

NORDSTROM

Nordstrom Fourth Quarter and Fiscal Year 2014 Earnings In-Line with Expectations

February 19, 2015

Achieved Sales Growth of 7.8 Percent and Comparable Sales Increase of 4.0 Percent for the Year

SEATTLE--(BUSINESS WIRE)--Feb. 19, 2015-- Nordstrom, Inc. (NYSE: JWN) today reported fiscal 2014 earnings per diluted share of \$3.72, which was in-line with the Company's full-year outlook of \$3.70 to \$3.75.

During the year, the Company opened three full-line stores, including its first store in Canada, and 27 Nordstrom Rack stores, launched Nordstromrack.com and acquired Trunk Club. These growth initiatives contributed to net sales growth of 7.8 percent compared with the same period last year. Comparable sales increased 4.0 percent in fiscal 2014, exceeding the Company's full-year outlook of approximately 3.5 percent.

For the fourth quarter ended January 31, 2015, earnings per diluted share were \$1.32 compared with \$1.37 for the same quarter last year. Net sales increased 9.0 percent and comparable sales increased 4.7 percent compared with the same period last year.

FOURTH QUARTER SUMMARY

- Fourth quarter net earnings were \$255 million compared with \$268 million during the same period last year. Earnings before interest and taxes were \$465 million, or 11.8 percent of net sales, compared with \$487 million, or 13.5 percent of net sales, for the same quarter last year. The Trunk Club acquisition reduced earnings before interest and taxes in the fourth quarter of 2014 by \$11 million.
- Total Company net sales of \$3.9 billion for the fourth quarter increased 9.0 percent compared with net sales of \$3.6 billion during the same period in fiscal 2013. Total Company comparable sales for the fourth quarter increased 4.7 percent on top of last year's increase of 2.6 percent.
 - Nordstrom comparable sales, which consist of the full-line and Nordstrom.com businesses, increased 4.5 percent. Top-performing merchandise categories included Cosmetics, Accessories and Men's Apparel.
 - Full-line net sales increased 1.2 percent, compared with the same period in fiscal period 2013, reflecting two U.S. store openings since the fourth quarter of fiscal 2013. Full-line comparable sales increased 0.5 percent relative to last year, which represented an improvement from year-to-date trends. The Southeast and Southwest regions were the top-performing geographic areas.
 - Nordstrom.com net sales increased 19 percent on top of last year's increase of 30 percent.
 - Nordstrom Rack net sales increased \$130 million, or 17 percent, compared with the same period in fiscal 2013, reflecting incremental volume from existing stores and the impact of 27 new stores since the fourth quarter of fiscal 2013. Nordstrom Rack comparable sales increased 3.2 percent on top of last year's comparable sales increase of 3.6 percent.
 - Nordstromrack.com/HauteLook net sales increased 28 percent, on top of last year's increase of 30 percent, primarily driven by expanded merchandise selection associated with the launch of Nordstromrack.com.
- Gross profit, as a percentage of net sales, of 36.7 percent decreased 53 basis points compared with the same period in fiscal 2013 primarily due to increased markdowns at Nordstrom Rack.
- Selling, general and administrative expenses, as a percentage of net sales, of 27.5 percent increased 110 basis points compared with the same period in fiscal 2013, primarily due to expenses related to the acquisition of Trunk Club and ongoing technology and fulfillment investments.
- The effective tax rate for the fourth quarter increased to 40.7 percent versus our expected tax rate of approximately 39 percent due to tax adjustments related to a reassessment of our deferred tax assets.
- The Nordstrom Rewards loyalty program continued to play an important role in reaching new customers and strengthening existing customer relationships. The Company opened approximately 260,000 new accounts in the fourth quarter.
- During the quarter, the Company repurchased 0.7 million shares of its common stock for \$56 million. A total of \$1.1 billion remains under existing share repurchase board authorizations. The actual number and timing of future share repurchases, if any, will be subject to market and economic conditions and applicable Securities and Exchange Commission rules.

FULL YEAR SUMMARY

- Full year net earnings were \$720 million compared with \$734 million last year. Earnings before interest and taxes were \$1,323 million, or 10.1 percent of net sales, compared with \$1,350 million, or 11.1 percent of net sales last year. The Trunk Club acquisition reduced earnings before interest and taxes in fiscal 2014 by approximately \$25 million.
- Total Company net sales of \$13.1 billion increased 7.8 percent compared with net sales of \$12.2 billion in fiscal 2013. Total Company comparable sales increased 4.0 percent on top of last year's increase of 2.5 percent.
 - Nordstrom comparable sales, which consist of the full-line and Nordstrom.com businesses, increased 3.6 percent

compared with last year's comparable sales increase of 2.3 percent. Top-performing merchandise categories included Accessories, Cosmetics and Men's Apparel.

- Full-line comparable sales decreased 0.5 percent, which reflected improvement throughout the year, compared with last year's comparable sales decrease of 2.1 percent. The Southeast and Southwest regions were the top-performing geographic areas.
- Nordstrom.com net sales increased 23 percent, on top of last year's increase of 30 percent, driven by expanded merchandise selection and ongoing technology investments to enhance the customer experience. This represented the fifth consecutive year of net sales growth in excess of 20 percent.
- Nordstrom Rack net sales increased \$477 million, or 17 percent, compared with the same period in fiscal 2013, reflecting 27 new stores during fiscal 2014. Nordstrom Rack comparable sales increased 3.8 percent on top of last year's comparable sales increase of 2.7 percent.
- Nordstromrack.com/HauteLook net sales increased by 22 percent on top of last year's increase of 27 percent.
- Gross profit, as a percentage of net sales, of 35.9 percent decreased 52 basis points compared with the same period in fiscal 2013 due to increased markdowns and Nordstrom Rack's accelerated store expansion.
- Selling, general and administrative expenses, as a percentage of net sales, of 28.8 percent increased 42 basis points compared with the same period in fiscal 2013, primarily due to expenses related to the acquisition of Trunk Club and ongoing technology and fulfillment investments.
- The Nordstrom Rewards loyalty program continued to play an important role in reaching new customers and strengthening existing customer relationships. For the third consecutive year, the Company opened over one million new accounts. With 4.3 million active members, sales from members for fiscal 2014 represented 40 percent of sales, increasing from 38 percent in fiscal 2013.
- Return on invested capital (ROIC) for the 12 months ended January 31, 2015 was 12.6 percent compared with 13.6 percent in the prior 12-month period. This decrease reflected the acquisition of Trunk Club in addition to ongoing store expansion and increased technology investments. A reconciliation of this non-GAAP financial measure to the closest GAAP measure is included below.

CAPITAL INVESTMENT AND EXPANSION UPDATE

In fiscal 2015, the Company's capital expenditures, net of property incentives, are expected to be approximately \$1.2 billion, compared with \$751 million in fiscal 2014. The increase relates to store expansion, including Canada and Manhattan, and ongoing investments to improve the customer experience through flagship store remodels and a third fulfillment center expected to open in the second half of 2015.

Nordstrom has announced plans to open the following stores in fiscal 2015:

| Location | Store Name | Square Footage (000's) | Timing |
|-----------------------------------|-----------------------------|---------------------------|--------------|
| Nordstrom - U.S. | | | |
| San Juan, Puerto Rico | The Mall of San Juan | 138 | March 26 |
| Minneapolis, Minnesota | Ridgedale Center | 138 | October 2 |
| Torrance, California ¹ | Del Amo Fashion Center | 138 | October 9 |
| Wauwatosa, Wisconsin | Mayfair | 140 | October 23 |
| Nordstrom - Canada | | | |
| Ottawa, Ontario | Rideau Center | 157 | March 6 |
| Vancouver, British Columbia | Pacific Centre | 230 | September 18 |
| Nordstrom Rack | | | |
| Bakersfield, California | The Shops at River Walk | 35 | March 26 |
| Redlands, California | Mountain Grove | 35 | March 26 |
| Reno, Nevada | Redfield Promenade | 31 | March 26 |
| Princeton, New Jersey | Mercer Mall | 35 | March 26 |
| Westwood, Massachusetts | University Station | 35 | March 26 |
| Webster, Texas | Baybrook Square | 31 | March 26 |
| Laguna Niguel, California | The Center at Rancho Niguel | 30 | April 16 |
| Miami, Florida | The Shops at Midtown Miami | 31 | April 16 |
| Springfield, Virginia | Springfield Town Center | 33 | April 16 |
| St. Louis Park, Minnesota | The Shops at Knollwood | 33 | April 16 |
| Dublin, California | Village at Dublin | 35 | May 7 |
| Albany, New York | Colonie Center | 35 | Fall |

| | | | |
|--------------------------------|---------------------------|----|------|
| Anchorage, Alaska | The Mall at Sears | 35 | Fall |
| Baton Rouge, Louisiana | The Mall of Louisiana | 30 | Fall |
| Buffalo, New York | Boulevard Consumer Square | 35 | Fall |
| Cerritos, California | Cerritos Best Plaza | 34 | Fall |
| Clearwater, Florida | Clearwater | 38 | Fall |
| Eatontown, New Jersey | Crossroads at Eatontown | 35 | Fall |
| Emeryville, California | East Bay Bridge Center | 38 | Fall |
| Fort Collins, Colorado | Foothills Mall | 32 | Fall |
| Long Beach, California | Marina Pacifica Mall | 24 | Fall |
| Mount Pleasant, South Carolina | Bowman Place | 35 | Fall |
| Newark, Delaware | Christiana Fashion Center | 35 | Fall |
| Rockaway, New Jersey | Rockaway Commons | 39 | Fall |
| Syracuse, New York | Destiny USA | 33 | Fall |
| Thousand Oaks, California | Janss Marketplace | 40 | Fall |
| Wayne, New Jersey | Wayne Towne Center | 36 | Fall |

¹ Nordstrom plans to relocate its full-line store at South Bay Galleria in Redondo Beach, California to the nearby Del Amo Fashion Center.

To date, the Company has also announced plans to open a full-line store in Austin, Texas, two full-line stores in Toronto, Ontario, Canada and nine Nordstrom Rack stores in fiscal 2016. The Company also plans to relocate one full-line store and one Nordstrom Rack store in fiscal 2016.

| Number of stores | January 31, 2015 | February 1, 2014 |
|--------------------|------------------|------------------|
| Nordstrom - U.S. | 116 | 117 |
| Nordstrom Rack | 167 | 140 |
| Other ¹ | 9 | 3 |
| Total | 292 | 260 |

¹Other includes our Jeffrey boutiques, our Trunk Club showrooms, our Nordstrom Canada full-line store and our Last Chance store.

| | | |
|----------------------|------------|------------|
| Gross square footage | 27,061,000 | 26,017,000 |
|----------------------|------------|------------|

FISCAL YEAR 2015 OUTLOOK

In 2015, Nordstrom plans to continue to invest and build upon its foundation for achieving sustainable growth in sales, earnings and ROIC. The outlook incorporates the impact of the following growth initiatives:

- The Company expects its ongoing expansion into Canada to continue to be dilutive to earnings due to infrastructure and pre-opening costs. The estimated loss before interest and taxes for Canada is expected to be approximately \$60 million in fiscal 2015, compared with a loss before interest and taxes of \$32 million in fiscal 2014.
- The Company estimates \$30 million in expenses associated with initiatives to enable growth, including an additional fulfillment center and an expansion of the Nordstrom Rewards loyalty program, both planned in the second half of 2015.
- The Company expects an estimated loss before interest and taxes of approximately \$30 million related to Trunk Club, compared with a loss before interest and taxes of approximately \$25 million in fiscal 2014.

The Company's expectations for fiscal 2015 are as follows:

| | |
|----------------------------------------------------------------------------------|---------------------------------|
| Net sales | 7 percent to 9 percent increase |
| Comparable sales | 2 percent to 4 percent increase |
| Gross profit (%) | 5 to 15 basis point decrease |
| Selling, general and administrative expenses (%) | 55 to 65 basis point increase |
| Earnings per diluted share, excluding the impact of any future share repurchases | \$3.65 to \$3.80 |

The Company's outlook also incorporates the following assumptions:

- Credit card revenue is expected to increase approximately 5 percent due to volume growth.
- Due to the ongoing growth initiatives, depreciation and amortization expense is expected to increase by approximately 15 percent and rent expense is expected to increase by approximately 35 percent.
- Interest expense is expected to be consistent with fiscal 2014.
- The effective tax rate is expected to be in-line with historical rates.
- Earnings per diluted share growth in the first half of fiscal 2015 is expected to be below the full-year outlook range of a 2 percent decrease and 2 percent increase, primarily due to store pre-opening expenses and the full year impact of the Trunk Club acquisition.

CONFERENCE CALL INFORMATION

The Company's senior management will host a conference call to discuss fourth quarter 2014 results and 2015 outlook at 4:45 p.m. Eastern Standard

Time today. To listen to the live call online and view the speakers' slides and Performance Summary document, visit the Investor Relations section of the Company's corporate website at <http://investor.nordstrom.com>. An archived webcast with the speakers' slides and Performance Summary document will be available in the Earnings section for one year. Interested parties may also dial 630-395-0091 (passcode: NORD). A telephone replay will be available beginning approximately one hour after the conclusion of the call by dialing 402-344-6830 until the close of business on February 26, 2015.

ABOUT NORDSTROM

Nordstrom, Inc. is a leading fashion specialty retailer based in the U.S. Founded in 1901 as a shoe store in Seattle, today Nordstrom operates 292 stores in 38 states, including 116 full-line stores in the United States and one in Canada; 167 Nordstrom Racks; two Jeffrey boutiques; and one clearance store. Nordstrom also serves customers online through Nordstrom.com, Nordstromrack.com and private sale site HauteLook. The company also owns Trunk Club, a personalized clothing service that takes care of customers online at TrunkClub.com and its five showrooms. Nordstrom, Inc.'s common stock is publicly traded on the NYSE under the symbol JWN.

Certain statements in this news release contain or may suggest "forward-looking" information (as defined in the Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties, including, but not limited to, anticipated financial outlook for the fiscal year ending January 30, 2016, anticipated annual total and comparable sales rates, anticipated Return on Invested Capital and trends in our operations. Such statements are based upon the current beliefs and expectations of the company's management and are subject to significant risks and uncertainties. Actual future results may differ materially from historical results or current expectations depending upon factors including, but not limited to: successful execution of our customer strategy, including expansion into new markets, acquisitions, investments in our stores and online, our ability to realize the anticipated benefits from growth initiatives, our ability to provide a seamless experience across all channels and the timely completion of construction associated with newly planned stores, relocations and remodels, all of which may be impacted by the financial health of third parties; our ability to manage the transformation of our business/financial model as we increase our investments in growth opportunities, including our online business and our ability to manage related organizational changes; our ability to maintain relationships with our employees and to effectively attract, develop and retain our future leaders; effective inventory management, disruptions in our supply chain and our ability to control costs; the impact of any systems failures, cybersecurity and/or security breaches, including any security breach of our systems or those of a third-party provider that results in the theft, transfer or unauthorized disclosure of customer, employee or company information or compliance with information security and privacy laws and regulations in the event of such an incident; successful execution of our information technology strategy; our ability to effectively utilize data in strategic planning and decision-making; efficient and proper allocation of our capital resources; reviewing of options and structure for a financial partner in regards to a potential transaction related to our credit card receivables; our ability to safeguard our reputation and maintain our vendor relationships; the impact of economic and market conditions and the resultant impact on consumer spending patterns; our ability to respond to the business environment, fashion trends and consumer preferences, including changing expectations of service and experience in stores and online; the effectiveness of planned advertising, marketing and promotional campaigns in the highly competitive retail industry; weather conditions, natural disasters, health hazards, national security or other market disruptions, or the prospects of these events and the impact on consumer spending patterns; our compliance with applicable banking-related laws and regulations impacting our ability to extend credit to our customers, employment laws and regulations, certain international laws and regulations, other laws and regulations applicable to us, including the outcome of claims and litigation and resolution of tax matters, and ethical standards; impact of the current regulatory environment and financial system and health care reforms; compliance with debt covenants, availability and cost of credit, changes in interest rates, and trends in debt repayment patterns, personal bankruptcies and bad debt write-offs; and the timing and amounts of share repurchases by the company, if any, or any share issuances by the company, including issuances associated with option exercises or other matters. Our SEC reports, including our Form 10-K for the fiscal year ended February 1, 2014, our Form 10-Q for the fiscal quarters ended May 3, 2014, August 2, 2014 and November 1, 2014, and our Form 10-K for the fiscal year ended January 31, 2015, to be filed with the SEC on or about March 16, 2015, contain other information on these and other factors that could affect our financial results and cause actual results to differ materially from any forward-looking information we may provide. The company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events, new information or future circumstances.

NORDSTROM, INC.

CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited; amounts in millions, except per share amounts)

| | Quarter Ended | | Year Ended | |
|------------------------------------------------------|------------------|------------------|------------------|------------------|
| | January 31, 2015 | February 1, 2014 | January 31, 2015 | February 1, 2014 |
| Net sales | \$ 3,938 | \$ 3,614 | \$ 13,110 | \$ 12,166 |
| Credit card revenues | 105 | 97 | 396 | 374 |
| Total revenues | 4,043 | 3,711 | 13,506 | 12,540 |
| Cost of sales and related buying and occupancy costs | (2,494) | (2,269) | (8,406) | (7,737) |
| Selling, general and administrative expenses | (1,084) | (955) | (3,777) | (3,453) |
| Earnings before interest and income taxes | 465 | 487 | 1,323 | 1,350 |
| Interest expense, net | (34) | (50) | (138) | (161) |
| Earnings before income taxes | 431 | 437 | 1,185 | 1,189 |
| Income tax expense | (176) | (169) | (465) | (455) |
| Net earnings | \$ 255 | \$ 268 | \$ 720 | \$ 734 |
| Earnings per share: | | | | |
| Basic | \$ 1.35 | \$ 1.39 | \$ 3.79 | \$ 3.77 |
| Diluted | \$ 1.32 | \$ 1.37 | \$ 3.72 | \$ 3.71 |

Weighted-average shares outstanding:

| | | | | |
|---------|--------------|-------|--------------|-------|
| Basic | 189.9 | 192.7 | 190.0 | 194.5 |
| Diluted | 194.3 | 195.8 | 193.6 | 197.7 |

NORDSTROM, INC.

CONSOLIDATED BALANCE SHEETS

(unaudited; amounts in millions)

| | January 31, 2015 | February 1, 2014 |
|----------------------------------------------------------------------------------------------------|------------------|------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 827 | \$ 1,194 |
| Accounts receivable, net | 2,306 | 2,177 |
| Merchandise inventories | 1,733 | 1,531 |
| Current deferred tax assets, net | 256 | 239 |
| Prepaid expenses and other | 114 | 87 |
| Total current assets | 5,236 | 5,228 |
| Land, buildings and equipment, net | 3,340 | 2,949 |
| Goodwill | 435 | 175 |
| Other assets | 234 | 222 |
| Total assets | \$ 9,245 | \$ 8,574 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,328 | \$ 1,263 |
| Accrued salaries, wages and related benefits | 416 | 395 |
| Other current liabilities | 1,048 | 876 |
| Current portion of long-term debt | 8 | 7 |
| Total current liabilities | 2,800 | 2,541 |
| Long-term debt, net | 3,123 | 3,106 |
| Deferred property incentives, net | 510 | 498 |
| Other liabilities | 372 | 349 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Common stock, no par value: 1,000 shares authorized; 190.1 and 191.2 shares issued and outstanding | 2,338 | 1,827 |
| Retained earnings | 166 | 292 |
| Accumulated other comprehensive loss | (64) | (39) |
| Total shareholders' equity | 2,440 | 2,080 |
| Total liabilities and shareholders' equity | \$ 9,245 | \$ 8,574 |

NORDSTROM, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited; amounts in millions)

| | Year Ended | |
|-------------------------------------------------------------------------------------|------------------|------------------|
| | January 31, 2015 | February 1, 2014 |
| Operating Activities | | |
| Net earnings | \$ 720 | \$ 734 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization expenses | 508 | 454 |
| Amortization of deferred property incentives and other, net | (76) | (58) |
| Deferred income taxes, net | 7 | 12 |
| Stock-based compensation expense | 68 | 58 |
| Tax benefit from stock-based compensation | 20 | 21 |
| Excess tax benefit from stock-based compensation | (22) | (23) |

| | | | | |
|----------------------------------------------|-------|---|-------|---|
| Bad debt expense | 41 | | 52 | |
| Change in operating assets and liabilities: | | | | |
| Accounts receivable | (161 |) | (93 |) |
| Merchandise inventories | (176 |) | (157 |) |
| Prepaid expenses and other assets | (4 |) | (6 |) |
| Accounts payable | 15 | | 167 | |
| Accrued salaries, wages and related benefits | 18 | | (12 |) |
| Other current liabilities | 155 | | 60 | |
| Deferred property incentives | 110 | | 89 | |
| Other liabilities | (3 |) | 22 | |
| Net cash provided by operating activities | 1,220 | | 1,320 | |

Investing Activities

| | | | | |
|---------------------------------------------------------------|------|---|------|---|
| Capital expenditures | (861 |) | (803 |) |
| Change in credit card receivables originated at third parties | (8 |) | (6 |) |
| Other, net | (20 |) | (13 |) |
| Net cash used in investing activities | (889 |) | (822 |) |

Financing Activities

| | | | | |
|--------------------------------------------------------|------|---|------|---|
| Proceeds from long-term borrowings, net of discounts | 34 | | 399 | |
| Principal payments on long-term borrowings | (7 |) | (407 |) |
| Increase in cash book overdrafts | (4 |) | 47 | |
| Cash dividends paid | (251 |) | (234 |) |
| Payments for repurchase of common stock | (610 |) | (515 |) |
| Proceeds from issuances under stock compensation plans | 141 | | 103 | |
| Excess tax benefit from stock-based compensation | 22 | | 23 | |
| Other, net | (23 |) | (5 |) |
| Net cash used in financing activities | (698 |) | (589 |) |

| | | | | |
|-------------------------------------------------|---------------|---|-----------------|---|
| Net decrease in cash and cash equivalents | (367 |) | (91 |) |
| Cash and cash equivalents at beginning of year | 1,194 | | 1,285 | |
| Cash and cash equivalents at end of year | \$ 827 | | \$ 1,194 | |

NORDSTROM, INC.

STATEMENTS OF EARNINGS BY BUSINESS

(unaudited; dollar and share amounts in millions)

Retail Business

Our Retail segment includes our Nordstrom branded full-line stores, both in the U.S. and Canada, and online store, Nordstrom Rack stores, Nordstromrack.com, HauteLook and other retail channels, including Trunk Club, Jeffrey and our Last Chance clearance store. It also includes unallocated corporate center expenses. The following table summarizes the results of our Retail business for the quarter and year ended January 31, 2015 compared with the quarter and year ended February 1, 2014:

| | Quarter Ended | | | February 1, 2014 | | |
|------------------------------------------------------|------------------|-----------------------------|----------|------------------|-----------------------------|----------|
| | January 31, 2015 | | | February 1, 2014 | | |
| | Amount | % of net sales ¹ | % | Amount | % of net sales ¹ | % |
| Net sales | \$ 3,938 | 100.0 | % | \$ 3,614 | 100.0 | % |
| Cost of sales and related buying and occupancy costs | (2,492) | (63.3 | %) | (2,268) | (62.8 | %) |
| Gross profit | 1,446 | 36.7 | % | 1,346 | 37.2 | % |
| Selling, general and administrative expenses | (1,032) | (26.2 | %) | (918) | (25.4 | %) |
| Earnings before interest and income taxes | 414 | 10.5 | % | 428 | 11.8 | % |
| Interest expense, net | (29) | (0.7 | %) | (44) | (1.2 | %) |
| Earnings before income taxes | \$ 385 | 9.8 | % | \$ 384 | 10.6 | % |

| | Year Ended | | | February 1, 2014 | | |
|------------------------------------------------------|------------------|-----------------------------|----|------------------|-----------------------------|----|
| | January 31, 2015 | | | February 1, 2014 | | |
| | Amount | % of net sales ¹ | % | Amount | % of net sales ¹ | % |
| Net sales | \$ 13,110 | 100.0 | % | \$ 12,166 | 100.0 | % |
| Cost of sales and related buying and occupancy costs | (8,401) | (64.1 | %) | (7,732) | (63.6 | %) |
| Gross profit | 4,709 | 35.9 | % | 4,434 | 36.4 | % |
| Selling, general and administrative expenses | (3,588) | (27.4 | %) | (3,272) | (26.9 | %) |
| Earnings before interest and income taxes | 1,121 | 8.6 | % | 1,162 | 9.6 | % |

| | | | | |
|-------------------------------------|-----------------|--------------|-----------------|--------------|
| Interest expense, net | (120) | (0.9 %) | (137) | (1.1 %) |
| Earnings before income taxes | \$ 1,001 | 7.6 % | \$ 1,025 | 8.4 % |

¹ Subtotals and totals may not foot due to rounding.

The following table summarizes net sales within our Retail Business:

| | Quarter Ended | | Year Ended | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| | January 31, 2015 | February 1, 2014 | January 31, 2015 | February 1, 2014 |
| Nordstrom full-line stores - U.S. | \$ 2,259 | \$ 2,233 | \$ 7,682 | \$ 7,705 |
| Nordstrom.com | 705 | 591 | 1,996 | 1,622 |
| Nordstrom | 2,964 | 2,824 | 9,678 | 9,327 |
| Nordstrom Rack | 899 | 768 | 3,215 | 2,738 |
| Nordstromrack.com and HauteLook | 112 | 88 | 360 | 295 |
| Other retail ¹ | 56 | 9 | 116 | 35 |
| Total Retail segment | 4,031 | 3,689 | 13,369 | 12,395 |
| Corporate/Other | (93) | (75) | (259) | (229) |
| Total net sales | \$ 3,938 | \$ 3,614 | \$ 13,110 | \$ 12,166 |

¹ Other retail includes our Jeffrey boutiques, Trunk Club and our Nordstrom Canada full-line store.

NORDSTROM, INC.

STATEMENTS OF EARNINGS BY BUSINESS

(unaudited; dollar and share amounts in millions)

Credit

Our Credit business earns finance charges, interchange fees, late fees and other revenue through operation of the Nordstrom private label and Nordstrom VISA credit cards. The following tables summarize the results of our Credit business for the quarter and year ended January 31, 2015 compared with the quarter and year ended February 1, 2014:

| | Quarter Ended | | Year Ended | |
|-------------------------------------------|------------------|------------------|------------------|------------------|
| | January 31, 2015 | February 1, 2014 | January 31, 2015 | February 1, 2014 |
| Credit card revenues | \$ 105 | \$ 97 | \$ 396 | \$ 374 |
| Credit expenses | (54) | (38) | (194) | (186) |
| Earnings before interest and income taxes | 51 | 59 | 202 | 188 |
| Interest expense | (5) | (6) | (18) | (24) |
| Earnings before income taxes | \$ 46 | \$ 53 | \$ 184 | \$ 164 |

| | Quarter Ended | | Year Ended | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| | January 31, 2015 | February 1, 2014 | January 31, 2015 | February 1, 2014 |
| Allowance at beginning of period | \$ 75 | \$ 85 | \$ 80 | \$ 85 |
| Bad debt expense | 13 | 8 | 41 | 52 |
| Write-offs | (18) | (19) | (70) | (80) |
| Recoveries | 5 | 6 | 24 | 23 |
| Allowance at end of period | \$ 75 | \$ 80 | \$ 75 | \$ 80 |

| | | | | |
|------------------------------------------------------------------------------|-------|-------|-------|-------|
| Annualized net write-offs as a percentage of average credit card receivables | 2.2 % | 2.4 % | 2.1 % | 2.7 % |
|------------------------------------------------------------------------------|-------|-------|-------|-------|

| | January 31, 2015 | | February 1, 2014 | |
|------------------------------------------------------------------------------|------------------|--|------------------|--|
| 30 days or more delinquent as a percentage of ending credit card receivables | 2.1 % | | 1.8 % | |
| Allowance as a percentage of ending credit card receivables | 3.3 % | | 3.7 % | |

NORDSTROM, INC.

RETURN ON INVESTED CAPITAL (NON-GAAP FINANCIAL MEASURE)

(unaudited; dollar and share amounts in millions)

We believe ROIC is a useful financial measure for investors in evaluating the efficiency and effectiveness of our use of capital and believe ROIC is an important component of shareholders' return over the long term. In addition, we incorporate ROIC in our executive incentive compensation measures. For the 12 fiscal months ended January 31, 2015, our ROIC decreased to 12.6% compared with 13.6% for the 12 fiscal months ended February 1, 2014. This decrease reflected the acquisition of Trunk Club in addition to ongoing store expansion and increased technology investments.

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. The financial measure calculated under GAAP which is most directly comparable to ROIC is return on assets. The following is a reconciliation of the components of ROIC and return on assets:

| | 12 Fiscal Months Ended | | | |
|--------------------------------------------------------------------------------|------------------------|----------|------------------|----------|
| | January 31, 2015 | | February 1, 2014 | |
| Net earnings | \$ 720 | | \$ 734 | |
| Add: income tax expense | 465 | | 455 | |
| Add: interest expense | 139 | | 162 | |
| Earnings before interest and income tax expense | 1,324 | | 1,351 | |
| | | | | |
| Add: rent expense | 137 | | 125 | |
| Less: estimated depreciation on capitalized operating leases ¹ | (74) |) | (67) |) |
| Net operating profit | 1,387 | | 1,409 | |
| | | | | |
| Less: estimated income tax expense ² | (544) |) | (539) |) |
| Net operating profit after tax | \$ 843 | | \$ 870 | |
| | | | | |
| Average total assets ³ | \$ 8,860 | | \$ 8,398 | |
| Less: average non-interest-bearing current liabilities ⁴ | (2,730) |) | (2,430) |) |
| Less: average deferred property incentives ³ | (502) |) | (489) |) |
| Add: average estimated asset base of capitalized operating leases ⁵ | 1,058 | | 929 | |
| Average invested capital | \$ 6,686 | | \$ 6,408 | |
| | | | | |
| Return on assets | 8.1 | % | 8.7 | % |
| ROIC | 12.6 | % | 13.6 | % |

¹ 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. Asset base is calculated as described in footnote 5 below.

² Based upon our effective tax rate multiplied by the net operating profit for the 12 fiscal months ended January 31, 2015 and February 1, 2014.

³ Based upon the trailing 12-month average.

⁴ Based upon the trailing 12-month average for accounts payable, accrued salaries, wages and related benefits, and other current liabilities.

⁵ 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 described in footnote 1.

NORDSTROM, INC.

ADJUSTED DEBT TO EBITDAR (NON-GAAP FINANCIAL MEASURE)

(unaudited; amounts in millions)

Adjusted Debt to EBITDAR is one of our key financial metrics, and we believe that our debt levels are best analyzed using this measure. Our goal is to manage debt levels to maintain an investment-grade credit rating and operate with an efficient capital structure. In evaluating our debt levels, this measure provides a reflection of our credit worthiness that could impact our credit rating and borrowing costs. We also have a debt covenant that requires an adjusted debt to EBITDAR leverage ratio of less than four times. As of January 31, 2015 and February 1, 2014, our Adjusted Debt to EBITDAR was 2.1.

Adjusted Debt to EBITDAR is not a measure of financial performance under GAAP and should be considered in addition to, and not as a substitute for, debt to net earnings, net earnings, debt 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 Adjusted Debt to EBITDAR is debt to net earnings. The following is a reconciliation of the components of Adjusted Debt to EBITDAR and debt to net earnings:

| | 2014 ¹ | 2013 ¹ |
|-------------------------------------------------------------------|-------------------|-------------------|
| Debt | \$ 3,131 | \$ 3,113 |
| Add: estimated capitalized operating lease liability ² | 1,095 | 999 |

Less: fair value hedge adjustment included in long-term debt (36) (48)

| | | |
|---------------------------------------------|-----------------|----------|
| Adjusted Debt | \$ 4,190 | \$ 4,064 |
| Net earnings | \$ 720 | \$ 734 |
| Add: income tax expense | 465 | 455 |
| Add: interest expense, net | 138 | 161 |
| Earnings before interest and income taxes | 1,323 | 1,350 |
| Add: depreciation and amortization expenses | 508 | 454 |
| Add: rent expense | 137 | 125 |
| Add: non-cash acquisition-related charges | 12 | 8 |
| EBITDAR | \$ 1,980 | \$ 1,937 |
| Debt to Net Earnings | 4.3 | 4.2 |
| Adjusted Debt to EBITDAR | 2.1 | 2.1 |

¹ The components of Adjusted Debt are as of January 31, 2015 and February 1, 2014, while the components of EBITDAR are for the 12 months ended January 31, 2015 and February 1, 2014.

² Based upon the estimated lease liability as of the end of the period, 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 debt 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.

NORDSTROM, INC.

FREE CASH FLOW (NON-GAAP FINANCIAL MEASURE)

(unaudited; amounts in millions)

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. For the year ended January 31, 2015, Free Cash Flow decreased to \$96 compared with \$324 for the year ended February 1, 2014.

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:

| | Year Ended | |
|---------------------------------------------------------------------|-------------------------|-------------------------|
| | January 31, 2015 | February 1, 2014 |
| Net cash provided by operating activities | \$ 1,220 | \$ 1,320 |
| Less: capital expenditures | (861) | (803) |
| Less: cash dividends paid | (251) | (234) |
| Less: change in credit card receivables originated at third parties | (8) | (6) |
| (Less) Add: change in cash book overdrafts | (4) | 47 |
| Free Cash Flow | \$ 96 | \$ 324 |
| Net cash used in investing activities | \$ (889) | \$ (822) |
| Net cash used in financing activities | (698) | (589) |

Source: Nordstrom, Inc.

Nordstrom, Inc.

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