

NORDSTROM PERFORMANCE SUMMARY

Q1 2014

(\$ in millions, except EPS)	Q1 '14	Q1 '13
Total net sales	\$2,837	\$2,657
Comparable sales increase	3.9%	2.7%
Credit card revenues	\$94	\$92
Gross profit %	35.8%	37.0%
SG&A %	29.8%	30.2%
EBIT	\$265	\$275
EBIT %	9.3%	10.3%
Earnings per diluted share	\$0.72	\$0.73

SUMMARY

- Diluted EPS of \$0.72 decreased from \$0.73 LY, reflecting planned technology investments to improve service and experience across channels and infrastructure costs related to the upcoming entry into Canada

SALES

Total net sales of \$2.8 billion increased 6.8%.

Comparable sales increase of 3.9%

- Nordstrom, which includes full-line and Direct, increased 3.3%. Top performing merchandise categories were Accessories, Women's Shoes and Cosmetics

Comparable sales by business

- Full-line decreased 1.9% compared with being flat LY; top performing regions include the Southwest and Southern California
- Direct increased 33%, on top of LY's 25% increase
- Rack increased 6.4%, on top of LY's 0.8% increase
- HauteLook increased 10.3%, on top of LY's 35% increase

Both the average selling price and the number of items sold at Nordstrom increased compared with LY on a comparable sales basis

GROSS PROFIT AND INVENTORY

Gross profit % of 35.8% decreased 124 basis points primarily due to increased markdowns in response to the heightened promotional environment. The decrease was also attributable to Nordstrom Rack's accelerated store expansion and growth in the Nordstrom Rewards loyalty program.

With 3.9 million active Nordstrom Rewards members, sales from members represented 38% of sales, increasing from 36% LY.

Ending inventory increased 10.2 percent per square foot compared with the same period in fiscal 2013, which outpaced the increase in sales per square foot of 3.6 percent. The difference primarily reflected planned inventory investments to fuel growth at Nordstrom Rack, in well-performing merchandise categories, and at NordstromRack.com.

SG&A EXPENSE

SG&A % decreased 40 basis points primarily due to the combination of lower variable expenses and expense leverage from increased sales volume

FINANCIAL POSITION

- \$1.0 billion in cash; total liquidity of \$1.8 billion
- Adjusted debt to EBITDAR of 2.1 times, well within the range of investment grade
- Share repurchases of \$192 million, with \$478 million remaining under existing share repurchase authorization
- Capital expenditures, net of property incentives, of \$152 million
- ROIC of 13.3% decreased from 14.0% LY due to increased capital expenditures related to technology and store investments

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FY 2014 OUTLOOK

(\$ in millions, except EPS)	PRIOR	CURRENT	COMMENTS
Total net sales	5.5% to 7.5% increase	5.5% to 7.5% increase	
Comparable sales	2% to 4% increase	2% to 4% increase	
Credit card revenues	\$0 to \$5 million increase	\$0 to \$5 million increase	
Gross profit %	10 to 30 basis point decrease	30 to 50 basis point decrease	Increased markdowns in response to promotional environment
SG&A %	10 to 30 basis point increase	0 to 20 basis point increase	Lower variable expenses and expense leverage in Q1
Interest expense, net	Approximately \$25 million decrease	Approximately \$25 million decrease	
Effective tax rate	39.0%	39.0%	
Earnings per diluted share	\$3.75 to \$3.90	\$3.75 to \$3.90	
Diluted shares outstanding	Approximately 196 million	Approximately 194 million	Share repurchases in Q1