

DEAR CUSTOMERS EMPLOYEES AND SHAREHOLDERS

For more than 100 years our focus has been on providing customers with outstanding service and the best merchandise, all in a shopping experience that is relevant, inclusive and genuine. Our focus has not changed. The retail environment continues to evolve rapidly, and the investments we've made in all aspects of our business have helped us serve customers in new and differentiated ways. Our decisions have been guided by our three strategic pillars: providing a differentiated product offering, delivering exceptional services and experiences, and leveraging the strength of our brand.

Throughout this time of change, another aspect has remained constant: attracting and retaining the best talent so we can fulfill our goal to be the best fashion retailer in a digitally connected world. It is our team who brings the Nordstrom experience to life for our customers every day. We seek people who are curious, customer obsessed and share this dedication to meeting customers' needs. Our people are empowered to use good judgment and find solutions to do this in powerful ways.



2017 BY THE NUMBERS



\$15.1 BILLION
in sales

Record sales.



33 MILLION
active customers

Nine million shopped Nordstrom in multiple ways.



50% OF SALES
attributed to active
Nordstrom Rewards customers

A 44% increase over last year.



6 MILLION
new customers in Nordstrom Rack
off-price business

Over time, approximately one-third of off-price customers are expected to cross-shop in Nordstrom full-price business.

As we continue to execute our strategic pillars, here are a few ways we're improving our customers' experience in 2018:

ENHANCED SERVICES AND BLENDING DIGITAL AND PHYSICAL

Whether online, in store or via mobile, we combine our digital capabilities along with our assets—people, product and place—to offer seamless, differentiated shopping experiences for customers, however they choose to shop with us. Services like Buy Online & Pick Up in Store, Reserve Online & Try in Store, and Style Boards grew by more than 30% last year. We plan to add to that growth by leveraging these and other services in new ways throughout 2018.

GROWING BRAND PARTNERSHIPS

We continue to evolve and grow our strategic brand partnerships with a focus on establishing Nordstrom as the partner of choice. We want to create newness and a sense of discovery for customers to further contribute to our strong regular-price selling, and drive compelling collaborations with preferred brands.

CHARTING NEW TERRITORIES

The doors to our first full-line and standalone men's store in New York City opened on April 12. We expect this to serve as a gateway for new customers both in the U.S. and around the world. We are also introducing Nordstrom Rack in Canada, where we plan to open six stores in the Toronto, Calgary, Edmonton and Ottawa areas.

We have made meaningful progress laying the groundwork to improve the customer experience, and believe that innovation and taking risks are essential to our success. Along with our focus on providing compelling products and services, we will continue to leverage our capabilities across supply chain, technology and marketing to better serve customers on their terms. Our investments in digital capabilities to expand customer reach and engagement uniquely position us to further increase our market share and drive growth across our full-price and off-price businesses.

In 2018 we will strive to continuously evolve our business while maintaining a constant focus on the customer—disrupting the status quo to solve customer needs in new and relevant ways.



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BLAKE W. NORDSTROM
Co-President, Nordstrom, Inc.

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PETER E. NORDSTROM
Co-President, Nordstrom, Inc.

A handwritten signature in black ink.

ERIK B. NORDSTROM
Co-President, Nordstrom, Inc.