UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 30, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to___________

Commission File Number: 001-15059

NORDSTROM

Nordstrom, Inc.
(Exact name of registrant as specified in its charter)

Washington	**91-0515058**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1617 Sixth Avenue, Seattle, Washington 98101
(Address of principal executive offices)

206-628-2111
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, without par value	JWN	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

☑ Large Accelerated Filer	☐ Accelerated filer
☐ Non-accelerated filer	☐ Smaller reporting company
	☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

Common stock outstanding as of August 26, 2022: 159,131,955 shares

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements regarding matters that are not historical facts, and are based on our management's beliefs and assumptions and on information currently available to our management. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. In some cases, forward-looking statements can be identified by terms such as "may," "will," "should," "could," "goal," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "potential," "pursue," "going forward" and similar expressions intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, our anticipated financial outlook for the fiscal year ending January 28, 2023, trends in our operations and the following:

Strategic and Operational

- COVID-19, which may make it necessary to close our physical stores and facilities in affected areas, may have a negative impact on our business and results and may exacerbate the risks below,
- successful execution of our customer strategy to provide customers superior service, products and experiences online, through our fulfillment capabilities and in stores,
- timely and effective implementation and execution of our evolving business model, including:
  - winning at our market strategy by providing a differentiated and seamless experience, which consists of the integration of our digital and physical assets, development of new supply chain capabilities and timely delivery of products,
  - broadening the reach of Nordstrom Rack, including balancing our price range and selection and leveraging our digital and physical assets,
  - enhancing our platforms and processes to deliver core capabilities to drive customer, employee and partner experiences both digitally and in-store,
- our ability to effectively manage our merchandise strategy, including our ability to offer compelling assortments and optimize our inventory to get it closer to the customer,
- our ability to effectively allocate and scale our marketing strategies and resources, as well as realize the expected benefits between The Nordy Club, advertising and promotional campaigns,
- our ability to respond to the evolving retail environment, including new fashion trends, environmental considerations and our customers' changing expectations of service and experience in stores and online, and our development of new market strategies and customer offerings,
- our ability to mitigate the effects of disruptions in the global supply chain, including factory closures, transportation challenges or stoppages of certain imports, and rising prices of raw materials and freight expenses,
- our ability to control costs through effective inventory management, fulfillment and supply chain processes and systems,
- our ability to acquire, develop and retain qualified and diverse talent by providing appropriate training, compelling work environments and competitive compensation and benefits, especially in areas with increased market compensation, all in the context of the current nationwide labor shortage and an intense competition for talent,
- our ability to realize expected benefits, anticipate and respond to potential risks and appropriately manage costs associated with our credit card revenue sharing program,
- potential goodwill impairment charges, future impairment charges, fluctuations in the fair values of reporting units or of assets in the event projected financial results are not achieved within expected time frames or if our strategic direction changes,

Data, Cybersecurity and Information Technology

- successful execution of our information technology strategy, including engagement with third-party service providers,
- the impact of any systems or network 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 that results in the interruption of business processes or causes financial loss, and our compliance with information security and privacy laws and regulations, as well as third-party contractual obligations in the event of such an incident,

Reputation and Relationships

- our ability to maintain our reputation and relationships with our customers, employees, vendors and third-party partners and landlords,
- our ability to act responsibly and with transparency with respect to our corporate social responsibility practices and initiatives, and meet any communicated targets, goals or milestones,
- our ability to market our brand and distribute our products through a variety of third-party publisher or platform channels, as well as access mobile operating system and website identifiers for personalized delivery of targeted advertising,

Investment and Capital

- efficient and proper allocation of our capital resources,
- our ability to properly balance our investments in technology, Supply Chain Network facilities and existing and new store locations, including the expansion of our market strategy,
- our ability to maintain or expand our presence, including timely completion of construction associated with Supply Chain Network facilities and new, relocated and remodeled stores, as well as any potential store closures, all of which may be impacted by third parties, consumer demand and other natural or man-made disruptions, and government responses to any such disruptions,
- market fluctuations, increases in operating costs, exit costs and overall liabilities and losses associated with owning and leasing real estate,
- compliance with debt and operating covenants, availability and cost of credit, changes in our credit rating and changes in interest rates,
- the actual timing, price, manner and amounts of future share repurchases, dividend payments or share issuances, if any, subject to the discretion of the Board of Directors, contractual commitments, market and economic conditions and applicable SEC rules,

Economic and External

- the length and severity of epidemics or pandemics, such as the COVID-19 pandemic, or other catastrophic events, and the related impact on customer behavior, store and online operations and supply chain functions, as well as our future consolidated financial position, results of operations and cash flows,
- the impact of the seasonal nature of our business and cyclical customer spending,
- the impact of economic and market conditions in the U.S. and Canada, including inflation and measures to control inflation, and resulting changes to customer purchasing behavior, unemployment and bankruptcy rates, as well as any fiscal stimulus, or the cessation of any fiscal stimulus and the resulting impact on consumer spending and credit patterns,
- the impact of economic, environmental or political conditions,
- the impact of changing traffic patterns at shopping centers and malls,
- financial insecurity or potential insolvency experienced by our vendors, suppliers, developers, landlords, competitors or customers as a result of any economic downturn,
- weather conditions, natural disasters, climate change, national security concerns, global conflicts, civil unrest, other market and supply chain disruptions, the effects of tariffs, or the prospects of these events, and the resulting impact on consumer spending patterns or information technology systems and communications,

Legal and Regulatory

- our, and our vendors', compliance with applicable domestic and international laws, regulations and ethical standards, including those related to COVID-19, minimum wage, employment and tax, information security and privacy, consumer credit and environmental regulations and the outcome of any claims, litigation and regulatory investigations and resolution of such matters,
- the impact of the current regulatory environment, financial system and tax reforms,
- the impact of changes in accounting rules and regulations, changes in our interpretation of the rules or regulations or changes in underlying assumptions, estimates or judgments.

These and other factors, including those factors we discussed in Part II, Item 1A: Risk Factors, could affect our financial results and cause our actual results to differ materially from any forward-looking information we may provide. Given these risks, uncertainties and other factors, undue reliance should not be placed on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this filing, and these estimates and assumptions may prove to be incorrect. This Quarterly Report on Form 10-Q should be read completely and with the understanding that our actual future results may be materially different from what we expect. We hereby qualify our forward-looking statements by these cautionary statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

All references to "we," "us," "our" or the "Company" mean Nordstrom, Inc. and its subsidiaries.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the filing date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

DEFINITIONS OF COMMONLY USED TERMS

Term	Definition
2019 Plan	2019 Equity Incentive Plan
2021 Annual Report	Annual Report on Form 10-K filed on March 11, 2022
Adjusted EPS	Adjusted earnings (loss) per diluted share (a non-GAAP financial measure)
Adjusted ROIC	Adjusted return on invested capital (a non-GAAP financial measure)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
CARES Act	Coronavirus Aid, Relief and Economic Security Act
CODM	Chief operating decision maker
COVID-19	Novel coronavirus
Digital sales	Sales conducted through a digital platform such as our websites or mobile apps. Digital sales may be self-guided by the customer, as in a traditional online order, or facilitated by a salesperson using a virtual styling or selling tool. Digital sales may be delivered to the customer or picked up in our Nordstrom stores, Nordstrom Rack stores or Nordstrom Local service hubs. Digital sales also includes a reserve for estimated returns.
EBIT	Earnings (loss) before interest and income taxes
EBITDA	Earnings (loss) before interest, income taxes, depreciation and amortization
EBITDAR	Earnings (loss) before interest, income taxes, depreciation, amortization and rent, as defined by our Revolver covenant
EPS	Earnings (loss) per share
ESPP	Employee Stock Purchase Plan
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
Second quarter of 2022	13 fiscal weeks ending July 30, 2022
Second quarter of 2021	13 fiscal weeks ending July 31, 2021
Fiscal year 2022	52 fiscal weeks ending January 28, 2023
Fiscal year 2021	52 fiscal weeks ending January 29, 2022
GAAP	U.S. generally accepted accounting principles
GMV	Gross merchandise value
Gross profit	Net sales less cost of sales and related buying and occupancy costs
Leverage Ratio	The sum of our funded debt and operating lease liabilities divided by the preceding twelve months of Adjusted EBITDAR as defined by our Revolver covenant
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Nordstrom	Nordstrom.com, TrunkClub.com, Nordstrom-branded U.S. stores, Canada, which includes Nordstrom.ca, Nordstrom Canadian stores and Nordstrom Rack Canadian stores, Nordstrom Local and ASOS | Nordstrom.
Nordstrom Local	Nordstrom Local service hubs, which offer Nordstrom order pickups, returns, alterations and other services
Nordstrom NYC	Our New York City Nordstrom flagship store, including the Men's location
Nordstrom Rack	NordstromRack.com, Nordstrom Rack-branded U.S. stores and Last Chance clearance stores
The Nordy Club	Our customer loyalty program
NYSE	New York Stock Exchange
Operating Lease Cost	Fixed rent expense, including fixed common area maintenance expense, net of developer reimbursement amortization
PCAOB	Public Company Accounting Oversight Board (United States)
Property incentives	Developer and vendor reimbursements
PSU	Performance share unit
Revolver	Senior revolving credit facility
ROU asset	Operating lease right-of-use asset
RSU	Restricted stock unit
SEC	Securities and Exchange Commission
SERP	Unfunded defined benefit Supplemental Executive Retirement Plan
Secured Notes	8.750% senior secured notes due May 2025
SG&A	Selling, general and administrative
Supply Chain Network	Fulfillment centers that primarily process and ship orders to our customers, distribution centers that primarily process and ship merchandise to our stores and other facilities and omni-channel centers that both fulfill customer orders and ship merchandise to our stores
TD	Toronto-Dominion Bank, N.A.

PART I — FINANCIAL INFORMATION

Item 1: Financial Statements (Unaudited).

NORDSTROM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Amounts in millions except per share amounts)
(Unaudited)

	Quarter Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	**July 30, 2022**	July 31, 2021
Net sales	**$3,991**	$3,565	**$7,458**	$6,486
Credit card revenues, net	**104**	92	**207**	180
Total revenues	**4,095**	3,657	**7,665**	6,666
Cost of sales and related buying and occupancy costs	**(2,586)**	(2,332)	**(4,917)**	(4,351)
Selling, general and administrative expenses	**(1,307)**	(1,174)	**(2,473)**	(2,249)
Earnings before interest and income taxes	**202**	151	**275**	66
Interest expense, net	**(34)**	(40)	**(69)**	(177)
Earnings (loss) before income taxes	**168**	111	**206**	(111)
Income tax (expense) benefit	**(42)**	(31)	**(60)**	25
Net earnings (loss)	**$126**	$80	**$146**	($86)
Earnings (loss) per share:				
Basic	**$0.78**	$0.50	**$0.91**	($0.54)
Diluted	**$0.77**	$0.49	**$0.90**	($0.54)
Weighted-average shares outstanding:				
Basic	**160.6**	159.0	**160.3**	158.7
Diluted	**162.9**	162.8	**162.9**	158.7

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(Amounts in millions)
(Unaudited)

	Quarter Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	**July 30, 2022**	July 31, 2021
Net earnings (loss)	**$126**	$80	**$146**	($86)
Foreign currency translation adjustment	**—**	(3)	**(1)**	7
Post retirement plan adjustments, net of tax	**—**	1	**1**	2
Comprehensive net earnings (loss)	**$126**	$78	**$146**	($77)

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in millions)
(Unaudited)

	July 30, 2022	January 29, 2022	July 31, 2021
Assets			
Current assets:			
Cash and cash equivalents	**$494**	$322	$487
Accounts receivable, net	**300**	255	317
Merchandise inventories	**2,399**	2,289	2,182
Prepaid expenses and other	**408**	306	475
Total current assets	**3,601**	3,172	3,461
Land, property and equipment (net of accumulated depreciation of $7,943, $7,737 and $7,471)	**3,443**	3,562	3,573
Operating lease right-of-use assets	**1,466**	1,496	1,532
Goodwill	**249**	249	249
Other assets	**403**	390	415
Total assets	**$9,162**	$8,869	$9,230
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	**$1,747**	$1,529	$1,961
Accrued salaries, wages and related benefits	**302**	383	487
Current portion of operating lease liabilities	**253**	242	238
Other current liabilities	**1,254**	1,160	1,170
Total current liabilities	**3,556**	3,314	3,856
Long-term debt, net	**2,853**	2,853	2,849
Non-current operating lease liabilities	**1,526**	1,556	1,619
Other liabilities	**564**	565	638
Commitments and contingencies (Note 7)			
Shareholders' equity:			
Common stock, no par value: 1,000 shares authorized; 159.8, 159.4 and 158.9 shares issued and outstanding	**3,314**	3,283	3,245
Accumulated deficit	**(2,601)**	(2,652)	(2,916)
Accumulated other comprehensive loss	**(50)**	(50)	(61)
Total shareholders' equity	**663**	581	268
Total liabilities and shareholders' equity	**$9,162**	$8,869	$9,230

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Amounts in millions except per share amounts)
(Unaudited)

	Quarter Ended		Six Months Ended	
	July 30, 2022	**July 31, 2021**	**July 30, 2022**	**July 31, 2021**
Common stock				
Balance, beginning of period	**$3,301**	$3,221	**$3,283**	$3,205
Issuance of common stock under stock compensation plans	**1**	—	**9**	7
Stock-based compensation	**12**	24	**22**	33
Balance, end of period	**$3,314**	$3,245	**$3,314**	$3,245
Accumulated deficit				
Balance, beginning of period	**($2,662)**	($2,996)	**($2,652)**	($2,830)
Net earnings (loss)	**126**	80	**146**	(86)
Dividends	**(30)**	—	**(60)**	—
Repurchase of common stock	**(35)**	—	**(35)**	—
Balance, end of period	**($2,601)**	($2,916)	**($2,601)**	($2,916)
Accumulated other comprehensive loss				
Balance, beginning of period	**($50)**	($59)	**($50)**	($70)
Other comprehensive (loss) income	**—**	(2)	**—**	9
Balance, end of period	**($50)**	($61)	**($50)**	($61)
Total shareholders' equity	**$663**	$268	**$663**	$268
Dividends per share	**$0.19**	$—	**$0.38**	$—

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in millions)
(Unaudited)

	Six Months Ended	
	July 30, 2022	**July 31, 2021**
Operating Activities		
Net earnings (loss)	**$146**	($86)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization expenses	**301**	321
Right-of-use asset amortization	**93**	90
Deferred income taxes, net	**(31)**	17
Stock-based compensation expense	**39**	45
Other, net	**(41)**	80
Change in operating assets and liabilities:		
Accounts receivable	**(17)**	(72)
Merchandise inventories	**(38)**	(189)
Prepaid expenses and other assets	**(99)**	314
Accounts payable	**133**	(88)
Accrued salaries, wages and related benefits	**(82)**	137
Other current liabilities	**97**	123
Lease liabilities	**(133)**	(156)
Other liabilities	**5**	9
Net cash provided by operating activities	**373**	545
Investing Activities		
Capital expenditures	**(215)**	(217)
Proceeds from the sale of assets and other, net	**82**	(13)
Net cash used in investing activities	**(133)**	(230)
Financing Activities		
Proceeds from revolving line of credit	**—**	200
Payments on revolving line of credit	**—**	(200)
Proceeds from long-term borrowings	**—**	675
Principal payments on long-term borrowings	**—**	(1,100)
Increase in cash book overdrafts	**36**	6
Cash dividends paid	**(60)**	—
Payments for repurchase of common stock	**(35)**	—
Proceeds from issuances under stock compensation plans	**9**	7
Tax withholding on share-based awards	**(14)**	(13)
Make-whole premium payment and other, net	**(4)**	(86)
Net cash used in financing activities	**(68)**	(511)
Effect of exchange rate changes on cash and cash equivalents	**—**	2
Net increase (decrease) in cash and cash equivalents	**172**	(194)
Cash and cash equivalents at beginning of period	**322**	681
Cash and cash equivalents at end of period	**$494**	$487
Supplemental Cash Flow Information		
Cash paid (received) during the period for:		
Income taxes, net	**$91**	($486)
Interest, net of capitalized interest	**69**	99

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

NOTE 1: BASIS OF PRESENTATION
The Condensed Consolidated Financial Statements include the balances of Nordstrom, Inc. and its subsidiaries. All intercompany transactions and balances are eliminated in consolidation. The interim Condensed Consolidated Financial Statements have been prepared on a basis consistent in all material respects with the accounting policies described and applied in our 2021 Annual Report and reflect all adjustments of a normal recurring nature that are, in management's opinion, necessary for the fair presentation of the results of operations, financial position and cash flows for the periods presented.

The Condensed Consolidated Financial Statements as of and for the periods ended July 30, 2022 and July 31, 2021 are unaudited. The Condensed Consolidated Balance Sheet as of January 29, 2022 has been derived from the audited Consolidated Financial Statements included in our 2021 Annual Report. The interim Condensed Consolidated Financial Statements should be read together with the Consolidated Financial Statements and related footnote disclosures contained in our 2021 Annual Report.

Seasonality
Our business, like that of other retailers, is subject to seasonal fluctuations and cyclical trends in consumer spending. Our sales are typically higher in our second quarter, which usually includes most of our Anniversary Sale, and in the fourth quarter due to the holidays. Approximately one week of our Anniversary Sale shifted from the third quarter in 2021 to the second quarter in 2022.

Results for any one quarter are not indicative of the results that may be achieved for a full fiscal year. We plan our merchandise purchases and receipts to coincide with expected sales trends. For instance, our merchandise purchases and receipts increase prior to the Anniversary Sale and in the fall as we prepare for the holiday shopping season in November through December. Consistent with our seasonal fluctuations, our working capital requirements have historically increased during the months leading up to the Anniversary Sale and the holidays as we purchase inventory in anticipation of increased sales.

Use of Estimates
The preparation of financial statements in conformity with GAAP requires that we make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities during the reporting period. Uncertainties regarding such estimates and assumptions are inherent in the preparation of financial statements and actual results may differ from these estimates and assumptions. Our most significant accounting judgments and estimates include revenue recognition, inventory valuation, long-lived asset recoverability and income taxes, all of which involve assumptions about future events. We may be unable to accurately predict the impact of COVID-19 and changes in economic conditions going forward and as a result our estimates may change in the near term.

Leases
We incurred operating lease liabilities arising from lease agreements of $113 for the six months ended July 30, 2022 and $66 for the six months ended July 31, 2021.

Trunk Club Wind-down
During the first quarter of 2022, in conjunction with the decision to sunset the Trunk Club brand, we incurred non-cash impairment charges of $10 related to a Trunk Club property to adjust the carrying values to their estimated fair value. These charges are included in our Retail segment SG&A expense on the Condensed Consolidated Statement of Earnings. During the second quarter of 2022, we incurred additional costs of $8 associated with the wind-down of Trunk Club. These costs are primarily included in our Retail segment cost of sales and related buying and occupancy costs expense on the Condensed Consolidated Statement of Earnings. All charges are classified as operating on the Condensed Consolidated Statement of Cash Flows.

Investments
In July 2021, we acquired a minority interest in the Topshop, Topman, Miss Selfridge and HIIT brands through a strategic partnership with ASOS.com Ltd. From time to time, we invest in financial interests of private companies that align with our business and omni-channel strategies, which are recorded in other assets in the Condensed Consolidated Balance Sheets and proceeds from the sale of assets and other, net on the Condensed Consolidated Statements of Cash Flows.

During the first quarter of 2022, in connection with the sale of a limited partnership interest in a corporate office building, we recognized a gain of $51 in our Corporate/Other SG&A expense in the Condensed Consolidated Statement of Earnings and $73 in proceeds from the sale of assets and other, net on the Condensed Consolidated Statement of Cash Flows.

(Dollar and share amounts in millions except per share, per option and per unit amounts)

NOTE 2: REVENUE

Contract Liabilities

Contract liabilities represent our obligation to transfer goods or services to customers and include deferred revenue for The Nordy Club (including points and Nordstrom Notes) and gift cards. Our contract liabilities are classified as current on the Condensed Consolidated Balance Sheets and are as follows:

	Contract Liabilities
Balance as of January 30, 2021	$478
Balance as of May 1, 2021	436
Balance as of July 31, 2021	433
Balance as of January 29, 2022	478
Balance as of April 30, 2022	442
Balance as of July 30, 2022	438

Revenues recognized from our beginning contract liability balance were $119 and $197 the quarter and six months ended July 30, 2022 and $106 and $176 for the quarter and six months ended July 31, 2021.

Disaggregation of Revenue

The following table summarizes our disaggregated net sales:

	Quarter Ended		Six Months Ended	
	July 30, 2022	**July 31, 2021**	**July 30, 2022**	**July 31, 2021**
Nordstrom	**$2,771**	$2,417	**$5,060**	$4,270
Nordstrom Rack	**1,220**	1,148	**2,398**	2,216
Total net sales	**$3,991**	$3,565	**$7,458**	$6,486
Digital sales as a % of total net sales	**38 %**	40 %	**38 %**	42 %

The following table summarizes the percent of net sales by merchandise category:

	Quarter Ended		Six Months Ended	
	July 30, 2022	**July 31, 2021**	**July 30, 2022**	**July 31, 2021**
Women's Apparel	**29 %**	30 %	**29 %**	30 %
Shoes	**25 %**	24 %	**25 %**	25 %
Men's Apparel	**15 %**	14 %	**15 %**	13 %
Women's Accessories	**13 %**	14 %	**13 %**	14 %
Beauty	**11 %**	11 %	**11 %**	11 %
Kids' Apparel	**4 %**	4 %	**4 %**	4 %
Other	**3 %**	3 %	**3 %**	3 %
Total net sales	**100 %**	100 %	**100 %**	100 %

NOTE 3: DEBT AND CREDIT FACILITIES

Debt

During the first quarter of 2021, we issued $250 aggregate principal amount of 2.30% senior notes due April 2024 and $425 aggregate principal amount of 4.25% senior notes due August 2031. With the net proceeds of these new notes, together with cash on hand, we retired our $600 Secured Notes. We recorded $88 related to the redemption in interest expense, net, which primarily consisted of a one-time payment of $78 for a "make-whole" premium, and the write-off of unamortized balances associated with the debt discount and issuance costs. The "make-whole" premium payment was not included in cash paid during the period for interest, net of capitalized interest in the Supplemental Cash Flow Information.

(Dollar and share amounts in millions except per share, per option and per unit amounts)

During the second quarter of 2021, we retired our 4.00% senior notes that were due October 2021 using cash on hand.

Credit Facilities
During the second quarter of 2022, we terminated and replaced our prior revolving credit facility set to expire in September 2023 with a new $800 Revolver that expires in May 2027. Consistent with our prior revolving credit agreement, any outstanding borrowings under the Revolver are secured by substantially all our personal and intellectual property assets and are guaranteed by certain of our subsidiaries. Under the Revolver, our obligation to secure any outstanding borrowings will be eliminated if no default exists and we either have an unsecured investment-grade debt rating from two of three specified ratings agencies, or we have one investment-grade rating and achieve two consecutive fiscal quarters with a Leverage Ratio of less than 2.5 times.

Under the Revolver, we have two financial covenant tests that need to be met on a quarterly basis: a Leverage Ratio that is less than or equal to 4 times and a fixed charge coverage ratio that is greater than or equal to 1.25 times. As of July 30, 2022, we were in compliance with all covenants.

The Revolver provides us with additional flexibility, compared with our prior revolving credit facility, for dividends and share repurchases, provided we are not in default, and no default would arise as a result of such payments. If the pro-forma Leverage Ratio after such payments is less than 3 times, then such payments are unlimited. If the pro-forma Leverage Ratio is greater than or equal to 3 times but less than 3.5 times then we are limited to $100 per fiscal quarter and if the pro-forma Leverage Ratio is greater than or equal to 3.5 times then the limit is $60 per fiscal quarter.

The Revolver contains customary representations, warranties, covenants and terms, including paying a variable rate of interest and a facility fee based on our debt rating, and is available for working capital, capital expenditures and general corporate purposes. Provided that we obtain written consent from the lenders, we have the option to increase the Revolver by up to $200, to a total of $1,000, and two options to extend the Revolver for additional one-year terms. As of July 30, 2022, we had no borrowings outstanding under our Revolver.

Our $800 commercial paper program allows us to use the proceeds to fund operating cash requirements. Under the terms of the commercial paper agreement, we pay a rate of interest based on, among other factors, the maturity of the issuance and market conditions. The issuance of commercial paper has the effect of reducing available liquidity under the Revolver by an amount equal to the principal amount of commercial paper outstanding. Conversely, borrowings under our Revolver have the effect of reducing the available capacity of our commercial paper program by an amount equal to the amount outstanding. As of July 30, 2022, we had no issuances outstanding under our commercial paper program.

NOTE 4: FAIR VALUE MEASUREMENTS
We disclose our financial assets and liabilities that are measured at fair value in our Condensed Consolidated Balance Sheets by level within the fair value hierarchy as defined by applicable accounting standards:

Level 1: Quoted market prices in active markets for identical assets or liabilities
Level 2: Other observable market-based inputs or unobservable inputs that are corroborated by market data
Level 3: Unobservable inputs that cannot be corroborated by market data that reflect the reporting entity's own assumptions

Financial Instruments Measured at Carrying Value
Financial instruments measured at carrying value on a recurring basis include cash and cash equivalents, accounts receivable, accounts payable and our Revolver, which approximate fair value due to their short-term nature.

Long-term debt is recorded at carrying value. If long-term debt was measured at fair value, we would use quoted market prices of the same or similar issues, which is considered a Level 2 fair value measurement. The following table summarizes the carrying value and fair value estimate of our long-term debt, including current maturities:

	July 30, 2022	January 29, 2022	July 31, 2021
Carrying value of long-term debt	**$2,853**	$2,853	$2,849
Fair value of long-term debt	**2,433**	2,758	3,051

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

Non-financial Assets Measured at Fair Value on a Nonrecurring Basis
We also measure certain non-financial assets at fair value on a nonrecurring basis, primarily goodwill, long-lived tangible and ROU assets, in connection with periodic evaluations for potential impairment. We estimate the fair value of these assets using primarily unobservable inputs and, as such, these are considered Level 3 fair value measurements. For more information regarding long-lived tangible asset impairment charges for the six months ended July 30, 2022, see Note 1: Basis of Presentation. There were no material impairment charges for these assets for the six months ended July 31, 2021.

NOTE 5: STOCK-BASED COMPENSATION
The following table summarizes our stock-based compensation expense:

	Quarter Ended		Six Months Ended	
	July 30, 2022	**July 31, 2021**	**July 30, 2022**	**July 31, 2021**
RSUs	**$11**	$14	**$23**	$28
Stock options	**6**	8	**11**	15
Other[1]	**3**	1	**5**	2
Total stock-based compensation expense, before income tax benefit	**20**	23	**39**	45
Income tax benefit	**(5)**	(6)	**(10)**	(12)
Total stock-based compensation expense, net of income tax benefit	**$15**	$17	**$29**	$33

[1] Other stock-based compensation expense includes nonemployee director stock awards, PSUs and ESPP awards.

The following table summarizes our grant allocations:

	Six Months Ended			
	July 30, 2022		July 31, 2021	
	Granted	**Weighted-average grant-date fair value per unit**	**Granted**	**Weighted-average grant-date fair value per unit**
RSUs	**2.3**	**$23**	1.4	$33
Stock options	**1.1**	**$10**	1.2	$13
PSUs	**0.5**	**$23**	—	$—

Under our deferred and stock-based compensation plan arrangements, we issued 0.8 and 1.9 shares of common stock during the quarter and six months ended July 30, 2022 and 0.1 and 1.2 shares during the quarter and six months ended July 31, 2021.

NOTE 6: SHAREHOLDERS' EQUITY
In May 2022, our Board of Directors authorized a program to repurchase up to $500 of our outstanding common stock, with no expiration date. This new program replaced the August 2018 program, which had no expiration date and $707 remaining in repurchase capacity at termination. Our share repurchases are summarized as follows:

	Six Months Ended	
	July 30, 2022	**July 31, 2021**
Shares of common stock repurchased	**1.5**	—
Average price paid per share	**$23.17**	—
Aggregate amount of common stock repurchased	**$35**	—

We had $465 remaining in share repurchase capacity as of July 30, 2022.

In August 2022, subsequent to quarter end, we declared a quarterly dividend of $0.19 per share, which will be paid on September 14, 2022 to shareholders of record at the close of business on August 30, 2022.

We have certain limitations with respect to the payment of dividends and share repurchases under our Revolver agreement (see Note 3: Debt and Credit Facilities).

NORDSTROM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in millions except per share, per option and per unit amounts)
(Unaudited)

NOTE 7: COMMITMENTS AND CONTINGENCIES
Our NYC flagship store opened in October 2019 and the related building and equipment assets were placed into service at the end of the third quarter of 2019. While our store has opened, construction continues in the residential condominium units above the store. As of July 30, 2022, we have a fee interest in the retail condominium unit. In the third quarter of 2021, we paid the majority of our final installment payment based on the developer meeting final pre-established construction and development milestones.

NOTE 8: EARNINGS PER SHARE
The computation of EPS is as follows:

	Quarter Ended		Six Months Ended	
	July 30, 2022	**July 31, 2021**	**July 30, 2022**	**July 31, 2021**
Net earnings (loss)	**$126**	$80	**$146**	($86)
Basic shares	**160.6**	159.0	**160.3**	158.7
Dilutive effect of common stock equivalents	**2.3**	3.8	**2.6**	—
Diluted shares	**162.9**	162.8	**162.9**	158.7
Earnings (loss) per basic share	**$0.78**	$0.50	**$0.91**	($0.54)
Earnings (loss) per diluted share	**$0.77**	$0.49	**$0.90**	($0.54)
Anti-dilutive common stock equivalents	**8.9**	7.5	**9.5**	12.0

NOTE 9: SEGMENT REPORTING
The following table sets forth information for our reportable segment:

	Quarter Ended		Six Months Ended	
	July 30, 2022	**July 31, 2021**	**July 30, 2022**	**July 31, 2021**
Retail segment EBIT	**$265**	$193	**$352**	$138
Corporate/Other EBIT	**(63)**	(42)	**(77)**	(72)
Interest expense, net	**(34)**	(40)	**(69)**	(177)
Earnings (loss) before income taxes	**$168**	$111	**$206**	($111)

For information about disaggregated revenues, see Note 2: Revenue.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

The following MD&A provides a narrative of our financial performance and is intended to promote understanding of our results of operations and financial condition. MD&A is provided as a supplement to, and should be read in conjunction with, Item 1: Financial Statements (Unaudited) and generally discusses the results of operations for the quarter and six months ended July 30, 2022 compared with the quarter and six months ended July 31, 2021. The following discussion and analysis contains forward-looking statements and should also be read in conjunction with cautionary statements and risks described elsewhere in this Form 10-Q before deciding to purchase, hold or sell shares of our common stock.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

OVERVIEW

We delivered solid second quarter results, with topline growth, increased profitability and continued progress toward our long-term strategic and financial goals. We delivered these results despite customer demand decelerating significantly in late June of this quarter. While we did not see macroeconomic pressures adversely impact customer spending in the first quarter, demand began to soften in late June, mostly in Nordstrom Rack. Across both banners, the softening trend was more significant in customer segments with lower income profiles, while we saw greater resilience in customer segments with higher income profiles.

Net earnings for the second quarter was $126, or $0.77 per diluted share. After excluding costs associated with the wind-down of Trunk Club, Adjusted EPS was $0.81. Second quarter net sales increased 12% over the second quarter of 2021, including a benefit of approximately 200 basis points from one week of the Anniversary Sale shifting into the second quarter.

Our Anniversary Sale rewards and engages our loyal customers, as we offer new product from the best brands at reduced prices for a limited time. Total Anniversary event sales increased 5% over last year, including the one day that fell in the third quarter.

We are prioritizing actions in the short term to position our business for success in a rapidly evolving environment. This means adjusting our plans for the second half, aligning expenses to those plans and reducing inventory levels in order to exit the year in a clean and current inventory position. At the same time, we continue to focus on improving Rack performance, increasing profitability and optimizing our supply chain and inventory flow. We are making progress in these initiatives and, while they will not fully offset the gross margin impacts of our inventory reductions this year, we expect them to benefit our performance in 2023 and beyond.

While we take action to address these short-term headwinds, we will continue to build additional capabilities to better serve customers and drive profitable long-term growth, with a focus on winning in our most important markets, advancing our digital capabilities and improving Nordstrom Rack performance.

Market Strategy – A fundamental component of our Closer to You strategy is winning in our most important markets. Our strategy provides customers convenience, connection and access to the best product selection, through a strong store fleet, two unique banners and omnichannel capabilities linked at the market level. For example, during this year's Anniversary Sale, customers utilized the convenience of our integrated touchpoints, with order pickup in stores increasing 9% compared with last year's event.

Digital Capabilities – We continue to advance our digital capabilities, working to further extend our heritage of customer service and personalization to a digital world. We are scaling our styling program and offering a range of digital services, including stylist-inspired looks, virtual styleboards and online styling appointments. While we see the highest number of customers engage with our in-person styling, we are seeing rapid growth within these digital services.

Nordstrom Rack – Finally, we continue to focus on improving Nordstrom Rack performance by increasing our supply of premium brands, improving our assortment and growing brand awareness. We continue to make progress in these initiatives, driving sequential improvement in sales growth for the last three quarters versus pre-pandemic levels. Premium brands are a differentiator for the Rack, as 90% of the top brands at Nordstrom are sold at Nordstrom Rack. We have more work ahead to fully optimize our Rack assortment, focusing on having the best brands at the best prices at each of our Rack locations.

Although we face uncertainty as consumer demand shifts, we have a seasoned team that has successfully managed through a range of business cycles. We have a strong balance sheet and cash position and are well-positioned to capture pockets of demand through investments in our Closer to You strategy and digital assets. We are taking the necessary steps to navigate the short term, while continuing to invest in capabilities to better serve our customers, drive long-term profitable growth and increase shareholder value.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

RESULTS OF OPERATIONS

In our ongoing effort to enhance the customer experience, we are focused on providing a seamless retail experience across our Company. We invested early in integrating our operations, merchandising and technology across our stores and online and in both Nordstrom and Nordstrom Rack banners. By connecting our digital and physical assets across Nordstrom and Nordstrom Rack, we are able to better serve customers when, where and how they want to shop. We have one Retail reportable segment and analyze our results on a total company basis, using customer, market share, operational and net sales metrics.

Our Anniversary Sale, historically the largest event of the year, typically falls in the second quarter. Approximately one week of our Anniversary Sale shifted from the third quarter in 2021 to the second quarter in 2022.

We monitor a number of key operating metrics to evaluate our Company's performance. In addition to net sales, net earnings (loss) and other results under GAAP, two other key operating metrics we use are GMV and inventory turnover rate.

- *GMV:* Our GMV represents the total dollar value of items sold through our digital platforms and stores. GMV includes net sales from inventory we own, as well as the value of merchandise sold under our alternative partnership models with our vendors. We use GMV as an indicator of the scale and growth of our operations and the impact of our alternative partnership models.
- *Inventory Turnover Rate:* Inventory turnover rate is calculated as the trailing 4-quarter cost of sales and related buying and occupancy costs divided by the trailing 4-quarter average inventory. Inventory turnover rate is an indicator of our success in optimizing inventory volumes in accordance with customer demand.

Net Sales

The following table summarizes net sales:

	Quarter Ended		Six Months Ended	
	July 30, 2022	**July 31, 2021**	**July 30, 2022**	**July 31, 2021**
Net sales:				
Nordstrom	**$2,771**	$2,417	**$5,060**	$4,270
Nordstrom Rack	**1,220**	1,148	**2,398**	2,216
Total net sales	**$3,991**	$3,565	**$7,458**	$6,486
Net sales increase:				
Nordstrom	**14.7 %**	126.7 %	**18.5 %**	76.3 %
Nordstrom Rack	**6.3 %**	61.4 %	**8.2 %**	60.4 %
Total Company	**12.0 %**	100.5 %	**15.0 %**	70.5 %
Digital sales as a % of total net sales	**38 %**	40 %	**38 %**	42 %
Digital sales increase	**6 %**	30 %	**3 %**	27 %

Total Company net sales increased for the second quarter and six months ended July 30, 2022, compared with the same periods in 2021. The timing of the Anniversary Sale had a positive impact on net sales of approximately 200 basis points compared with the second quarter of 2021. Total Company GMV increased 12% and 16% for the second quarter and six months ended July 30, 2022, compared with the same periods in 2021. During the six months ended July 30, 2022, we opened one ASOS | Nordstrom store. In the second quarter, Men's Apparel had the strongest growth compared with the same period in 2021, and Shoes, Women's Apparel, Designer and Beauty also had double-digit growth. For the six months ended July 30, 2022, Men's Apparel and Shoes had the strongest growth compared with the same period in 2021.

Digital sales increased for the second quarter and six months ended July 30, 2022, compared with the same periods in 2021. The timing of the Anniversary Sale had a positive impact on digital sales of approximately 400 basis points compared with the second quarter of 2021.

Nordstrom and Nordstrom Rack net sales increased for the second quarter and six months ended July 30, 2022, compared with the same periods in 2021. The timing of the Anniversary Sale had a positive impact on Nordstrom net sales of approximately 400 basis points compared with the second quarter of 2021. Nordstrom net sales reflected an increase in both the average selling price per item sold and the number of items sold for the second quarter and six months ended July 30, 2022, compared with the same periods in 2021. Nordstrom Rack net sales reflected an increase in the average selling price per item sold, partially offset by a decrease in the number of items sold for the second quarter and six months ended July 30, 2022, compared with the same periods in 2021. Nordstrom GMV increased 15% and 19% for the second quarter and six months ended July 30, 2022, compared with the same periods in 2021.

See Note 2: Revenue in Item 1 for information about disaggregated revenues.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Credit Card Revenues, Net

Credit card revenues, net increased $12 and $27 for the second quarter and six months ended July 30, 2022, compared with the same periods in 2021, primarily as a result of higher finance charges and late fee revenues due to larger outstanding balances.

Gross Profit

The following table summarizes gross profit:

	Quarter Ended		Six Months Ended	
	July 30, 2022	**July 31, 2021**	**July 30, 2022**	**July 31, 2021**
Gross profit	**$1,405**	$1,233	**$2,541**	$2,135
Gross profit as a % of net sales	**35.2%**	34.6%	**34.1%**	32.9%
			July 30, 2022	**July 31, 2021**
Inventory turnover rate			**4.08**	4.68

Gross profit increased $172 for the second quarter of 2022 and $406 for the six months ended July 30, 2022, compared with the same periods in 2021, almost entirely due to higher sales volume. Gross profit increased 65 basis points as a rate of net sales for the second quarter of 2022 and 115 basis points as a rate of net sales for the six months ended July 30, 2022, compared with the same periods in 2021, due to leverage on buying and occupancy costs, partially offset by higher markdown rates for the second quarter of 2022.

Ending inventory as of July 30, 2022 increased 10% which is in line with the 12% increase in sales for the second quarter of 2022 compared with the same period in 2021. Inventory turnover rate, which is calculated using trailing 4-quarter average inventory, decreased primarily due to excess inventory levels across all channels as a result of supply chain disruptions and softening customer demand trends.

Selling, General and Administrative Expenses

SG&A is summarized in the following table:

	Quarter Ended		Six Months Ended	
	July 30, 2022	**July 31, 2021**	**July 30, 2022**	**July 31, 2021**
SG&A expenses	**$1,307**	$1,174	**$2,473**	$2,249
SG&A expenses as a % of net sales	**32.8%**	32.9%	**33.2%**	34.7%

SG&A increased $133 during the second quarter of 2022, and $224 for the six months ended July 30, 2022, compared with the same periods in 2021, primarily due to variable costs on higher sales volume and higher labor expense. SG&A rate decreased 15 basis points during the second quarter of 2022, and 150 basis points for the six months ended July 30, 2022, compared with the same periods in 2021, primarily due to leverage on higher sales, partially offset by higher labor expense.

Earnings Before Interest and Income Taxes

EBIT is summarized in the following table:

	Quarter Ended		Six Months Ended	
	July 30, 2022	**July 31, 2021**	**July 30, 2022**	**July 31, 2021**
EBIT	**$202**	$151	**$275**	$66
EBIT as a % of net sales	**5.1%**	4.2%	**3.7%**	1.0%

EBIT improved $51 for the second quarter of 2022 and $209 for the six months ended July 30, 2022, compared with the same periods in 2021, primarily due to higher sales, partially offset by higher markdowns and higher labor expense. EBIT improved 80 basis points as a rate of net sales for the second quarter of 2022 and 265 basis points as a rate of net sales for the six months ended July 30, 2022, compared with the same periods in 2021, primarily due to leverage on higher sales, partially offset by higher markdown rates for the second quarter of 2022.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Interest Expense, Net

Interest expense, net was $34 for the second quarter of 2022, compared with $40 for the same period in 2021, and $69 for the six months ended July 30, 2022, compared with $177 for the same period in 2021. The decrease for the second quarter of 2022 was primarily due to the redemption of the 4% senior notes during the second quarter of 2021. The decrease for the six months ended July 30, 2022 was primarily due to debt refinance charges of $88 related to the redemption of the Secured Notes in the first quarter of 2021 and the redemption of the 4% senior notes in the second quarter of 2021.

Income Tax Expense

Income tax expense is summarized in the following table:

	Quarter Ended		Six Months Ended	
	July 30, 2022	**July 31, 2021**	**July 30, 2022**	**July 31, 2021**
Income tax expense (benefit)	**$42**	$31	**$60**	($25)
Effective tax rate	**25.2 %**	27.9 %	**29.3 %**	22.9 %

The effective tax rate decreased in the second quarter of 2022, compared with the same period in 2021, primarily due to favorable tax impacts of stock-based compensation. The effective tax rate increased for the six months ended July 30, 2022, compared with the same period in 2021, primarily due to unfavorable impacts of stock-based compensation, partially offset with a decrease in valuation allowance driven by lower foreign losses. Earnings for the six months ended July 30, 2022, compared with losses for the same period in 2021 also increased the relative impact of unfavorable items on the overall effective tax rate.

Earnings (Loss) Per Share

EPS is as follows:

	Quarter Ended		Six Months Ended	
	July 30, 2022	**July 31, 2021**	**July 30, 2022**	**July 31, 2021**
Basic	**$0.78**	$0.50	**$0.91**	($0.54)
Diluted	**$0.77**	$0.49	**$0.90**	($0.54)

Earnings (loss) per diluted share improved $0.28 for the second quarter of 2022 and $1.44 for the six months ended July 30, 2022, compared with the same periods in 2021. The improvement in the second quarter of 2022 was primarily due to higher sales volumes compared with the same period in 2021. For the six months ended July 30, 2022, the improvement was primarily due to higher sales volumes and the net impact from the gain on sale of our interest in a corporate office building, partially offset by Trunk Club wind-down costs. In the first quarter of 2021, we recorded an interest expense charge of $88 related to the redemption of the Secured Notes, which reduced EPS by $0.41 per diluted share.

Fiscal Year 2022 Outlook

We are updating our financial expectations for fiscal 2022 as follows:

	Prior Outlook	**Current Outlook**
Revenue growth, including retail sales and credit card revenues	6 to 8 percent	5 to 7 percent
EBIT margin, as percent of sales	5.8 to 6.2 percent	4.5 to 4.9 percent
Adjusted EBIT margin[1]	5.6 to 6.0 percent	4.3 to 4.7 percent
Income tax rate	Approximately 27 percent	Approximately 27 percent
EPS, excluding the impact of share repurchase activity, if any	$3.38 to $3.68	$2.45 to $2.75
Adjusted EPS, excluding the impact of share repurchase activity, if any[1]	$3.20 to $3.50	$2.30 to $2.60
Leverage ratio by year-end	Approximately 2.5 times	Below 2.9 times

[1] For a reconciliation of the fiscal year 2022 forward-looking GAAP to non-GAAP measures, see page 21.

Our adjusted EBIT as a percent of net sales ("adjusted EBIT margin") and Adjusted EPS outlook for fiscal year 2022 excludes the impacts from certain items that we do not consider representative of our core operating performance. These items include the expected full fiscal year 2022 impact associated with the Trunk Club wind-down costs recognized in the first half of 2022 and the gain on the sale of our interest in a corporate office building recognized in the first quarter of 2022.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Adjusted EBIT, Adjusted EBITDA and Adjusted EPS (Non-GAAP financial measures)

Adjusted EBIT, Adjusted EBITDA and Adjusted EPS are key financial metrics and, when used in conjunction with GAAP measures, we believe they provide useful information for evaluating our core business performance, enable comparison of financial results across periods and allow for greater transparency with respect to key metrics used by management for financial and operational decision-making. Adjusted EBIT, Adjusted EBITDA and Adjusted EPS exclude certain items that we do not consider representative of our core operating performance. The financial measure calculated under GAAP which is most directly comparable to Adjusted EBIT and Adjusted EBITDA is net earnings. The financial measure calculated under GAAP which is most directly comparable to Adjusted EPS is earnings (loss) per diluted share.

Adjusted EBIT, Adjusted EBITDA and Adjusted EPS are not measures of financial performance under GAAP and should be considered in addition to, and not as a substitute for, net earnings, operating cash flows, earnings (loss) per share, earnings (loss) per diluted share or other financial measures performed in accordance with GAAP. Our method of determining non-GAAP financial measures may differ from other companies' financial measures and therefore may not be comparable to methods used by other companies.

The following is a reconciliation of net earnings (loss) to Adjusted EBIT and Adjusted EBITDA:

	Quarter Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Net earnings (loss)	**$126**	$80	**$146**	($86)
Add (Less): income tax expense (benefit)	**42**	31	**60**	(25)
Add: interest expense, net	**34**	40	**69**	177
Earnings before interest and income taxes	**202**	151	**275**	66
Add: Trunk Club wind-down costs	**8**	—	**18**	—
Less: gain on sale of interest in a corporate office building	**—**	—	**(51)**	—
Adjusted EBIT	**210**	151	**242**	66
Add: depreciation and amortization expenses	**149**	159	**301**	321
Less: amortization of developer reimbursements	**(18)**	(20)	**(37)**	(40)
Adjusted EBITDA	**$341**	$290	**$506**	$347

The following is a reconciliation of earnings (loss) per diluted share to Adjusted EPS:

	Quarter Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Earnings (loss) per diluted share[1]	**$0.77**	$0.49	**$0.90**	($0.54)
Add: Trunk Club wind-down costs	**0.05**	—	**0.11**	—
Less: gain on sale of interest in a corporate office building	**—**	—	**(0.31)**	—
Add: debt refinancing charges included within interest expense, net	**—**	—	**—**	0.56
(Less) Add: income tax impact on adjustments[2]	**(0.01)**	—	**0.05**	(0.15)
Adjusted EPS	**$0.81**	$0.49	**$0.75**	($0.13)

[1] Due to the anti-dilutive effect resulting from the adjusted net loss, the impact of potentially dilutive shares on the adjusted per share amounts has been omitted from the calculation of weighted-average shares for earnings (loss) per share for the six months ended July 31, 2021.

[2] The income tax impact of non-GAAP adjustments is calculated using the estimated tax rate for the respective non-GAAP adjustment.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Fiscal Year 2022 Forward-Looking Non-GAAP Measures

The following is a reconciliation of net earnings as a percent of net sales to adjusted EBIT margin included within our Fiscal Year 2022 Outlook:

	52 Weeks Ending January 28, 2023	
	Low	High
Expected net earnings as a % of net sales	**2.6 %**	**2.9 %**
Add: income tax expense	1.0 %	1.1 %
Add: interest expense, net	0.9 %	0.9 %
Expected EBIT margin, as a % of net sales	4.5 %	4.9 %
Add: Trunk Club wind-down costs	0.1 %	0.1 %
Less: gain on sale of interest in a corporate office building	(0.3 %)	(0.3 %)
Expected adjusted EBIT margin	**4.3 %**	**4.7 %**

The following is a reconciliation of earnings per diluted share to Adjusted EPS included within our Fiscal Year 2022 Outlook:

	52 Weeks Ending January 28, 2023	
	Low	High
Expected earnings per diluted share	**$2.45**	**$2.75**
Add: Trunk Club wind-down costs	0.11	0.11
Less: gain on sale of interest in a corporate office building	(0.31)	(0.31)
Add: income tax impact on adjustments	0.05	0.05
Expected Adjusted EPS	**$2.30**	**$2.60**

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Adjusted ROIC (Non-GAAP financial measure)

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 over time. In addition, we have incorporated it in our executive incentive measures and we believe it is an important indicator of shareholders' return over the long term.

Adjusted ROIC is not a measure of financial performance under GAAP and should be considered in addition to, and not as a substitute for, return on assets, net earnings, total assets or other GAAP financial measures. Our method of calculating 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 ROIC is return on assets. The following shows the components to reconcile the return on assets calculation to Adjusted ROIC:

	Four Quarters Ended	
	July 30, 2022	**July 31, 2021**
Net earnings	**$410**	$1
Add (Less): income tax expense (benefit)	**153**	(72)
Add: interest expense	**140**	274
Earnings before interest and income tax expense	**703**	203
Add: operating lease interest[1]	**84**	92
Adjusted net operating profit	**787**	295
Less: estimated income tax expense[2]	**(214)**	(300)
Adjusted net operating profit (loss) after tax	**$573**	($5)
Average total assets	**$9,194**	$9,489
Less: average deferred property incentives in excess of ROU assets[3]	**(214)**	(255)
Less: average non-interest bearing current liabilities	**(3,396)**	(3,267)
Average invested capital	**$5,584**	$5,967
Return on assets	**4.5 %**	— %
Adjusted ROIC	**10.3 %**	(0.1 %)

[1] Operating lease interest is a component of operating lease cost recorded in occupancy costs. We add back operating lease interest for purposes of calculating adjusted net operating profit for consistency with the treatment of interest expense on our debt.

[2] Estimated income tax expense is calculated by multiplying the adjusted net operating profit by the effective tax rate for the trailing twelve month periods ended July 30, 2022 and July 31, 2021. The effective tax rate is calculated by dividing income tax expense (benefit) by earnings (loss) before income taxes for the same trailing twelve month periods.

[3] For leases with property incentives that exceed the ROU assets, we reclassify the amount from assets to other current liabilities and other liabilities on the Condensed Consolidated Balance Sheets. The current and non-current amounts are used to reduce average total assets above, as this better reflects how we manage our business.

LIQUIDITY

We strive to maintain a level of liquidity sufficient to allow us to cover our seasonal cash needs and to maintain appropriate levels of short-term borrowings. In the short term, our ongoing working capital and capital expenditure requirements and any dividend payments or share repurchases are generally funded through cash flows generated from operations. In addition, we have access to the commercial paper market and can draw on our revolving credit facility for working capital, capital expenditures and general corporate purposes. Over the long term, we manage our cash and capital structure to maximize shareholder return, maintain our financial position, manage refinancing risk and allow flexibility for strategic initiatives. We regularly assess our debt and leverage levels, capital expenditure requirements, debt service payments, dividend payouts, share repurchases and other future investments.

We ended the second quarter of 2022 with $494 in cash and cash equivalents and $800 of additional liquidity available on our Revolver. Cash and cash equivalents in the second quarter of 2022 slightly increased from $487 in 2021, driven by higher net earnings, partially offset by payments for merchandise inventory. We believe that our operating cash flows are sufficient to meet our cash requirements for the next 12 months and beyond. Our cash requirements are subject to change as business conditions warrant and opportunities arise and we may elect to raise additional funds in the future through the issuance of either debt or equity.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

The following is a summary of our cash flows by activity:

	Six Months Ended	
	July 30, 2022	**July 31, 2021**
Net cash provided by operating activities	**$373**	$545
Net cash used in investing activities	**(133)**	(230)
Net cash used in financing activities	**(68)**	(511)

Operating Activities

Net cash provided by operating activities decreased $172 for the six months ended July 30, 2022, compared with the same period in 2021, primarily due to receipt of the income tax refund related to the loss carryback provision of the CARES Act in 2021, partially offset by an increase in net earnings.

Investing Activities

Net cash used in investing activities decreased $97 for the six months ended July 30, 2022, compared with the same period in 2021, primarily due to the sale of our interest in a corporate office building in 2022 and our investment in ASOS.com Ltd in 2021 (see Note 1: Basis of Presentation in Item 1).

Capital Expenditures

Our capital expenditures, net are summarized as follows:

	Six Months Ended	
	July 30, 2022	**July 31, 2021**
Capital expenditures	**$215**	$217
Less: deferred property incentives[1]	**(7)**	(8)
Capital expenditures, net	**$208**	$209
Capital expenditures as a % of net sales	**2.9 %**	3.3 %

[1] Deferred property incentives are included in our cash provided by operations in our Condensed Consolidated Statements of Cash Flows in Item 1. We operationally view the property incentives we receive from our developers and vendors as an offset to our capital expenditures.

Financing Activities

Net cash used in financing activities decreased $443 for the six months ended July 30, 2022, compared with the same period in 2021, primarily due to net activity in 2021 related to long-term debt.

Share Repurchases

We repurchased $35 for the six months ended July 30, 2022, compared with no share repurchases in the same period of 2021.

Dividends

We paid $60, or $0.38 per share, for the six months ended July 30, 2022 compared with no dividends in the same period of 2021.

Free Cash Flow (Non-GAAP financial measure)

Free Cash Flow is one of our key liquidity measures and, when used in conjunction with GAAP measures, we believe it 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 calculating a non-GAAP financial measure 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:

	Six Months Ended	
	July 30, 2022	**July 31, 2021**
Net cash provided by operating activities	**$373**	$545
Less: capital expenditures	**(215)**	(217)
Add: change in cash book overdrafts	**36**	6
Free Cash Flow	**$194**	$334

CAPITAL RESOURCES

Borrowing Capacity and Activity

During the second quarter of 2022, we terminated and replaced our prior revolving credit facility set to expire in September 2023 with a new $800 Revolver that expires in May 2027. As of July 30, 2022, we had no borrowings outstanding under our Revolver and no issuances outstanding under our commercial paper program. For more information about our credit facilities, see Note 3: Debt and Credit Facilities in Item 1.

Impact of Credit Ratings and Revolver Covenants

Changes in our credit ratings may impact our costs to borrow, whether our personal property secures our Revolver and whether and to what extent we are permitted to pay dividends or conduct share repurchases.

For our Revolver, the interest rate applicable to any borrowings we may enter into depends upon the type of borrowing incurred plus an applicable margin, which is determined based on our credit ratings. At the time of this report, our credit ratings and outlook were as follows:

	Credit Ratings	Outlook
Moody’s	Ba1	Stable
Standard & Poor’s	BB+	Stable
Fitch	BBB-	Negative

Should the ratings assigned to our long-term debt improve, the applicable margin associated with any borrowings under the Revolver may decrease, resulting in a lower borrowing cost under this facility. Conversely, should the ratings assigned to our long-term debt worsen, the applicable margin associated with any borrowings under the Revolver may increase, resulting in a higher borrowing cost under this facility.

As of July 30, 2022, we were in compliance with all covenants. We have certain limitations with respect to the payment of dividends and share repurchases under our Revolver agreement. For more information about our Revolver covenants, see Note 3: Debt and Credit Facilities in Item 1.

(Dollar and share amounts in millions except per share amounts and where noted otherwise)

Adjusted Debt to EBITDAR (Non-GAAP financial measure)

Adjusted debt to EBITDAR is one of our key financial metrics and we believe that our debt levels are best analyzed using this measure, as it provides a reflection of our creditworthiness which could impact our credit ratings and borrowing costs. This metric is calculated in accordance with the updates in our new Revolver covenant and is a key component in assessing whether our revolving credit facility is secured or unsecured, as well as our ability to make dividend payments and share repurchases. Our goal is to manage debt levels to achieve and maintain investment-grade credit ratings while operating with an efficient capital structure. For more information regarding our Revolver, see Note 3: Debt and Credit Facilities in Item 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 GAAP financial measures. Our method of calculating a non-GAAP financial measure 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 shows the components to reconcile the debt to net earnings calculation to Adjusted debt to EBITDAR:

	July 30, 2022
Debt	**$2,853**
Add: operating lease liabilities	**1,779**
Adjusted debt	**$4,632**

	Four Quarters Ended July 30, 2022
Net earnings	**$410**
Add: income tax expense	**153**
Add: interest expense, net	**138**
Earnings before interest and income taxes	**701**
Add: depreciation and amortization expenses	**595**
Add: Operating Lease Cost	**272**
Add: amortization of developer reimbursements[1]	**75**
Less: other Revolver covenant adjustments[2]	**(22)**
Adjusted EBITDAR	**$1,621**
Debt to Net Earnings	**7.0**
Adjusted debt to EBITDAR	**2.9**

[1] Amortization of developer reimbursements is a non-cash reduction of Operating Lease Cost and is therefore added back to Operating Lease Cost for purposes of our Revolver covenant calculation.

[2] Other adjusting items to reconcile net earnings to Adjusted EBITDAR as defined by our Revolver covenant include interest income and certain non-cash charges and other gains and losses where relevant. For the four quarters ended July 30, 2022, other Revolver covenant adjustments primarily included a gain on sale of the Company's interest in a corporate office building, partially offset by costs associated with the wind-down of Trunk Club.

CRITICAL ACCOUNTING ESTIMATES

The preparation of our financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. We believe that the estimates, assumptions and judgments involved in the accounting policies referred to in our 2021 Annual Report have the greatest potential effect on our financial statements, so we consider these to be our critical accounting policies and estimates. Our management has discussed the development and selection of these critical accounting estimates with the Audit & Finance Committee of our Board of Directors. There have been no material changes to our significant accounting policies or critical accounting estimates as described in our 2021 Annual Report.

RECENT ACCOUNTING PRONOUNCEMENTS

There are no recent accounting pronouncements that are anticipated to have a material impact on our results of operations, liquidity or capital resources.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We discussed our interest rate risk and foreign currency exchange risk in our 2021 Annual Report. There have been no material changes to these risks since that time.

Item 4. Controls and Procedures.

DISCLOSURE CONTROLS AND PROCEDURES

For the purposes of the Exchange Act, our Chief Executive Officer, Erik B. Nordstrom, serves as our principal executive officer and our Chief Financial Officer, Anne L. Bramman, is our principal financial officer.

Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we have performed an evaluation of the design and effectiveness of our disclosure controls and procedures as of the last day of the period covered by this report.

Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective. Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) under the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified within the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are subject from time to time to various claims and lawsuits arising in the ordinary course of business, including lawsuits alleging violations of state and/or federal wage and hour and other employment laws, privacy and other consumer-based claims. Some of these lawsuits may include certified classes of litigants, or purport or may be determined to be class or collective actions and seek substantial damages or injunctive relief, or both, and some may remain unresolved for several years. We believe the recorded accruals in our Condensed Consolidated Financial Statements are adequate in light of the probable and estimable liabilities. As of the date of this report, we do not believe any currently identified claim, proceeding or litigation, either alone or in the aggregate, will have a material impact on our results of operations, financial position or cash flows. Since these matters are subject to inherent uncertainties, our view of them may change in the future.

Item 1A. Risk Factors.

There have been no material changes to the risk factors we discussed in our 2021 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) SHARE REPURCHASES
(Dollar and share amounts in millions, except per share amounts)

The following is a summary of our second quarter share repurchases:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs
May 2022 (May 1, 2022 to May 28, 2022)	0.1	$25.05	0.1	$498
June 2022 (May 29, 2022 to July 2, 2022)	0.7	$24.68	0.7	$480
July 2022 (July 3, 2022 to July 30, 2022)	0.7	$21.50	0.7	$465
Total	**1.5**	**$23.17**	**1.5**	

See Note 6: Shareholders’ Equity in Item 1 for more information about our August 2018 and May 2022 share repurchase programs.

Item 6. Exhibits.

(a) The information required under this item is incorporated herein by reference or filed or furnished as part of this report at:

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Nordstrom, Inc. and Subsidiaries Exhibit Index	28

All other exhibits are omitted because they are not applicable, not required or because the information required has been given as part of this report.

NORDSTROM, INC.
Exhibit Index

		Incorporated by Reference		
Exhibit		Form	Exhibit	Filing Date
10.1	Form of Restricted Stock Unit Award (Supplemental Award) under the 2019 Equity Incentive Plan	8-K	10.1	May 20, 2022
10.2	Nordstrom Deferred Compensation Plan (2022 Restatement), filed herewith electronically			
31.1	Certification of Chief Executive Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002, filed herewith electronically			
31.2	Certification of Chief Financial Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002, filed herewith electronically			
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith electronically			
101.INS	Inline XBRL Instance Document, filed herewith electronically			
101.SCH	Inline XBRL Taxonomy Extension Schema Document, filed herewith electronically			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document, filed herewith electronically			
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document, filed herewith electronically			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document, filed herewith electronically			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document, filed herewith electronically			
104	Cover Page Interactive Data File (Inline XBRL), filed herewith electronically			

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORDSTROM, INC.
(Registrant)

/s/ Anne L. Bramman
Anne L. Bramman
Chief Financial Officer
(Principal Financial Officer)

Date: September 2, 2022

Exhibit 10.2

NORDSTROM

DEFERRED COMPENSATION PLAN

(2022 Restatement)

Includes All Amendments Approved by the Company
since the 2019 Restatement, including:

Amendment 2021-1

NORDSTROM
DEFERRED COMPENSATION PLAN
(2022 Restatement)

TABLE OF CONTENTS

Index of Defined Terms

ARTICLE I
TITLE, PURPOSE AND EFFECTIVE DATE

1.1 Title. This plan shall be known as the Nordstrom Deferred Compensation Plan, and any reference in this instrument to the "Plan" shall include the plan as described herein and as amended from time to time.

1.2 Purpose. The Plan is intended to constitute an unfunded plan maintained primarily for the purpose of providing an opportunity for deferred compensation for a select group of management or highly compensated employees, within the meaning of Section 201(2), 301(a)(3) and 401(a)(4) of the Employee Retirement Income Security Act of 1974 ("ERISA"), of Nordstrom, Inc., a Washington corporation, and its Participating Subsidiaries and Affiliates ("Company").

1.3 Effective Date. The Plan was originally effective as of January 1, 1994. The Plan was subsequently amended on a number of occasions and most recently was restated, as set forth herein, effective August 16, 2022. Amounts deferred and vested prior to January 1, 2005 (and investment gains and losses attributable to such amounts) are governed by the 2003 Restatement and any amendments to the 2003 Restatement. Amounts initially deferred and vested after December 31, 2004 and before January 1, 2008 are subject to the provisions of the 2007 Restatement, except to the extent modified by transition rules separately documented by the Company. Amounts deferred and vested between January 1, 2008 and December 31, 2013 are similarly subject to the provisions of the 2007 Restatement, except as otherwise provided in the 2014. Amounts deferred and vested between January 1, 2014 and October 31, 2017 are subject to the provisions of the 2014 Restatement, except as otherwise provided in the 2017 Restatement. Amounts deferred and vested between November 1, 2017 and December 31, 2018 are subject to the provisions of the 2017 Restatement, except as otherwise provided in the 2019 Restatement. Amounts deferred and vested between January 1, 2019 and August 15, 2022 are subject to the provisions of the 2019 Restatement, except as otherwise provided in the 2022 Restatement.

ARTICLE II
ELIGIBILITY

2.1 Eligible Employee. An "Eligible Employee" means, for any Plan Year, any employee of the Company who is (a) expressly selected by the Administrative Committee, in its sole discretion, to participate in the Plan, and (b) a member of a select group of management or highly compensated employees, within the meaning of Section 201(2), 301(a)(3) and 401(a)(4) of ERISA. In lieu of expressly selecting Eligible Employees for Plan participation, the Administrative Committee may establish eligibility criteria (consistent with the requirements of paragraph (b) of this Section) providing for participation of all employees of the Company who satisfy such criteria. The Administrative Committee may at any time, in its sole discretion, change the eligibility criteria for Eligible Employees, or determine that one or more Participants will cease to be an Eligible Employee. Subject to the provisions of the Plan, all Eligible Employees will be eligible to defer compensation and receive benefits at the time and in the manner provided hereunder.

2.2 Entry Date. An Eligible Employee shall be eligible to participate in the Plan as follows:

(a) Eligible Employees who are first hired by the Company during a plan year shall be eligible to participate in the Plan on March 1, June 1 or September 1 following the date he or she first becomes an Eligible Employee.

(b) All other Eligible Employees shall be eligible to participate in the Plan on January 1 of the year following the year in which he or she became an Eligible Employee.

2.3 When Participation Begins. An Eligible Employee becomes a “Participant” in the Plan for the Plan Year when he or she elects to defer a portion of Eligible Compensation (defined in 3.1(b)) during the applicable Election Period pursuant to the terms of the Plan and Article III. The “Election Period” is either the Annual Election Period or, for newly hired and eligible Employees, the Initial Election Period, determined as follows:

(a) Annual Election Period. “Annual Election Period” means the period designated each year during which Eligible Employees submit their elections to defer compensation. Nordstrom Benefits has discretion to establish the Annual Election Period and may establish different Annual Election Periods for different types of compensation, provided that annual elections must become irrevocable not later than the time specified under Code Section 409A. A Participant’s deferral election with respect to Base Compensation and Bonus Compensation at an Annual Election Period must become irrevocable not later than December 31 of the year preceding the year in which the Participant performs services generating the Base Compensation and the Bonus Compensation.

(b) Initial Election Period. The Initial Election Period for any employee who first becomes an Employee and Eligible Employee during the Plan Year is the period of thirty (30) days that begins on his or her Entry Date under 2.2. An Eligible Employee’s election relates only to Compensation paid for services to be performed subsequent to the election and applies only to Base Compensation. Deferral of Bonus Compensation, Performance Share Units and Restricted Stock Units can be elected only during an Annual Election Period and, for Performance Share Units and Restricted Stock Units, can be elected only if the award agreement underlying the Performance Share Units or Restricted Stock Units specifically includes deferral provisions.

2.4 Suspension of Participation. If a Participant receives an unscheduled in-service distribution (with penalty) under the 2003 Restatement of this Plan, the Participant’s eligibility to defer under this Plan shall continue for the remainder of the Plan Year in which the unscheduled in-service distribution is received, but shall be suspended for the next two Plan Years.

2.5 When Participation Ends. An individual remains a Participant as long as he or she has an Account balance that has not yet been entirely distributed. If, prior to a Participant’s Termination Date, a Participant has ceased to be a member of a select group of management or highly compensated employees of the Company within the meaning of Sections 201(2), 301(a)(3) and 401(a)(4) of ERISA, such Participant’s deferral elections shall continue for the remainder of the Plan Year to which the deferral elections relate. However, the Participant shall become ineligible to defer compensation under the Plan effective with the next Plan Year, and the Participant shall not re-establish eligibility to defer compensation until such time as he or she once again becomes a member of a select group of management or highly compensated employees and meets the other eligibility requirements set forth in the Plan. The Participant’s Account will be distributed at the time and in the form specified by the terms of the Plan and the Participant’s elections. Notwithstanding the forgoing, if an Eligible Employee transfers to a foreign subsidiary of the Company, his or her deferrals under the Plan shall cease upon such transfer and the Participant’s Account will be distributed at the time and in the form specified by the terms of the Plan and the Participant’s elections.

ARTICLE III
DEFERRAL OF COMPENSATION

3.1 Deferral Elections. Upon becoming eligible to be a Participant under Section 2.2, and for any Plan Year thereafter (subject to Sections 2.4 and 2.5), an Eligible Employee who wishes to defer compensation under this Plan must properly execute a Deferral Agreement on or before the last day of the applicable Election Period.

(a) Deferral Agreement. As used in this Plan, the term "Deferral Agreement" means the form prescribed by Nordstrom Benefits, by which the Participant:

(1) indicates and agrees to defer a portion of the Participant's Eligible Compensation for any Plan Year; and

(2) specifies the time and form of payment for amounts deferred for the Plan Year.

For this purpose, an Eligible Employee will be considered to have properly executed a Deferral Agreement when he or she has enrolled via an online system, or completed, signed and returned the appropriate form of Deferral Agreement to Nordstrom Benefits, each in a manner approved by Nordstrom Benefits.

(b) Eligible Compensation. For purposes of this Plan, the following items of a Participant's remuneration shall be considered "Eligible Compensation":

(1) Base Compensation. A Participant's Base Compensation, which means a Participant's base salary scheduled to be paid in the normal course through the Company's regular payroll cycles (including amounts characterized by the Company as International Premium Pay). Deferrals to this Plan are calculated and deducted before any deferrals under the 401(k) Plan, the Company's cafeteria plan under Code Section 125, and the Company's transportation fringe benefits plan under Code Section 132(f).

(2) Bonus Compensation. A Participant's Bonus Compensation paid under the Company's broad-based bonus plan (the "Company Bonus Plan" and any successor plan), whether paid in cash or stock and whether paid annually, quarterly or on any other basis. A Participant's Bonus Compensation shall not include any other bonuses paid by the Company, including, but not limited to, individual or segment bonuses.

(3) Performance Share Units. A Participant's Performance Share Units as defined in and governed by the Equity Incentive Plan.

(4) Restricted Stock Units. A Participant's Restricted Stock Units as defined in and governed by the Equity Incentive Plan.

Not all forms of Eligible Compensation may be subject to a deferral opportunity. For example, the existence of deferral opportunities for awards of Performance Share Units and Restricted Stock Units depends on whether deferral provisions are included in the agreements underlying such awards.

3.2 Amount of Deferral. A Participant may, for any Plan Year, irrevocably elect to have the following amounts of Eligible Compensation deferred and credited to the Participant's Account in accordance with the terms and conditions of the Plan:

(a) Base Compensation. All or a portion of the Participant's Base Compensation expressed as a percentage of up to eighty percent (80%) of the Eligible Employee's Base Compensation. The deferral percentage applied to a Participant's Base Compensation each pay period shall be based on a Participant's annualized Base Compensation and shall be determined in accordance with the policies and procedures adopted by the Plan Administrator.

(b) Bonus Compensation. For Participants electing deferrals during an Annual Election Period under 2.3(a), all or a portion of the Participant's Bonus Compensation that is attributable to services to be performed beginning in the Plan Year immediately following the Annual Election Period. Employees who become newly Eligible Employees and who elect to enroll during an Initial Election Period under 2.3(b) may not defer Bonus Compensation payable for the Plan Year during which their enrollment occurs.

(c) Performance Share Units. All or a portion of a Participant's unvested Performance Share Units awarded by the Company, provided that:

(1) The Company makes a deferral opportunity available by including deferral provisions within the "Performance Share Unit Agreement" underlying the award of Performance Share Units;

(2) The Performance Share Units are scheduled to vest based on the Participant's achievement of individual or organizational performance criteria that are established within the first 90 days of a performance cycle that will last at least 12 months;

(3) The deferral election is made at a time when at least six (6) months remain in the performance cycle;

(4) The Participant provides services continuously for the period from the first day of the performance cycle (or if later, the date the performance criteria are established) through the date that the deferral election is made; and

(5) The deferral election is made before the amount of the Performance Share Units that will vest is readily ascertainable.

(d) Restricted Stock Units. All or a portion of a Participant's unvested Restricted Stock Units awarded by the Company, provided that:

(1) With respect to an award of Restricted Stock Units that is scheduled to vest based on the Participant's achievement of individual or organizational performance criteria:

(A) The Company makes a deferral opportunity available by including deferral provisions within the "Restricted Stock Unit Agreement" underlying the award of Restricted Stock Units;

(B) The applicable individual or organizational performance criteria are established within the first 90 days of a performance cycle that will last at least 12 months;

(C) The deferral election is made at a time when at least six (6) months remain in the applicable award's performance cycle;

(D) The Participant provides services continuously for the period from the first day of the performance cycle (or if later, the date the performance criteria are established) through the date that the deferral election is made; and

(E) The deferral election is made before the amount of the Restricted Stock Units that will vest under the applicable award is readily ascertainable.

(2) With respect to an award of Restricted Stock Units that are scheduled to vest based solely on the lapse of time:

(A) The Company makes a deferral opportunity available by including deferral provisions within the "Restricted Stock Unit Agreement" underlying the award of Restricted Stock Units; and

(B) The deferral election must be made by the end of the Plan Year immediately preceding the Plan Year in which the award of Restricted Stock Units is initially granted.

3.3 Minimum Deferral. Effective for Plan Years beginning on and after January 1, 2014, there is no minimum deferral limitation under this Plan.

3.4 Company Contribution Allocations. The following Company contributions are permitted under the Plan:

(a) Make-up Contribution. Each Plan Year, the Company shall allocate to each Participant's Account an amount corresponding to the Participant's lost share of Company contributions to its 401(k) Plan, determined as follows:

(1) an amount, if any, equal to such Participant's lost share of non-elective contributions under the 401(k) Plan; and

(2) an amount, if any, equal to such Participant's lost share of matching contributions under the 401(k) Plan.

For purposes of this allocation, a Participant's "lost share" of non-elective and matching contributions is the amount of contributions not allocated to Participant's 401(k) Plan account because of:

(A) The reduction in the Participant's compensation (as defined under the Participant's 401(k) Plan) by reason of deferrals under this Plan, or

(B) The Participant's exclusion from receiving a Company non-elective contribution under the Participant's 401(k) Plan on account of being considered "otherwise excludible" under Code section 410(b)(4).

The time and form of payment of Make-up Contributions shall be determined by the Participant's elections with respect to time and form applicable for the Plan Year preceding the Plan Year in which the Make-up Contribution is credited to the Participant's Account. For example, the time and form of payment of Make-up Contributions credited in early 2018 with respect to Participant's compensation deferred in the 2017 Plan Year shall be determined by the Participant's elections with respect to time and form applicable for the 2017 Plan Year. If no such election exists, then the time and form of payment of the Participant's Make-up Contribution for such Plan Year shall be as a single lump sum payment made at Participant's Separation.

All Make-up Contributions shall become immediately one-hundred percent (100%) vested.

For the avoidance of doubt, to receive a Make-up Contribution with respect to a given Plan Year, the Participant must have made a deferral under this Plan for such Plan Year.

(b) Company Discretionary Contributions. In addition to any Company contributions made in accordance with 3.4(a), the Company may, in its sole discretion, make discretionary contributions to the Accounts of one or more Participants at such times, in such amounts, and vested in such manner, as the Board or the Compensation, People and Culture Committee may determine. Such discretionary contributions shall be credited to the applicable Participant's Deemed Investment Sub-Account. The Company must designate the time and form of distribution at the time that the discretionary contributions are allocated to the Participant's Account.

(c) Restoration Contributions. Beginning with Plan Years commencing January 1, 2014, the Company shall allocate to certain Participants' Accounts a Restoration Contribution, which shall be based on each Participant's Excess Compensation (defined below).

A Participant's "Excess Compensation" for Restoration Contribution allocation purposes means the excess of a Participant's Unlimited 401(k) Plan Compensation (defined below) over the Participant's actual 401(k) Plan Compensation for that Plan Year. Moreover, "Excess Compensation" shall exclude performance-based or other incentive compensation received by a Participant that both (i) relates to the economic performance of an entity other than Nordstrom, Inc. and (ii) was adopted as part of, in recognition of, or in concert with, the merger, acquisition or change in control of such entity.

A Participant's "Unlimited 401(k) Plan Compensation" for Restoration Contribution allocation purposes means Participant's 401(k) Plan Compensation for a Plan Year determined without regard to the 401(a)(17) Limit (defined below) **plus** the amount deferred by Participant into this Plan during that Plan Year. The 401(a)(17) Limit for a Plan Year means the compensation limitation under Code section 401(a)(17) (or the limit under Section 1081.01(a)(12) of the Puerto Rico Internal Revenue Code (the "PR Code"), whichever applies) in effect for such Plan Year. For the Plan Year beginning January 1, 2018, the 401(a)(17) Limit is $275,000 and is thereafter indexed for inflation.

Example 1: Assume that for the 2018 Plan Year, Participant A is also a participant in the Nordstrom 401(k) Plan & Profit Sharing (the "Qualified Plan" for purposes of this Section 3.4(c)). During the 2018 Plan Year, Participant A's 401(k) Plan Compensation was $275,000 and Participant A deferred $10,000 into this Plan. The 401(a)(17) Limitation in effect for the 2018 Plan Year was $275,000. Participant A's 2018 401(k) Plan Compensation determined without regard to the 401(a)(17) Limit was $305,000. Consequently, Participant A's Unlimited 401(k) Plan Compensation for the 2018 Plan Year was $315,000 ($305,000 plus $10,000). Participant A's Excess Compensation was $40,000 ($315,000 less Participant's $275,000 401(k) Plan Compensation).

The Restoration Contribution allocable with respect to a Participant's Excess Compensation shall be the lesser of:

(1) the maximum matching contribution amount that could be generated by applying the matching contribution formula in effect under the Participant's 401(k) Plan for such Plan Year to the Participant's Excess Compensation, if any; and

(2) the amount actually deferred by Participant into this Plan for such Plan Year, if any.

Example 2: Same facts as in Example 1. Assume further that the matching formula under the Qualified Plan was 100% of Participant's elective deferrals under the Qualified Plan, up to 4% of Participant's 401(k) Plan Compensation. From Example 1, Participant A's Excess Compensation for the 2018 Plan Year was $40,000. Applying the Qualified Plan's matching contribution to Participant A's Excess Compensation, the maximum match generated by the Excess Compensation would be $1,600 (i.e., dollar for dollar, up to 4% of Participant's Excess Compensation). Accordingly, the Restoration Contribution allocable to Participant A under this Plan with respect to the 2018 Plan Year would be $1,600 (the lesser of (i) the maximum matching contribution generated by Participant A's Excess Compensation and (ii) Participant A's $10,000 Plan deferral.)

In the event that the Participant is eligible to receive matching contributions under Participant's 401(k) Plan under more than one formula during a given Plan Year, then the Restoration Contribution above shall be calculated through application of each applicable 401(k) Plan matching formula under (1) and (2) above, with the resulting amounts added together to arrive at the total Restoration Contribution for that Plan Year.

Example 3: Same facts as in Example 2. Assume further that a second matching contribution is declared under the Qualified Plan for the 2018 Plan Year. The formula for this second matching contribution was 50% of Participant's elective deferrals under the Qualified Plan, up to 4% of Participant's 401(k) Plan Compensation. Applying the Qualified Plan's second matching contribution to Participant A's Excess Compensation, the maximum match generated by the Excess Compensation would be $800 (i.e., fifty percent (50%) of the lesser of (i) the amount deferred into this Plan or (ii) 4% of Participant's Excess Compensation). Accordingly, the Restoration Contribution allocable to Participant A under this Plan with respect to the 2018 Plan Year would be $800 (the lesser of (i) the maximum matching contribution generated by Participant A's Excess Compensation and (ii) Participant A's $10,000 Plan deferral.)

Participant A's total Restoration Contribution for the 2018 Plan Year would be $2,400 ($1,600 under the first matching contribution formula plus $800 under the second matching contribution formula).

The time and form of payment of Restoration Contributions shall be determined by the Participant's elections with respect to time and form of payment applicable for the Plan Year preceding the Plan Year in which the Restoration Contribution is credited to the Participant's Account. For example, the time and form of payment of Restoration Contributions credited in early 2018 with respect to Participant's Excess Compensation earned in the 2017 Plan Year shall be determined on the Participant's elections with respect to time and form of payment applicable for the 2017 Plan Year. If no such election exists, then the time and form of payment of the Participant's Restoration Contribution for such Plan Year shall be as a single lump sum payment made at Participant's Separation. Restoration Contributions will be immediately one-hundred percent (100%) vested.

A Participant is ineligible to receive a Restoration Contribution for any Plan Year in which such Participant either (i) is ineligible to receive a Company matching contribution allocation under the 401(k) Plan due to application of the 401(k) Plan's employment and/or hours of service requirements to receive such matching contribution allocation or (ii) is a participant in the SERP, unless the Compensation, People and Culture Committee determines otherwise.

For the avoidance of doubt, (x) to receive a Restoration Contribution with respect to a given Plan Year, the Participant must have made a deferral under this Plan for such Plan Year and (y) a Participant can receive a Restoration Contribution under this Plan with respect to a given Plan Year whether or not the Participant made a deferral election under the 401(k) Plan for such Plan Year.

3.5 Deferral of Signing Bonus, Retention Bonus or Separation Payments Prohibited. A Participant may not defer any amounts paid to the Participant that are designated by the Company as a signing bonus, a retention bonus, or separation payments. A "signing bonus" is any amount paid to a newly hired Employee specifically as an incentive to accept a position with the Company. A "retention bonus" is any amount paid to an existing Employee specifically in exchange for an agreement to remain an Employee of the Company for a specified period. A "separation payment" is any amount paid to an Employee as a result of termination of employment with the Company; provided, however, that nothing in this Section 3.5 shall prevent the Company from negotiating a separation agreement, the provisions of which include a Company Discretionary Contribution under Section 3.4(b).

3.6 Requirement for Deferral Agreement. A Participant who has not timely submitted a valid Deferral Agreement may not defer any Eligible Compensation (or receive the corresponding Company Make-up Contribution or Restoration Contribution allocation under 3.4) for the applicable Plan Year under the Plan.

3.7 Applicability of Deferral Agreement.

(a) General Rule. Except as provided in this Section 3.7, a Deferral Agreement shall be irrevocable and remains in effect for the entire Plan Year to which it applies. A Participant must file a new Deferral Agreement to continue deferrals in any subsequent Plan Year. The terms of any Deferral Agreement may, but need not be, similar to the terms of any prior Deferral Agreement.

(b) Exceptions to Irrevocability.

(1) Financial Hardship. A Participant's Deferral Agreement shall be automatically canceled and deferrals shall cease for the remainder of the Plan Year if the Participant receives a distribution due to an unforeseeable financial emergency, as described in Section 6.2(a)(1).

(2) Disability. A Deferral Agreement shall be canceled if a Participant becomes Disabled. For purposes of this section, "Disabled" means that a Participant is determined to be eligible for benefits under the Company's long-term disability plan then in effect or is determined to be disabled by the Social Security Administration.

(c) Resuming Participation. A Participant may elect to resume deferrals under this Plan at any subsequent Annual Election Period, provided that the Participant satisfies the Plan's eligibility requirements in effect at that time.

ARTICLE IV
DEFERRAL ACCOUNT AND CREDITING

4.1 Account. A Participant's "Account" is the account established on the books of the Company as a record of each Participant's Plan balance. An Account may, at the discretion of the Administrative Committee, include one or more sub-accounts to reflect amounts credited to a Participant under the various terms of the Plan. As of the effective date of this Restatement, the Administrative Committee has established the following sub-accounts:

(a) Deemed Investment Sub-Account. A Deemed Investment Sub-Account, reflecting the Participant's account balance resulting from the deferral of Eligible Compensation (other than Performance Share Units, Restricted Stock Units or other stock-based compensation), Company Contribution allocations under Section 3.4, and the Participant's deemed investment of such amounts under Section 4.3. The balance in such sub-account shall be expressed as a dollar amount.

(b) Common Stock Unit Sub-Account. A Common Stock Unit Sub-Account reflecting the number of Performance Share Units, Restricted Stock Units, or other stock-based compensation in which the Participant is vested and which the Participant has deferred under the Plan. The balance in such sub-account shall be expressed in units, with each unit representing the value of one share of the Company's Common Stock.

4.2 Time of Crediting Accounts. Amounts deferred by a Participant under the Plan and any Company Contribution allocations made on behalf of that Participant shall be credited to the Participant's Account as soon as administratively practicable after the date deferred amounts would otherwise have been received (or beneficially received in the case of Company contributions) by the Participant. Subject to 4.4(c)(2) regarding the underwriting of the Plan's investment vehicles, Earnings shall be credited to a Participant's Account on the date determined by the Administrative Committee, but no later than the month following the month in which deferrals and Company contributions were credited to the Account in accordance with the preceding sentence. Earnings are based on the performance of the investment options selected by Participants in accordance with Section 4.3.

4.3 Participant Deemed Investments. Subject to Section 4.3(b), each Participant may, from time to time, select from the various indices provided by the Administrative Committee (under Section 4.4(b)) in which his or her Account will be deemed invested; provided, however, that the Administrative Committee is under no obligation to acquire or provide any of the investments designated by the Participant.

(a) Deemed Investment Sub-Account Valuation. A Participant's Deemed Investment Sub-Account shall be credited or debited from time to time, as determined by the Administrative Committee, with additional amounts equal to the appreciation (or loss) such accounts would have experienced had they actually been invested in the specified fund indices at the relevant times. This crediting and debiting will take into account the date that a Participant's Account transactions (such as deferrals, contributions, distributions and transfers among funds) are actually reflected by the Plan's record-keeping system.

(b) Common Stock Unit Sub-Account Valuation. The number of units in a Participant's Common Stock Unit Sub-Account shall be appropriately adjusted periodically to reflect any dividend, split, split-up or any combination or exchange, however accomplished, with respect to the shares of the Company's Common Stock represented by such units.

4.4 Investments by the Company. In order to provide funds to satisfy its obligations under the Plan, the Company may, but shall not be required to, keep cash or invest and reinvest in mutual funds, stocks, bonds, securities or any other assets as may be reasonably selected by the Administrative Committee in its discretion. Such investments may, but need not, follow the investment indices chosen by the Participants.

(a) Investment Advice. In the exercise of the foregoing investment powers, the Administrative Committee may engage investment consultants and, if the Administrative Committee so desires, may delegate to such consultants full or limited authority to select the assets in which the funds are to be selected. Investment consultants may be officers or employees of the Company or outside consultants.

(b) Choice of Investment Indices. The Administrative Committee, or its investment consultants, may specify one or more investment funds to serve as indices for the investment performance of amounts credited under the Accounts. The Administrative Committee has the authority to expand or limit the type or number of fund indices and to prescribe, in conjunction with Nordstrom Benefits, the frequency with which Participants may change their deemed investment elections.

(c) Insurance. If the Administrative Committee elects to purchase an insurance policy or policies insuring the life of the Participant to allow the Company to recover the cost of providing the benefits hereunder:

(1) The Participant shall, as a condition to continued participation in the Plan, sign any papers and undergo any medical examinations or tests that may be necessary or required for such purpose;

(2) Notwithstanding the Participant's election or direction or any provision in the Plan to the contrary, the Participant's Account may be deemed invested in a money market fund or instrument or other liquid asset selected by the Administrative Committee or its delegate, pending the underwriting and delivery of such policy or annuity; and

(3) The Participant, Participant's Beneficiary, and any other person claiming through the Participant shall not have or acquire any rights whatsoever in such policy or policies or in the proceeds of the policies.

4.5 Limited Effect of Allocation. The fact that any allocation shall be made and credited to an Account shall not vest in a Participant any right, title or interest in or to any assets of the Company, or in any right to payment, except at the time(s) and upon the conditions elsewhere set forth in the Plan.

4.6 Report of Account. A Participant shall be provided information regarding Participant's Bookkeeping Account balance within a reasonable time after requesting such information from Nordstrom Benefits. Nordstrom Benefits shall furnish each Participant statements on a periodic basis, no less frequently than annually, as soon as administratively practicable after the allocations for the end of the Plan Year have been completed. Nordstrom Benefits may, in its discretion, provide Participants with account balance statements more frequently than provided in the preceding sentence.

ARTICLE V
RIGHTS OF PARTICIPANT IN PLAN

5.1 Ownership Rights in Account. Subject to the restrictions provided in this Article and in Section 3.2(c), each Participant shall at all times have a vested right to the value of such Participant's Account.

5.2 Rights in Plan are Unfunded and Unsecured. The Company's obligation under the Plan shall in every case be an unfunded and unsecured promise to pay. A Participant's right to Plan distributions shall be no greater than the rights to payment of general, unsecured creditors of the Company. The Company may establish one or more grantor trusts (as defined in Code Section 671 et seq.) to facilitate the payment of benefits hereunder; however, the Company shall not be obligated under any circumstances to fund its financial obligations under the Plan. Any assets which the Company may acquire or set aside to defray its financial liabilities shall be subject to the claims of its general creditors in the event of the Company's insolvency.

5.3 No Transfer of Interest in Plan Allowed. Except as permitted by applicable law, no sale, transfer, alienation, assignment, pledge, collateralization or attachment of any benefits under the Plan shall be valid or recognized by the Company. The Participant, the Participant's spouse and a designated Beneficiary shall not have any power to hypothecate, mortgage, commute, modify or otherwise encumber in advance any of the benefits payable under the Plan. Said benefits shall not be subject to seizure for the payment of any debts, judgments, alimony, maintenance owed by the Participant or a Beneficiary, or be transferable by operation of law in the event of bankruptcy, insolvency, or otherwise. Notwithstanding the foregoing, the Company may, if the Administrative Committee so determines in its sole discretion, follow the terms of any court order issued in connection with any domestic relations proceeding including but not limited to marital dissolution or child support.

5.4 Plan Binding Upon Parties. The Plan shall be binding upon the Company, its assigns, and any successor company that acquires substantially all of its assets and business through merger, acquisition or consolidation; and upon all Participants and any Participant's Beneficiaries, assigns, heirs, executors and administrators.

5.5 Application of Clawback Policy. This section applies if the Board elects to apply the compensation recovery policy contained in the Nordstrom Corporate Governance Guidelines (the "Clawback Policy") to a Participant. To the extent that any amount in a Participant's Account is attributable to contributions based on compensation that is subject to recovery under the Clawback Policy, such amount (adjusted for investment gains and losses) shall be removed from the Participant's Account and shall be permanently and irrevocably forfeited. The provisions of this section for removal of amounts from a Participant's Account shall also apply to the Beneficiary of a Participant after the Participant's death.

ARTICLE VI
DISTRIBUTIONS

6.1 Separation Distributions.

(a) Separation Events. A Participant may elect in a Deferral Agreement to receive a distribution of his or her Account at Separation. A Participant's "Separation" shall mean the Participant's Termination Date.

(b) Separation Distribution Forms. Distribution of a Participant's Account balance shall be made according to the distribution options specified in the Participant's Deferral Agreement(s). Portions of Accounts subject to installment payment shall continue to be valued as provided in Section 4.3 until distributed. The distribution options available to a Participant are:

(1) single lump sum payment; or

(2) installment payments for a period of five (5), ten (10) or fifteen (15) years. The amount of lump sum payments under this subsection (b) shall be determined as of the last day of the month in which the Participant's Termination Date occurs.

(c) Lump Sum in Lieu of Installments. If the Participant's Account balance as of his or her Separation is equal to or less than $10,000, Nordstrom Benefits may order the distribution of the Participant's entire Account in a single lump sum rather than in installments, provided that the lump sum payment results in the termination and liquidation of the Participant's entire interest under this Plan and all other plans or arrangements that must be aggregated with this Plan under the rules set forth under Code Section 409A. The Participant may not exercise any discretion to convert an installment election into a lump sum under this provision.

(d) Amount and Timing of Installment Payments. The first installment shall be paid on the Payment Commencement Date as defined in 6.4. Subsequent installments shall be paid annually in January of each succeeding year. The amount of each installment shall be determined by multiplying the Participant's account balance as of the end of the month in which the scheduled distribution date occurs (as determined under Section 6.2(b) for In-Service Distributions or upon Separation for all other distributions) by a fraction, the numerator of which is one (1) and the denominator of which is (N minus P), where N is the total number of annual installments and P is the number of annual installments previously paid to the Participant. For example, if the form of payment is five annual installments, the first annual distribution is the account balance divided by 5 (5 minus 0), the second annual distribution is the account balance divided by 4 (5 minus 1), the third annual distribution is the account balance divided by 3 (5 minus 2), the fourth annual distribution is the account balance divided by 2 (5 minus 3), and the fifth annual distribution is the entire remaining account balance (5 minus 4).

6.2 In-Service Distributions. While a Participant is employed by the Company, a subsidiary or affiliate, the Participant may receive in-service Plan distributions as provided in this Section 6.2.

(a) Unforeseeable Financial Emergency. At the request of a Participant, the Administrative Committee may, in its sole discretion, pay all or part of the value of the Participant's Account in the event of an unforeseeable financial emergency.

(1) Financial Emergency. In this context, an "unforeseeable financial emergency" is defined as a severe financial hardship resulting from one of the following:

(A) illness or accident of the Participant, the Participant's spouse or dependent (as defined in Code Section 152(a)), or the Participant's designated Beneficiary;

(B) loss of the Participant's property due to casualty; or

(C) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

(2) Amount. The amount of an accelerated distribution shall be limited to an amount necessary to relieve such emergency, which may include amounts necessary to pay any federal, state, and local taxes or penalties reasonably anticipated to result from

the distribution. Amounts available to the Participant due to the cancellation of the Participant's deferral election for the remainder of the Plan Year must be taken into account in determining the amount necessary to satisfy the emergency need. If the Participant's entire Account balance is distributed pursuant to this Section 6.2(a), the amount of the distribution shall be determined as of the end of the month preceding the distribution date.

(3) Effect of Other Financial Resources. A distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be alleviated by reimbursement or compensation from insurance, liquidation of other assets (provided that the liquidation would not itself cause a severe hardship), or the cancellation of deferrals for the remainder of the Plan Year under the Plan.

(4) Distribution Hierarchy. Unless otherwise determined by the Administrative Committee, if a Participant qualifies for a distribution due to unforeseeable financial emergency, the Participant must first exhaust amounts available from his or her paid-time off that is banked for sabbaticals under the Company's paid-time off program before receiving a distribution from this Plan.

(b) Scheduled Distributions. During any Election Period, a Participant may, in connection with his or her election to defer compensation, specify a withdrawal date for all or part of his or her compensation deferred pursuant to the election made during the Election Period. A Participant's scheduled distribution election must specify a distribution date that occurs after the Participant's deferrals that are subject to the election have been in the Plan for at least two complete Plan Years (for example, deferrals elected during the 2007 Annual Election Period can first be scheduled for distribution in 2011). The Participant must elect the calendar year and the month (either January or June) of the scheduled distribution. The amount payable to a Participant in connection with a scheduled distribution shall in all cases be a specified dollar amount or a specified percentage of the Participant's Account balance for the Plan Year to which the Deferral Agreement applies. If a distribution event occurs with respect to a Participant before the scheduled distribution date, the Plan provisions applicable to the distribution event will take precedence over the Participant's scheduled distribution election. The amount of the distribution under this subsection (b) shall be determined as of the last day of the month before the scheduled distribution.

6.3 Pre-Retirement Separation . For Plan Years commencing prior to January 1, 2014, and for the portion of a Participant's Account that is attributable to elective deferrals and Company contributions credited to the Account for Plan Years ending through December 31, 2013, if a Participant's Termination Date occurs prior to his or her Early Retirement Date, Normal Retirement Date, or Deferred Retirement Date (a "Pre-Retirement Separation"), the time and form of payment elections in the Participant's Deferral Agreements shall be disregarded and, in lieu of those elections, the Participant shall receive the value of his or her Account in a single lump sum payment on the Payment Commencement Date set forth in Section 6.4(b) and the amount of the distribution shall be determined as of the last day of the month in which the Participant's Termination Date occurs. Commencing on and after January 1, 2014, the provisions of this Section 6.3 shall not apply to the portion of a Participant's Account that is attributable to deferrals and Company contributions made with respect to Plan Years commencing January 1, 2014 and thereafter, including Earnings thereon; instead, this portion of a Participant's Account shall at all times be distributable as provided in Section 6.1(b) (subject to 6.1(c)).

6.4 Payment Commencement Date. Distributions will begin to be paid on the following dates, subject to the delay for Specified Employees set forth in 6.5.

(a) Scheduled Distribution. During the calendar month (January or June) and year specified by the Participant in his or her deferral election.

(b) Separation Distributions. Within 90 days after Nordstrom Benefits confirms the Separation, provided that the Participant does not have the right to designate the taxable year of payment.

(c) Unforeseeable Financial Emergency. Within 90 days after Nordstrom Benefits receives confirmation of the amount of distribution approved by the Administrative Committee, provided that the Participant does not have the right to designate the taxable year of payment.

6.5 Delayed Payment Date. If a distribution is made to a Specified Employee following his or her Separation, the first payment may not be made earlier than six months after the Specified Employee's Payment Commencement Date. If the form of distributions is installments, any installments that would have been paid in the absence of this six-month delay will be accrued and paid at the end of the six-month period. Any installments that are due after the six-month period expires will be paid as if they were not subject to this provision. A Specified Employee means an individual who meets the requirements to be a "key employee" as defined in Code Section 416(i) (without regard to Section 416(i)(5)). If the individual is a key employee as of September 30 of a given year, the individual is treated as a Specified Employee for the entire next calendar year. This delayed payment date rule does not apply to scheduled in-service distributions, financial emergency distributions, or distributions due to the Participant's death.

6.6 Changing the Time or Form of Distribution. The time and form of payment elected in a Participant's Deferral Agreements cannot be changed by the Participant after the last day of an Election Period except as provided in this section. A Participant may change his or her form of Retirement distribution under 6.1(b) or the timing of a scheduled in-service distribution under 6.2(b), provided that:

(a) For a scheduled in-service or Separation distribution, his or her change is filed with Nordstrom Benefits no later than the last day of the Plan Year that ends at least 12 months before the Payment Commencement Date;

(b) His or her change cannot take effect earlier than twelve months after the change is requested; and

(c) the first payment under the newly elected form of payment cannot be made sooner than five years after the Payment Commencement Date for the form of payment that the Participant has elected to change.

The Payment Commencement Date for a series of installment payments is treated as the date on which the first of such installment payments would be made under the terms of this Plan. Where the Payment Commencement Date is stated as a period of time (e.g., a 90-day period following a distribution event), the Payment Commencement Date for purposes of this section is the first day of such period.

6.7 Cash and Stock Distributions. Distributions of a Participant's Deemed Investment Sub-Account Account shall be made in cash only. Distributions of a Participant's Common Stock Unit Sub-Account shall be made in Common Stock of the Company.

6.8 Postponement of Non-Deductible Distributions.

(a) When Applicable. If the Administrative Committee determines in good faith prior to a Change in Control that there is a reasonable likelihood that any Compensation paid to a

Participant for a taxable year of the Company would not be deductible by the Company solely by reason of the limitation under Code section 162(m), then to the extent deemed necessary by the Administrative Committee to ensure that the entire amount of any distribution to the Participant pursuant to this Plan prior to the Change in Control is deductible, the Administrative Committee may defer all or any portion of the distribution. After a Change in Control, the Administrative Committee shall not have discretion to postpone payments under this provision, and all payments will be made on the dates provided in the Plan.

(b) Administration of Deferred Distributions. Any distributions deferred pursuant to this limitation shall continue to be credited with interest or earnings pursuant to the terms hereof. Where a payment to a Participant is delayed under this provision, all other payments to that same Participant that could be delayed under this provision must also be delayed. The amounts so deferred and interest thereon shall be distributed to the Participant or his or her Beneficiary (in the event of a death benefit required hereunder) at the earliest possible date, as determined by the Administrative Committee in good faith, on which the deductibility of compensation paid or payable to the Participant for the taxable year of the Company during which the distribution is made will not be limited by Code section 162(m), or if earlier, the effective date of a Change in Control.

(c) "Change in Control" Defined. For purposes of this Plan, Change in Control means the first of the following (1), (2), or (3) to occur.

(1) Change in Ownership of Stock. Any person, entity or group of persons purchases or acquires, within the meaning of section 13(d) or 14(d) of the Securities Exchange Act of 1934 ("Act"), or any comparable successor provisions, beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of Company stock that, together with stock already held by such person, entity, or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company.

(2) Change in Effective Control. Either of the following occurs, representing a change in effective control of the Company:

(A) Voting Power. Any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by the person or group) ownership of Company stock constituting 30% or more of the total voting power of Company stock; or

(B) Board Composition. A majority of the members of the Company's Board of Directors is replaced during any period of 12 consecutive months by directors whose appointment or election is not endorsed by a majority of the members of the Company's Board of Directors prior to the date of the appointment or election.

(3) Change in Ownership of Assets. Any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) Company assets that have a total gross fair market value equal to or greater than 40% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. Gross value means the value of the assets determined without regard to any liabilities associated with such assets. However, a Change in Control does not occur to the extent that ownership of assets is transferred to:

(A) a Company shareholder (immediately before the asset transfer) in exchange for or with respect to his or her Company stock;

(B) an entity, 50% or more of the total value or voting power of which is owned directly or indirectly by the Company;

(C) a person, or more than one person acting as a group, that owns directly or indirectly 50% or more of the total value or voting power of the Company;

(D) an entity, at least 50% of the total value or voting power of which is owned directly or indirectly by a person described in (C).

(4) Interpretation. These provisions shall be interpreted and applied in a manner that is consistent with Department of Treasury regulations under Section 409A of the Code.

6.9 Acceleration of Payment. Generally, neither the Company nor any Participant may accelerate the timing of any payment under the Plan, except as specifically set forth in this Plan document. However, the Administrative Committee retains the discretion to accelerate distribution of any payment to the extent such acceleration is specifically permitted under the final regulations under Code Section 409A. Such accelerations include, but are not limited to, a distribution to permit a Participant to pay taxes on amounts deferred under this Plan, including any taxes that may be imposed under Code Section 409A, and distribution pursuant to a domestic relations order (as defined in Section 414(p)(1)(B) of the Code).

6.10 Post-Distribution Allocations. If a Participant's Account is credited after the Participant has received a full distribution of his or her Account, the remaining balance in the Account shall be paid to the Participant in a lump sum as soon as administratively practical.

ARTICLE VII
DEATH BENEFITS

7.1 Designation of Beneficiary. A Participant shall designate a Beneficiary to receive death benefits under the Plan by completing the beneficiary designation form specified by the Administrative Committee. A Participant shall have the right to change the Beneficiary by submitting a form designating the Participant's change of Beneficiary in accordance with procedures established by the Administrative Committee. No beneficiary designation or change of beneficiary shall be effective until approved by Nordstrom Benefits.

7.2 Married Participants. If a Participant is married, his or her legal spouse shall be the designated Beneficiary, unless the spouse consents in writing to designation of a different Beneficiary on a form acceptable to the Administrative Committee.

7.3 Deemed Beneficiary. For Participants who die on or after January 1, 2011, if a valid beneficiary designation has not been made, or if the designated beneficiary has predeceased the Participant, then the Participant will be deemed to have designated the following as his or her surviving beneficiaries and contingent beneficiaries with priority in the order named below:

(a) first, to the Participant's surviving spouse, as defined under federal law, or the Participant's registered life partner, as defined under the Nordstrom Welfare Benefit Plan; or

(b) if the Participant does not have a surviving spouse or registered life partner, to his or her estate.

Notwithstanding the foregoing, the 2007 Restatement of this Plan, and not this Restatement, shall apply to determine beneficiaries of Participants who died prior to January 1, 2011.

7.4 Surviving Beneficiary. For purposes of determining the appropriate named or deemed beneficiary or contingent beneficiary, an individual is considered to survive the Participant if that individual is alive seven (7) days after the date of the Participant's death.

7.5 Determination of Account Balance at Death. The value of a Participant's Account shall be determined as of the later of: (a) the date of the Participant's death; or (b) the date the Administrative Committee approves the distribution under Section 7.6. The amounts in such Account shall be maintained in the deemed investment Sub-Accounts under Section 4.3 after the Participant's death and until the time of distribution, unless the Participant's Beneficiary elects in writing to transfer such amounts from the deemed investment accounts into a separate interest-bearing account designated by the Administrative Committee for this purpose. Upon transfer to the interest-bearing account, the Account shall no longer be deemed invested under Section 4.3(a) and will not be adjusted for deemed investment gains and losses.

7.6 Distribution of Account Balance at Death. Upon a Participant's death, the portion of a Participant's Account that is attributable to deferrals and Company contributions made with respect to Plan Years commencing January 1, 2014 and later, including Earnings thereon, shall at all times be distributable as provided in Section 7.6. Distributions of the portion of a Participant's Account that is attributable to deferrals and Company contributions made with respect to Plan Years ending prior to January 1, 2014 shall be governed by the Plan provisions in effect in the previous version of this Plan document. By way of reference, and as provided in Section 7.6 of the previous version of this Plan document, if the Participant dies prior to "Retirement" (as that term is defined in the previous version of this Plan document) while an employee of the Company and such Participant's death is not attributable to suicide committed within two years after becoming a Participant, such Beneficiary shall receive an amount equal to twice the Participant's actual deferrals under Section 3.2 that have been credited to the Participant's Account as of December 31, 2007 (exclusive of any earnings thereon). Compensation deferred after December 31, 2007 shall not be taken into account in calculating this pre-retirement death benefit.

7.7 Determination of Beneficiary. If the Administrative Committee has any doubt as to the proper Beneficiary to receive payments hereunder, the Administrative Committee shall have the right to direct the Company to withhold such payments until the matter is finally adjudicated. However, as provided in Section 11.8, any payment made by the Company, in good faith and in accordance with the Plan and the directions of the Administrative Committee shall fully discharge the Company, the Board and the Administrative Committee from all further obligations with respect to that payment.

7.8 Payments to Minor or Incapacitated Beneficiaries. In making distributions from the Plan to or for the benefit of any minor or incapacitated Beneficiary, the Administrative Committee, in its sole and absolute discretion, may direct the Company to make such distribution to a legal or natural guardian of such Beneficiary, or to any adult with whom the minor or incompetent temporarily or permanently resides. The receipt by such guardian or other adult shall be a complete discharge of liability to the Company, the Board, and the Administrative Committee. Neither the Board, the Administrative Committee, nor the Company shall have any responsibility to see to the proper application of any payments so made.

7.9 Effect of Divorce. If a Participant and his or her Designated Beneficiary are or become married and thereafter their marriage is dissolved by entry of a decree of dissolution or other court order having the effect of dissolving the marriage, then any such pre-divorce Beneficiary designation shall be deemed automatically revoked as to such Beneficiary spouse as of the date of such dissolution unless the death benefit rights of such former spouse are subsequently reaffirmed by a qualified domestic relations order or the Participant’s subsequent written designation.

ARTICLE VIII
ADMINISTRATION OF THE PLAN

8.1 Plan Sponsor and Administrator. The Company is the “Plan Sponsor,” and its address is: Nordstrom, Inc., 1600 Seventh Avenue, Seattle, Washington 98101. The Administrative Committee is the “Plan Administrator.”

8.2 Powers and Authority of the Company. The Company, acting through the Compensation, People and Culture Committee of its Board of Directors, has the following absolute powers and authority under the Plan:

(a) To amend or terminate the Plan, at any time and for any reason;

(b) To determine the amount, timing, vesting, and other conditions applicable to Plan contributions and benefits;

(c) To set aside funds to assist the Company to meet its obligations under this Plan, provided that the funds are set aside in a manner that does not result in immediate taxation to Participants;

(d) To establish investment policy guidelines applicable to funds (if any) set aside under (c);

(e) To establish one or more grantor trusts (as defined in Code Section 671 et seq.) to facilitate the payment of benefits under the Plan;

(f) To take any such other actions as it deems advisable to carry out the purposes of the Plan; and

(g) To delegate its authority to any officer, employee, committee or agent of the Company, as it deems advisable for the effective administration of the Plan.

8.3 Administrative Committee.

(a) Role of Administrative Committee. The Company has appointed the Administrative Committee to act as Plan Administrator. All actions taken by the Administrative Committee, or by its delegate, as Plan Administrator will be conclusive and binding on all persons having any interest under the Plan, subject only to the provisions of Article IX. All findings, decisions and determinations of any kind made by the Administrative Committee or its delegate shall not be disturbed unless the Administrative Committee has acted in an arbitrary and capricious manner.

(b) Powers and Authority. The Administrative Committee has the following powers and authority under the Plan:

(1) In the exercise of its sole, absolute, and exclusive discretion, to construe and interpret the terms and provisions of the Plan, to remedy and resolve ambiguities, to grant or deny any and all non-routine claims for benefits and to determine all issues relating to eligibility for benefits;

(2) To authorize withdrawals due to unforeseeable financial emergency;

(3) To amend the Plan for legal, technical, administrative, or compliance purposes, as recommended by legal counsel;

(4) To retain and pay service providers whose services the Administrative Committee deems necessary to effective administration of the Plan;

(5) To implement, in the manner it deems appropriate, the investment policy guidelines established by the Compensation, People and Culture Committee; and

(6) To delegate its authority to any officer, employee, committee or agent of the Company, as it deems advisable for the effective administration of the Plan, any such delegation to carry with it the full discretion and authority vested in the Administrative Committee.

(7) To adopt such administrative policies, procedures and protocols as it deems advisable for the effective administration of the Plan.

(c) Exercise of Authority. All resolutions or other actions taken by the Administrative Committee shall be either: (1) by vote of a majority of those present at a meeting at which a majority of the members are present; or (2) in writing by a majority of all the members at the time in office if they act without a meeting.

8.4 Powers and Authority of Nordstrom Benefits. Nordstrom Benefits, or any other person(s), committee(s), department or group appointed by the Company's Chief Human Resources Officer, has the following powers and authority under the Plan:

(a) To carry out day-to-day administration of the Plan, including notifying Eligible Employees of the provisions of the Plan, approving and processing Deferral Agreements, providing Participants with statements of Account, approving and processing changes in the time and/or form of distributions, and forwarding non-routine distribution requests to the Administrative Committee;

(b) To prepare forms necessary for the administration of the Plan, including Deferral Agreements, beneficiary designation forms, investment designation forms, and any other form or document deemed necessary to the effective administration of the Plan;

(c) To approve and adopt communications to be furnished to Eligible Employees explaining the material provisions, terms, and conditions of the Plan;

(d) To process routine distributions and to process non-routine distributions that have been approved by the Administrative Committee;

(e) To negotiate and document agreements with Plan service providers, subject to final approval by the Administrative Committee;

(f) To implement any policies or procedures approved by the Company or the Administrative Committee;

(g) To recommend amendments to the Plan for adoption by the Company or the Administrative Committee;

(h) To work with Plan service providers to ensure the effective administration of the Plan; and

(i) To perform any and all tasks, duties, and responsibilities delegated by the Company or the Administrative Committee.

8.5 Reliance on Opinions. Each person or entity authorized to act under this Plan shall be entitled to rely on all certificates and reports made by any duly appointed accountants, and on all opinions given by any duly appointed legal counsel, including legal counsel for the Company.

8.6 Information. The Company shall supply full and timely information on all matters relating to the compensation of Participants, the date and circumstances of the termination of employment or death of a Participant and such other pertinent information as may be necessary for the effective administration of the Plan.

8.7 Indemnification. The Company shall indemnify and hold harmless each Administrative Committee or Board member, and each Company employee performing services or acting in any capacity with respect to the Plan, from and against any and all expenses and liabilities arising in connection with services performed in regard to this Plan. Expenses against which such individual shall be indemnified hereunder shall include, without limitation, the amount of any settlement or judgment, costs, counsel fees and related charges reasonably incurred in connection with a claim asserted, or a proceeding brought or settlement thereof. The foregoing right of indemnification shall be in addition to any other rights to which any such individual may be entitled as a matter of law or other agreement. However, the right to indemnification does not apply where an expense or liability is incurred due to an individual's fraudulent or intentionally dishonest acts.

ARTICLE IX
CLAIMS PROCEDURE

9.1 Submission of Claim. Benefits shall be paid in accordance with the provisions of this Plan. The Participant, or any person claiming through the Participant ("Claiming Party"), shall make a written request for benefits under this Plan, mailed or delivered to Nordstrom Benefits. If the claim cannot be processed as a routine payment of benefits, Nordstrom Benefits will forward the claim to the Administrative Committee for review.

9.2 Denial of Claim. If a claim for payment of benefits is denied in full or in part, the Administrative Committee or its delegate shall provide a written notice to the Claiming Party within ninety days after receipt of the claim setting forth: (a) the specific reasons for denial; (b) any additional material or information necessary to perfect the claim; (c) an explanation of why such material or information is necessary; and (d) an explanation of the steps to be taken for a review of the denial. A claim shall be deemed denied if the Administrative Committee or its delegate does not take any action within the aforesaid ninety day period.

9.3 Review of Denied Claim. If the Claiming Party desires Administrative Committee review of a denied claim, the Claiming Party shall notify the Administrative Committee or its delegate in writing within sixty days after receipt of the written notice of denial. As part of such written request, the Claiming Party may request a review of the Plan document or other pertinent documents, may submit any written issues and comments, and may request an extension of time for such written submission of issues and comments.

9.4 Decision upon Review of Denied Claim. The decision on the review of the denied claim shall be rendered by the Administrative Committee within sixty days after receipt of the request for review. The Administrative Committee may extend this period for up to sixty additional days with advance notice to the Claiming Party, an explanation of why the extension is necessary, and an estimated date of decision. The decision shall be in writing and shall state the specific reasons for the decision, including reference to specific provisions of the Plan on which the decision is based.

ARTICLE X
AMENDMENT AND TERMINATION

The Plan may be amended or terminated at any time for any reason. Such amendment or termination may modify or eliminate any benefit hereunder, provided that no such amendment or termination shall in any way reduce the vested portion of the affected Participants' or Beneficiaries' Accounts. To be effective, an amendment must be in writing and must be signed by a person who has amendment authority under the terms of the Plan. Oral amendments or modifications to the Plan, and any written amendments that are not signed by an authorized person, are not valid or binding on the Company or any other person. Upon termination of the Plan, the Board of Directors may elect to accelerate distribution of Participant Accounts, but only if the accelerated distribution would not result in additional tax to the Participant under Code Section 409A.

ARTICLE XI
MISCELLANEOUS

11.1 No Employment Contract. The terms and conditions of the Plan shall not be deemed to constitute a contract of employment between the Company and an employee. Nothing in this Plan shall be deemed to give an Eligible Employee the right to be retained in the service of the Company, its subsidiaries or affiliates or to interfere with any right of the Company, its subsidiaries or affiliates to discipline or discharge the Eligible Employee at any time.

11.2 Employee Cooperation. As a condition to participation in the Plan, an Eligible Employee must cooperate with the Company by furnishing any and all information reasonably requested by any of the Company, its subsidiaries or affiliates, and take such other actions as may be requested to facilitate Plan administration and the payment of benefits hereunder.

11.3 Illegality and Invalidity. If any provision of this Plan is found illegal or invalid, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal and invalid provision had not been included herein.

11.4 Required Notice. Any notice which shall be or may be given under the Plan or a Deferral Agreement shall be in writing and shall be mailed by United States mail, postage prepaid, or in such other manner as the Company determines is appropriate. If notice is to be given to the Company, such notice shall be addressed to the Company c/o Nordstrom Benefits Department, at 1600 Seventh Avenue, Seattle Washington 98101. The appeal from a denied claim must be in writing and sent physically by mail or courier to Nordstrom Benefits. If notice is to be given to a Participant, such notice shall be addressed to the last known address, either geographic or electronic, in the Company's Human Resources records. Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail (either physical or electronic), to the last known address of the Participant. Any party may, from time to time, change the address to which notices shall be mailed by giving written notice of such new address.

11.5 Interest of Participant's Spouse. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

11.6 Tax Liabilities from Plan. If all or any portion of a Participant's benefit under this Plan generates a tax liability to the Participant, including a liability under Code Section 409A, prior to the time that the Participant is entitled to a distribution from the Plan, the Administrative Committee may, in its discretion, instruct the Company to distribute immediately available funds to the Participant in an amount necessary to satisfy such tax liability.

11.7 Benefits Nonexclusive. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Company. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

11.8 Discharge of Company Obligation. The payment of benefits under the Plan to a Participant or Beneficiary shall fully and completely discharge the Company, the Board, and the Administrative Committee from all further obligations under this Plan with respect to a Participant, and that Participant's Deferral Agreement shall terminate upon such full payment of benefits.

11.9 Costs of Enforcement. If any action at law or in equity is necessary by the Administrative Committee or the Company to enforce the terms of the Plan, the Administrative Committee or the Company shall be entitled to recover reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which that party may be entitled.

11.10 Gender and Case. Unless the context clearly indicates otherwise, masculine pronouns shall include the feminine and singular words shall include the plural and vice versa.

11.11 Titles and Headings. Titles and headings of the Articles and Sections of the Plan are included for ease of reference only and are not to be used for the purpose of construing any portion or provision of the Plan document.

11.12 Applicable Law. To the extent not preempted by federal law, the Plan shall be governed by the laws of the State of Washington.

11.13 Counterparts. This instrument and any Deferral Agreement may be executed in one or more counterparts, each of which is legally binding and enforceable.

11.14 Additional Definitions:

(a) "Board" means the Board of Directors of Nordstrom, Inc.

(b) "Code" means the Internal Revenue Code of 1986, as amended.

(c) "Deferred Retirement Date" means a Termination Date that occurs after a Participant's Normal Retirement Date.

(d) "Early Retirement Date" means the Participant's Termination Date on or after the date the Participant has both attained age 53 and has completed at least ten (l 0) Years of Service with the Company. Notwithstanding the foregoing, the 2007 Restatement of this Plan, and not this Restatement, shall apply to determine Early Retirement for those Participants designated as a 1999 Plan Executive under the Company's Supplemental Executive Retirement Plan ("SERP") and for those Participants who, as of August 19, 2003, had attained at least age fifty and had attained at least 10 Years of Service.

(e) "Equity Incentive Plan" means the separately stated Nordstrom, Inc. 2010 Equity Incentive Plan, as amended through February 16, 2017 and as it may be thereafter amended from time to time, or any successor to the Equity Incentive Plan that provides for performance-based equity compensation.

(f) "401(k) Plan" means, with respect to a Participant, any Company-sponsored, tax-qualified individual account retirement plan in which the Participant is eligible and which is subject to the requirements of ERISA, whether or not that plan provides for elective deferrals under Code section 401(k). As of August 16, 2022, the definition of 401(k) Plan includes the following Company-sponsored plans: Nordstrom 401(k) Plan.

(g) "401(k) Plan Compensation" means "Compensation" as defined under the 401(k) Plan.

(h) "Normal Retirement Date" means a Participant's 58th birthday; provided, however, that the Normal Retirement Date for a Participant who was designated in 2003 as a Transition Plan Executive under the SERP shall be age 55.

(i) "Participating Subsidiaries and Affiliates" means those subsidiaries and affiliates of the Company that, subject to approval by the Administrative Committee, have specifically acted to adopt this Plan through execution of a Participation Agreement.

(j) "Participation Agreement" means the written agreement evidencing the terms and conditions under which a particular Participating Subsidiary or Affiliate participates in this Plan.

(k) "Plan Year" means the calendar year.

(l) "Termination Date" means the termination of a Participant's employment with the Company, and each of its subsidiaries and affiliates, whether or not the subsidiary or affiliate participates in this Plan. A termination of employment is deemed to have occurred for purposes of this Plan on the date when the Participant and the Company reasonably anticipate that the level of bona fide services to be provided by the Participant will be permanently reduced to 49 percent or less of the average level of bona fide services provided in the immediately preceding period of 36 consecutive months. If the Participant is on a paid leave of absence, the Participant is treated as providing services at a level equal to the level of services that the Participant would have been required to perform to earn the amount of compensation paid during the paid leave of absence. If the Participant is on an unpaid leave of absence, the employment relationship is presumed to terminate on the earlier of (A) the date the Participant loses his or her statutory or contractual right to re-employment (but not sooner than six months after the unpaid leave of absence began) or (B) the date that there is no longer a reasonable expectation that the Participant will return to perform services for the Company.

(m) "Years of Service" means consecutive full years (i.e., 12 months), based on service from the Participant's most recent date of hire.

IN WITNESS WHEREOF, this instrument setting forth the terms and conditions of this amendment and restatement to the NORDSTROM DEFERRED COMPENSATION PLAN is executed this 19th day of August, 2022, effective for compensation deferred and vested on and after August 16, 2022, except as otherwise provided herein.

NORDSTROM, INC.

/s/ Farrell B. Redwine
Farrell B. Redwine
Chief Human Resources Officer

Exhibit 31.1

Certification required by Section 302(a) of the Sarbanes-Oxley Act of 2002

I, Erik B. Nordstrom, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nordstrom, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: September 2, 2022

/s/ Erik B. Nordstrom
Erik B. Nordstrom

Chief Executive Officer of Nordstrom, Inc.

Exhibit 31.2

Certification required by Section 302(a) of the Sarbanes-Oxley Act of 2002

I, Anne L. Bramman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nordstrom, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: September 2, 2022

/s/ Anne L. Bramman
Anne L. Bramman
Chief Financial Officer of Nordstrom, Inc.

Exhibit 32.1

NORDSTROM, INC.

1617 SIXTH AVENUE

SEATTLE, WASHINGTON 98101

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Nordstrom, Inc. (the “Company”) on Form 10-Q for the period ended July 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Erik B. Nordstrom, Chief Executive Officer (Principal Executive Officer), and Anne L. Bramman, Chief Financial Officer (Principal Financial Officer), of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 2, 2022

/s/ Erik B. Nordstrom
Erik B. Nordstrom
Chief Executive Officer of Nordstrom, Inc.

/s/ Anne L. Bramman
Anne L. Bramman
Chief Financial Officer of Nordstrom, Inc.

A signed original of this written statement required by Section 906 has been provided to Nordstrom, Inc. and will be retained by Nordstrom, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.