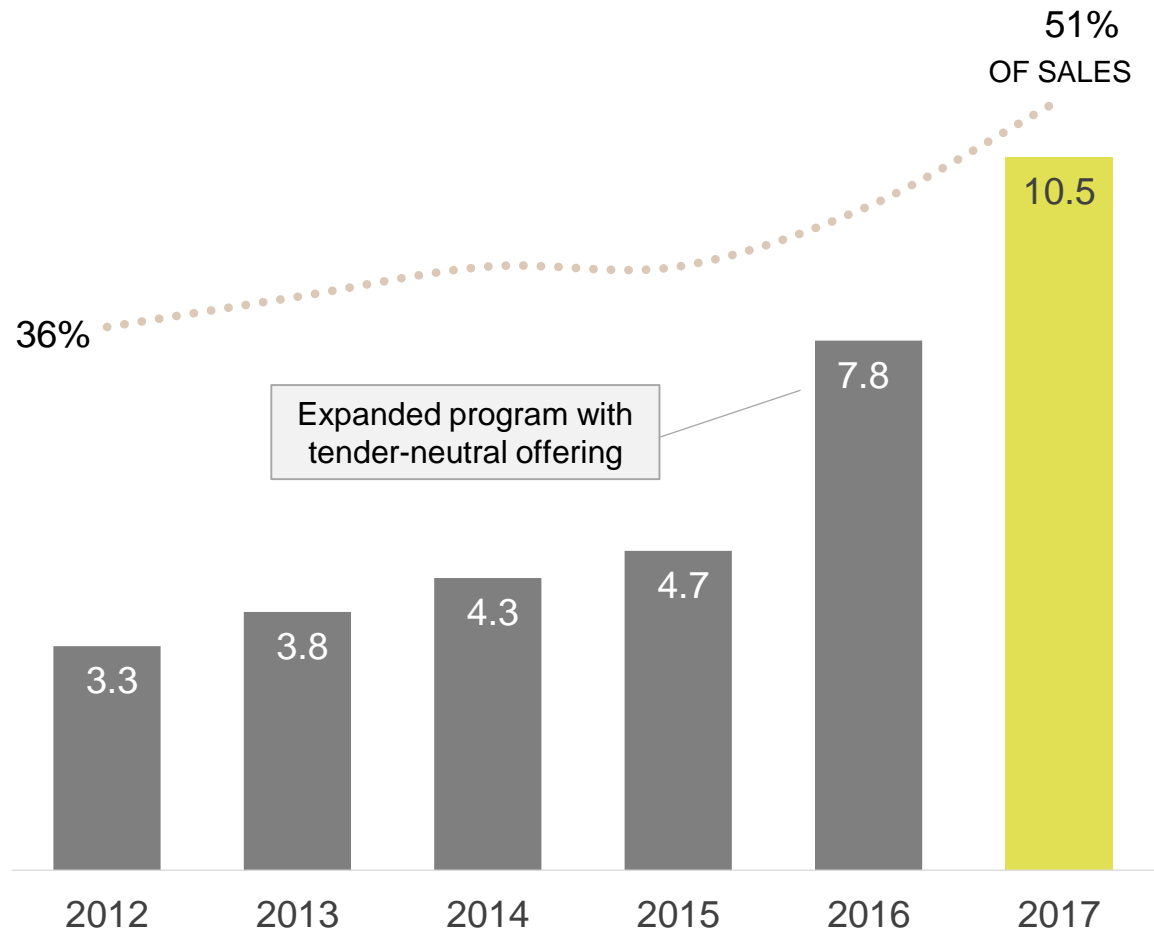


35%
increase in
loyalty
customers
in 2017

3x
Trips

4x
Spend

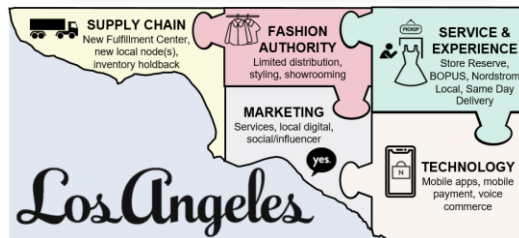
ACTIVE REWARDS CUSTOMERS (M)



2018 INITIATIVES



Opening Nordstrom Men's Store NYC
April 12, 2018



Executing market strategy
beginning in Los Angeles



Introducing Nordstrom Rack
in Canada



Continuing growth of
limited distribution product



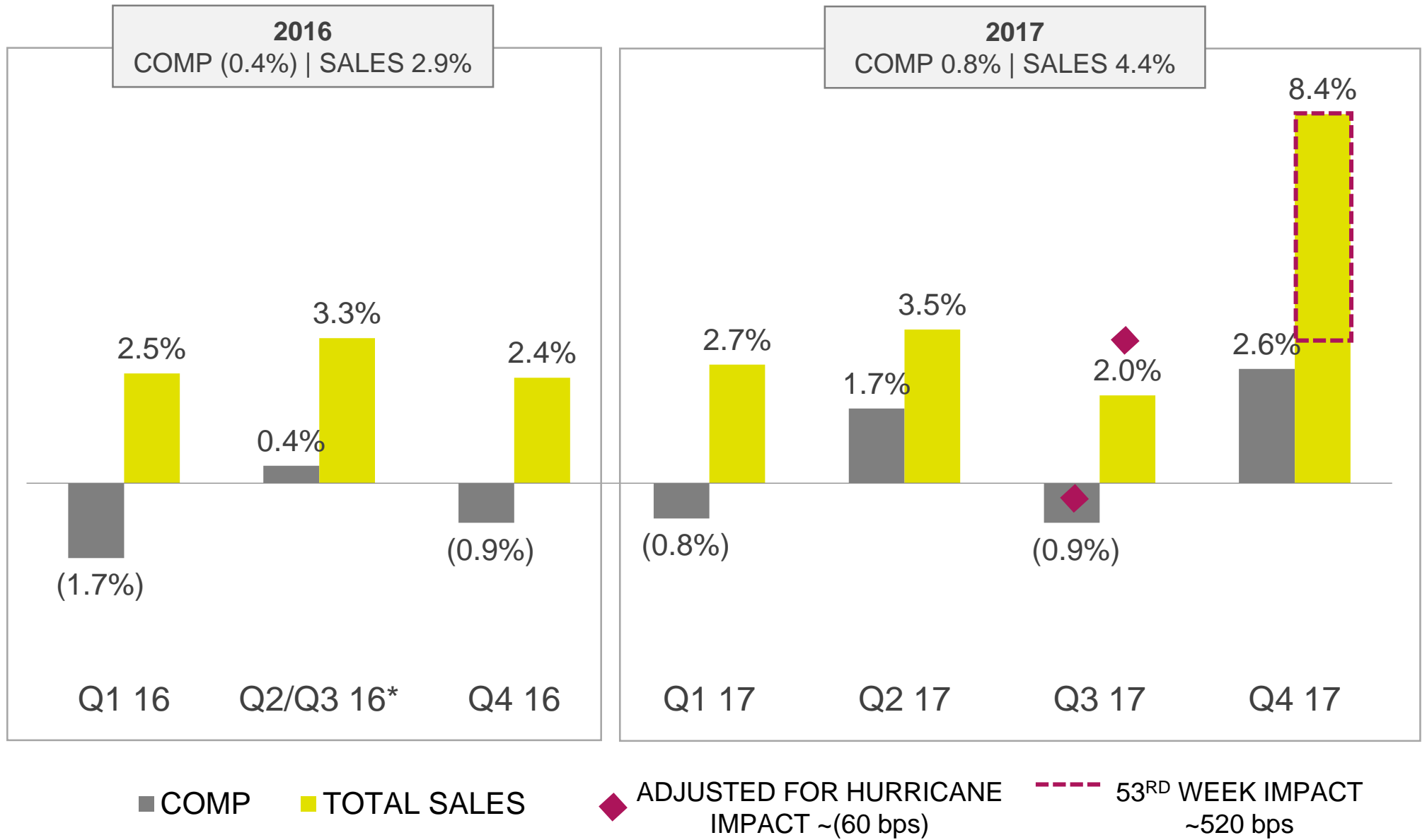
ANNE BRAMMAN

CHIEF FINANCIAL OFFICER

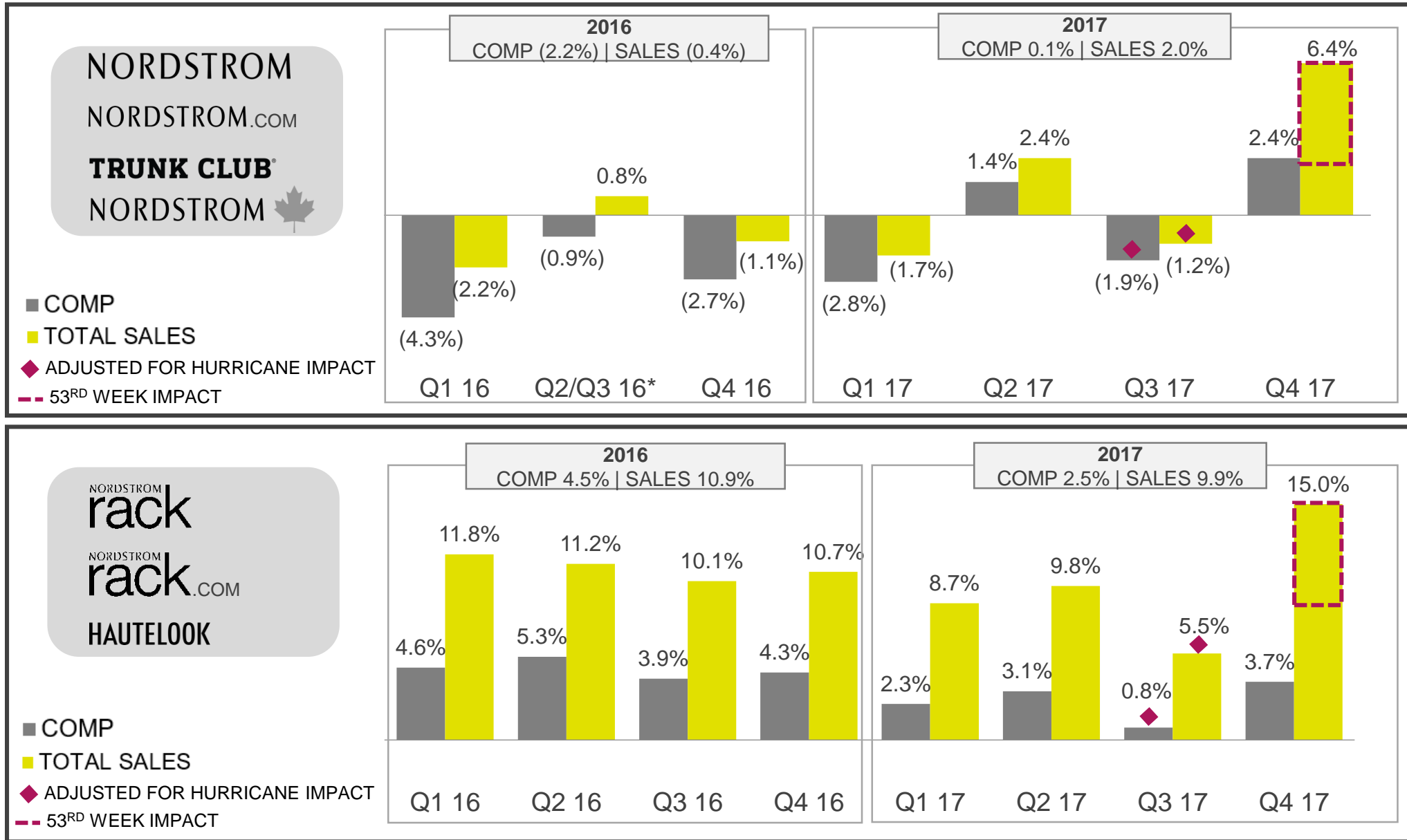
Q4 FINANCIAL RESULTS

- Holiday execution driving positive results
- Inventory well-positioned heading into 2018
- Strong cash flow generation

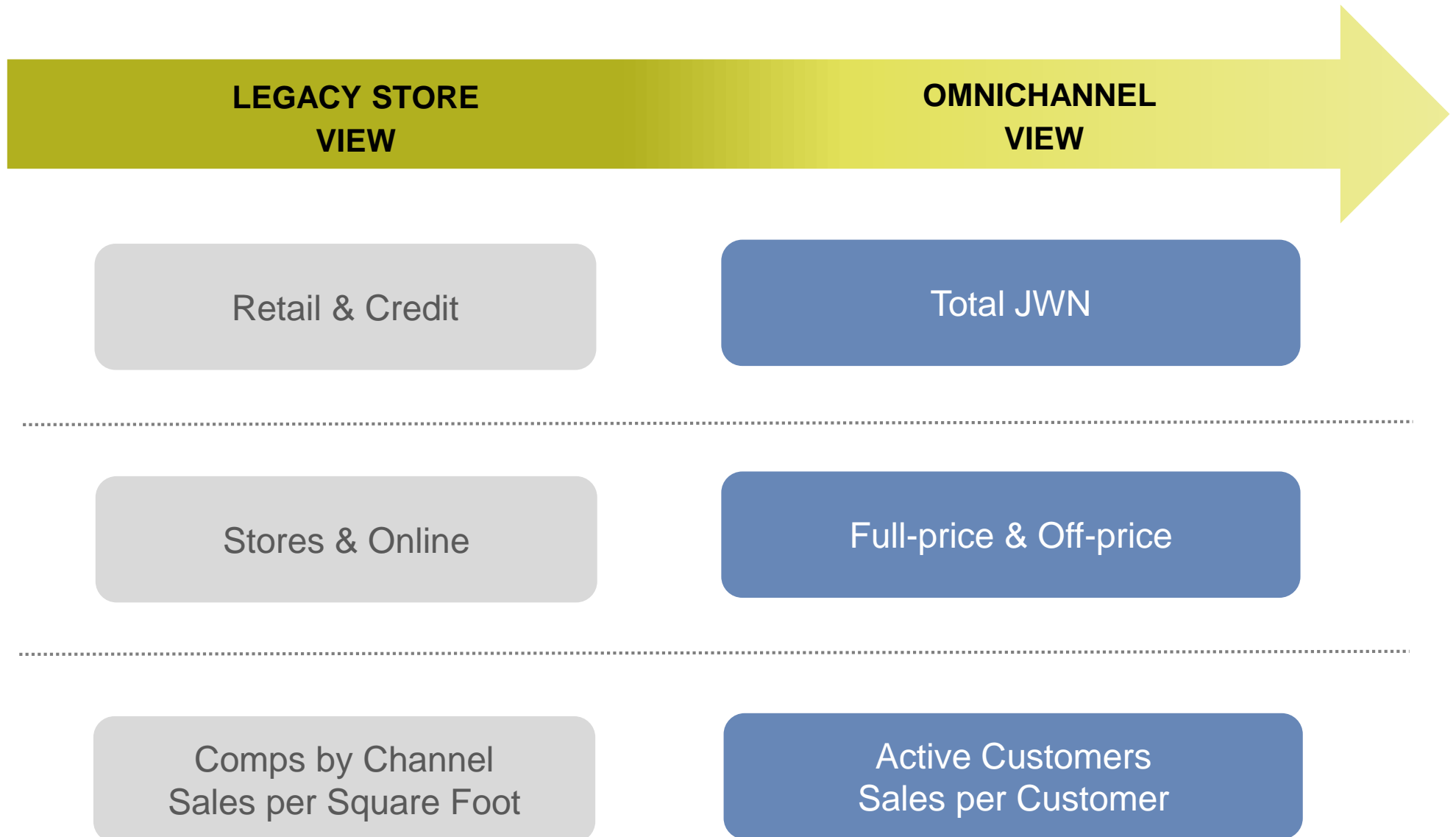
SALES TRENDS



FULL-PRICE AND OFF-PRICE SALES

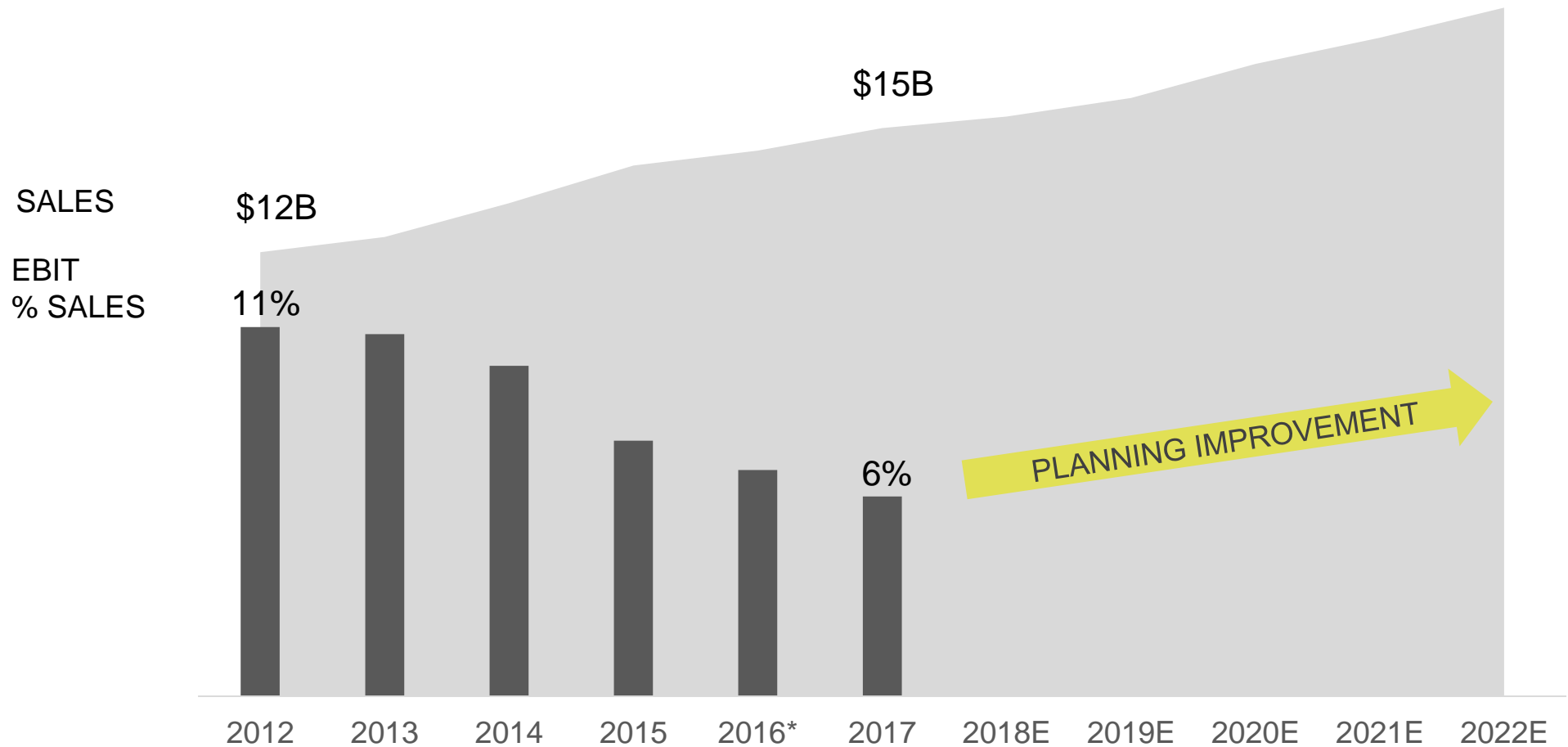


EVOLVING HOW WE MEASURE SUCCESS



TURNING POINT PLANNED IN 2018

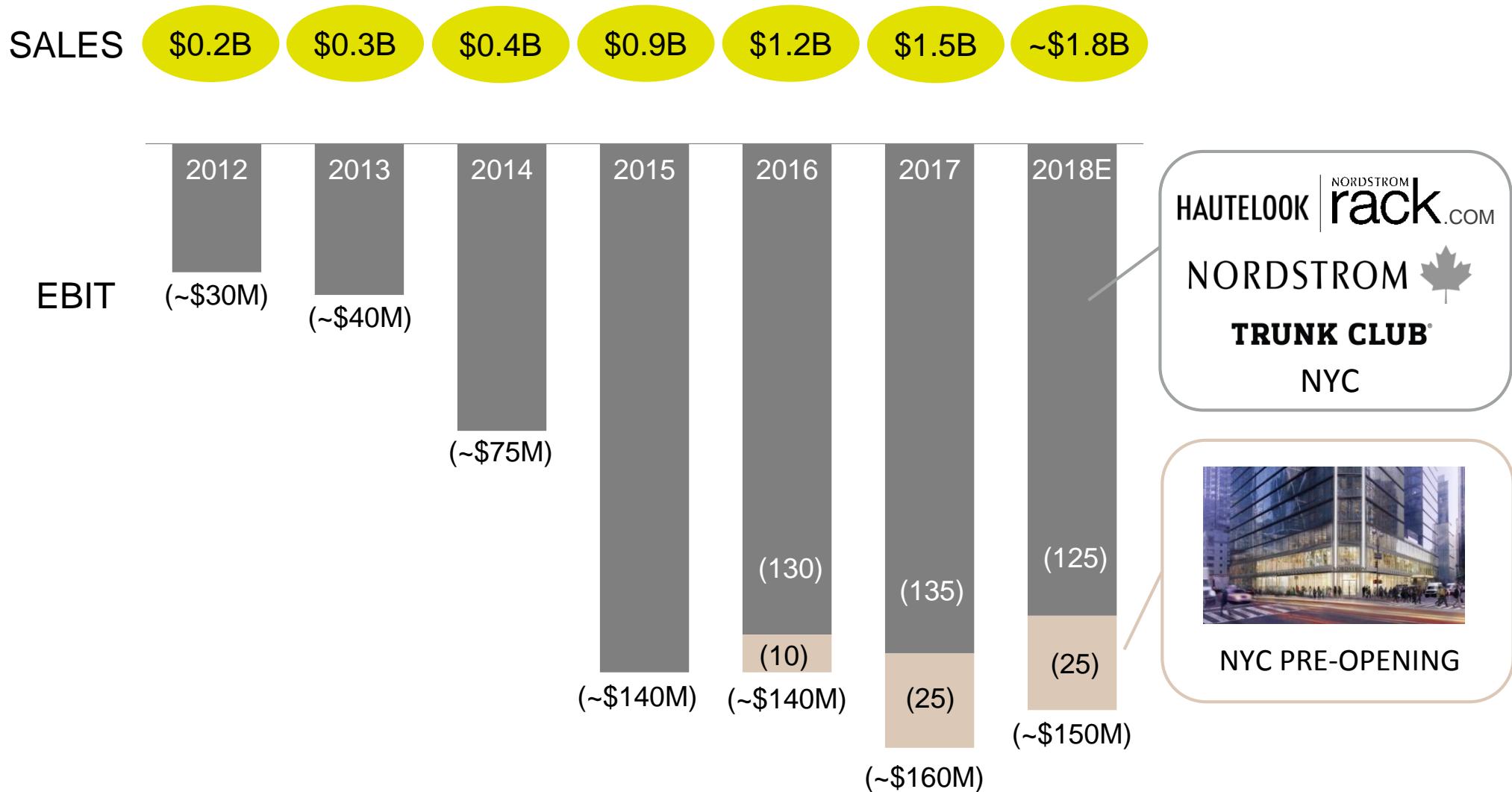
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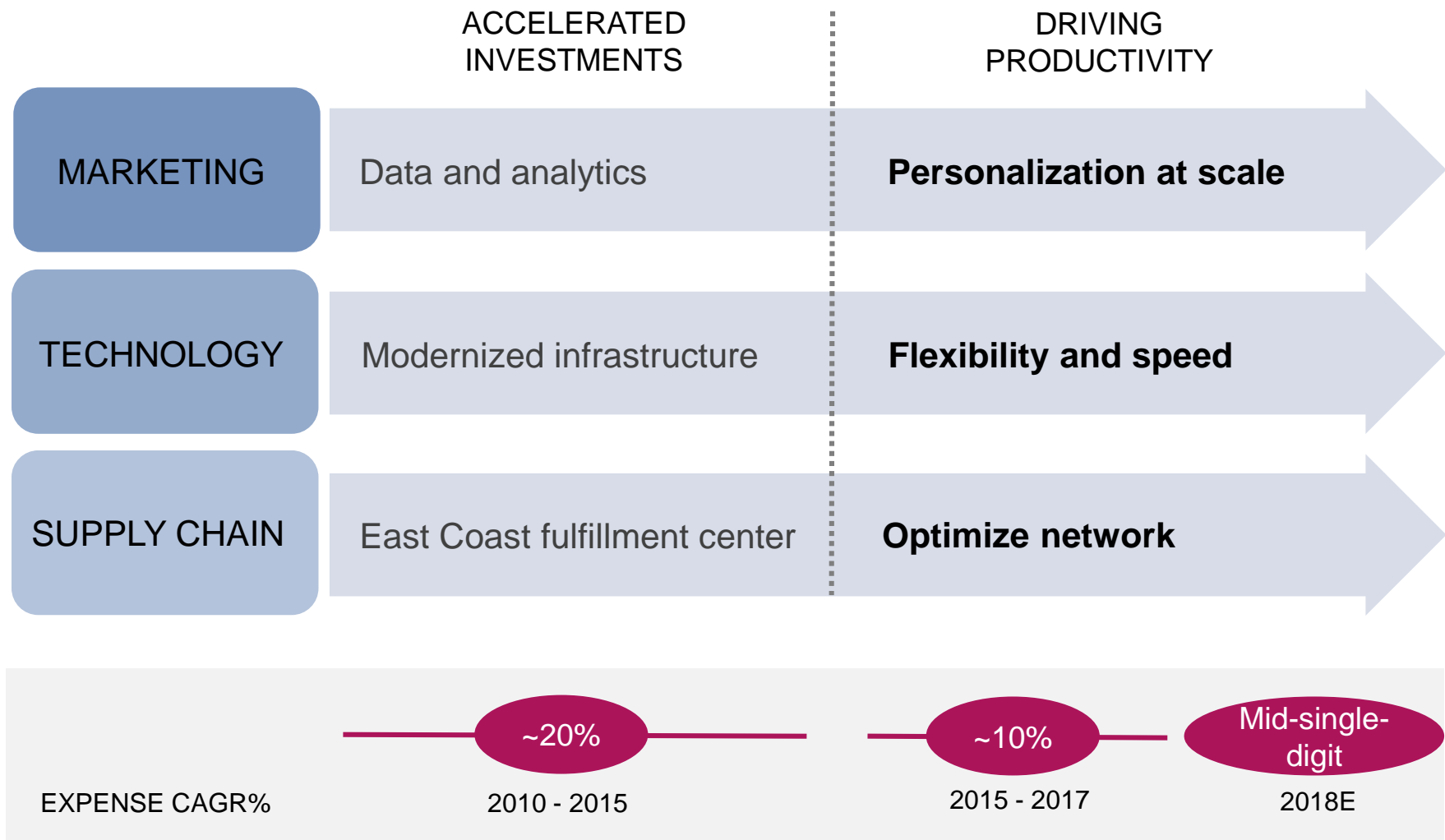
FINANCIAL PRIORITIES

- 1 Drive sales through digital and local market assets
- 2 Optimize returns on generational investments
- 3 Leverage supply chain, technology and marketing as key enablers
- 4 Continued discipline approach to inventory and expense

GENERATIONAL INVESTMENTS

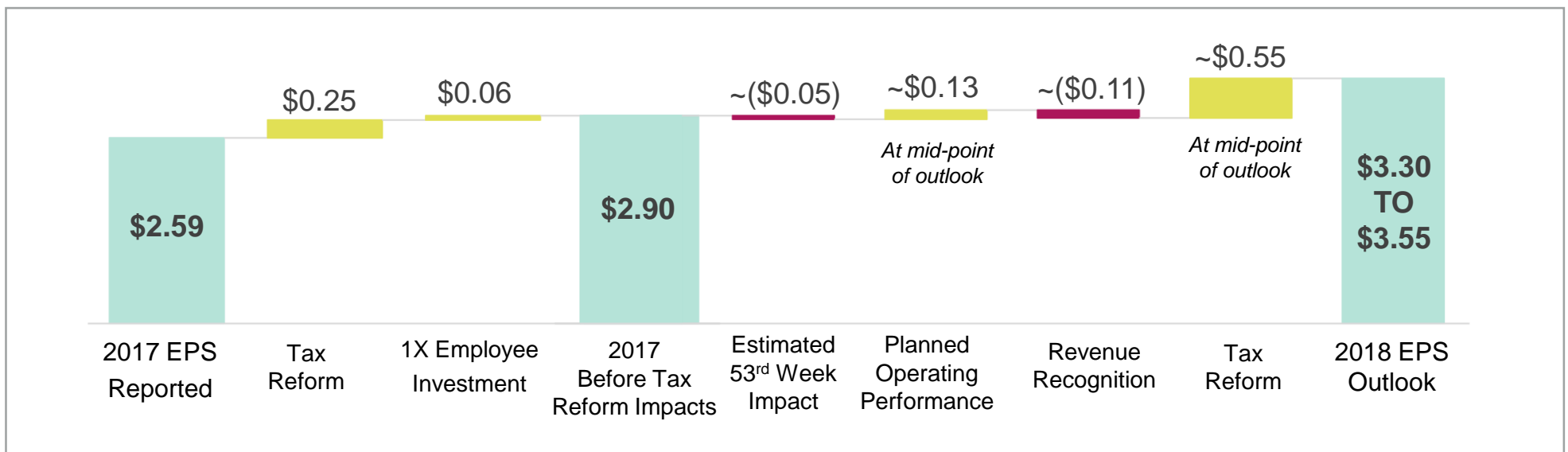


OMNICHANNEL CAPABILITIES



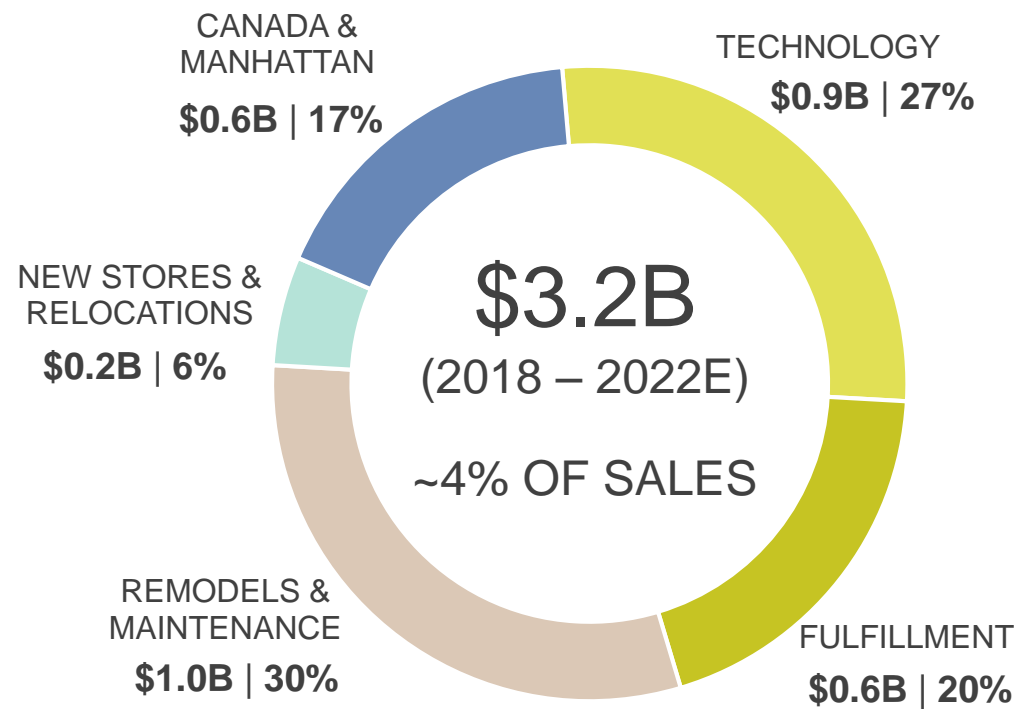
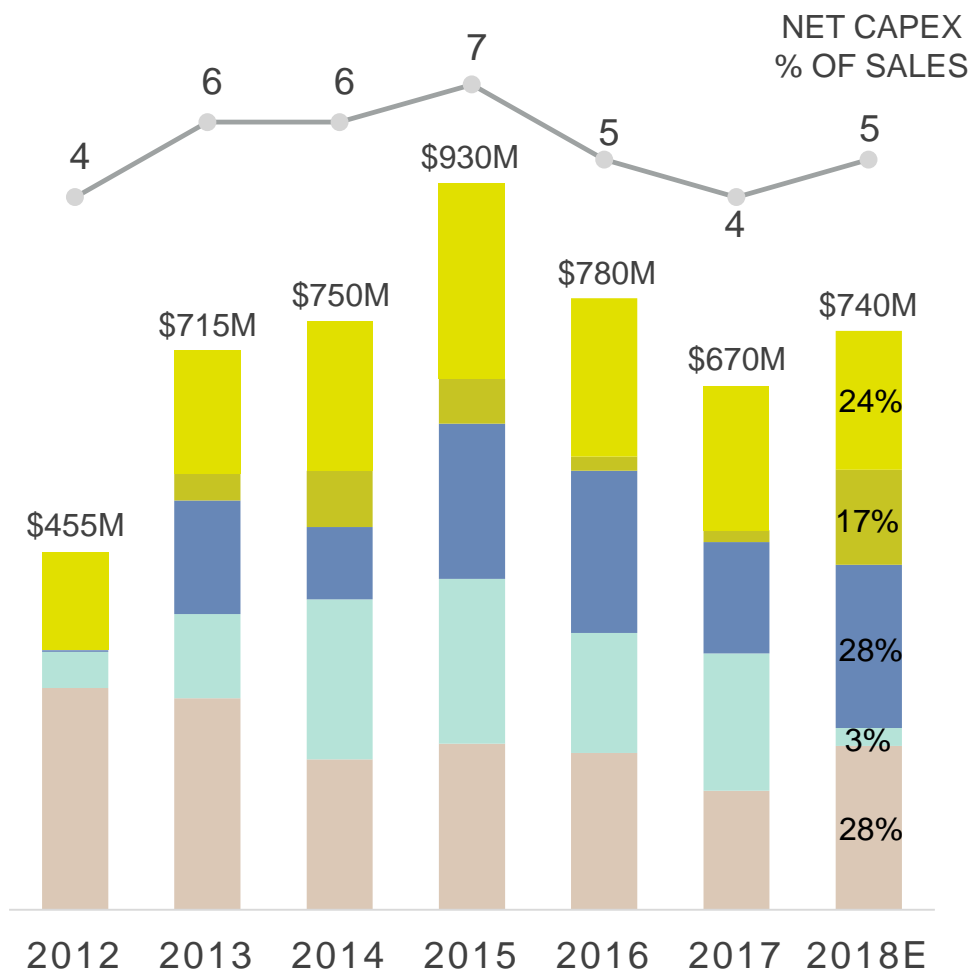
FY 2018 GUIDANCE

	2017 Actual	2018 Outlook	Assumptions
Total Sales	\$15.1B	\$15.2B to \$15.4B	▪ 2017: ~\$220M related to the 53 rd week
Comp Sales	0.8%	0.5% to 1.5%	▪ 2018: consistent sales trends in Full-price and Off-price
EBIT	\$926M	\$885M to \$940M	<ul style="list-style-type: none"> ▪ 2017: \$16M one-time employee investment related to corporate tax reform ▪ 2017: ~\$15M estimated 53rd week impact ▪ 2018: ~\$30M reduction from revenue recognition accounting changes



EPS bridge presented for comparability of 2018 vs. 2017, including impacts of corporate tax reform and revenue recognition accounting changes

CAPITAL INVESTMENTS



INVESTMENT HIGHLIGHTS

	HIGHLIGHTS	FINANCIAL OUTCOMES
JWN STRATEGY	<p>Innovative omnichannel leader with robust ecommerce platform and high-quality store portfolio in top North American markets, consisting of 122 full-line stores and 232 Nordstrom Racks</p> <p>Industry-leading growth fueled by generational investments in new markets and digital capabilities to expand customer reach and engagement</p>	<ul style="list-style-type: none"> Record sales of \$15B, reflecting 5% annualized growth over last five years Digital sales increased to 26% in 2017 from 8% in 2010 Generational investments contributed \$1.5B sales in 2017
FULL-PRICE BUSINESS	<p>Differentiated product offering through strategic brand partnerships</p> <p>Integrated digital and physical shopping experience to serve customers seamlessly across multiple touch points</p> <p>Focus on top local markets with differentiated and defensible strategy and customer offer</p>	<ul style="list-style-type: none"> Strategic brands delivering outsized sales growth and healthy gross margins Digital sales represented 30% of Full-price sales in 2017; 95% of Full line stores located in “A” or better malls Longer term, market strategy expected to drive increases in sales, market share, profitability and ROIC
OFF-PRICE BUSINESS	<p>Strategic store footprint in high-traffic locations</p> <p>Leading source of customer acquisition, attracting young affluent customers to JWN</p>	<ul style="list-style-type: none"> Sales CAGR of 13% over last five years, outpacing market growth Gained 6 million new customers; one-third of Off-price customers cross-shop in Full-price business over time
FINANCIAL OVERVIEW	<p>Operating model positioned for long-term profitable growth through productivity improvements and generational investments</p> <p>Strong financial position supporting healthy cash flow generation</p>	<ul style="list-style-type: none"> Planning 2018 as turning point for improved profitability Increased productivity via enterprise capabilities expected to drive moderated expense growth As generational investments near completion, free cash flow expected to increase



APPENDIX

APPENDIX | 2018 GUIDANCE ASSUMPTIONS

In addition to the Company's 2018 guidance (slide 18), the following assumptions are incorporated:

- Credit revenue growth of ~10%
- Revenue recognition accounting changes reduce EBIT by ~\$30M
- Interest expense of ~\$105M
- Depreciation and amortization expense and rent expense are expected to be consistent with 2017
- Effective tax rate of ~27.5%
- Diluted shares outstanding ~171M

The Company is providing the following assumptions of quarterly trends:

- Shift in the Anniversary Sale event to primarily Q2 2018 from Q2 and Q3 in 2017
- Higher occupancy expenses in H1 due to fall 2017 store openings (11 new Racks, 2 full-line relocations, 1 Canada full-line store) and spring 2018 openings (Men's NYC, 4 U.S. Racks, 3 Canada Racks)
- Higher pre-opening expenses in Q1 related to Men's NYC and Rack Canada
- 2017 one-time EBIT items: hurricane impact (Q3 ~\$12M), employee investment associated with tax reform (Q4 \$16M), estimated 53rd week impact (Q4 ~\$15M)

Better (+) / worse (-) in comparison to LY	Q1	Q2	Q3	Q4	FY 2018 YOY%
Anniversary event shift		(+)	(-)		
Occupancy due to new stores (fall 2017 and spring 2018)	(-)	(-)			
Pre-opening expenses	(-)				
2017 1x items			Hurricane (+)	Empl. reinvestment (+) 53 rd week (-)	
EBIT	Below 2018 YOY%	Above 2018 YOY%	In-line 2018 YOY%		~(4%) – 2%