



Q3 2018 EARNINGS CONFERENCE CALL

NOVEMBER 15, 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 event, 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.

Free cash flow and return on invested capital are measures of performance which meet the definition of a non-GAAP financial measure. These measures should be used in addition to and in conjunction with results presented in accordance with GAAP, and should not be relied upon to the exclusion of GAAP financial measures. Reconciliations of these measures to the most directly comparable GAAP measures are found on our investor relations site at www.investor.nordstrom.com.

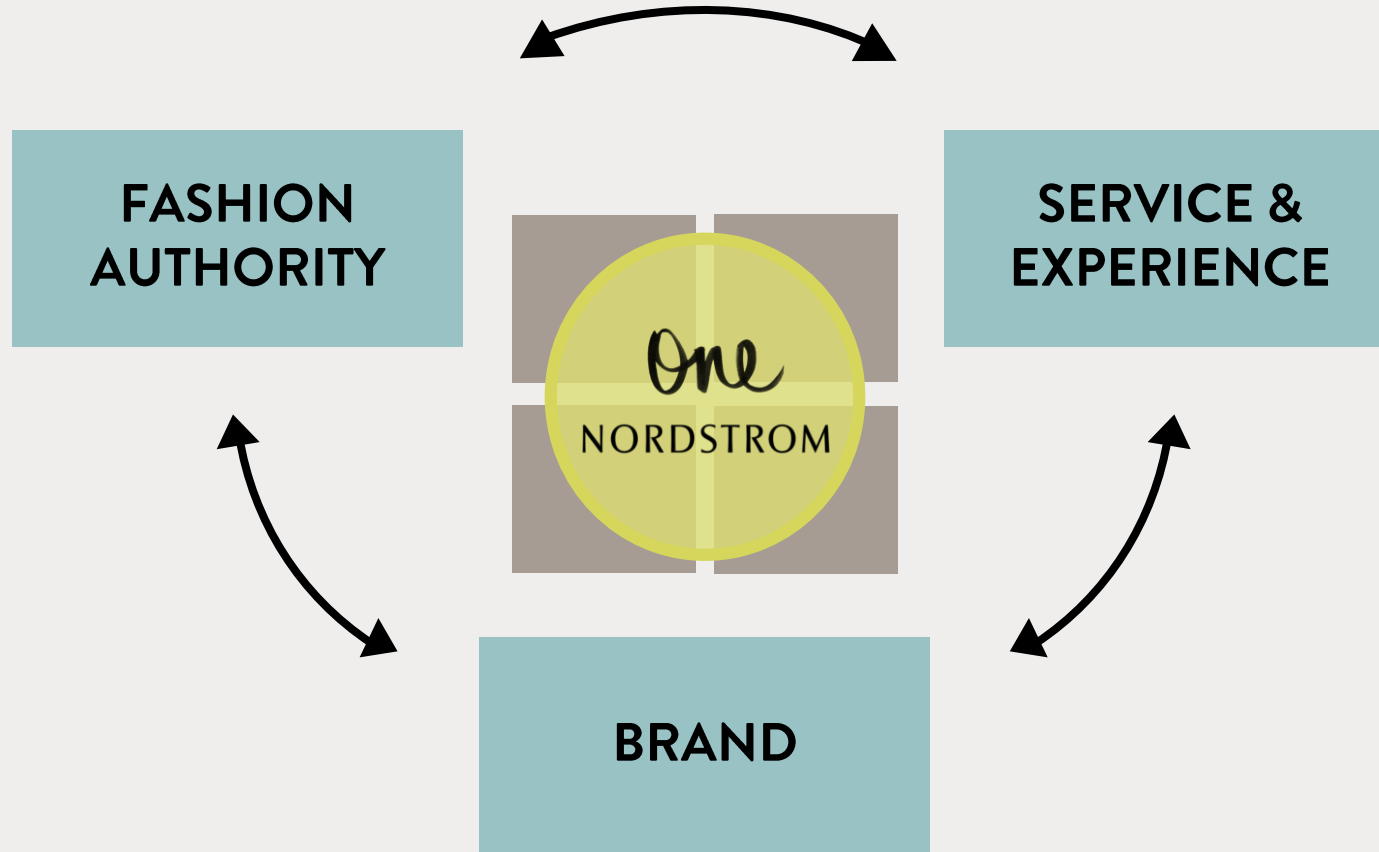
BLAKE NORDSTROM

CO-PRESIDENT



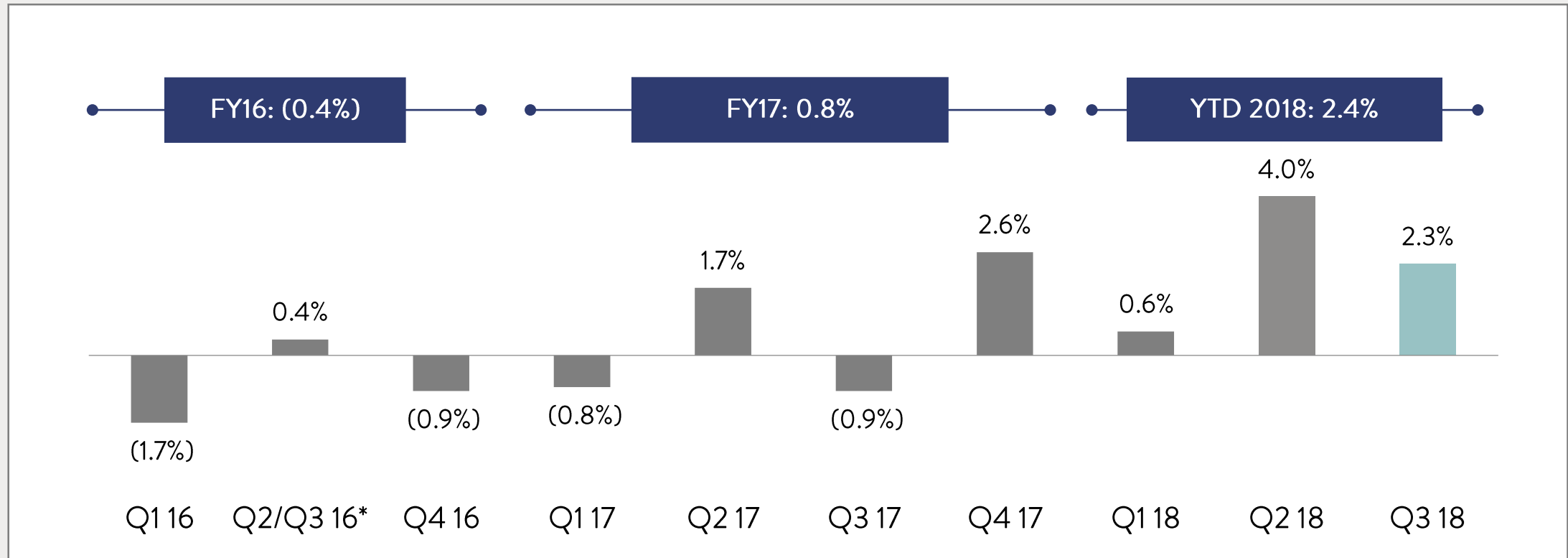
WE ASPIRE TO BE THE BEST FASHION RETAILER IN A DIGITAL WORLD

WE REMAIN FOCUSED ON OUR CUSTOMERS, SERVING THEM THROUGH OUR 3 PILLARS



TOTAL COMPANY COMP SALES TRENDS

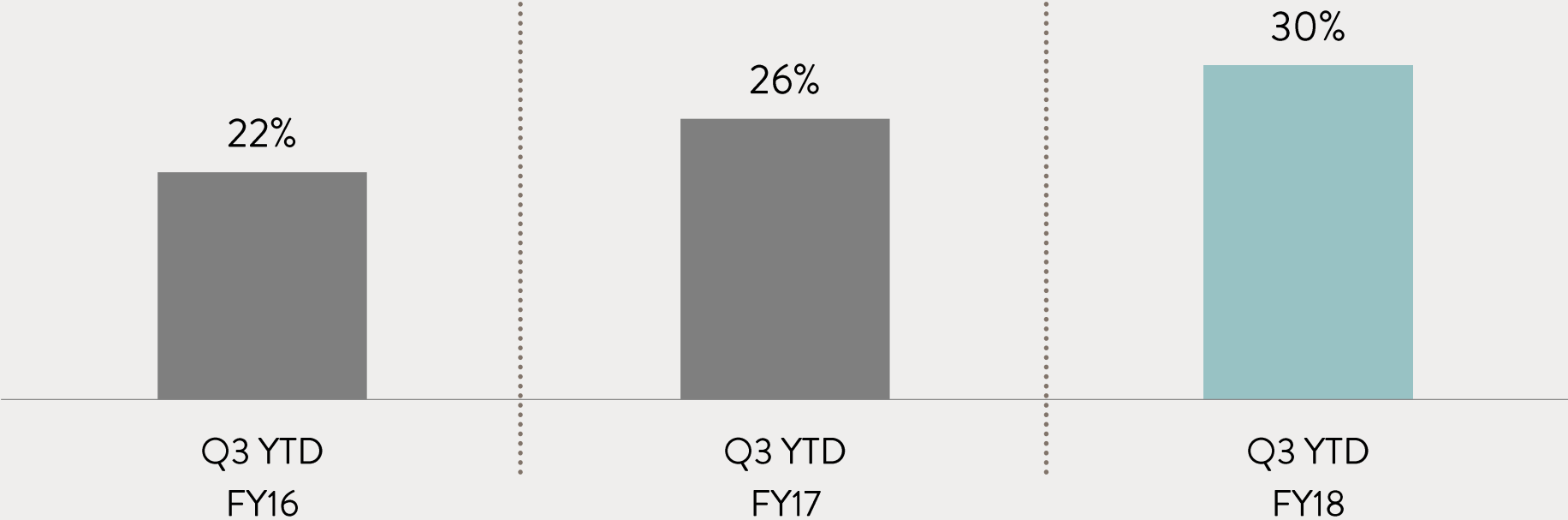
CONTINUED TOPLINE STRENGTH



* Q2 and Q3 2016 combined to remove the impact of the Anniversary Sale calendar shift.

DIGITAL SALES PENETRATION

FUELED BY YTD DIGITAL SALES GROWTH OF 20%



KEY INITIATIVES

SERVING CUSTOMERS IN NEW AND RELEVANT WAYS



NORDSTROM
rack

TRUNK CLUB
A NORDSTROM COMPANY

HAUTELOOK

NYC

NORDSTROM



GENERATIONAL INVESTMENTS



SUPPLY CHAIN

FASHION AUTHORITY

SERVICE & EXPERIENCE

MARKETING

TECHNOLOGY

Los Angeles

LOCAL MARKET STRATEGY

INTRODUCING

· HALOGEN ·

— X —

ATLANTIC-PACIFIC

SOMETHING NAVY

FASHION AUTHORITY

THE *Nordy* CLUB



NORDSTROM

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PLEASE USE CARDHOLDER

CUSTOMER ENGAGEMENT

HOLIDAY STRATEGY

GIFTS THAT INSPIRE AND MAKING IT EASY





ANNE BRAMMAN

CHIEF FINANCIAL OFFICER

TARGETING HIGHER RETURNS TO SHAREHOLDERS

EXECUTING ON THREE KEY DELIVERABLES

CONTINUING MARKET SHARE GAINS

Investments in new
markets fueling growth

Market-leading digital presence

Core growth in Full-Price
and Off-Price

IMPROVING PROFITABILITY & RETURNS

Generational investments scaling

Leveraging digital capabilities

Strength in product margin

Improving return on invested capital

MAINTAINING DISCIPLINED CAPITAL ALLOCATION

Capital efficiency and
strong inventory management

Disciplined capex

Accelerating cash flow generation

Excess cash returned to shareholders

FY 2018 UPDATED QUARTERLY TIMING

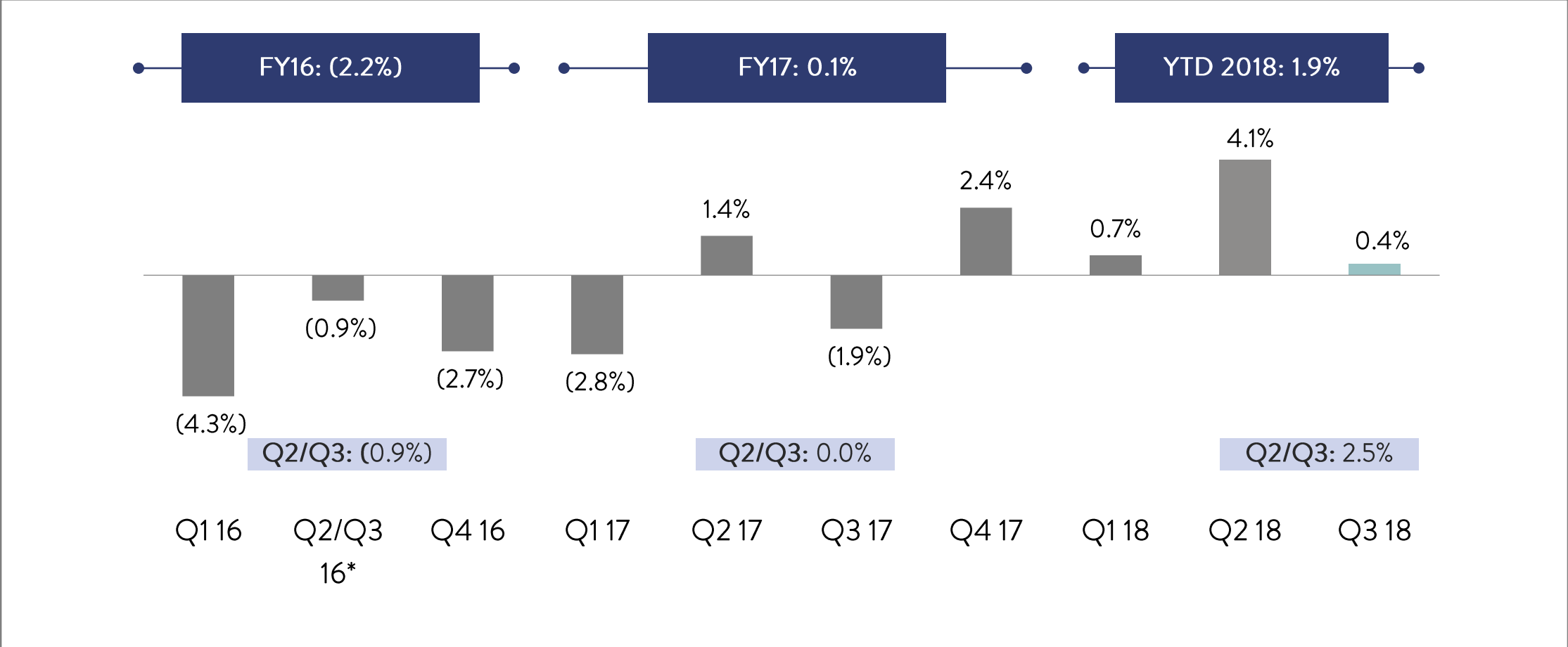
EVENT SHIFTS & REVENUE RECOGNITION IMPACTS

Incr (+) / Decr (-) vs. LY	Q1	Q2	Q3	Q4	FY 18
Considerations	(+) Triple Points	<i>Roughly offsets</i> (-) Triple Points (+) Anniversary (+) Rev Recognition	(-) Anniversary (-) Rev Recognition	(-) 53 rd week	(-) 53 rd week
Estimated net impact to total sales growth	~250 bps	~100 bps	(~100 bps)	(~600 bps)	(~100 bps)
Estimated net impact on comp sales growth	No associated impact				
Estimated impact of revenue recognition on gross profit related to Anniversary		~ \$30M	~ (\$30M)		

Reference Appendix for FY 2018 calendar comparison to FY 2017

FULL-PRICE COMP SALES TRENDS

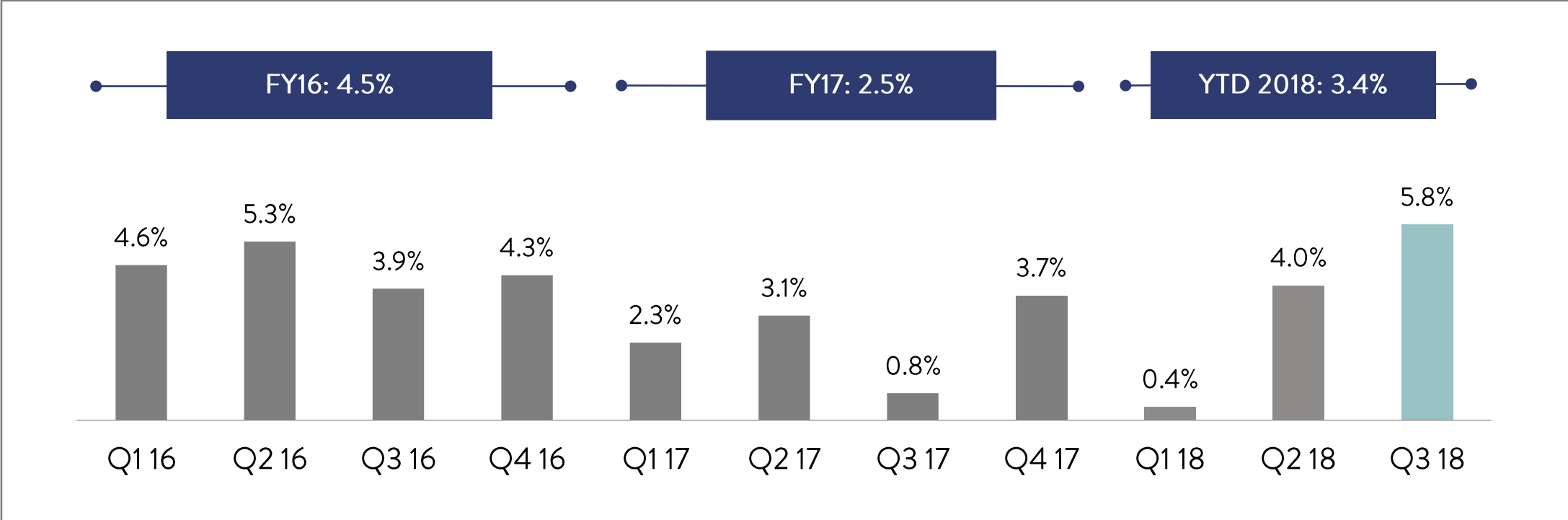
CONSISTENT UNDERLYING TRENDS



* Q2 and Q3 2016 combined to remove the impact of the Anniversary Sale event shift

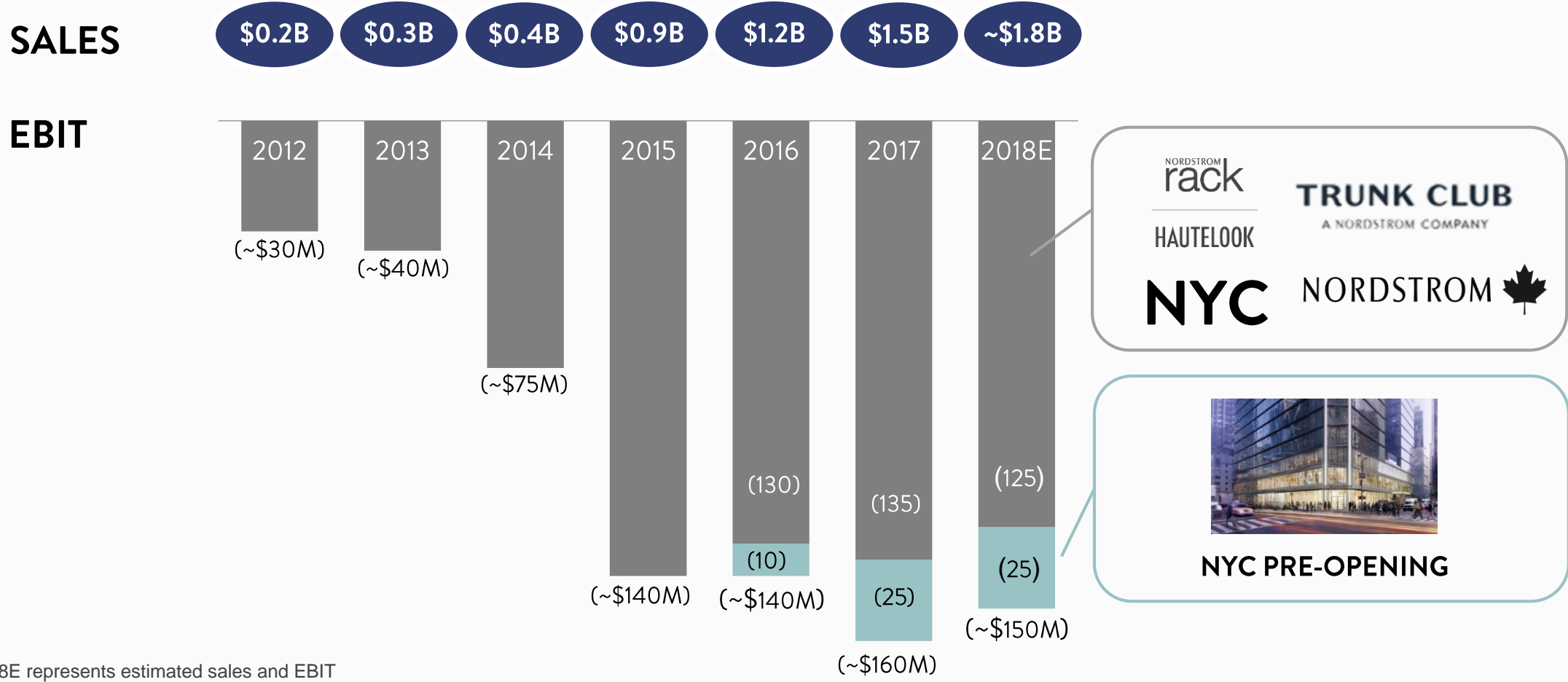
OFF-PRICE COMP SALES TRENDS

Q3 EXCEEDED EXPECTATIONS



GENERATIONAL INVESTMENTS

CONTRIBUTING HALF OF YTD NET SALES INCREASE



2018E represents estimated sales and EBIT

FINANCIAL SUMMARY

Q3 EPS OF \$0.39, INCLUDING ESTIMATED NON-RECURRING CHARGE OF \$0.28*

B/(W) VS. LY	Q3 2018	YTD 2018	CONSIDERATIONS
Total Sales	3.0%	5.3%	<i>Q3 includes timing impact of ~100 bps, primarily from reversal of second quarter rev rec / Anniversary</i>
Comp Sales	2.3%	2.4%	
Gross Profit % of Sales	(137 bps)	(19 bps)	<i>Q3 timing, including \$30M shift from Q2</i>
SG&A % of Sales	(188 bps)	(97 bps)	<i>Includes \$72M (Q3: ~195 bps, YTD: ~65 bps) estimated non-recurring charge</i>
EBIT % of Sales	(298 bps)	(92 bps)	

* Please reference Q3 2018 Earnings Release for additional information

CAPITAL ALLOCATION PRINCIPLES

PRIORITY TO
REINVEST IN
BUSINESS

RETURN CAPITAL
DIRECTLY TO
SHAREHOLDERS

THROUGH DIVIDENDS
AND SHARE REPURCHASE

MAINTAIN
INVESTMENT GRADE
CREDIT RATING

UPDATED FY 2018 OUTLOOK

	PRIOR	UPDATED
NET SALES	\$15.4 to \$15.5 billion	\$15.5 to \$15.6 billion
COMP SALES	1.5% to 2%	~2%
CREDIT REVENUES	Mid-teens growth	Mid-teens growth
INCLUDING CHARGE*		
EBIT	-	\$863 to \$888 million
EPS	-	\$3.27 to \$3.37
EXCLUDING CHARGE*		
EBIT	\$925 to \$960 million	\$935 to \$960 million
EPS	\$3.50 to \$3.65	\$3.55 to \$3.65

* Please reference Q3 2018 Earnings Release for additional information on non-recurring estimated credit-related charge



Q&A

FINANCIAL COMMITMENTS DRIVING SUPERIOR RETURNS

5-YEAR CAGR TARGETS: EBIT GROWTH 5-6% OUTPACING SALES GROWTH 3-4%

	2017	2020E	2022E
CONTINUING MARKET SHARE GAINS	5% SALES 5-YEAR CAGR	~3% SALES 3-YEAR CAGR	3% TO 4% SALES 5-YEAR CAGR
IMPROVING PROFITABILITY & RETURNS	6.1% EBIT MARGIN	+20 TO 40 BPS 2017 TO 2020E	+50 TO 80 BPS 2017 TO 2022E
	9.7% ADJUSTED ROIC	MID-TEENS ADJUSTED ROIC	MID-TEENS ADJUSTED ROIC
MAINTAINING DISCIPLINED CAPITAL ALLOCATION	\$0.6B FREE CASH FLOW	~\$0.8B FREE CASH FLOW BY 2020	~\$1B FREE CASH FLOW BY 2022

Forecasted Adjusted ROIC does not include the impact from the adoption of lease accounting changes beginning in fiscal 2019. See reconciliation of non-GAAP measures on the company's investor relations website at investor.nordstrom.com under the Websites & Presentations tab.

APPENDIX | FY2018 CALENDAR

