Q2 2020 EARNINGS CALL

NORDSTROM
This presentation contains statements that are forward looking. These statements are based upon current expectations and assumptions that are subject to risks and uncertainties. We may not achieve the results projected in these forward looking statements, and our actual results could materially differ because of factors discussed in this event, in the comments made during this presentation, and in the risk factors section of our Form 10-K, Form 10-Q, and other reports and filings with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward looking statement to reflect subsequent events, new information or future circumstances.
ERIK NORDSTROM
CHIEF EXECUTIVE OFFICER
OPERATING APPROACH DURING COVID-19

PRESERVE & ENHANCE LIQUIDITY

DELIVER PROFITABLE SALES GROWTH
EXECUTING OUR MARKET STRATEGY

- Fulfillment Center
- 2019 Rollout
- 2020 Rollout
EARNINGS AND CASH FLOW EXCEEDED EXPECTATIONS

CASH AND LIQUIDITY

+$185M
operating cash flow
and $1.3 billion in liquidity

INVENTORY EXECUTION

Improved
merchandise margins and
inventory realigned with sales*

OPERATIONAL EFFICIENCIES

~20%
reduction in overhead expenses
relative to last year

*Excluding the impact of Anniversary Sale timing shift
BUILDING ON LAST YEAR’S SUCCESS
SERVING CUSTOMERS ON THEIR TERMS

We are building on the strengths of our Nordstrom and Nordstrom Rack brands, seamlessly across stores and online, through the combination of convenience and connection.
ANNE BRAMMAN
CHIEF FINANCIAL OFFICER
REALIZED YTD SAVINGS OF $420M\textsuperscript{1}

**PLANNED EXPENSE SAVINGS**

**PRODUCTIVITY IMPROVEMENTS**
- End-to-End
- Generational Investments
- Procurement

**OPERATIONAL EFFICIENCIES**
- Marketing
- Supply Chain

**CASH SAVINGS**

**WORKING CAPITAL**
- Inventory reduction in-line with sales\textsuperscript{2}
- Extended vendor payment terms

**CAPEX**
- Decreased plan by ~30%
- Prioritizing tech & supply chain

**OPERATING EXPENSE**
- On track to reduce overhead expenses by ~20%*

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FY2020 Target
$200M - $250M

FY2020 Target
$500M\textsuperscript{1}

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\textsuperscript{1}Net of COVID-19 related cash charges

\textsuperscript{2}Excluding the impact of Anniversary Sale timing shift

* Excludes occupancy, on an annualized basis
LONG-TERM CAPITAL ALLOCATION PRIORITIES

MAINTAIN INVESTMENT GRADE CREDIT RATING
Target adjusted debt to EBITDAR 1.5X to 2.5X

1. REINVEST IN BUSINESS
Investments in technology and supply chain capabilities

2. DIVIDENDS
Target dividend payout 30% - 40%

3. SHARE REPURCHASES
Excess cash returned to shareholders

In light of COVID-19, we are taking decisive action to manage liquidity, reducing capex by 30%, and suspending dividends and share repurchases.
<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q1&lt;sup&gt;1&lt;/sup&gt; (excl. charges)</th>
<th>Q2&lt;sup&gt;2&lt;/sup&gt;</th>
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</thead>
<tbody>
<tr>
<td><strong>TOTAL SALES</strong></td>
<td>(40%)</td>
<td>(53%)*</td>
<td>(40%)</td>
<td>(53%)*</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>~10% Anniversary Shift</td>
<td>~10% Anniversary Shift</td>
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<tr>
<td><strong>GROSS PROFIT % OF SALES</strong></td>
<td>(2,280bps)</td>
<td>(1,360bps)</td>
<td>(2,140bps)</td>
<td>~1(360bps)</td>
</tr>
<tr>
<td><strong>SG&amp;A YOY % CHANGE</strong></td>
<td>(1%)</td>
<td>(30%)</td>
<td>(23%)</td>
<td>~33%</td>
</tr>
<tr>
<td><strong>EBIT YOY % CHANGE</strong></td>
<td>(1,156%)</td>
<td>(271%)</td>
<td>(792%)</td>
<td>(260%)</td>
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<tr>
<td><strong>OPERATING CASH FLOW</strong></td>
<td>($778M)</td>
<td>$187M</td>
<td></td>
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<sup>1</sup>Excludes COVID-19 related charges of $280M in Q1 and $23M in Q2

<sup>2</sup>Includes ~10% impact from Anniversary Sale shift from Q2 to Q3
H2 AND BEYOND

ACCELERATE STRATEGIC PLANS

DELIVER PROFITABLE GROWTH

EMERGE AS A WINNER