

INVESTOR PRESENTATION | DEC 2019



NORDSTROM

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-Q, 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.



We aspire to be the best fashion retailer in a digital world by remaining focused on our customers

**WE PROVIDE COMPELLING PRODUCTS,
OUTSTANDING SERVICES AND A
SEAMLESS CUSTOMER EXPERIENCE**

The Nordstrom Brand

We leverage a unique business model to serve customers through our digital and physical assets, across Full-Price and Off-Price businesses

NORDSTROM NORDSTROM
rack

HAUTELOOK **TRUNK CLUB**



CUSTOMER STRATEGY

KEY INVESTMENT HIGHLIGHTS

#1 Goal is to Provide Customers with the Best Shopping Experience



Leader in Fashion Supported by Outstanding Service and Innovation

Differentiated business model provides customers with curated merchandise leveraging strategic brand partners, a high-quality store footprint, robust online presence, engaging customer loyalty program, and outstanding service.

Gaining Share in a Digital World

Market-leading digital capabilities provide a seamless experience for our customers across our business model. Our local market strategy provides customers with a differentiated experience across our online and full-line platforms.

Strategic Investments in Top Markets and Digital to Drive Growth

Focused store investments in key markets and online scaling to drive margins and improve return on invested capital.

Strong Balance Sheet and Cash Flow Generation

Solid balance sheet to support our growth strategy and return cash to shareholders.

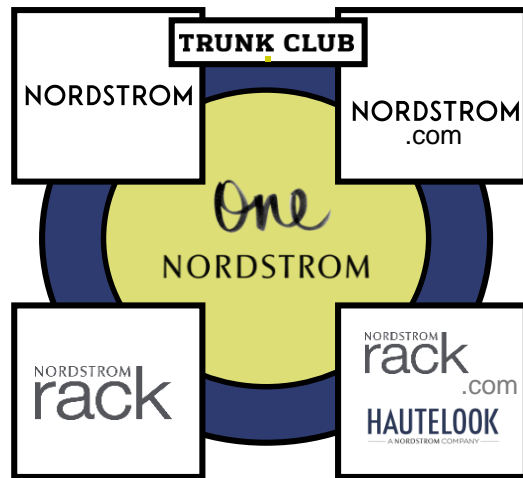
Experienced Leadership Team and Board

Experienced cross-disciplinary management team, including new CFO in 2017 and CTO in 2018. Refreshed and diverse Board with 7 new appointments since 2015 including 2 in 2019.

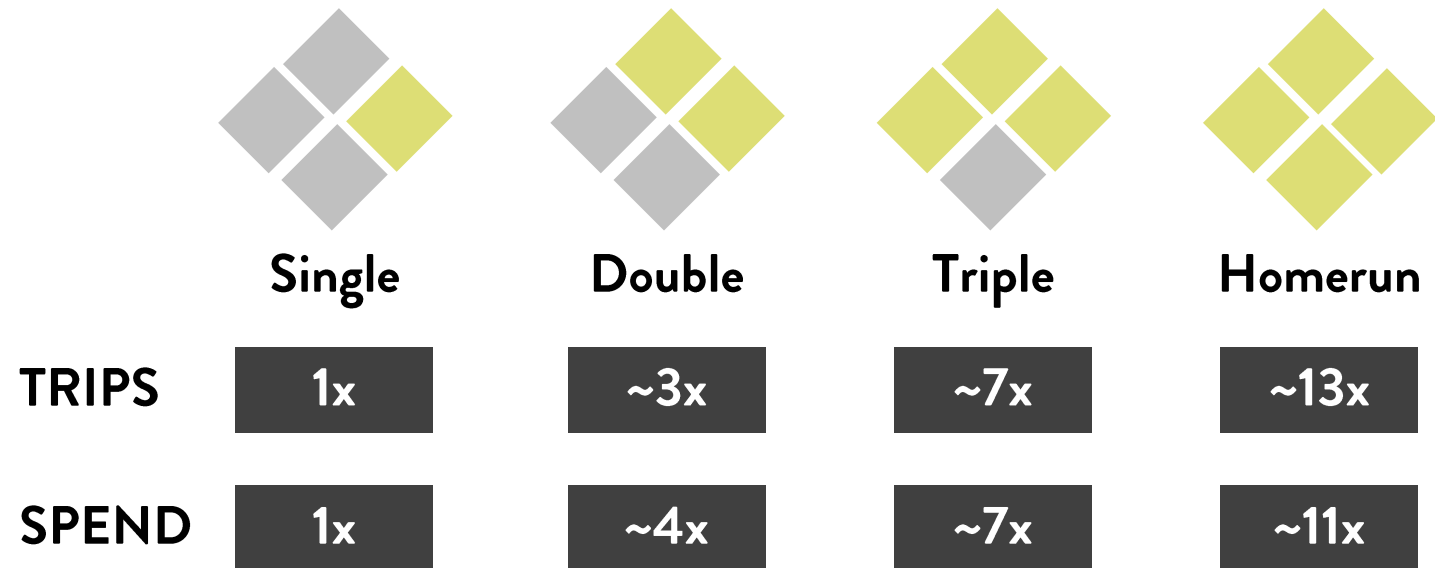
ONE NORDSTROM: WHOLE > SUM OF THE PARTS

Engagement Across Our Four Boxes Encourages More Visits and More Spend

OUR FOUR BOX OFFER



PER CUSTOMER IMPACT BY CHANNELS SHOPPED



Our Services Drive Incremental Customer Spend Within Each Channel (e.g., Online Order Pickup ~2x, Alterations ~3x, Style Boards ~4x, Stylist ~5x)

HOW NORDSTROM WINS

We Win by Providing Our Best Customers Our Best Products in Our Best Markets



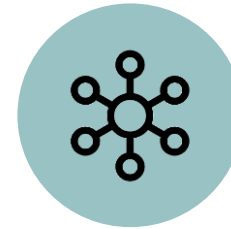
Strategic brand partnerships



Exceptional customer service



Growing loyalty program



Seamless omni-channel platform



**Customer experiences and services
(e.g., online order pickup, alterations)**



Market strategy

OUR FULL-PRICE BUSINESS IS LARGE & FOCUSED

Our Core Business Combines Physical & Digital Assets to Meet Customer Needs

OUR CORE BUSINESS IS STRONG

\$10B

Full-Price Sales

800M+

Unique Daily Visitors
Annually to Website
& Mobile

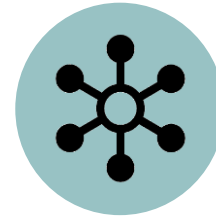
\$1B

Annual Mobile Sales

20M

Full-Price Customers*

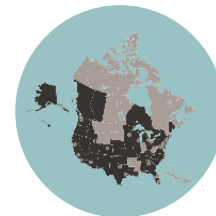
WELL POSITIONED TO WIN



Multiple Channel Capabilities



Driving Innovation



Focusing On Key Markets

OUR OFF-PRICE BUSINESS IS A CRITICAL GROWTH DRIVER

Attracts a Younger, Affluent Customer

NEW CUSTOMER ACQUISITION

6.5M

New customers acquired in past 12 months

#1

Source of new customers

~39

Average purchaser age

~60%

+\$100K customer income

FULL-PRICE ENGAGEMENT

1/3

Off-Price customers become Full-Price customers over time

~2x

Increase in spend when Off-Price customers start shopping Full-Price as well

FULL-PRICE PRODUCT EXHAUST

~90%

of top 200 Full-Price brands are sold in Off-Price

~10%

Off-Price inventory comes from Full-Price

HIGH-QUALITY, HEALTHY STORE FOOTPRINT

We are Uniquely Positioned with the Right Number of High-Quality Stores

STORE PORTFOLIO

116 FLS* 95% located in “A” or better malls

249 Rack Majority of our Racks are located in convenient power center locations

16 Other Trunk Club Clubhouses, Nordstrom Local, Jeffrey

100%

of U.S. comparable operating stores are cash flow positive

MARKET PRESENCE

■ Stores & Online
■ Online Only



Nordstrom present in all top 20 markets (by market size)

~70%

of Nordstrom total stores are located in top 20 markets

Source: Investor Day Presentation July 2018

*FLS refers to Full-Line Stores

Store count is of Q3 2019

MARKET-LEADING ONLINE PRESENCE

Driving Outsized Growth

ONLINE PORTFOLIO

NORDSTROM
.com

NORDSTROM
rack.com

HAUTELOOK
— A NORDSTROM COMPANY —

TRUNK CLUB

LARGE AND HIGH GROWTH ONLINE BUSINESS

Digital Sales
Penetration

24%

27%

30%

Digital Sales
(\$B)

\$3.5

\$4.0

\$4.7

FY16

FY17

FY18

Digital Sales
Growth (YoY)

15%

16%

16%

OUR WORLD-CLASS BRAND IS BUILT BY OUR CUSTOMERS

We Have a Strong Base of Young, Affluent and Fashion-Focused Customers

2017 CUSTOMER DEMOGRAPHICS

AGE

42

JWN average purchaser age

YOUNG CUSTOMERS

36%

Customers that are 18-34 years old

YC GROWTH (18-34)

+19%

Increase in Young Customers (YC) '17 vs. '15

INCOME

>65%

Of JWN sales are from customers with Household Income >\$100K

HIGH-LOW ASSORTMENT OF STRATEGIC BRANDS

HIGH-LOW ASSORTMENT

From Zella to Gucci

ZELLA Style Game Shine Hooded Jacket
\$139

GUCCI Small GG Marmont 2.0 Matelassé Velvet Shoulder Bag
\$2590

REFORMATION Hattie Off the Shoulder Dress
\$218

NIKE Air Force 1 Jester XX Sneaker
\$110

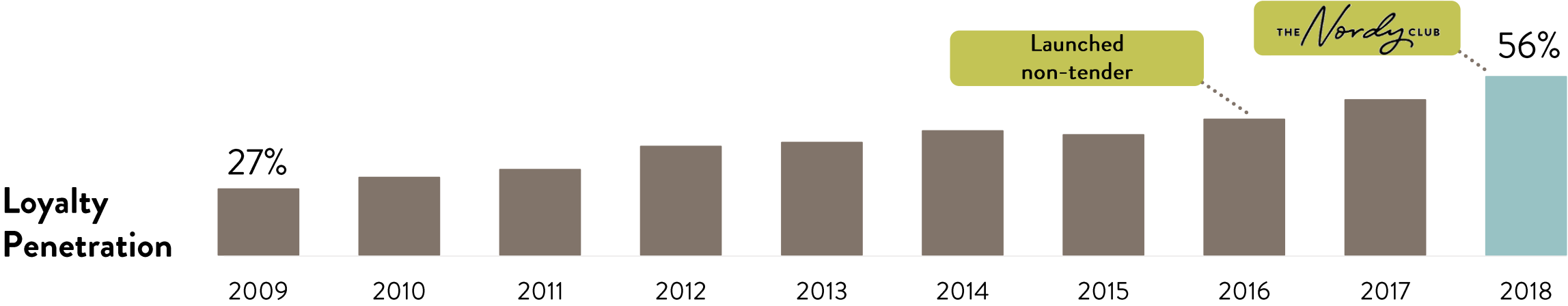


BRAND DISCOVERY

From national brands (Nike) to limited distribution brands (Reformation)

EVOLVING LOYALTY WITH CUSTOMER EXPECTATIONS

Higher Engagement & Customer Spend



ACTIVE MEMBERS

~12M

~1/3 customers | 13%+ YOY FY 2018

2018 SALES

\$9B

>50% of sales

ENGAGEMENT

3X

trips

4X

spend

Source: Investor Day Presentation July 2018, Q4 2018 Earnings Materials
As of Q3 2019

EVOLVING LOCAL MARKET STRATEGY

Our Local Market Strategy Enables a Differentiated Customer Experience

FROM:



Inventory from one store



TO:

All inventory in my market



Limited fulfillment options



Multiple options for online order pickup or delivered to me



One week for many online orders



Same-day or next-day in top markets



Appointment-based styling and services



Always-on (24/7), high- and low-touch options for style expertise and services in-home, in-store, or in-Local



“Push” inventory based on initial allocation



“Pull” inventory based on customer demands

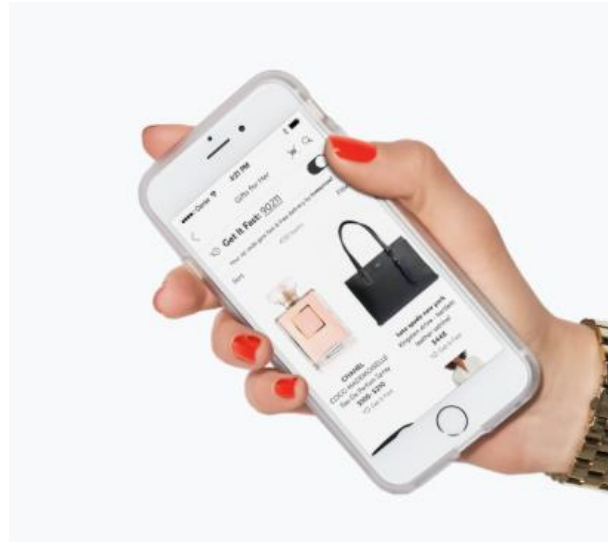
POSITIVE RESULTS IN LA



SALES

100 bps

Sales growth outpacing other markets



ENGAGEMENT

100 bps

Growth of customers shopping in stores and online vs. other markets



EFFICIENCIES

Higher

Sell-through in stores vs. other markets

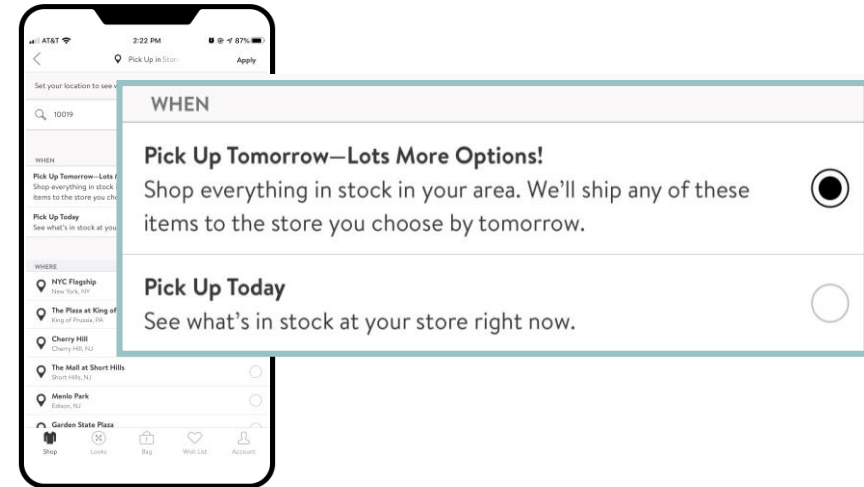
EXPANDED MARKET STRATEGY IN NYC

MARKET INVENTORY

8 Full-Line Stores in Tri-State Area
&
East Coast Fulfillment Center



FASTER OPTIONS



7x

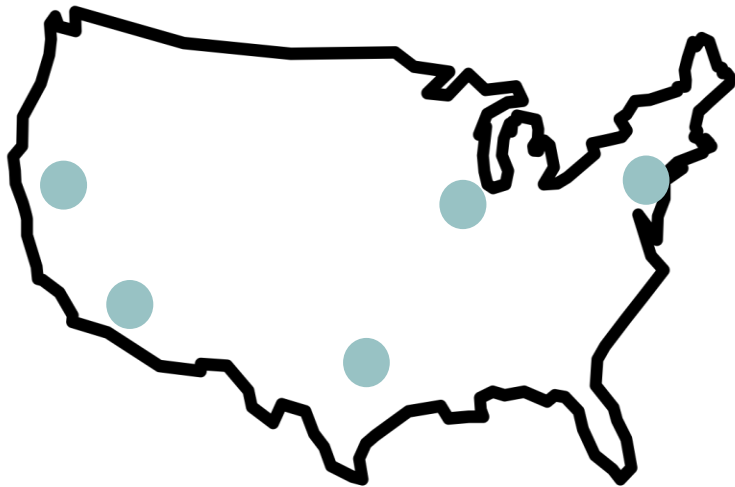
INCREASED MERCHANDISE SELECTION
AVAILABLE FOR NEXT-DAY PICKUP OR DELIVERY

ACCELERATING MARKET STRATEGY

OUR TOP 10 MARKETS MAKE UP 60% OF OUR SALES

2019

Los Angeles, New York, San Francisco, Chicago & Dallas



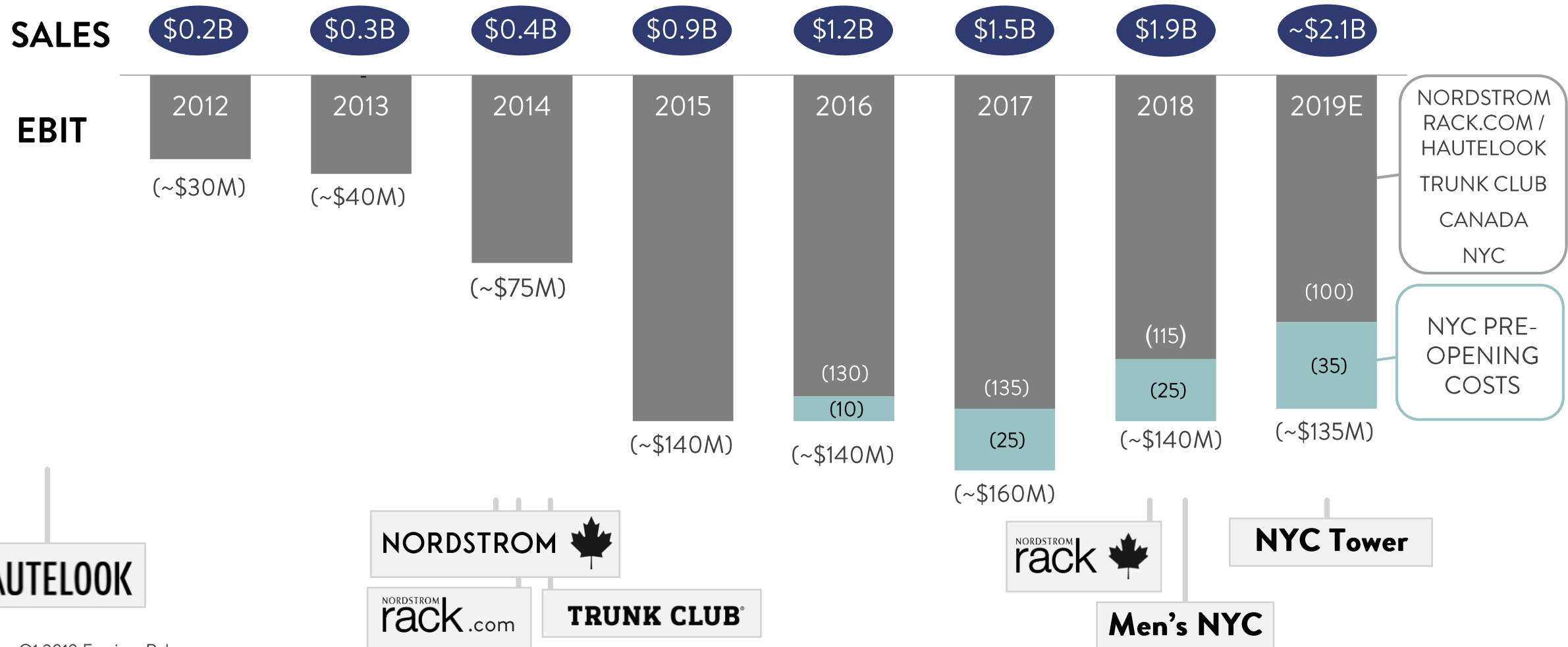
2020

**ALL TOP
10**

- Expanded selection available next-day
- More Nordstrom Locals
- Express Services* at Racks

SCALING GENERATIONAL INVESTMENTS

Exiting Heavy Investment Period



Source: Q1 2019 Earnings Release
2019E represents estimated sales and EBIT



FINANCIAL OVERVIEW

LONG-TERM VALUE CREATION

GAIN MARKET SHARE

Market strategy
Generational investments

IMPROVE PROFITABILITY & RETURNS

Leveraging inventory
Bending expense curve

MAINTAIN DISCIPLINED CAPITAL ALLOCATION

Moderating capex
Accelerating free cash flow

Q3 2019 RESULTS

<i>Better/(Worse) than LY</i>	H1	Q3	Considerations
TOTAL SALES	(4.3%)	(2.2%)	
GROSS PROFIT % OF SALES	(55 bps)	100 bps	
SG&A % OF SALES	(93 bps)	132 bps	SG&A decreased 2% excluding NYC pre-opening*
EBIT % OF SALES	(125 bps)	250 bps	EBIT margin expanded ~50 bps*
INVENTORY DECREASE	(6.5%)	(2.7%)	

FY 2019 OUTLOOK

	PRIOR OUTLOOK	UPDATED OUTLOOK
NET SALES	~ 2% decrease	No change
CREDIT REVENUE GROWTH	Low to mid single-digit	Mid single-digit
EBIT	\$805M to \$855M	\$815M to \$855M
EBIT MARGIN	5.3% to 5.6%	5.4% to 5.6%
EPS	\$3.25 to \$3.50	\$3.30 to \$3.50

The following assumptions are incorporated in FY 2019 updated outlook:

- Interest expense of ~\$110M
- Effective tax rate of ~27%
- Diluted shares outstanding ~156M
- EPS excludes one-time debt financing charge in Q4 of ~\$0.04
- The impact of tariffs is not material for the year

EBIT MARGIN IMPROVEMENT INITIATIVES

SG&A Optimization to Supplement Historical Initiatives

KEY PROFITABILITY INITIATIVES

COMMENTARY

Scale Generational Investments

- Manhattan Tower opened October FY 2019

Local Market Strategy

- 60% of sales are in our top 10 markets

Strength in Product Margin

- Targeting 50% of Full-Price sales from strategic brands and improved inventory turns

SG&A Optimization

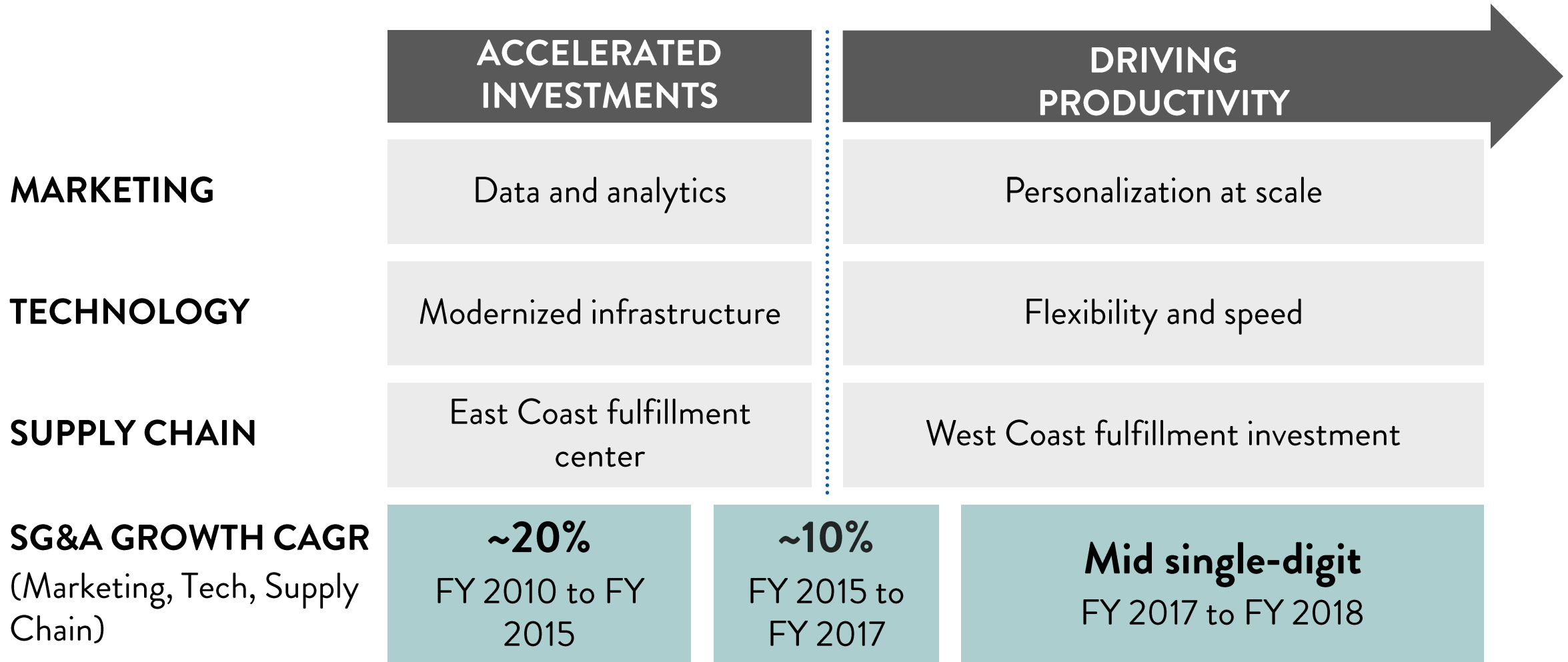
- Tracking ahead of plans to achieve \$150-\$200M savings goal in FY 2019

Leverage Digital Capabilities

- Improved data and analytics, modernized technology infrastructure, and scaling supply chain network

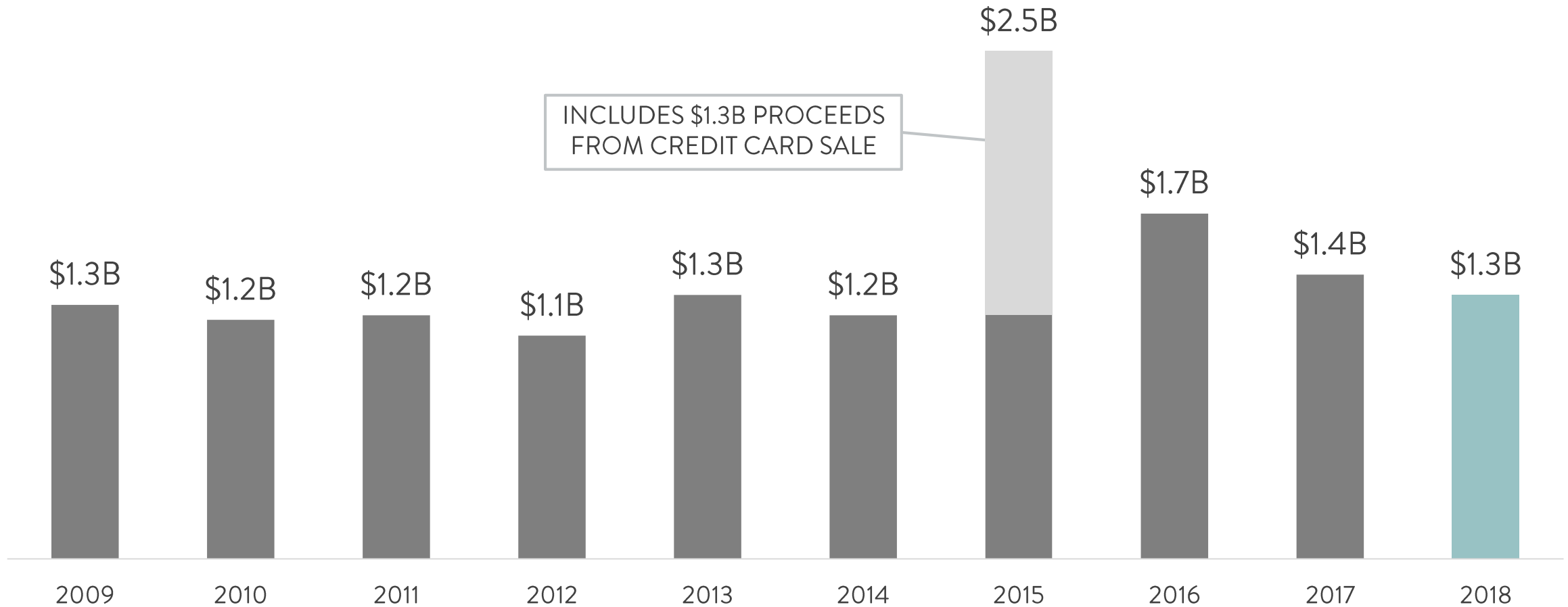
BENDING THE CURVE IN SG&A GROWTH

Leveraging Digital Capabilities



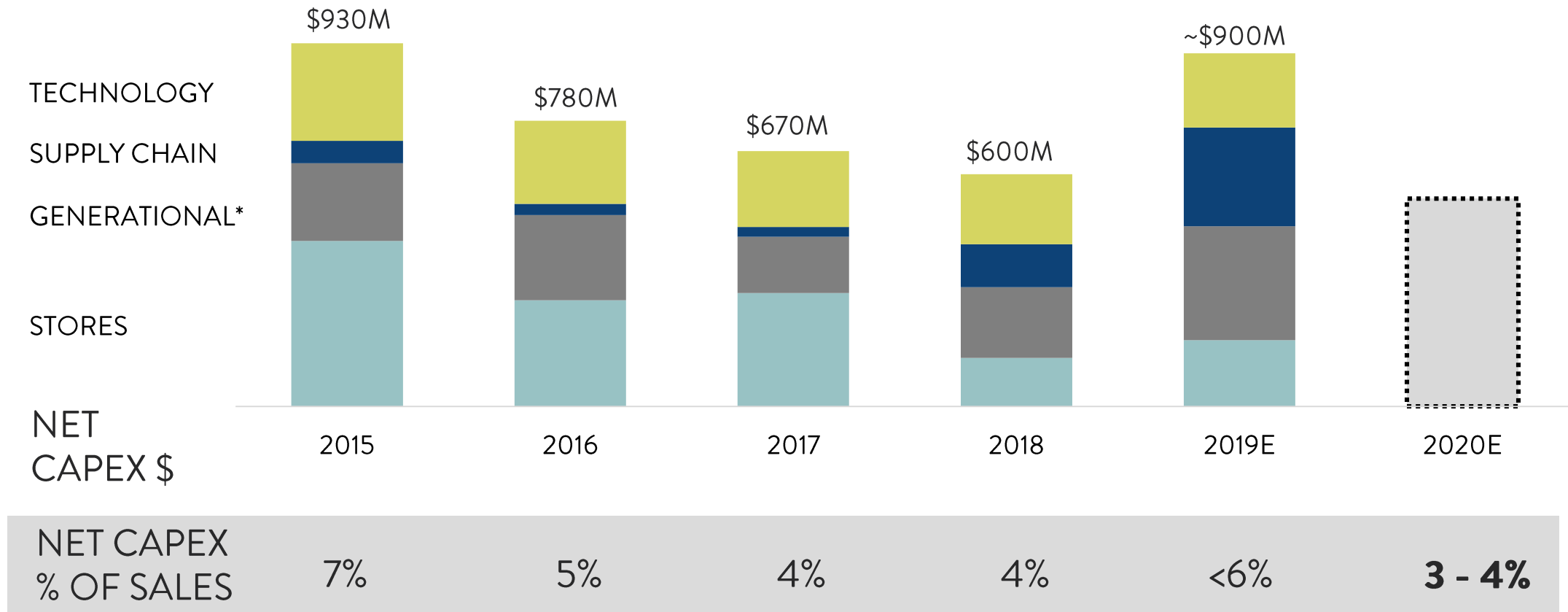
CONSISTENT CASH FLOW GENERATION

Ten Consecutive Years of \$1B+ Operating Cash Flow



EXITING GENERATIONAL INVESTMENT CYCLE

Capex Moderating To 3-4% Of Sales



Net capex reflects gross capex less deferred property incentives

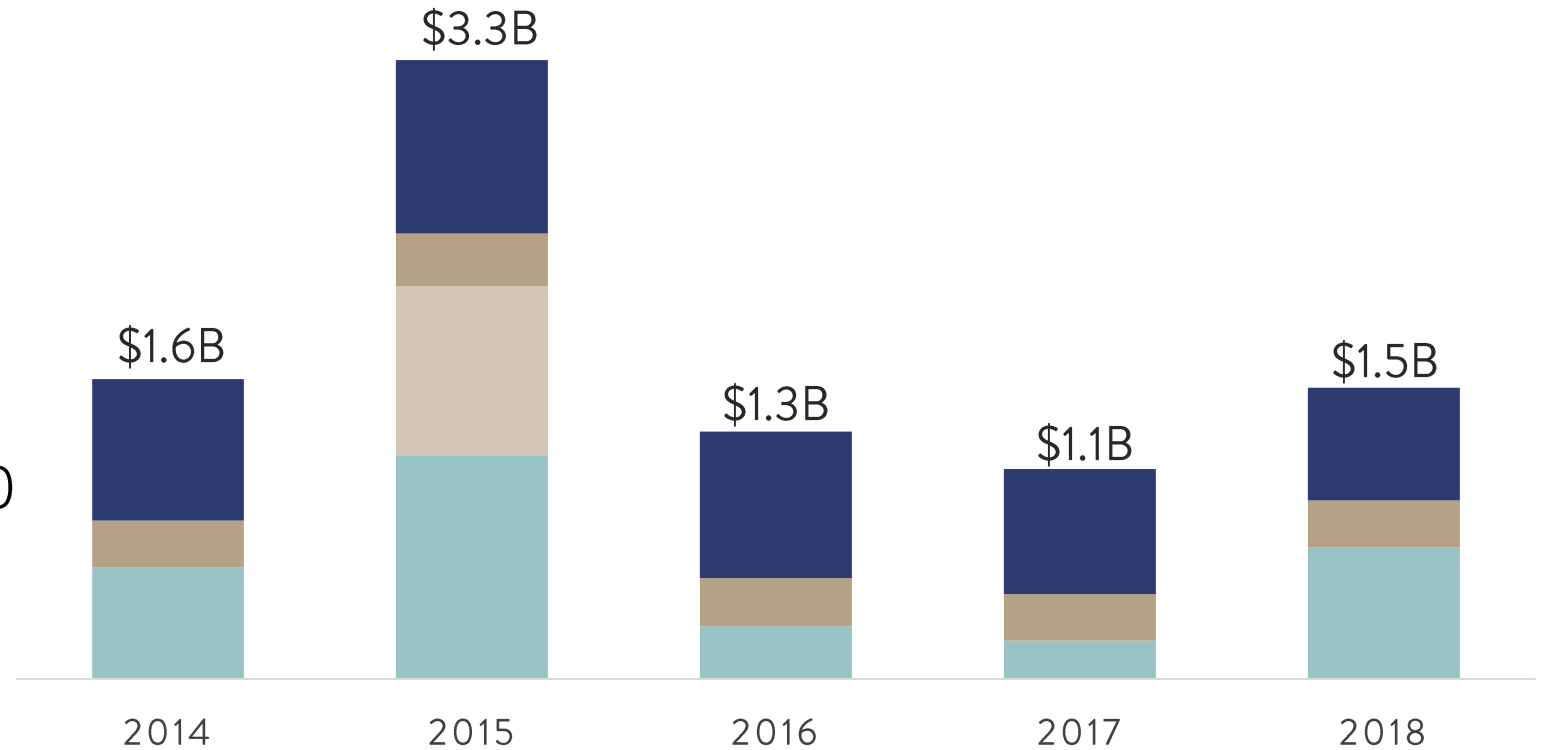
*Generational investments include Nordstromrack.com/HauteLook, Canada, Trunk Club and Nordstrom NYC

DISCIPLINED CAPITAL ALLOCATION

Maintain Investment Grade Credit Rating

PRIORITIES

- 1 BUSINESS REINVESTMENT
- 2 DIVIDENDS* (TARGET PAYOUT 30-40%)
- 3 SHARE REPURCHASES



TARGET ADJUSTED DEBT TO EBITDAR 1.5X TO 2.5X



APPENDIX

MANAGEMENT TEAM

Significantly Experienced and Diverse Team



Erik B. Nordstrom

- Co-President, Nordstrom, Inc.
- Mr. Nordstrom served as Executive Vice President and President, Nordstrom.com from May 2014 to May 2015



Peter E. Nordstrom

- Co-President, Nordstrom, Inc.
- Mr. Nordstrom served as Executive Vice President and President, Merchandising for the Company from February 2006 to May 2015



Anne L. Bramman

- Chief Financial Officer
- From March 2015 to March 2017, Ms. Bramman served as Senior Vice President and Chief Financial Officer of Avery Dennison Corporation



Kenneth J. Worzel

- Chief Operating Officer
- Mr. Worzel previously served as Chief Digital Officer and President, Nordstrom.com. From 2010 to 2016, Mr. Worzel served as EVP, Strategy and Development.



Edmond Mesrobian

- Chief Technology Officer
- Previously Mr. Mesrobian was Chief Technology Officer for multi-national grocery retailer Tesco PLC from 2015 to July 2018



Christine F. Deputy

- Chief Human Resources Officer
- Ms. Deputy previously served as Group Human Resources Director at Aviva PLC from March 2013 to June 2015



Scott A. Meden

- Chief Marketing Officer
- From February 2010 to August 2016, Mr. Meden served as Executive Vice President and General Merchandise Manager, Shoe Division



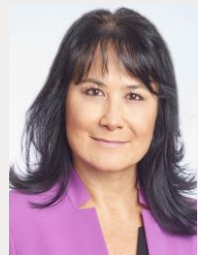
James F. Nordstrom, Jr.

- President, Stores
- From 2005 to 2014, Mr. Nordstrom served as Executive Vice President and President, Nordstrom.com



Geevy S.K. Thomas

- President, Nordstrom Rack
- Mr. Thomas previously served as Chief Innovation Officer since January 2017. From 2010 to 2017, he served as Executive Vice President and President, Nordstrom Rack



Ann Munson Steines

- Executive Vice President, General Counsel and Corporate Secretary
- Ms. Steines previously served as Macy's Senior Vice President, Deputy General Counsel and Assistant Secretary from 2009 to 2019




Teri Bariquit

- Chief Merchandising Officer
- From 2012 to 2019, Ms. Bariquit served as Executive Vice President, Merchandise Planning and Solutions.

BOARD OF DIRECTORS

Strategy Driven By a Highly Diverse, Experienced and Independent Board



Shellye L. Archambeau (2015)

- Former CEO, MetricStream
- Skills / Experiences: Technology, ecommerce, digital media, communications
- Other public Boards: Verizon, Okta, Roper Technologies

N T



Stacy Brown-Philpot (2017)

- Chief Executive Officer of TaskRabbit
- Skills / Experiences: Innovation, digital, branding, marketing, operations
- Other public Boards: HP


T A F



Tanya L. Domier (2015)

- CEO, Advantage Solutions
- Skills / Experiences: Sales and marketing, strategic planning, senior leadership
- Other public Boards: YUM! Brands

F A C



Kirsten A. Green (2019)

- Founder and Managing Partner, Forerunner Ventures
- Skills / Experiences: Consumer behavior, digital commerce, brand building

T A F



Glenda G. McNeal (2019)

- President Enterprise Strategic Partnerships, American Express
- Skills / Experiences: Business development, innovation, CRM
- Other public Boards: RLJ Lodging Trust

N C



Erik B. Nordstrom (2006)

- Co-President, Nordstrom
- Skills / Experiences: Retail, executive leadership, business management



Peter E. Nordstrom (2006)


- Co-President, Nordstrom
- Skills / Experiences: Retail, executive leadership, business management



Brad D. Smith (2013)

- Non-executive Chairman, Nordstrom
- Executive Chairman of Intuit
- Skills / Experiences: Brand marketing, innovation, financial and accounting
- Other public Boards: Intuit, SurveyMonkey

N C



Gordon A. Smith (2015)

- Co-President and COO, JPMorgan Chase
- Skills / Experiences: Consumer services, corporate governance, risk management

N C



Bradley D. Tilden (2016)

- Chairman and CEO, Alaska Air Group, Inc.
- Skills / Experiences: Executive leadership, financial, governance
- Other public Boards: Alaska Air

F A



B. Kevin Turner (2010)

- President and CEO, Core Scientific
- Skills / Experiences: Strategy, digital, global operations, supply chain, merchandising, branding, marketing, technology

N T

Legend:

- Independent
- Audit and Finance Committee
- Corporate Governance and Nominating Committee
- Technology Committee
- Compensation Committee
- Committee Chair
- Financial Expert *

* The Board has determined that all Audit and Finance Committee members qualify as “audit committee financial experts” under the regulations of the SEC

CORPORATE GOVERNANCE FRAMEWORK

We Seek to Maintain the Highest Governance Standards

BOARD

- 9 of 11 current directors are independent, with majority (56%) gender diverse
- Independent Chairman
- Regular executive sessions of independent directors
- Committees comprised only of independent directors
- Annual evaluations of Board committees and directors
- Authority to hire independent consultants and experts
- A combined 94% director attendance across 9 Board meetings in FY 2018
- All Audit & Finance Committee members are SEC “Audit Committee Financial Experts”

SHAREHOLDER RIGHTS

- Annual election of all directors
- Majority vote standard for director elections
- Each common share is entitled to one vote
- Shareholders of 10%+ entitled to call special meeting
- Annual say-on-pay advisory vote
- Regular shareholder outreach and engagement
- Open communications with directors

COMPENSATION

- Pay-for-performance philosophy guides executive compensation
- Stock ownership policy for directors and executive officers
- Executive compensation clawback policy
- Firm hedging and pledging policies
- Independent compensation consultant engaged by Compensation Committee

STRATEGY AND RISK

- Company strategy oversight by Board
- Risk oversight by Board and committees aligned with company strategy
- Regular risk management reports to Board and committees
- Compensation program designed to reduce undue risk
- Annual strategy planning meeting
- Board oversight of Co-Presidents and management succession planning