APPENDIX: ADJUSTED ROIC RECONCILIATION

NORDSTROM, INC.

ADJUSTED RETURN ON INVESTED CAPITAL ("ADJUSTED ROIC") (NON-GAAP FINANCIAL MEASURE)

(unaudited; dollars in millions)

We use various financial measures in our conference calls, investor meetings and other forums which may be considered non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. The following disclosure provides additional information regarding our Adjusted Return on Invested Capital ("Adjusted ROIC") for the 12 fiscal months ended February 2, 2013 and February 3, 2018.

We believe that Adjusted ROIC is a useful financial measure for investors in evaluating the efficiency and effectiveness of the capital we have invested in our business to generate returns. Adjusted ROIC adjusts our operating leases as if they met the criteria for capital leases or we had purchased the properties. This provides additional supplemental information that reflects the investment in our off-balance sheet operating leases, controls for differences in capital structure between us and our competitors and provides investors and credit agencies with another way to comparably evaluate the efficiency and effectiveness of our capital investments over time. In addition, we incorporate Adjusted ROIC into our executive incentive measures and it is an important component of shareholders' return over the long term.

We define Adjusted ROIC as our net operating profit after tax divided by our average invested capital using the trailing 12-month average. Adjusted ROIC is not a measure of financial performance under generally accepted accounting principles ("GAAP") and should be considered in addition to, and not as a substitute for, return on assets, net earnings, total assets or other financial measures prepared in accordance with GAAP. Our method of determining non-GAAP financial measures may differ from other companies' methods and therefore may not be comparable to those used by other companies. Estimated depreciation on capitalized operating leases and average estimated asset base of capitalized operating leases are not calculated in accordance with, or an alternative for, GAAP and should not be considered in isolation or as a substitution of our results as reported under GAAP. The financial measure calculated under GAAP which is most directly comparable to Adjusted ROIC is return on assets. The following is a reconciliation of the components of Adjusted ROIC and return on assets:

	February 2, 2013	February 3, 2018
Net earnings	$735	$437
Add: income tax expense[1]	450	353
Add: interest expense	162	141
Earnings before interest and income tax expense	1,347	931
Add: rent expense, net	105	250
Less: estimated depreciation on capitalized operating leases[2]	(56)	(133)
Adjusted net operating profit	1,396	1,048
Less: estimated income tax expense	(530)	(468)
Adjusted net operating profit after tax	$866	$580
Average total assets	$8,274	$8,055
Less: average non-interest-bearing current liabilities[3]	(2,262)	(3,261)
Less: average deferred property incentives and deferred rent liability[3]	(494)	(644)
Add: average estimated asset base of capitalized operating leases[2]	724	1,805
Average invested capital	$6,242	$5,955
Return on Assets	8.9%	5.4%
Adjusted ROIC	13.9%	9.7%
Adjusted ROIC (rounded)	14%	10%

[1] Results for the 12 fiscal months ended February 3, 2018 include a $42 impact related to the Tax Act.

[2] Capitalized operating leases is our best estimate of the asset base we would record for our leases that are classified as operating if they had met the criteria for a capital lease or we had purchased the property. The asset base is calculated based upon the trailing 12-month average of the monthly asset base. The asset base for each month is calculated as the trailing 12 months of rent expense multiplied by eight. The multiple of eight times rent expense is a commonly used method of estimating the asset base we would record for our capitalized operating leases.

[3] Balances associated with our deferred rent liability have been classified as long-term liabilities as of January 28, 2017.

APPENDIX: FREE CASH FLOW RECONCILIATION

NORDSTROM, INC.

FREE CASH FLOW (NON-GAAP FINANCIAL MEASURE)

(unaudited; amounts in millions)

We use various financial measures in our conference calls, investor meetings and other forums which may be considered non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. The following disclosure provides additional information regarding our Free Cash Flow for the fiscal years ended February 2, 2013, February 3, 2018, January 30, 2021 and January 28, 2023. Our anticipated Free Cash Flow outlook is based on management's current expectations, which may be different than actual future amounts.

Free Cash Flow is one of our key liquidity measures, and when used in conjunction with GAAP measures, provides investors with a meaningful analysis of our ability to generate cash from our business. Free Cash Flow is not a measure of financial performance under GAAP and should be considered in addition to, and not as a substitute for, operating cash flows or other financial measures prepared in accordance with GAAP. Our method of determining non-GAAP financial measures may differ from other companies' methods and therefore may not be comparable to those used by other companies. The financial measure calculated under GAAP which is most directly comparable to Free Cash Flow is net cash provided by operating activities. The following is a reconciliation of net cash provided by operating activities to Free Cash Flow:

Fiscal year	**February 2, 2013**	**February 3, 2018**	**January 30, 2021E**	**January 28, 2023E**
Net cash provided by operating activities	$1,110	$1,400	$1,500	$1,600
Less: capital expenditures	(513)	(731)	(700)	(600)
Add: proceeds from sales of credit card receivables originated at third parties	—	16	—	—
Less: change in credit card receivables originated at third parties	(42)	—	—	—
(Less) Add: change in cash book overdrafts	5	(55)	—	—
Free Cash Flow	$560	$630	$800	$1,000