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PRESENTATION

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

Good morning, everyone. This is Omar Saad from Evercore ISI covering the global softlines, fashion and luxury sector. Thanks for joining our annual consumer and retail summit. This year, unfortunately, we're not in person doing the normal store tours. But we really appreciate everyone's willingness and patience participating virtually, both the hundreds of clients who signed up for the event as well as the management teams, especially Nordstrom today, getting up at the early hour on the West Coast. Obviously, you can see there Anne Bramman, the Chief Financial Officer -- Nordstrom Chief Financial Officer, up early in the office; and then we've got Erik Nordstrom, the CEO, on the screen as well. He's coming live to us from a hotel room. He's out on the road doing store tours and kicking the rubber on the tires.

Thank you very much for joining, you guys. It's going to be mostly a Q&A with me, but I wanted to give you the opportunity to make some opening remarks before I jump into my questions. Thanks.

Erik B. Nordstrom - *Nordstrom, Inc. - CEO, Principal Executive Officer & Director*

Thanks, Omar. Thanks, everybody, for joining us today.

I want to start off, a little context. Certainly, it's a real challenging time for retail. And it has been for a while, but certainly, there's been a lot of change the last couple of months. But it seems just tone-deaf not to acknowledge the painful time it is for our country right now and what's going on around us, the deaths: George Floyd, Ahmaud Arbery, Breonna Taylor, and most recently, Rayshard Brooks. Truly, I'm like -- anytime I've been through, and I'm sure everyone here, it's -- clearly, change is needed and I see that -- I think it is appropriate for this gathering in that it does affect business as well.

If you've followed us, I hope you know we've been around a long time. Our reputation is very important to us, our reputation with our customers, being a great place to shop and our reputation with our employees being a great place to work. This subject, what's going on in the country, is of immense importance to our customers and to our employees. And it's important that we play our part in being part of solutions, and we think that's a responsibility we take very seriously. We've -- we have a good track record, but we also believe we need to do more.

It really goes to, I think, how we've always tried to be positioned as a retailer and therefore, as an employer, which is an inclusive place. We sell nice things. We certainly want to carry the best fashion the world has to offer. But we sell it in a very inclusive way where it's not intimidating, where people can be themselves. And that's what -- that means where employees can be themselves as well. I think part of our reputation that we're fortunate to have is for having good people, especially in our stores, people who care about their customers. And I get a lot of customer comments, every day I talk to customers, and it's always been the case that the most common thread through really good customer comments has been that our salespeople are authentic and are themselves. So I say all that just because being an inclusive place, there's never been higher stakes with it, and it's never been more important where people can come in, not be judged and can be who they are, both, again, in our selling and in being an employer.

Sorry, talking a little to our model. Our model is unique. We have a Full-Price business, our Nordstrom brand. We have an Off-Price business, our Rack brand -- Nordstrom Rack brand. We also have a big store business, Nordstrom stores and Rack stores, and a big online business -- about 1/3 of our business last year, Nordstrom.com, our Nordstromrack.com and HauteLook.

The important point -- and look, our model is -- these aren't just sizable businesses on their own, which they are. Really, the importance is the synergy amongst those businesses. They help each other. Our Off-Price business was born from clearing out our Full-Price business to keep newness coming in. That's vital for us. It's been a big growth area as of late.

It's a big growth area for acquiring customers. We acquire more customers for our Rack channel, our Rack stores and any other channel we have. About 1/3 of those customers become Full-Price customers within the first year. So there's lots of synergy there.

In particular, the last couple of months through the pandemic, the synergies between digital and physical have become more important. And we certainly believe the changes that have come on these last couple of months, which have been severe in our industry, are -- but are very much an acceleration of what's been in place for some time now, certainly the growth of e-commerce, but the changing nature of what physical retail is, that connection between digital and physical not just having a big e-commerce channel. In particular, a good example is fulfillment of customers wanting and embracing the control of having fulfillment of their orders as they want it: buy online pick-up in store, curbside services, in particular, these last couple of months. There's a lot of flexibility built in this model. We can pivot, which, in these times of uncertainty, has become even more important. I'd say a good example the last couple of months is our ability to fill orders from our stores. Normally, for Full-Price, it's about 20% of our orders are filled from our stores. With stores being closed and inventory being somewhat trapped in there, we moved over 50% of our orders for most of the last 2 months being filled from Nordstrom stores. We're able to fill some orders from our Rack stores for Nordstromrack.com. This flexibility, the synergy has helped us get through this time. It helps us be a more efficient business, but most importantly, it helps us serve customers on their terms, how they want to be served.

So with that, I'll pass it over to Anne.

Anne L. Bramman - *Nordstrom, Inc. - CFO*

Thanks, Erik. So I just want to reiterate Erik's comments. We -- as a company, our values and culture is really about being inclusive where people feel comfortable not only shopping but being who they are as an employee and bring their authentic self to be with us. On top of that, we're experiencing a pandemic across the world. And it's really important to us, and we take our responsibility very seriously, about keeping our employees and our customers safe during these turbulent times.

So pivoting a little bit to where we are from our -- from our results perspective, I just want to give a little bit of overview. We had our earnings call a couple of weeks ago. And I think it's just helpful to provide some context. So exiting out of 2019, we were in a strong financial position. We had accelerated our sales trends in the second half of the year. We continued to demonstrate very strong inventory and expense discipline in the business. And it's really actually set us up pretty well to react very quickly to what we saw happening in the last several months.

The momentum that we had in the business in the second half of 2019 continued into February. We actually were, on a top line perspective, exceeding some of our plans as far as what was based on our guidance expectations for that month. And then in March, we had the impact of COVID-19, and it began to unfold -- and unfolded quickly. I would say we had a little bit of an advantage sitting here in Seattle, being part of the epicenter that are seeing early signs of it. And we reacted very quickly and had a lot of scenario planning, stress testing of what -- how this could impact us and what we need to do to accelerate.

As part of that, we took immediate steps to strengthen our financial flexibility. At that point, it was really pivoting towards liquidity, cash and managing our biggest investment, which was inventory. And in our business, it's pretty perishable. When you're in a fashion inventory business, that -- I would like to say that inventory doesn't get better over time. So we really took a very data and analytics approach to that. So we did some fundraising. We really managed our cash burn. We've reduced our expenses. And more importantly, to Erik's point, we really leveraged our inventory throughout the whole ecosystem.

By the end of the quarter, we actually exited with our inventory down 25%. We did this by reducing our receipts. Our units were down by 15% versus last year. And we generated a lot of customer demand through marketing and promotions and then utilized our fulfillment capabilities across our entire ecosystem. And this actually put us a pretty favorable position to bring in newness for June. We know our customers like newness, and so by exiting out of some of the more fashionable, perishable items, it's actually brought us newness for our customers.

We significantly decreased our cash burn, and we expect to be breakeven, our cash burn, monthly cash burn, I should say, by the end of Q2, which is pretty significant. We're very confident. We stress test. We do scenario planning. We've got downside scenarios, and we've done all of this for second half and in 2021. And we feel like we've got enough cash and liquidity to not only manage through these uncertain times, but through a lot of uncertain times for the long term as well. And so we feel like we're in a really good position to really leverage our capabilities and to really serve our customers as well.

So Omar, I'll turn it back over to you for Q&A.

QUESTIONS AND ANSWERS

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

Yes. Thanks, guys. That was great. I appreciate the introduction or introductory comments.

Let me start with where are you in the progress in reopenings? Where do you stand? Are you comfortable with the recovery trends you're seeing so far and your operational capabilities? Anything that -- to point out there, and then we'll kind of dive into more of a digital and e-commerce conversation next.

Erik B. Nordstrom - *Nordstrom, Inc. - CEO, Principal Executive Officer & Director*

Sure. I'll start that. We are about 75% open, 75% of our stores. We opened 110 stores last Thursday, 3 more over the weekend. And so it's been fairly recent. We'll be about 90% open by the end of this week.

So what's going on there? It's -- we're a little ahead of our plans so far, more so in our Rack stores than our full-line stores. It's very early. We just opened up California last week, which is our biggest state, 4 a.m. this morning.

So what's going on there? Operationally, we feel good about and have gotten a lot of great feedback from our safety measures in place from customers and our folks. And I think I would point that operationally, because we have had store fulfill all along here, we have had skeleton crews in our stores doing fulfillment activity. So the scheduling, the labor part of it, we actually have a lot of flexibility there. We have people in the stores who, again, are filling orders. So kind of depending on the traffic, we can flex that pretty easily and quickly to respond to what can be very localized, not just traffic, but more so just the local regulations on capacity. So far, so good.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

Right. Right. Got it. So let's kind of shift to e-commerce a little bit. You guys are -- and we've written about it a lot best-in-class, omnichannel, e-commerce, digital capabilities. You guys have been investing big for a long time. You've gone through different iterations and evolutions. So it's a little bit surprising to us and some of our clients when the e-commerce growth in the first quarter was -- seemed a little bit slower than some of the peers, but it's hard for me to know if that's mall related or category related. We've seen Home category be really strong early days in the recovery period. Any sort of kind of illumination on helping us understand what's going on in your e-commerce business in the first quarter versus the marketplace would be helpful. And then maybe we'll dive and dig deeper into omnichannel and BOPUS and some of those other questions next.

Erik B. Nordstrom - *Nordstrom, Inc. - CEO, Principal Executive Officer & Director*

Sure. Yes, I think a couple of things, a trend. Category is certainly part of it. Apparel has not been a strong category as something like Home except for the last couple of months. But for this, when the stay-at-home orders hit, our focus went to cash and our inventory levels, and that was really our top priorities. And as we looked at levers we can pull, we looked at them through those lenses. And we really feel great about how much our inventory levels came down, dropping by about 25%, and touched on our cash burn and you all know what our liquidity position is. We feel really good about those things.

The business right now, there is and has been in the last couple of months, there's business to be had. It tends to be very promotional. That pull on the markdown lever is effective in driving some top line. We look to balance that, again, mainly these last couple of months, through the cash and inventory lens. And we sit here today, feel really good about our inventory position where we can start pivoting to bringing in freshness and driving the top line without relying so much on just discounting older merchandise.

Anne L. Bramman - *Nordstrom, Inc. - CFO*

Yes. Omar, a couple of things I'd like to add on that as well, if I may. We had -- if you look at the volume we did in Q1, and we talked a little bit about in the earnings call, we had a high velocity of units that went out the door. So I would say it was more than 20% velocity of units. And as Erik talked about, we were a little bit promotional as we went through that inventory and cash management component to it. So your price went down, but your units went up significantly.

I think the other thing is because we've been doing it for so long, we look at a number of different factors. One, we look at demand. And the difference between demand and sales is what you assume for returns. And we actually net our -- what we assume for returns against that number for a net sales number. We don't just do -- we actually put it against the digital sales. And we also look at our demand. And demand was up 9%, which is pretty consistent with what we saw in the second half of '19. But also, we also offset the digital -- the net sales piece of it for items that haven't shipped out as well. So there's a number of things that we also net against it. So I think you have to look at the underlying metrics, and I think what you see is they were actually pretty strong.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

Okay. Okay. So there's some differences there, it sounds like, between Nordstrom and maybe others in the marketplace potentially.

So one follow-up on omnichannel BOPUS. You guys are big believers and proponents of those types of transactions and that kind of ecosystem that you've created across the different formats and giving that consumer that optionality. Because of COVID and the pandemic, we've seen a lot of customers and consumers get more familiar with those types of ways to shop. Maybe pure e-comm customers or pure store customers are learning about it. Is this really -- do you think it's possible we're at an inflection point for potentially going forward for the industry and your business, in particular, just given how well you're positioned for that around omnichannel consumption? Are you seeing anything that says there might be a sustainable acceleration in that type of business?

Erik B. Nordstrom - *Nordstrom, Inc. - CEO, Principal Executive Officer & Director*

Yes. I'll start it. Yes, so again, we see this as a significant acceleration of trends that have been in place before COVID hit. And there's really no evidence that it's going to go backwards to what it was, not just pre-COVID, but years before that, to where these channels are really separate. A customer does not view their life through channels. They don't view themselves having an e-commerce outing and then a store outing. They just -- and especially for our category. Our category's a lot about discovery. It's not a commodity that's on a shopping list where someone just checks off and finds it through maybe a product description or something that's more quantitative. A lot of what is sold in our categories is -- customers have an interest in something new, but they don't know exactly what. And so that discovery piece does lend itself to a combination of digital and physical. So those trends, we feel really good about the investments we've made the last few years. You've touched some of them, Omar. That direction, you got correct.

There is an acceleration. It is what we thought maybe it would take 3 to 5 years, we think is here now. And we do have to move quickly in the directions we have. And for physical retail, that -- the physical assets is changing. And I wouldn't say nor proclaim to know exactly where it's going. We don't think stores are going away. The last few weeks, I think, are confirming that. But the role changes. They do become more and more a place to discover product, to pick up product. And for us, we do benefit from engagement with customers, and that physical engagement can take more forms. It could be the traditional journey to a store, a Nordstrom store at a mall or a Rack store, but it can also include services, things like alterations. And those dropping off a return, picking up an order, those services we can do in a full-line store, we can do in a Nordstrom local store, we can do in a Rack store for Full-Price customers. So leveraging the physical assets that really we already have and looking in different ways is, we think, a trend that's only going to accelerate.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

Right. Got it. Anne on inventory, following up on your inventory comment, it is obviously really clean, down 26%. How are you thinking about it the rest of the year? You mentioned receipts down by 30% in 1Q, 80% in April. When do you -- how does the promotional environment and inventory environment look out? And then when do you start to reaccelerate those sorts of receipts? Or is that really too early to tell yet?

Anne L. Bramman - *Nordstrom, Inc. - CFO*

Yes, we were very pleased where we landed the quarter. And as I -- you mentioned, we think that by end of Q2, we're going to be completely clean across all of our businesses. We actually are starting to bring a little bit of freshness in, in June in our Full-Price space in particular. I think it really -- that inventory position actually now enables us to be opportunistic and to chase some of this as well. So we moved our Anniversary Sale from -- traditionally, it's in July, the end of Q2 to early Q3. And this is the time where we bring in a lot of fresh goods and offer it at a promotional price. So it's not a clearance event. It's something that brings in newness for our customers. But -- so that is going to be a very big piece of the launch or bringing in the big pile of freshness for our customers. It's going into Anniversary. Having said that, we're continuing to start pulsing in receipts, June and then July as well for our customers.

In the Off-Price space, we see this as a great opportunity. We did slow down the receipt plans for Off-Price. We see it as an opportunity particularly in the fall for clearance items or for closeout items in that space. And as Erik mentioned in his earlier comments, Rack is an opportunity for us to clear some of our goods from full-line in order to bring in that freshness into the Rack space as well. So we feel like we're in a really good spot on this, and we feel like we've got enough dollars available in order to be opportunistic around this.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

Apologies. If you think about your inventory levels, what the marketplace looks like, do we think 2H is going to be extremely promotional still? Is there any chance that maybe everyone was a little bit too conservative and rapidly pulled back on the receipts and pushed down the supply chain? Maybe is it too early to tell again what demand will look like, although it sounds like things are generally recovering as the economy reopens.

Anne L. Bramman - *Nordstrom, Inc. - CFO*

Yes. So I think -- I don't think we know for certain what's going to happen, but what I can say is that we've certainly done some scenario planning. We expect and have planned for it to continue to be a highly promotional environment, including going into the second half. But that's where, again, having fresh goods in for our customers where it's a different experience and different offering really helps in that highly promotional environment as well.

Erik B. Nordstrom - *Nordstrom, Inc. - CEO, Principal Executive Officer & Director*

Yes. I would just add in, we surely -- there is uncertainty. There's no getting around that. And Omar, it is -- actually, you pointed it out.

There's a case to be made that there's going to be too many goods in the pipeline. And there's a case to be made that actually, vendors have pulled back a bit. We've heard some of that for the back half of the year. I think in either scenario, for us to maintain the flexibility for these uncertain times, but also to ensure we have the right goods, requires more of a partnership with our best vendors, our best brands. Being the retail partner of choice for the best brands has long been vital to our business, and our merchants have been doing that. They're -- we have a wide range of brand partners. Some are very large. Some are not. And they need a partnership on the other end. So we can't really commit to goods like we have in more predictable times. But the best brands, and especially in these -- the hot categories to partner, so brands can feel confident of getting the pipeline going. It is becoming really important.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

Got it. Got it. Erik, you touched on the evolution of the real estate footprint. No one knows exactly what the right kind of mix will be long term. But you did announce some Full-Price store closures recently. Maybe you could comment on those. How your -- what does this portend for your ultimate view on what the real estate footprint will look like? And especially, with keeping Rack in perspective, it seems like those Rack -- more locations, closer -- strip center locations, maybe easier in and out, how important is that Rack footprint becoming for that larger ecosystem in the connected marketplaces that you're building?

Erik B. Nordstrom - *Nordstrom, Inc. - CEO, Principal Executive Officer & Director*

Yes. I think what's important to realize, looking at our company, sometimes we get lumped into the mall-based department store category and pulled out. The business that we've done in mall-based or [outlying] (corrected by company after the call) stores was less than 40% last year. And that's going to shrink this year. And it's made up through Off-Price and e-commerce. So again, that mix, lumping us as a mall-based department store misses the diversity of the business we have. And again, there's the synergy amongst that. The Rack stores we're not closing any of those. And we actually think there's growth opportunity there in physical Rack stores. We can -- that model can move very quickly. We can -- we're constantly testing merchandise mix and price points. So we think there could be some growth opportunities there.

In the Full-Price side, yes, as I touched on earlier, that mix is changing. And we're closing 16 stores. And we really look at it by a market when we do that. Almost all those stores were part of markets where we already have stores in the markets. Almost all those stores were over 20 years old. So we feel pretty confident, we actually -- not only were they -- our lower-performing stores, that we'll get a lot of sales transfer from there. So again, we look at it by market. We don't need as many smaller outlying stores. We can leverage our Rack stores that are in the market for things like our express services. We're rolling that out to more Rack stores where our Nordstrom customers can do a Nordstrom.com pickup, can do a return and also can do alterations. That's worked really well in Manhattan where we launched that this last fall. So that's a big piece. The Nordstrom Local stores, we're very pleased with that in L.A. and New York. And so that mix of Rack stores and Locals and full line stores, I don't know exactly how that will play out, but we feel good about having those ingredients.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

Well, while you're on the topic -- and Anne, I'm going to come to you with a question on costs in a minute. But while you're on the topic, Erik, on the Local market strategy, I think 5 -- planning to roll 5 additional markets in 2020. What are your latest thoughts here? Does COVID change the plan in any way and strategies around your Local market?

Erik B. Nordstrom - *Nordstrom, Inc. - CEO, Principal Executive Officer & Director*

Well, yes, COVID, certainly, it's one of those -- it's a crisis, and we relook at everything. But our market strategy, that is our future business model. And that's been more confirmed than questioned through these last couple of months. So we have the inventory capabilities to fill kind of any order from all the stores in a market. We've had in 5 of our top 10 markets, we are still planning to roll that out to another 5, the other 5 are in our top 10 markets. And again, there's really 2 elements to our market strategy. There's the inventory efficiency piece, which, in short, brings a greater selection of merchandise with faster delivery for customers. It's -- we've seen that increases by 4 to 7x, the selection. And by filling it locally, we get to the customer much faster. So that does a lot for our inventory efficiency as you can imagine.

The other piece is the engagement piece and engagement of services. It could be meeting a stylist. It could be doing a buy-online-pickup-in-store or curbside services, alterations. A lot of services we have that benefit from having a physical location, but the customer wants them on their terms. And we keep challenging ourselves to find ways to bring these services to the customer more conveniently. And we know when a customer does engage with these services, the more they engage with us, the better our businesses with these customers, the better the retention, the better the spend. So those are really the 2 elements we're looking to get after.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

That makes sense. All right. Anne, I promised to ask you about costs. I know your financial liquidity. You kind of gave us the update there, your cash conversion. Maybe on the cost structure, where are you on pulling back on things? Are there still areas where you want to get leaner? Are there areas where you don't want to pull back on or maybe you even want to start reinvesting in again? Any update there would be helpful.

Anne L. Bramman - *Nordstrom, Inc. - CFO*

Yes. Absolutely. So when we started the year before all of this happened, we had given guidance that we were looking to reduce our expenses by $200 million to $250 million. And the majority of that -- the vast majority of that was in our fixed cost structure. And we really looked at a lot of things, on end-to-end productivity, in our overhead, procurement and other investments that we've made and really trying to get more efficient in fulfillment and marketing. Where I was saying on that progress, we're actually achieving that goal. We gave an update on that at the end of the year, but -- or at the end of the quarter. But it's really on target to hit the high end of that target. We -- even as we pulled back across the board, we're continuing to invest in our critical capabilities, primarily in supply chain and technology. As Erik talked about, we really see everything happening as an acceleration. The investments that we had planned there or are continuing to make in those areas are really the ones that we're going to continue to lean in on as we go through this year and next year.

We're looking at really integrating a lot of things on our platform, particularly in the Off-Price space. So as you think about where we were in Full-Price for a long time as a shared inventory, right, visibility both in the fulfillment centers as well as in the stores and leveraging that inventory. In Off-Price, that is where we're heading. We do a little bit that we called it store fulfilled for Rack, really getting after in the second half of the year or planning to have a much more integrated view of the inventory in the Off-Price space, which should unlock a lot of value for us, both for the customers, but also in managing inventory and improving margin in that environment as well.

We also talked about cash savings of $500 million, and we had that in 3 buckets. One is on cash or working capital, really working with our vendors, suppliers and inventory levels as well on payment terms and inventory. The second was on some of the CapEx. So we did pull back in some of the investments we're making in stores but continued in supply chain and technology. And the third is really looking at our overhead expenses. And we did do a significant change in our overhead as of last week. So we're actually, I would say, on track, meeting our goals across all of the initiatives we've had. And where I think we're going to land, and we've talked about this is, is really having an environment where -- to provide flexibility depending on what happens going forward to allow for flow-through and to have a smaller cost base, particularly in our fixed cost environment. We have a pretty high variable cost environment, particularly in our selling model and our full-line stores. But what this really allows us to do is be flexible and leverage and have a smaller cost base and overhead piece to it going forward.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

Got it. And anything on store operating costs? Do you expect any significant change as a result of the pandemic or protocols you have to put in place? Or is it that generally immaterial to -- as far as you can tell at this...

Anne L. Bramman - *Nordstrom, Inc. - CFO*

Overall, I'd say it's pretty immaterial. We've -- and we have found offsets to that. And so as Erik talked about, we've already had teams in place doing fulfillment. So as we're opening these stores up, you don't see a huge spike in our selling cost. And then for the protocols we put in place, as I mentioned, we found some offsets with that from other efficiencies.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

Got it. Got it. All right. Last question. We're coming to the end of our 30 minutes or so. Erik, I wanted you to talk about -- a little bit about the consumer. Do you see -- and the behavior. Do you see kind of temporary or permanent behavior changes with the consumer? Does more work-from-home mean less spend on work outfits, in fashion and career and great shoes? Or is that more of a temporary phenomenon? In your mind, does the shift to athletic, casual, comfort change your merchandise mix over time? How does Nordstrom fit into that equation if there are kind of changes?

And what is your data telling you? I know you guys have a lot of data now. If you -- how are you able to use the data to help you figure out some of these kind of complex questions?

Erik B. Nordstrom - *Nordstrom, Inc. - CEO, Principal Executive Officer & Director*

Yes. Yes, the merchandise mix has changed dramatically as with people at home, and there are fewer occasions. And a lot of fashion is occasion-driven. So -- but again, that is an acceleration. That trend towards casualization has been going on for a number of years now.

Now if people are at home forever, yes, that would hurt our business. We don't think that's the case. As people come out, it's not going to be the same. It's -- will people work from home more? Yes. So will there be probably less suit and ties that be bought? Probably yes. But as people get out, there still is, "What do I wear to head out?" And that's always been important. And it's important for us to be, again, in sync with customers' lives that it's not -- there may not be as diversifications to where someone's work wardrobe is completely different from their going-out-at-night or their weekend wardrobe. Those start to blend together. There's -- that actually fits well with us. The breadth of our offering, having a big, viable designer business and the credibility that goes with that but also having the breadth of merchandise that has -- allows customers to mix and match and have a high-low, it allows for more discovery of new product. And that's what you see. I think that's just a modern way of dressing is that mix and match. And so it's not so much, "Boy, this is my work wardrobe and I buy this designer for my work wardrobe." It is, "How do I mix and match across a spectrum to really reflect who I am and what I want to do?" So as people start getting out of the house, which we think is happening and will increase, that's going to be good for us.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

Thank you so much, guys. I really appreciate the insights there. Erik and Anne, getting up early on the West Coast, much appreciated as well. Best wishes for the rest of 2020 and beyond. I'm sure we'll talk soon. Thanks.

Anne L. Bramman - *Nordstrom, Inc. - CFO*

Great. Thanks, Omar.

Omar Regis Saad - *Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Softlines, Luxury & Department Stores Team*

Thanks.

Erik B. Nordstrom - *Nordstrom, Inc. - CEO, Principal Executive Officer & Director*

Thanks, Omar.