NORDSTROM INC
Form DEF 14A
April 12, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.__)

þ Filed by the Registrant ¨ Filed by a Party other than the Registrant

Check the appropriate box:
¨ Preliminary Proxy Statement
¨ CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §.240.14a-12

NORDSTROM, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
þ No fee required.
Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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Back to Contents

1617 Sixth Avenue, Seattle, Washington 98101
April 12, 2019
Dear Shareholder,

You are invited to join us online May 23, 2019, at 9 a.m. Pacific Daylight Time for the 2019 Annual Meeting of Shareholders via webcast. We also invite you to attend the meeting in person, which will take place in the John W. Nordstrom Room on the 5th floor of the Downtown Seattle Nordstrom, at 1617 Sixth Avenue.

As a company, we made significant strides throughout 2018. Our generational investments — which include Manhattan, Canada, Nordstromrack.com/Hautelook and Trunk Club — continue to scale and improve in profitability. Our customer base is as strong as ever with more customers shopping across multiple channels, and we are seeing deeper engagement with customers through The Nordy Club loyalty program and our local market strategy. We aim to continue this momentum by focusing on our three strategic pillars: providing a differentiated product offering, delivering exceptional services and experiences, and leveraging the strength of our brand.

We recognize the retail environment is rapidly evolving and we continuously reinvest in our business while solving customer needs in new and relevant ways. Because of this, we have built a business model that is a key point of difference in the market. It enables us to serve customers across multiple touchpoints — through stores, online, Full-Price and Off-Price, all of which increases engagement and spend.

In all that we do, we remain committed to managing the business in the best interest of our customers, employees and shareholders. As a shareholder, one of your rights is to vote, which can be done online, by telephone or by using a printed proxy card as outlined in this document. In addition to this Proxy Statement, we encourage you to view our online Letter to Shareholders at investor.nordstrom.com and read our 2018 Annual Report. There you will find a more complete picture of our performance and how we are working to increase shareholder value by improving the customer experience.

Thank you on behalf of all of us at Nordstrom for your continued support.

Sincerely,

Brad D. Smith
Chairman of the Board

Peter E. Nordstrom	Erik B. Nordstrom
Co-President	Co-President

Back to Contents

Table of Contents

Back to Contents

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Back to Contents

1617 Sixth Avenue, Seattle, Washington 98101
Notice of Annual Meeting
of Shareholders
Thursday, May 23, 2019
9:00 a.m. Pacific Daylight Time
John W. Nordstrom Room, 5th floor, Nordstrom Downtown Seattle Store, 1617 Sixth Avenue, Seattle, Washington 98101

The 2019 Annual Meeting of Shareholders (the “Annual Meeting”) of Nordstrom, Inc. (the “Company”) will be held for the following purposes:

1. To elect 11 Directors to serve until the 2020 Annual Meeting of Shareholders;
2. To ratify the appointment of Deloitte & Touche LLP (“Deloitte”) as the Company’s Independent Registered Public Accounting Firm to serve for the 2019 fiscal year;
3. To conduct an advisory vote regarding the compensation of our Named Executive Officers;
4. To approve the Nordstrom, Inc. 2019 Equity Incentive Plan; and
5. To transact any other business that may properly come before the Annual Meeting and any adjournment or postponement thereof.

You are eligible to vote if you were a shareholder of record at the close of business on March 15, 2019 (the “Record Date”). There were 154,952,755 shares of the Company’s Common Stock issued and outstanding as of March 15, 2019.

Shareholders are invited to attend the Annual Meeting in person. Those who are hearing impaired or require other assistance should contact the Company at 206-303-3040 so that we may facilitate your participation at the Annual Meeting.

YOUR VOTE IS VERY IMPORTANT. Whether or not you intend to be present at the Annual Meeting, you are encouraged to vote.

Seattle, Washington
April 12, 2019
By order of the Board of Directors,
Robert B. Sari
Corporate Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2019 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON May 23, 2019

The accompanying Proxy Statement and the 2018 Annual Report on Form 10-K are available at investor.nordstrom.com

Back to Contents

PROXY SUMMARY

This summary highlights information described in more detail elsewhere in this Proxy Statement. It does not contain all of the information you should consider, and you should read the entire Proxy Statement carefully before voting. Page references are provided to help you find further information.

2019 Annual Meeting of Shareholders

Date and Time:	May 23, 2019 at 9:00 a.m. Pacific Daylight Time	Meeting Webcast:	investor.nordstrom.com, select Events & Presentations and follow the instructions given. The webcast will be archived and available for one year following the Annual Meeting.
Place:	John W. Nordstrom Room, 5th floor Nordstrom Downtown Seattle Store 1617 Sixth Avenue Seattle, Washington 98101		

Eligibility to Vote

You are eligible to vote if you were a shareholder of record at the close of business on March 15, 2019.

How to Cast Your Vote (page 77)

You can vote by any of the following methods:

Internet:	(www.proxyvote.com), until 11:59 p.m. Eastern Daylight Time on May 22, 2019;	*Mail:	by completing, signing and returning your proxy or voting instruction card on or before May 22, 2019; or
Telephone:	if you requested printed materials, by using the toll-free number listed on your proxy card until 11:59 p.m. Eastern Daylight Time on May 22, 2019;	In person:	if you are a shareholder of record, by voting your shares at the Annual Meeting. If your shares are held in the name of a broker, nominee or other intermediary, you must obtain a proxy, executed in your favor, to bring to the meeting.

Voting Matters (page 76)

	Board Vote Recommendation	Page Reference (for more detail)
1. Election of Directors	FOR each Director Nominee	19
2. Ratification of the Appointment of Independent Registered Public Accounting Firm	FOR	25
3. Advisory Vote Regarding Executive Compensation	FOR	61
4. Approval of the Nordstrom, Inc. 2019 Equity Incentive Plan	FOR	64

Back to Contents

Board of Directors Nominees (page 21)

Name	Age	Director Since	Occupation	Committee Memberships	Other Public Company Boards
Shellye L. Archambeau*	56	2015	Former Chief Executive Officer of MetricStream, Inc.	Corporate Governance and Nominating, Technology	Verizon, Inc., Okta, Roper Technologies, Inc.
Stacy Brown-Philpot*	43	2017	Chief Executive Officer of TaskRabbit, Inc.	Audit and Finance, Technology	HP Inc.
Tanya L. Domier*	53	2015	Chief Executive Officer of Advantage Solutions	Audit and Finance, Compensation (Chair)	YUM! Brands, Inc.
Kirsten A. Green*	47	2019	Founder and Managing Partner of Forerunner Ventures	Audit and Finance, Technology	
Glenda G. McNeal*	58	2019	President Enterprise Strategic Partnerships of American Express	Compensation, Corporate Governance and Nominating	RLJ Lodging Trust
Erik B. Nordstrom	55	2006	Co-President of Nordstrom, Inc.	N/A	
Peter E. Nordstrom	57	2006	Co-President of Nordstrom, Inc.	N/A	
Brad D. Smith*	55	2013	Executive Chairman of Intuit, Inc.	Compensation, Corporate Governance and Nominating	Intuit, Inc., SurveyMonkey
Gordon A. Smith*	60	2015	Co-President and Chief Operating Officer of JPMorgan Chase & Co.	Compensation, Corporate Governance and Nominating (Chair)	
Bradley D. Tilden*	58	2016	Chairman and Chief Executive Officer of Alaska Air Group, Inc.	Audit and Finance (Chair)	Alaska Air Group, Inc.
B. Kevin Turner*	54	2010	President and Chief Executive Officer of Core Scientific	Corporate Governance and Nominating, Technology (Chair)	

*Independent Director

Governance of the Company (page 10)

- 9 of 11 Director nominees are independent.
- Independent Directors meet regularly in executive session.
- The roles of Co-Presidents and Chairman of the Board are separate.
- Only independent Directors are Committee members.
- Director elections have a majority voting standard and all Directors are elected annually.
- The Board has stock ownership guidelines for Directors and Executive Officers.
- Board, Committee and Director performance evaluations are conducted annually.
- The Board and its Committees are responsible for risk oversight.
- Co-President and management succession planning is one of the Board’s highest priorities.

Back to Contents

Business Highlights

In fiscal year 2018, net earnings were $564 million, or $3.32 per diluted share, which included a $0.05 favorable income tax benefit related to prior periods and an estimated non-recurring credit-related charge of $0.28 (see page 42 of the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2019). We achieved net sales of $15.5 billion. This compares to $15.1 billion in 2017, which included $220 million for the 53rd week associated with the 4-5-4 retail calendar. We maintained a strong financial position, generating annual operating cash flow of more than $1 billion for the 10th consecutive year and returning nearly $1 billion to shareholders through dividends and share repurchases during the year.

Achieved $15.5B in sales, reflecting scaling of our generational investments.	Grew comparable sales 1.7%, reflecting Full-Price increase of 0.9% and Off-Price increase of 3.5%.	Generated earnings of $564M, reflecting lower income tax expense associated with corporate tax reform.

Our business model is a key point of difference in serving customers in multiple ways — through stores, online, Full-Price and Off-Price — with meaningful synergies across Nordstrom. We are focused on leveraging our digital and physical assets to provide customers with a best-in-class experience. In 2018, we achieved the following milestones in executing our customer strategy through our three strategic pillars: providing a compelling product offering, delivering outstanding services and experiences, and leveraging the strength of the Nordstrom brand:

- We continued to see positive customer trends. In 2018, over 35 million customers shopped with us, an increase of 6% from last year. One-third of our customers shopped across our multiple channels, which generally leads to higher customer spend.
- Digital sales increased 16% and made up 30% of net sales. Additionally, Nordstrom.com achieved scale, with the profitability of Full-Price digital sales at parity with store sales. We believe our early investments to build a robust digital business have given us a competitive advantage.
- Our generational investments continued to scale, contributing approximately $2 billion in sales and an improvement in profitability. Nordstromrack.com/HauteLook became our fastest business to reach $1 billion in sales. Trunk Club delivered sales growth of 35%. We opened our Men's Store in New York City and furthered our expansion into Canada with the introduction of six Nordstrom Rack stores.
- We launched our local market strategy in Los Angeles, which drove outsized market share gains in this market by increasing product selection, delivery speed and convenience for customers.

As we aspire to be the best fashion retailer in a digital world, we believe we are well positioned to deliver a differentiated customer experience and drive increased shareholder value.

Executive Compensation Highlights - Paying For Performance

In accordance with our pay-for-performance philosophy, the compensation program for our Named Executive Officers is straightforward in design and includes four primary elements: base salary, performance-based bonus, long-term incentives ("LTI") and benefits. Within these elements, we emphasize variable pay over fixed pay, with at least 70% of each Named Executive Officer's target compensation linked to our financial or market results. The program also balances the importance of these executives achieving both critical short-term objectives and strategic long-term priorities. The following graphics represent target compensation for the Co-Presidents and the other Named Executive Officers, as shown on page 29.

Back to Contents

Our Variable Pay Reflects Company Performance

Our pay-for-performance design includes rigorous performance goals and high performance standards. Further, with a substantial portion of pay in the form of Nordstrom stock, pay outcomes align with our shareholders' experience. This is evidenced by our Named Executive Officers' recent incentive compensation payouts and grant realizable values as of our 2018 fiscal year end, as shown below.

INCENTIVE COMPENSATION PAYOUTS	2014	2015	2016	2017	2018
Incentive Earnings Before Interest and Income Tax Expense (“Incentive EBIT”)	$1,391M	$1,246M	$1,076M	$952M	$909M
Incentive Adjusted Return on Invested Capital (“Incentive Adjusted ROIC”)	13.6 %	11.0 %	12.4 %	10.0 %	12.8 %
Annual bonus (payout as a % of Target*)	83 %	0 %	80 %	96 %	89 %
3-year TSR percentile ranking within comparator group	63%ile	53%ile	16%ile	10%ile	24%ile
Performance Share Unit (“PSU”) vesting (payout as a % of Target)	75 %	75 %	0 %	0 %	0 %
PSU comparator group	Retail	Retail	S&P 500	S&P 500	S&P 500

* Actual bonus payout for fiscal year 2017 as a % of Target for the Co-Presidents was 94%. Actual bonus payout for fiscal year 2018 as a % of Target for the Co-Presidents was 63%. See pages 35 and 36 for more information.

Incentive EBIT and Incentive Adjusted ROIC are not measures of financial performance under Generally Accepted Accounting Principles (“GAAP”) and should be considered in addition to, and not a substitute for, return on assets, net earnings, total assets or other financial measures prepared in accordance with GAAP. See Appendix A for a reconciliation of GAAP and non-GAAP financial measures. PSU vesting as shown in the table above corresponds to the performance periods ending in fiscal years 2014 through 2018. Three-year Total Shareholder Return (“TSR”) percentile ranking is based on our TSR performance over three-year rolling periods between fiscal years 2012 and 2018 versus the comparator group. Beginning with the 2014 – 2016 performance period, we changed our comparator group from our retail peer group to the Standard and Poor's 500. See page 37 to learn more about long-term incentive pay.

GRANT REALIZABLE VALUES	2014	2015	2016	2017	2018
PSUs (realizable value as a % of grant value)	0 %	0 %	0 %	51 %	N/A
RSUs (realizable value as a % of grant value)	94 %	75 %	111 %	111 %	94 %
Stock options (realizable value as a % of grant value)	38 %	0 %	6 %	6 %	N/A

Realizable values shown above are based on the actual value at time of vest, current unvested values using our 2018 fiscal year end stock price of $45.33 and current performance for the outstanding PSUs granted in 2017 (which were tracking at 50% payout as of the end of the fiscal year), shown as a percent of grant value. PSUs, restricted stock units (“RSUs”) and stock options are shown in the column matching the year of grant.

The Compensation Committee reviews these results and other analyses with the goal of ensuring that the Named Executive Officers' aggregate compensation aligns with shareholder interests. Based on these and other outcomes, the Compensation Committee believes that total direct compensation for our Named Executive Officers reflects our pay-for-performance objective and is well aligned with shareholder interests.

For more information on executive compensation, please see the Compensation Discussion and Analysis starting on page 29.

Back to Contents

CORPORATE GOVERNANCE

Our Corporate Governance Framework

Since its founding, our Company's leaders and employees have always sought to maintain the highest ethical standards in every aspect of our business. Our corporate governance framework is designed to support this tradition of integrity, trust and unyielding commitment to do the right thing, which has served our customers and shareholders well over the years. Our corporate governance framework, more fully discussed on the following pages, includes the following highlights:

Back to Contents

Board Responsibilities, Leadership Structure and Role in Risk Oversight

The Board of Directors ("Board") oversees, counsels and directs management in promoting the long-term interests of the Company and our shareholders. The Board's responsibilities include:

- determining the appropriate structure for the senior leadership of the Company;
- selecting and evaluating the performance of the Co-Presidents;
- planning for succession with respect to the positions of the Co-Presidents and monitoring management's succession planning for other senior executives;
- reviewing and approving our major financial objectives, our strategic and operational plans and other significant actions;
- monitoring the conduct of our business and the assessment of our business risks to promote the proper management of the business;
- overseeing the management of cybersecurity, including oversight of appropriate risk mitigation strategies, systems, processes and controls; and
- overseeing the processes for maintaining integrity with regard to our financial statements and other public disclosures, and compliance with laws and our Code of Business Conduct and Ethics.

At this time, the Board believes different people should hold the positions of Chairman of the Board and Co-Presidents, as this may strengthen corporate governance and aid in the Board's oversight of management. Currently, Brad D. Smith serves as Chairman of the Board and Erik Nordstrom and Peter Nordstrom serve as Co-Presidents. The Co-Presidents are responsible for day-to-day leadership and performance of the Company, while the Chairman of the Board provides guidance to the Co-Presidents and presides over the full Board. The duties of our Chairman of the Board are more fully described in the Chairman of the Board and Presiding Director section below. The Board believes this leadership structure also aids in the Board's oversight and management of risk.

The full Board has primary responsibility for oversight of risk management and has assigned to the Board's standing Committees the task of focusing on the specific risks inherent in their respective areas of oversight. The full Board:

- considers and determines the Company's risk appetite, which is the amount of risk the organization is willing to accept;
- oversees management's implementation of an appropriate system to manage risks (i.e., to identify, assess, mitigate, monitor and communicate these risks) and monitors the effectiveness of this process as the business environment changes;
- provides risk oversight through the Board's committee structure and processes; and
- manages directly certain risks, in particular, the risks associated with the Company's strategic direction, which are reviewed at an annual strategy planning meeting and periodically throughout the year.

The Company has a comprehensive, structured approach to managing risks, which are identified, assessed, prioritized and managed at all levels within the Company through an enterprise risk management process which is aligned with the Company's strategy. Within this framework, management is responsible for assessing and managing the Company's exposure to risks. Management regularly reports on risks to the relevant Committee or the Board. The Board and its Committees discuss the various risks confronting the Company throughout the year, particularly when reviewing operating and strategic plans and when considering specific actions for approval. The risks are classified into four major categories: Strategic, Compliance, Operational and Financial, and mapped for the appropriate management and Board (and Committee) oversight.

Through the risk oversight process, the Board: (i) obtains an understanding of the risks inherent in the Company's strategy and management's execution of the strategy within the agreed risk appetite; (ii) accesses useful information from internal and external sources about the critical assumptions underlying the strategy; (iii) is alert for possible dysfunctional behavior within the organization which might lead to excessive risk taking; (iv) provides input to executive management regarding critical risk issues on a timely basis; and (v) encourages open communication and appropriate escalation of reporting of risk throughout the enterprise, striving to ensure that risk management is part of the corporate culture. The Board's leadership structure and the collective knowledge and experience of its members promotes a broad perspective, open dialogue and useful insights regarding risk, thereby increasing the effectiveness of the Board’s role in risk oversight.

Back to Contents

Director Independence

A Director is considered independent when our Board affirmatively determines that he or she has no material relationship with the Company, other than as a Director. Our Board makes this determination in accordance with the standards set forth in our Corporate Governance Guidelines, which are consistent with the listing standards of the New York Stock Exchange ("NYSE") and Securities and Exchange Commission ("SEC") rules. In making this determination, the Board considers existing relationships between the Company and the Director, whether directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. The Board has affirmatively determined the following Director nominees are independent within the meaning of the listing standards of the NYSE, SEC rules and the Company's Corporate Governance Guidelines, and none of these Director nominees have a material relationship with the Company other than as a Director:

Shellye L. Archambeau	Kirsten A. Green	Gordon A. Smith
Stacy Brown-Philpot	Glenda G. McNeal	Bradley D. Tilden
Tanya L. Domier	Brad D. Smith	B. Kevin Turner

Chairman of the Board and Presiding Director

The Company has a Chairman of the Board who is also an independent Director and who serves as the Presiding Director within the meaning of the listing standards of the NYSE. Currently, Brad D. Smith serves as the Company's Chairman of the Board.

The Chairman of the Board is appointed annually by the Board. As described in the Company's Bylaws, Corporate Governance Guidelines and Charter of the Corporate Governance and Nominating Committee, the Chairman of the Board:

- presides at meetings of the Board;
- assists in establishing the agenda for each Board and Board Committee meeting;
- serves as the Presiding Director to lead regular executive sessions of the Board in which only independent Directors participate;
- calls special meetings of the Board and/or the shareholders;
- provides input and support to the Chair of the Corporate Governance and Nominating Committee on nominees to fill vacant Board seats and the selection of Committee Chairs and membership on Board Committees;
- advises the Co-Presidents and other members of the Executive Team on such matters as strategic direction, corporate governance and overall risk assessment; and
- performs such other duties as the Board may from time to time delegate to assist the Board in the fulfillment of its responsibilities.

Back to Contents

Director Elections

The Company's Bylaws provide that, in an uncontested election, a Director nominee will be elected if the number of votes cast for the nominee's election exceeds the number of votes cast against the nominee's election. An incumbent Director nominee who fails to receive the requisite votes for election will continue to serve as a Director until the earlier of: (i) 90 days from the date on which the voting results of the election are determined; or (ii) the date on which an individual is selected by the Board to fill the position held by such Director. In any election which is a contested election (meaning that the number of director nominees exceeds the number of directors to be elected), the standard for election of directors is a plurality of the votes cast by holders of shares entitled to vote in the election at a meeting.

Management Succession Planning

The Board and management believe that one of their primary responsibilities is to ensure the Company has the appropriate leadership capability to effectively deliver upon its business commitments. The Company's management is actively engaged and involved in leadership development, having regular discussions of the leadership capabilities of the organization and the attraction, development and retention of critical talent to promote future success. In addition to the Company's regular review of leadership capabilities, the Board annually conducts a detailed review of the talent strategies for the entire organization and reviews succession plans for senior leadership positions, including those of the Co-Presidents. The Board reviews high-potential employees, evaluates plans to develop their management and leadership capabilities and sanctions the strategies used to deploy these individuals most effectively. In addition to the annual review, succession is regularly discussed in executive sessions of the Board and in Board Committee meetings, as applicable. Directors become familiar with potential successors for key leadership positions through various means, including the comprehensive annual talent and succession review, Board meeting presentations and less formal interactions throughout the course of the year.

Our entire Board, with the oversight of our Corporate Governance and Nominating Committee, is responsible for implementing succession procedures for the Co-Presidents. We believe the Board, led by our Chairman, should collaborate with the Co-Presidents on the critical aspects of the succession planning process, including establishing selection criteria, identifying and evaluating candidates and making management succession decisions. The Board has procedures in place to respond to an unexpected vacancy in one or more of the Co-Presidents' positions, including a detailed review of the succession plan annually by the Board. It is the Board's practice to be prepared for a planned or unplanned change in leadership in order to ensure the stability of the Company.

Communications with Directors

Shareholders and other interested parties may communicate with Directors by contacting the Corporate Secretary's Office at:

Telephone: 206-303-2541

7 Email: board@nordstrom.com

* Mail: Nordstrom, Inc.
1700 Seventh Avenue, Suite 1500
Seattle, Washington 98101-4407
Attn: Corporate Secretary

The Corporate Secretary will relay the question or message to the specific Director with whom the shareholder or interested party wishes to communicate.

If no specific Director is requested, the Corporate Secretary will relay the question or message to the Chairman of the Board. Certain items that are unrelated to the duties and responsibilities of the Board, such as business solicitations, advertisements, junk mail and other mass mailings will not be relayed to Directors.

The Audit and Finance Committee has established procedures to respond to possible concerns about ethics and accounting-related practices. To report your concerns, you may use the Company's confidential Whistleblower Hotline at:

Telephone: 1-888-832-8358

Internet: ethicspoint.com

Your concerns will be investigated and communicated to the Audit and Finance Committee, as necessary.

Back to Contents

Board Committees and Charters

The Board has a standing Audit and Finance Committee, Compensation Committee, Corporate Governance and Nominating Committee, and Technology Committee. Each Committee has a Board-approved Charter which is reviewed annually by the respective Committee. Recommended changes to the charter, if any, are submitted to the Corporate Governance and Nominating Committee and the Board for approval. The Board makes Committee and Committee Chair assignments annually at its meeting immediately following the Annual Meeting, although further changes to Committee assignments may be made from time to time as deemed appropriate by the Board. The Board has determined that the Chairs and all Committee members are independent under the applicable NYSE rules. Committee Charters and current Committee membership are posted on our website at investor.nordstrom.com and may be viewed by selecting the Corporate Governance item in the Investor Relations drop-down menu. The Chairs and members of the Committees as of the date of this Proxy Statement are identified in the following table.

Director	Audit and Finance Committee	Compensation Committee	Corporate Governance and Nominating Committee	Technology Committee
Shellye L. Archambeau			ü	ü
Stacy Brown-Philpot	ü			ü
Tanya L. Domier	ü			
Kirsten A. Green	ü			ü
Glenda G. McNeal		ü	ü	
Philip G. Satre*	ü	ü		
Brad D. Smith		ü	ü	
Gordon A. Smith		ü		
Bradley D. Tilden				
B. Kevin Turner			ü	

Chair

*Mr. Satre is not seeking re-election and will be retiring from the Board at the end of his current term in May 2019.

Audit and Finance Committee

This committee was formed from the merger of the Audit Committee and Finance Committee in May 2018. As more fully described in its Charter, the primary responsibility of the Audit and Finance Committee is to assist the Board in fulfilling its oversight responsibility by reviewing and discussing:

- the integrity of the Company’s financial statements;
- the accounting, auditing and financial reporting processes of the Company;
- the management of business and financial risk and the internal controls environment;
- the Company’s compliance with legal and regulatory requirements and ethics programs as established by management and the Board, in conjunction with any recommendations by the Corporate Governance and Nominating Committee with respect to corporate governance standards;
- the reports resulting from the performance of audits by the independent auditor and the internal audit team;
- the qualifications, independence and performance of the Company’s independent auditors; and
- the performance of the Company’s internal audit team.

In addition, the Audit and Finance Committee provides financial oversight, including:

- assisting the Board in fulfilling its oversight responsibilities with respect to the Company’s capital structure, financial policies, capital investments, business and financial planning and related matters;
- reviewing and discussing the Company’s tax strategies and the implications of actual or proposed tax law changes;
- reviewing and discussing the Company’s dividend payment and share repurchase strategies, banking relationships, borrowing facilities and cash management; and
- monitoring the ratings assigned by rating agencies to the Company’s long-term debt.

The Audit and Finance Committee regularly reviews accounting, auditing and financial reporting processes, enterprise risk management, and compliance with laws and regulations. The Audit and Finance Committee also meets privately and separately with the independent registered public accounting firm, the Chief Financial Officer and the Vice President, Internal Audit.

Back to Contents

In addition to meeting the independence requirement for audit committee members, each current member of the Audit and Finance Committee also meets the financial literacy and experience requirements contained in the corporate governance listing standards of the NYSE. The Board has determined that all Audit and Finance Committee members qualify as "audit committee financial experts" under the regulations of the SEC. Although all members of the Audit and Finance Committee meet the current regulatory requirements for accounting or related financial management expertise and the Board has determined that each of them qualifies as an "audit committee financial expert," members of the Audit and Finance Committee are not professionally engaged in the practice of auditing or accounting and are not technical experts in auditing or accounting.

Compensation Committee

As more fully described in its Charter, the primary responsibilities of the Compensation Committee are:

- approving an overall compensation philosophy for the Company's Executive Officers in light of the Company's goals and objectives. The Executive Officers are referenced on pages 27 and 28 and include the Named Executive Officers shown in the Compensation Discussion and Analysis on page 29 and other business unit presidents and Company executives over major organizational functions reporting to the Co-Presidents or other senior executives;
- selecting performance measures aligned with the Company's business strategy;
- reviewing and approving the Company's cash and equity-based compensation plans for executives;
- recommending to the Board the form and amount of Director compensation;
- reviewing and approving any benefit plans, retirement and deferred compensation or other perquisites offered to the Executive Officers and other eligible employees; and
- reviewing the Company's compensation practices so that they do not encourage imprudent risk taking.

The Committee has the sole authority to retain such consultants and advisors as it may deem appropriate and to approve related fees and other retention terms. The Committee has retained Semler Brossy Consulting Group, LLC ("Semler Brossy"), an independent compensation consulting firm, to advise the Committee on executive compensation and benefit matters. Semler Brossy provides services only as directed by the Committee. During fiscal year 2018, Semler Brossy's services included review of pay programs, performance goal-setting, alignment of pay and performance and other pay-related matters specific to the Compensation Committee's Charter. The Compensation Committee has assessed the independence of Semler Brossy pursuant to NYSE rules and determined that Semler Brossy is independent and its work for the Compensation Committee does not raise any conflict of interest.

A consultant from Semler Brossy attends Committee meetings in person or by phone and supports the Committee by providing independent expertise on market practices and trends in executive compensation within the general industry and the peer group defined for such purposes. Additionally, the consultant provides advice regarding the composition of the Company's peer group and analysis of peer group practices for base salary, performance-based bonus, long-term incentives and other compensation elements, and advice on management's proposed levels of executive compensation. Semler Brossy also advises the Committee on compensation program design including incentive structure, stock ownership guidelines, regulatory requirements related to executive compensation, plans submitted to shareholders for approval, governance responsibilities, and such other matters as assigned by the Committee from time to time as necessary to carry out its responsibilities under its Charter.

Corporate Governance and Nominating Committee

As more fully described in its Charter, the primary responsibilities of the Corporate Governance and Nominating Committee are:

- reviewing and recommending individuals to the Board for nomination as members of the Board and its Committees;
- reviewing possible conflicts of interest of Board members and the Company's Executive Officers;
- developing and reviewing the Company's Corporate Governance Guidelines;
- reviewing and considering revisions to the corporate governance standards contained in the Company's Codes of Business Conduct and Ethics;
- reviewing and recommending approval of the policies and practices of the Company in the area of corporate governance;
-

producing and providing to the Board an annual performance evaluation of the Board, the Directors and each Committee of the Board;

- establishing succession procedures in the case of an emergency or the retirement of one or both Co-Presidents; and
- reviewing the overall performance of the Co-Presidents on an annual basis.

Back to Contents

Technology Committee

As more fully described in its Charter, the primary responsibilities of the Technology Committee are:

- assisting the Board in its oversight with respect to the Company's technology strategy;
- reviewing and discussing the Company's technology acquisition and development process to assure ongoing business growth;
- reviewing and discussing the Company's data management and automation processes, and measurement and tracking systems;
- reviewing and discussing the Company's policies and safeguards for information technology and data security; and
- making recommendations to the Board with respect to investments in technology.

Board Meetings and Attendance

The Board held 9 meetings during fiscal year 2018, one of which was devoted principally to Company strategy. During the past fiscal year, the Audit Committee held 5 meetings, the Finance Committee held 2 meetings, the combined Audit and Finance Committee held 8 meetings after merging in May 2018, the Compensation Committee held 6 meetings, the Corporate Governance and Nominating Committee held 5 meetings, and the Technology Committee held 4 meetings. Each Director attended at least 75% of the aggregate of all meetings of the Board and the Committees on which he or she served during the year and overall attendance at the meetings, on a combined basis, was 94%. Independent members of the Board met at each regular meeting of the Board in executive session without management present.

Director Compensation

The Company's pay-for-performance philosophy for Director compensation reflects the Board's belief that payment of a majority of the Director fees in the form of Nordstrom common stock ("Common Stock") aligns the interests of Directors with the interests of the Company's shareholders and enhances Director compensation when the Company performs well. The Board believes that the Director fees paid by the Company should be competitive with other companies of similar characteristics.

Employee Directors of the Company are not paid any fees for serving as members of the Board. Nonemployee Director compensation consists of the following elements:

Annual Compensation Elements for 2018	Amount ($)*
Director Retainer	85,000
Audit and Finance Committee Chair Retainer	20,000
Compensation Committee Chair Retainer	20,000
Corporate Governance and Nominating Committee Chair Retainer	15,000
Technology Committee Chair Retainer	15,000
Special Committee Member Retainer**	20,000
Special Committee Working Member Retainer**	35,000
Special Committee Chair Retainer**	100,000
Director Equity Grant of Common Stock having a grant date value of	140,000
Chairman of the Board Equity Grant of Common Stock having a grant date value of	200,000

* Directors may elect to take some or all of their cash retainer fees in Common Stock.

** In addition to the standing board committees identified above, the Board formed a special committee, consisting of: Ms. Archambeau, Ms. Brown-Philpot, Mr. Satre, Mr. Brad Smith, Mr. Gordon Smith, Mr. Tilden, and Mr. Turner, in connection with the announcement in June 2017 by the Nordstrom family that it was exploring the potential of a going-private transaction. This special committee was disbanded in March 2018, following the conclusion of that process.

Under the Director Stock Ownership Guidelines, Directors are currently required to own Common Stock having a value of at least $425,000 by their fifth anniversary of joining the Board. As of March 15, 2019, each nominee for election at the Annual Meeting had either satisfied this obligation or had time remaining to do so.

Back to Contents

Director Summary Compensation Table

During the fiscal year ended February 2, 2019, nonemployee Directors of the Company received the following compensation for their services:

Name	Fees Earned or Paid in Cash ($)(a)(b)	Stock Awards ($)(b)(c)	All Other Compensation ($)(d)	Total ($)
Shellye L. Archambeau	105,000	139,977	10,395	255,372
Stacy Brown-Philpot	105,000	139,977	4,804	249,781
Tanya L. Domier	105,000	139,977	17,722	262,699
Kirsten A. Green*	—	—	—	—
Glenda G. McNeal*	—	—	—	—
Philip G. Satre	185,000	339,929	2,068	526,997
Brad D. Smith	105,000	239,968	3,228	348,196
Gordon A. Smith	120,000	139,977	13,937	273,914
Bradley D. Tilden	125,000	139,977	4,237	269,214
B. Kevin Turner	135,000	139,977	27,186	302,163

* Kirsten Green and Glenda McNeal were appointed on February 26, 2019, and received no compensation in fiscal year 2018.

(a) Fees Earned or Paid in Cash

The amounts reported reflect the cash fees paid to each nonemployee Director, whether or not such fees were deferred or taken as Common Stock. Ms. Archambeau and Ms. Brown-Philpot received $20,000 in cash for their services as Special Committee Members and elected to take their retainers in Common Stock. Ms. Domier received $20,000 for service as the Compensation Committee Chair. Mr. Satre received $100,000 for his service as Chair of the Special Committee. Mr. Brad Smith received $20,000 for his service as a Special Committee Member. Mr. Gordon Smith received $20,000 in cash for his service as a Special Committee Member and elected to take his retainer and $15,000 for service as Chair of the Corporate Governance and Nominating Committee in Common Stock. Mr. Tilden received $20,000 for service as Chair of the Audit and Finance Committee and $20,000 as a Special Committee Member. Mr. Turner received $35,000 for service as a Special Committee Working Member and elected to receive his retainer and $15,000 as Chair of the Technology Committee in Common Stock.

(b) Deferred Compensation Program

Nonemployee Directors may elect to defer all or a part of their cash retainers and stock awards under the Nordstrom Directors Deferred Compensation Plan (“Directors Plan”). Directors are required to make advance elections to defer the receipt of fees or stock awards, and all deferral elections generally are irrevocable. Directors are also required to make advance elections about the form and timing of distribution of their deferred cash fees or stock awards.

In 2018, cash deferrals could be directed among 18 deemed investment alternatives and gains and losses for cash deferrals were posted to the Director’s account daily based on their investment elections. In addition, plan participants were offered a fixed rate option of 4.4% in 2018, which was not subsidized by the Company, but rather was a rate based on guaranteed contractual returns from a third-party insurance company provider. Deferred stock awards are credited to the Director’s account as units. Each unit in the Directors Plan is equal in value to the price of one share of Common Stock. Each deferred unit is credited with dividends, in the form of additional units, to the same extent as a share of Common Stock.

During the fiscal year which ended February 2, 2019, Ms. Archambeau and Ms. Brown-Philpot deferred 100% of their stock awards into the Directors Plan.

(c) Stock Awards

The amounts reported reflect the grant date fair value associated with each Director’s stock awards. Fractional shares are not awarded or paid in cash. In recognition of the significant time and attention in performing the duties required of the position, our Chairman of the Board is annually awarded, on the date of the Company’s Annual Meeting, an additional stock award having a value of $200,000. On November 20, 2018, Brad D. Smith received an additional pro-rated stock award having a value of $99,991, after assuming the position of Chairman of the Board on November

1, 2018.

Back to Contents

(d) All Other Compensation

All Directors, their spouses and eligible children may participate in the Company's employee merchandise discount program. The program provides discounts ranging from 20% for eligible nonmanagement employees up to 33% for eligible management and high-performing nonmanagement employees and Directors. A 40% discount is available at certain times of the year on specified merchandise. These discounts vary somewhat by source and type of merchandise or service. During the fiscal year ended February 2, 2019, all Other Compensation consisted only of merchandise discounts for all Directors.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended February 2, 2019, no member of the Compensation Committee was an employee, officer or former officer of the Company or any of its subsidiaries, and no Executive Officer of the Company served on the board of directors or compensation committee of any entity that has one or more directors, or compensation committee of any entity that has one or more Executive Officers, serving as a member of the Company's Board or Compensation Committee.

Codes of Business Conduct and Ethics and Other Policies

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees, including our Principal Executive Officer, Principal Financial Officer, Principal Accounting Officer and persons performing similar functions. We have also adopted a Directors' Code of Business Conduct and Ethics that applies to all of our Directors. A grant of a waiver from a provision of the codes requiring disclosure under applicable SEC rules, if any, will be disclosed on our website at investor.nordstrom.com and may be viewed by selecting the Corporate Governance item in the Investor Relations drop-down menu.

We have a policy that prohibits Directors and Executive Officers (as well as other key insiders and their immediate family members) from engaging in hedging or short sale transactions with respect to the Company's Common Stock. We also have a policy with respect to pledging of Common Stock, which subjects Directors and Executive Officers to a preclearance requirement and restrictions, including that pledged shares may not be counted toward the Company's stock ownership guidelines. Our Executive Officers, in the aggregate, have less than 0.5% of the Company's outstanding shares pledged to third parties and are in compliance with our policy.

Corporate Social Responsibility

Our goal is to operate our business with the utmost integrity and serve our customers, employees and shareholders in a way that is deserving of their support and trust. Social responsibility is one way we strive to follow through with this commitment. We actively pursue solutions to reduce our environmental impact, contribute to the communities we serve, and support the rights of workers who create our products. We believe that both transparency and collaboration are key to progress in all of these areas, and we disclose our efforts in an annual Corporate Social Responsibility Report. More information can be found at nordstrom.com under Nordstrom Cares. We also continue to work with and learn from interested parties. The Company does not use corporate funds to make contributions to support or oppose federal, state or local political parties, candidates, campaigns and/or ballot measures. Our statement on Political Activity may be accessed through our website at investor.nordstrom.com and may be viewed by selecting the Corporate Governance item in the Investor Relations drop-down menu.

Website Access to Corporate Governance Documents

The Charters for each of the standing Committees of the Board, the Company's Corporate Governance Guidelines, the Employee Code of Business Conduct and Ethics, and the Director Code of Business Conduct and Ethics, as well as all Company filings made with the SEC, may be accessed through our website at investor.nordstrom.com, and may be viewed by selecting the Corporate Governance item in the Investor Relations drop-down menu and SEC Filings.

Back to Contents

PROPOSAL 1 ELECTION OF DIRECTORS

The Board recommends a vote FOR each nominee.

Eleven nominees, recommended by the Company’s Board, will be elected at the Annual Meeting, each to hold office until the 2020 Annual Meeting of Shareholders and until their successors have been duly elected and qualified. All of the nominees listed in this Proposal 1 are currently Directors of the Company.

Director Qualifications and Experience

The Board, acting through the Corporate Governance and Nominating Committee, seeks a Board that, as a whole, possesses the experience, skills, backgrounds and qualifications appropriate to function effectively in light of the Company’s current and evolving business circumstances. The Committee reviews the size of the Board, the tenure of our Directors and their skills, backgrounds and experiences in determining the slate of nominees and whether to seek one or more new candidates. The Committee seeks directors with established records of significant accomplishments in businesses and areas relevant to our strategies. With respect to the nomination of continuing Directors for re-election, the individual’s prior contributions to the Board are also considered.

All of our Directors bring to our Board a wealth of executive leadership experience derived from their service as senior executives of complex corporations. As a group, they also bring extensive board experience. The process undertaken by the Committee in recommending qualified director candidates is described in the Director Nominating Process below.

Director Nominating Process

The Corporate Governance and Nominating Committee is responsible for identifying and recommending to the Board the nominees to stand for election as directors at each Annual Meeting of Shareholders or, if applicable, at a special meeting of shareholders.

In nominating director candidates, the Committee considers such factors as it deems appropriate, including whether there are any evolving needs of the Board with respect to a particular field, skill or experience. These factors may include judgment, skill, experience with businesses and other organizations, the candidate’s experience and skill set relative to those of other members of the Board and the extent to which the candidate would be a desirable addition to the Board and any Committees of the Board. In addition to these factors, the Committee may also consider a director candidate’s diversity of background during the evaluation and selection process of director candidates. In this context, diversity is broadly construed to mean varied skills, backgrounds and experiences, which include gender and ethnicity, as well as other differentiating characteristics, all in the context of the requirements and needs of the Board at that point in time. The Committee, however, does not have a formal policy regarding how diversity of background should be applied in identifying or evaluating director candidates, and, depending on the current needs of the Board, the Committee may weigh certain factors more or less heavily. The goal of the Committee is to assist the Board in attracting competent individuals with the requisite management, financial and other expertise who will act as directors in the best interests of the Company and its shareholders.

The Committee will consider the qualifications of director candidates recommended by shareholders, and evaluate each of them using the same criteria the Committee uses for incumbent candidates. Shareholders who wish to submit nominees for election as directors should follow the procedures described on page 75.

Back to Contents

The following table summarizes key qualifications, skills or attributes most relevant to the decision to nominate an individual to serve on the Board. A mark indicates an area of focus or expertise on which the Board relies. The lack of a mark, however, does not mean the Director does not possess that qualification or skill.

	Shellye L. Archambeau	Stacy Brown-Philpot	Tanya L. Domier	Kirsten A. Green	Glenda G. McNeal	Erik B. Nordstrom	Peter E. Nordstrom	Brad D. Smith	Gordon A. Smith	Bradle D. Tilden
Global/International Commerce	ü	ü	ü	ü	ü	ü	ü	ü	ü	ü
Retail Industry			ü			ü	ü	ü	ü	
eCommerce/Technology	ü	ü	ü	ü		ü		ü		
Finance/Accounting	ü	ü	ü	ü	ü			ü		ü
Senior Executive Management	ü	ü	ü	ü	ü	ü	ü	ü	ü	ü
Legal										
Customer-Focused Business	ü	ü	ü	ü	ü	ü	ü	ü	ü	ü
General Business Management	ü	ü	ü	ü	ü	ü	ü	ü	ü	ü
Communications/Marketing	ü	ü	ü	ü		ü	ü	ü	ü	
Governance	ü							ü	ü	ü
Public Company Board	ü	ü	ü					ü	ü	ü
Loyalty/Rewards Program									ü	ü

No director candidates were recommended by our shareholders for election at the Annual Meeting.

Back to Contents

Our Director Nominees

Information related to the Director nominees is set forth below, including age, and the particular experience, qualifications, attributes or skills that led the Board to conclude that the person should serve as a Director for the Company.

Shellye L. Archambeau

Director since 2015

Age 56

Former Chief Executive Officer of MetricStream, Inc., a global provider of governance, risk, compliance and quality management solutions to corporations across diverse industries from 2002 to January 2018. Prior to joining MetricStream, Ms. Archambeau was Chief Marketing Officer and Executive Vice President of Sales for Loudcloud, Inc., a provider of Internet infrastructure services, from 2001 to 2002; Chief Marketing Officer of NorthPoint Communications from 2000 to 2001; and President of Blockbuster Inc.'s ecommerce division from 1999 to 2000. Before joining Blockbuster, Ms. Archambeau held domestic and international executive positions during a 15-year career at IBM. Ms. Archambeau has been a director of Verizon, Inc. since December 2013, a director at Roper Technologies, Inc. since April 2018, and a director at Okta since December 2018. She served as a director of Arbitron, Inc. from 2005 to 2013.

Ms. Archambeau brings to the Board, among other skills and qualifications, leadership experience in technology, ecommerce, digital media and communications. Her technology and international experience position her to advise the Board and senior management on global operations and on technology innovations to elevate the customer experience.

Stacy Brown-Philpot

Director since 2017

Age 43

Chief Executive Officer of TaskRabbit, Inc., a digital home services labor platform company, since April 2016. Previously, Ms. Brown-Philpot served as the company's Chief Operating Officer from January 2013 to April 2016. From May 2012 to December 2012, Ms. Brown-Philpot was an Entrepreneur-in-Residence at Google Ventures, the venture capital investment arm of Alphabet, Inc. Prior to that, she spent nearly a decade, from 2003 to 2012, in various directorial positions at Google, including two years as the company's senior director of global consumer operations. Ms. Brown-Philpot also has a background in finance where she served as a senior analyst at Goldman Sachs and senior associate at PricewaterhouseCoopers. She has been a director of HP Inc. since 2015.

Ms. Brown-Philpot brings to the Board innovation, operational and entrepreneurial experience, digital, branding and marketing expertise, as well as financial and accounting skills. She provides unique insights to elevate the consumer experience in a global digital economy. Her service on the board of HP Inc. provides her with experience in corporate governance matters and key skills in working with directors, understanding board processes and functions, assessing risk and overseeing management.

Tanya L. Domier

Director since 2015

Age 53

Chief Executive Officer of Advantage Solutions, a global business solutions services firm, since 2013 and has served on Advantage Solutions' board of directors since 2008. Ms. Domier was President and Chief Operating Officer from 2010 to 2012 and President of Marketing Services Division and Integrated Marketing Services from 2000 to 2010. Before joining Advantage Solutions (formerly known as Advantage Sales & Marketing) in 1990, Ms. Domier held management positions with the J.M. Smucker Company. She has been a director of Yum! Brands, Inc. since January 2018.

Ms. Domier brings to the Board extensive experience in global sales and marketing focused on the customer, successful strategic planning expertise and senior leadership skills. Further, Ms. Domier possesses financial and accounting skills, and knowledge of and experience with executive compensation programs.

Kirsten A. Green

Director since 2019

Age 47

Founder and Managing Partner of Forerunner Ventures, a venture capital firm, since 2010. Prior to founding Forerunner, Ms. Green was an equity research analyst and investor at Banc of America Securities, formerly Montgomery Securities. Ms. Green began her career at Deloitte & Touche LLP where she earned her CPA license. Ms. Green has served as a member of the board of directors of numerous private companies since 2013.

Ms. Green brings to the Board extensive experience in consumer and commerce focused businesses and provides unique insights with respect to the challenges and opportunities of today's rapidly evolving digital commerce landscape. Ms. Green has deep domain expertise and an understanding of consumer behaviors, brand building and products.

Back to Contents

Glenda G. McNeal
Director since 2019
Age 58
President Enterprise Strategic Partnerships of American Express, since 2017. Prior to that role, from 2011 to March 2017, Ms. McNeal served as Executive Vice President and General Manager of the Global Client Group of American Express. Ms. McNeal has held positions of increasing responsibility at American Express since 1989 when she first joined the company. Before joining American Express, Ms. McNeal worked with the accounting firm of Arthur Andersen, LLP and with the investment banking firm of Salomon Brothers, Inc. Ms. McNeal has been a director of RLJ Lodging Trust since 2011. Ms. McNeal served on the board of directors of United States Steel Corporation from 2007 to 2018.
Ms. McNeal brings to the Board extensive experience in business development, innovation, and customer relationship management, as well as financial, accounting and senior leadership skills. Ms. McNeal provides unique insights on strategic planning, risk oversight and operational matters. Ms. McNeal’s service on public company boards provides her with experience with corporate governance matters and key skills in working with directors, understanding board processes and functions, and assessing risk and overseeing management.
Erik B. Nordstrom
Director since 2006*
Age 55
Co-President of Nordstrom, Inc. since May 2015. Mr. Nordstrom served as Executive Vice President and President, Nordstrom.com from May 2014 to May 2015. From February 2006 to May 2014, Mr. Nordstrom was Executive Vice President and President, Stores for the Company. From August 2000 to February 2006, he served as Executive Vice President, Full-Line Stores. Mr. Nordstrom previously served as Executive Vice President and Northwest General Manager from February 2000 to August 2000, and as Co-President of the Company from 1995 to February 2000. He has held various other management and sales positions of increasing responsibility since joining the Company in 1979.
Mr. Nordstrom’s positions of increasing responsibility with the Company over more than 35 years, including executive and operational roles, give him a customer-centric perspective in retailing and supporting the business of the Company.
Peter E. Nordstrom
Director since 2006*
Age 57
Co-President of Nordstrom, Inc. since May 2015. Mr. Nordstrom served as Executive Vice President and President, Merchandising for the Company from February 2006 to May 2015. From September 2000 to February 2006, he served as Executive Vice President and President, Full-Line Stores. Mr. Nordstrom previously served as Executive Vice President and Director of Full-Line Store Merchandise Strategy from February 2000 to September 2000, and as Co-President of the Company from 1995 to February 2000. He has held various other management and sales positions of increasing responsibility since joining the Company in 1978.
Mr. Nordstrom’s positions of increasing responsibility with the Company over more than 35 years, including executive and operational roles, give him a customer-centric perspective in retailing and supporting the business of the Company.
Brad D. Smith
Director since 2013
Age 55
Executive Chairman and former Chief Executive Officer of Intuit, Inc., a global provider of business and financial management solutions since 2016 and President and Chief Executive Officer from 2008 to 2019. Mr. Smith has served on Intuit’s board of directors since 2008. Mr. Smith joined Intuit in 2003 and served as Senior Vice President and General Manager, Small Business division from 2006 to 2007, Senior Vice President and General Manager, QuickBooks from 2005 to 2006, Senior Vice President and General Manager, Consumer Tax Group from 2004 to 2005 and as Vice President and General Manager of Intuit’s Accountant Central and Developer Network from 2003 to

2004. Before joining Intuit, Mr. Smith was Senior Vice President of Marketing and Business Development of ADP, where he held several executive positions from 1996 to 2003. Mr. Smith has served on the board of directors of SurveyMonkey since 2017, and served on the board of directors of Yahoo! Inc. from 2010 until 2013.

Mr. Smith brings to the Board digital expertise, brand marketing, innovation and entrepreneurial experience, as well as financial and accounting skills, from his position at Intuit. He provides unique insights related to technology innovation and marketing of products and services to broad audiences throughout the world. Mr. Smith's service on the boards of Yahoo!, SurveyMonkey, and Intuit provide him with experience in corporate governance matters and key skills in working with directors, understanding board processes and functions, assessing risk and overseeing management.

* Erik Nordstrom and Peter Nordstrom are brothers, great grandsons of the Company's founder and the second cousins of James F. Nordstrom, Jr., President, Stores for the Company.

Back to Contents

Gordon A. Smith
Director since 2015
Age 60
Co-President and Chief Operating Officer of JP Morgan Chase & Co., a global financial services firm since January 2018. Mr. Smith was Chief Executive Officer, Consumer and Community Banking, JP Morgan Chase & Co. from 2007 to January 2018. He previously was President, Global Commercial Card Group for American Express Travel Related Services, Inc., from 2005 to 2007, President of Consumer Card Services Group for American Express Travel Related Services, Inc., from September 2001 to 2005 and Executive Vice President of U.S. Service Delivery from March 2000 to September 2001. Mr. Smith joined American Express in 1978 and held positions of increasing responsibility within the company. Mr. Smith served on the board of directors of Choice Hotels International from 2004 until 2017.
Mr. Smith brings to the Board his extensive experience in customer-focused businesses in a highly competitive industry. He provides unique insights with respect to customer rewards programs in the consumer services industry. Further, Mr. Smith's service on a public company board provides him with experience with corporate governance matters and key skills in working with directors, understanding board processes and functions, assessing risk and overseeing management.
Bradley D. Tilden
Director since 2016
Age 58
Chairman and Chief Executive Officer of Alaska Air Group, Inc., an airline holding company, since January 2014. In May 2012, Mr. Tilden was named President and Chief Executive Officer of Alaska Air Group. He served as Executive Vice President of Finance and Planning from 2002 to 2008 and as Chief Financial Officer from 2000 to 2008 for Alaska Air Group, and prior to 2000, was Vice President of Finance at Alaska Air Group. Before joining Alaska Airlines, Mr. Tilden worked for the accounting firm PricewaterhouseCoopers. He serves on the board of Alaska Air Group.
Mr. Tilden brings to the Board executive, operational, strategic planning and financial experience, as well as insights with respect to customer rewards programs in the consumer services industry. Mr. Tilden's service on a public company board provides him with experience with corporate governance matters and key skills in working with directors, understanding board processes and functions, assessing risk and overseeing management.
B. Kevin Turner
Director since 2010
Age 54
President and Chief Executive Officer of Core Scientific, a company focused on Blockchain and Artificial Intelligence infrastructure. Mr. Turner was previously Chief Executive Officer of Citadel Securities, a global market maker, and Vice Chairman of Citadel LLC, a global financial institution, from August 2016 to January 2017. He served as Chief Operating Officer of Microsoft Corporation from 2005 to 2016, and as Chief Executive Officer and President of Sam's Club, a Wal-Mart subsidiary corporation from 2002 to 2005. Between 1985 and 2002, Mr. Turner held a number of positions of increasing responsibility with Wal-Mart Stores, Inc., including Executive Vice President and Global Chief Information Officer from 2001 to 2002.
Mr. Turner's experience at Core Scientific, Microsoft and Walmart have provided him extensive experience in highly competitive and customer centric businesses. He provides insight and expertise in strategy, digital, global operations, supply chain, merchandising, branding, marketing and technology. Further, Mr. Turner's deep experience in both technology and retail uniquely positions him to advise the Board and senior management on the intersection of digital technology and retail.

Back to Contents

AUDIT AND FINANCE COMMITTEE REPORT

The following Report of the Company's Audit and Finance Committee of the Board (the "Audit and Finance Committee") does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates this Report by reference.

The Audit and Finance Committee operates under a written Charter adopted by the Board. The Charter contains a detailed description of the scope of the Audit and Finance Committee's responsibilities and how they will be carried out. The Audit and Finance Committee's Charter is available on our website at investor.nordstrom.com, and may be viewed by selecting the Corporate Governance item in the Investor Relations drop-down menu.

The Board determined that each member of the Audit and Finance Committee is independent from the Company as such term is defined in Sections 303.01(B)(2)(a) and (3) of the NYSE's listing standards at all times during the fiscal year and that each member was an "audit committee financial expert" within the meaning of Item 407 of Regulation S-K under the Securities Exchange Act of 1934.

The Audit and Finance Committee serves in an oversight capacity and is not part of the Company's managerial or operational decision-making process. As part of its responsibilities for oversight of the Company's Enterprise Risk Management process, the Audit and Finance Committee reviews and discusses Company policies and processes with respect to risk assessment and risk management, including discussions of individual risk areas. Management is responsible for the Company's internal controls and the financial reporting process. Deloitte, the Company's independent registered public accounting firm, reports to the Company's Audit and Finance Committee, and is responsible for performing an integrated audit of the Company's consolidated financial statements and internal control over financial reporting in accordance with auditing standards generally accepted in the United States of America. Deloitte and the Company's internal auditors have full access to the Audit and Finance Committee. The auditors meet with the Audit and Finance Committee at each of the Audit and Finance Committee's regularly scheduled meetings, with and without management being present, to discuss appropriate matters. The Audit and Finance Committee has the sole authority to engage, evaluate and terminate the Company's independent auditors. The Audit and Finance Committee also pre-approves all auditing services, internal control-related services and permitted nonaudit services to be performed by the Company's independent auditors, and periodically reviews whether to request proposals for the engagement of the independent audit firm.

The Audit and Finance Committee recommended to the Board that the audited consolidated financial statements for the fiscal year ended February 2, 2019 be included in the Company's Annual Report on Form 10-K for such fiscal year, based on the following actions by the Committee:

- review of the Company's audited consolidated financial statements with management;
- review of the unaudited interim financial statements and Forms 10-Q prepared each quarter by the Company;
- review of the Company's Disclosure Committee practices and the certifications prepared each quarter in accordance with Sections 302 and 906 of the Sarbanes-Oxley Act of 2002;
- review with management regarding the critical accounting estimates on which the financial statements are based, as well as its evaluation of alternative accounting treatments;
- receipt of management representations that the Company's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America;
- review with management, the internal auditors and Deloitte regarding management's assessment of the effectiveness of the Company's internal control over financial reporting and Deloitte's evaluation of the Company's internal control over financial reporting;
- review with legal counsel and management regarding contingent liabilities;
- receipt of the written disclosures and letter from Deloitte required by the Public Company Accounting Oversight Board Ethics and Independence Rule 3526, Communication with Audit and Finance Committees Concerning Independence; and
- review with Deloitte regarding their independence, the audited consolidated financial statements, the matters required to be discussed by Auditing Standard No. 16 Communications with Audit and Finance Committees, as amended, and

other matters, including Rule 2-07 of SEC Regulation S-X.

Audit and Finance Committee
Bradley D. Tilden, Chair
Stacy Brown-Philpot
Tanya L. Domier
Kirsten A. Green
Philip G. Satre

Back to Contents

PROPOSAL 2 RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board recommends a vote FOR this proposal.

The Audit and Finance Committee, consistent with NYSE and SEC rules, has appointed Deloitte to be the Company's independent registered public accounting firm for the fiscal year ending February 1, 2020. Deloitte and its predecessors have served as the Company's independent registered public accounting firm for over 45 years, including the fiscal year ended February 2, 2019.

As a matter of good corporate practice to provide shareholders an avenue to express their views on this matter, the Board has determined to seek shareholder ratification of Deloitte's appointment at this time. If the shareholders do not ratify the appointment of Deloitte, the Board will reconsider the appointment. A representative of Deloitte will be present at the Annual Meeting to respond to questions and to make a statement if he or she so desires.

Audit Fees

The following table summarizes fees billed or expected to be billed to the Company by Deloitte in connection with services for the fiscal years ended February 2, 2019 and February 3, 2018:

	Fiscal Year Ended February 2, 2019		Fiscal Year Ended February 3, 2018	
Type of Fee	($)	(%)	($)	(%)
Audit Fees[(a)]	3,657,000	83	2,924,000	55
Audit-Related Fees[(b)]	581,000	13	683,000	13
Other Fees[(c)]	152,000	4	1,680,000	32
TOTAL	4,390,000	100	5,287,000	100

(a) Audit Fees

Audit Fees primarily relate to fees for services for: (i) auditing the consolidated financial statements of the Company; (ii) reviewing the interim financial information of the Company included in its Form 10-Qs; and (iii) auditing the Company's internal control over financial reporting. Substantially all of Deloitte's work on these audits was performed by full-time, regular employees and partners of Deloitte and its affiliates.

(b) Audit-Related Fees

Audit-Related Fees are fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and internal control over financial reporting.

This amount does not reflect reimbursement of $274,000 for fiscal year ended February 2, 2019 and $254,000 for fiscal year ended February 3, 2018. This amount includes accounting research tool subscription fees of $6,000 for fiscal year ended February 2, 2019 and $6,000 for fiscal year ended February 3, 2018.

(c) Other Fees

Other Fees for fiscal years ended February 2, 2019 and February 3, 2018 primarily related to fees for advice and recommendations on supply chain strategy.

Pre-Approval Policy

Consistent with SEC policies regarding auditor independence, the services performed by Deloitte for the fiscal years ended February 2, 2019 and February 3, 2018 were pre-approved in accordance with the policies and procedures adopted by the Audit and Finance Committee. The pre-approval policy is periodically reviewed and updated. It describes the permitted audit, audit-related, tax and other services that Deloitte may perform. Normally, pre-approval is provided at regularly scheduled Audit and Finance Committee meetings. However, the authority to grant specific pre-approval between meetings, as necessary, has been assigned to the Chair of the Audit and Finance Committee.

Back to Contents

The Chair is responsible for updating the Audit and Finance Committee at the next regularly scheduled meeting of any services that were pre-approved between meetings.

The Audit and Finance Committee approves proposed services, which incorporates appropriate oversight and control of the Deloitte relationship, while permitting the Company to receive immediate assistance from Deloitte when time is of the essence.

The Committee also reviews on a regular basis:

- a listing of approved services since its last review;
- a report summarizing the year-to-date services provided by Deloitte, including fees paid for those services; and
- a projection for the current fiscal year of estimated fees.

The policy prohibits the Company from engaging the independent registered public accountants for services billed on a contingent fee basis and from hiring current or former employees of the independent auditor who have not satisfied the statutory cooling-off period for certain positions.

Back to Contents

EXECUTIVE OFFICERS

The Executive Officers of the Company are appointed annually by the Board following each year's annual meeting and serve at the discretion of the Board. In addition to Erik Nordstrom and Peter Nordstrom, whose biographical information is provided under Election of Directors on page 22, the following are the other Executive Officers of the Company on the date of filing of this Proxy Statement.

Anne L. Bramman
Employee since 2017
Age 51
Chief Financial Officer since June 2017, when she joined the Company. From March 2015 to March 2017, Ms. Bramman served as Senior Vice President and Chief Financial Officer of Avery Dennison Corporation. She previously served as Chief Financial Officer of Carnival Cruise Line from December 2010 to March 2015. She was employed by L Brands in various finance leadership positions from July 2004 to December 2010, including Senior Vice President, Chief Financial Officer of Henri Bendel from 2008 to 2010.

Christine F. Deputy
Employee since 2015
Age 53
Chief Human Resources Officer since June 2015, when she joined the Company. Ms. Deputy previously served as Group Human Resources Director at Aviva plc from March 2013 to June 2015. From February 2012 to March 2013, she was Human Resources Director — Global Retail Banking for Barclays Bank. From July 2009 to February 2012, she was Chief Human Resource Officer at Dunkin' Brands. She was employed at Starbucks Corporation from March 1998 to June 2009, serving as Vice President, Human Resources Asia Pacific from November 2007 to June 2009, Vice President, Global Staffing from September 2005 to January 2008, as well as other executive positions from 1998 to 2005.

Kelley K. Hall
Employee since 2017
Age 46
Chief Accounting Officer and Treasurer since August 2017, when Ms. Hall joined the Company. From October 2008 to August 2017, she held various senior finance leadership positions at NIKE, Inc. most recently as Vice President and Chief Financial Officer for NIKE, Inc.'s Enterprise Operations. Prior to NIKE, she spent 14 years with Starbucks Corporation in a variety of finance leadership roles, including several roles as vice president supporting U.S. retail and corporate finance.

Scott A. Meden
Employee since 1985
Age 56
Chief Marketing Officer since August 2016. From February 2010 to August 2016, Mr. Meden served as Executive Vice President and General Merchandise Manager, Shoe Division. He previously served as Executive Vice President and President, Nordstrom Rack from February 2006 to February 2010, as Divisional Merchandise Manager from September 2002 to January 2006, as Director of Business Planning and Analysis from 2001 to September 2002, and as Financial Manager, Shoes from 1999 to 2001.

Edmond Mesrobian
Employee since 2018
Age 58
Chief Technology Officer since August 2018, when he joined the Company. Previously he was Chief Technology Officer for multi-national grocery retailer Tesco PLC from 2015 to July 2018. From 2011 to 2014, he served as Chief Technology Officer for global travel company Expedia Group, Inc., which includes online travel brands

Expedia.com, Hotels.com and Hotwire.com. Prior to joining Expedia, he held the role of Chief Technology Officer at RealNetworks, Inc. from 2003 to 2010, where he led development across multiple digital media services and software.

James F. Nordstrom, Jr.
Employee since 1986
Age 46
President, Stores since May 2014. From 2005 to 2014, Mr. Nordstrom served as Executive Vice President and President, Nordstrom.com. He previously served as Corporate Merchandise Manager, Children's Shoes, from May 2002 to February 2005, and as a project manager for the design and implementation of the Company's inventory management system from 1999 to May 2002. Mr. Nordstrom is a great-grandson of the Company's founder.

Back to Contents

Robert B. Sari
Employee since 2009
Age 63
General Counsel and Corporate Secretary since April 2009, when he joined the Company. Mr. Sari previously served as Executive Vice President, General Counsel, and Secretary of Rite Aid Corporation since October 2005. Mr. Sari also served as Rite Aid's Senior Vice President, General Counsel and Secretary from 2002 to 2005 and as a Senior Vice President, Deputy General Counsel and Secretary from 2000 to 2002. He served in other roles for Rite Aid beginning in 1997.

Geevy S.K. Thomas
Employee since 1983
Age 54
President, Nordstrom Rack since January 2018. Mr. Thomas previously served as Chief Innovation Officer since January 2017. From 2010 to 2017, he served as Executive Vice President and President, Nordstrom Rack. He previously served as Executive Vice President and South Regional Manager from November 2001 to February 2010, as Executive Vice President and General Merchandise Manager, Full-Line Stores from February 2001 to November 2001, and as Executive Vice President, Full-Line Stores and Director of Merchandising Strategy from February 2000 to February 2001. Prior to February 2000, he held various merchandise strategy, store and regional management positions with the Company.

Kenneth J. Worzel
Employee since 2010
Age 54
Chief Digital Officer since May 2018 and President of Nordstrom.com since 2016. From 2010 to 2016, Mr. Worzel served as Executive Vice President, Strategy and Development. Prior to joining the Company, he was a partner with McKinsey & Company, a global management consulting firm, from 2009 to 2010. While at McKinsey, he provided the Company and other clients with management strategy and organizational services. Prior to joining McKinsey, he was a managing partner at Marakon Associates, an international strategy consulting firm, from 1992 to 2008. As a partner at Marakon Associates, he provided consulting services to the Company from 1997 to 2008.

Back to Contents

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

This section describes our executive compensation program and the compensation decisions made for our fiscal year 2018 Named Executive Officers. Our Named Executive Officers include Blake Nordstrom, our former Co-President, who passed away unexpectedly on January 2, 2019.

Erik B. Nordstrom	Co-President
Anne L. Bramman	Chief Financial Officer
Peter E. Nordstrom	Co-President
Kenneth J. Worzel	Chief Digital Officer and President, Nordstrom.com
Christine F. Deputy	Chief Human Resources Officer
Blake W. Nordstrom	Former Co-President

For purposes of our filings with the SEC, including this annual Proxy Statement, Erik Nordstrom is considered our Principal Executive Officer and Anne Bramman is considered our Principal Financial Officer.

2018 Snapshot

Increased Customer Engagement Driving Continued Growth

In fiscal year 2018, net earnings were $564 million, or $3.32 per diluted share, which included a $0.05 favorable income tax benefit related to prior periods and an estimated non-recurring credit-related charge of $0.28 (see page 42 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 2, 2019). We achieved net sales of $15.5 billion. This compares to $15.1 billion in 2017, which included $220 million for the 53rd week associated with the 4-5-4 retail calendar. We maintained a strong financial position, generating annual operating cash flow of more than $1 billion for the 10th consecutive year and returning nearly $1 billion to shareholders through dividends and share repurchases during the year.

Achieved $15.5B in sales, reflecting scaling of our generational investments.	Grew comparable sales 1.7%, reflecting Full-Price increase of 0.9% and Off-Price increase of 3.5%.	Generated earnings of $564M, reflecting lower income tax expense associated with corporate tax reform.

Back to Contents

Our business model is a key point of difference in serving customers in multiple ways — through stores, online, Full-Price and Off-Price — with meaningful synergies across Nordstrom. We are focused on leveraging our digital and physical assets to provide customers with a best-in-class experience. In 2018, we achieved the following milestones in executing our customer strategy through our three strategic pillars: providing a compelling product offering, delivering outstanding services and experiences, and leveraging the strength of the Nordstrom brand:

- We continued to see positive customer trends. In 2018, over 35 million customers shopped with us, an increase of 6% from last year. One-third of our customers shopped across our multiple channels, which generally leads to higher customer spend.
- Digital sales increased 16% and made up 30% of net sales. Additionally, Nordstrom.com achieved scale, with the profitability of Full-Price digital sales at parity with store sales. We believe our early investments to build a robust digital business have given us a competitive advantage.
- Our generational investments continued to scale, contributing approximately $2 billion in sales and an improvement in profitability. Nordstromrack.com/HauteLook became our fastest business to reach $1 billion in sales. Trunk Club delivered sales growth of 35%. We opened our Men's Store in New York City and furthered our expansion into Canada with the introduction of six Nordstrom Rack stores.
- We launched our local market strategy in Los Angeles, which drove outsized market share gains in this market by increasing product selection, delivery speed and convenience for customers.

As we aspire to be the best fashion retailer in a digital world, we believe we are well positioned to deliver a differentiated customer experience and drive increased shareholder value.

Shareholders Support our Compensation Program

Our shareholders approved our Board's recommendation to hold executive compensation advisory votes on an annual basis so that they may frequently and openly express their views about the compensation of our Named Executive Officers. Each year since 2011, more than 90% of the votes cast have been supportive of our compensation programs. Based on the majority of shareholders voting in favor of our executive compensation program last year, we continued to implement similar compensation policies and programs in fiscal year 2018, with the exception of a change in the mix of the form of equity-based incentive awards for fiscal year 2018, only, as discussed on page 37, and continued to apply the following pay and benefits philosophy.

Our Pay and Benefits Philosophy:

- We believe that if our customers win, our employees and shareholders win – our interests are aligned.
- We pay for performance by investing in talent that delivers results and demonstrates the behaviors that drive our success, while not encouraging excessive risk taking.
- We deliver competitive pay and benefits for all jobs and differentiate pay for critical jobs that directly impact our ability to deliver on our strategy.
- We use objective market data to design flexible pay and benefits programs to help attract, retain, motivate and reward our employees and meet the needs of specific talent groups.
- We provide equal pay and promotion opportunities for all employees and give them the information they need to clearly understand their pay and effectively manage their careers.

We Emphasize Variable Pay and Balance Short- and Long-Term Incentives as Well as Incentive Values

In accordance with our pay-for-performance philosophy, the compensation program for our Named Executive Officers is straightforward in design and includes four primary elements: base salary, performance-based bonus, long-term incentives ("LTI") and benefits. Within these elements, we emphasize variable pay over fixed pay, with at least 70% of each Named Executive Officer's target compensation linked to our financial or market results. The program also balances the importance of these executives achieving both critical short-term objectives and strategic long-term priorities. The following graphics represent target compensation for the Co-Presidents and the other Named Executive Officers.

Back to Contents

Our Variable Pay Reflects Company Performance

Our pay-for-performance design includes rigorous performance goals and high performance standards. Further, with a substantial portion of pay in the form of Nordstrom stock, pay outcomes align with our shareholders' experience. This is evidenced by our Named Executive Officers' recent incentive compensation payouts and grant realizable values as of our 2018 fiscal year end, as shown below.

INCENTIVE COMPENSATION PAYOUTS	2014	2015	2016	2017	2018
Incentive Earnings Before Interest and Income Tax Expense ("Incentive EBIT")	$1,391 M	$1,246 M	$1,076 M	$952 M	$909 M
Incentive Adjusted Return on Invested Capital ("Incentive Adjusted ROIC")	13.6 %	11.0 %	12.4 %	10.0 %	12.8 %
Annual bonus (payout as a % of Target*)	83 %	0 %	80 %	96 %	89 %
3-year TSR percentile ranking within comparator group	63%ile	53%ile	16%ile	10%ile	24%ile
Performance Share Unit ("PSU") vesting (payout as a % of Target)	75 %	75 %	0 %	0 %	0 %
PSU comparator group	Retail	Retail	S&P 500	S&P 500	S&P 500

* Actual bonus payout for fiscal year 2017 as a % of Target for the Co-Presidents was 94%. Actual bonus payout for fiscal year 2018 as a % of Target for the Co-Presidents was 63%. See pages 35 and 36 for more information.

Incentive EBIT and Incentive Adjusted ROIC are not measures of financial performance under Generally Accepted Accounting Principles ("GAAP") and should be considered in addition to, and not a substitute for, return on assets, net earnings, total assets or other financial measures prepared in accordance with GAAP. See Appendix A for a reconciliation of GAAP and non-GAAP financial measures. PSU vesting as shown in the table above corresponds to the performance periods ending in fiscal years 2014 through 2018. Three-year Total Shareholder Return ("TSR") percentile ranking is based on our TSR performance over three-year rolling periods between fiscal years 2012 and 2018 versus the comparator group. Beginning with the 2014 – 2016 performance period, we changed our comparator group from our retail peer group to the Standard and Poor's 500. See page 37 to learn more about long-term incentive pay.

GRANT REALIZABLE VALUES	2014	2015	2016	2017	2018
PSUs (realizable value as a % of grant value)	0 %	0 %	0 %	51 %	N/A
RSUs (realizable value as a % of grant value)	94 %	75 %	111 %	111 %	94 %
Stock options (realizable value as a % of grant value)	38 %	0 %	6 %	6 %	N/A

Realizable values shown above are based on the actual value at time of vest, current unvested values using our 2018 fiscal year end stock price of $45.33 and current performance for the outstanding PSUs granted in 2017 (which were tracking at 50% payout as of the end of the fiscal year), shown as a percent of grant value. PSUs, restricted stock units ("RSUs") and stock options are shown in the column matching the year of grant.

The Compensation Committee reviews these results and other analyses with the goal of ensuring that the Named Executive Officers' aggregate compensation aligns with shareholder interests. Based on these and other outcomes, the Compensation Committee believes that total direct compensation for our Named Executive Officers reflects our pay-for-performance objective and is well aligned with shareholder interests.

Back to Contents

Effective Corporate Governance Reinforces Our Compensation Program

Our compensation philosophy for our executive team, including our Named Executive Officers, is reflected in governance practices that support the needs of our business, drive performance and align with our shareholders' long-term interests. Below is a summary of what we do and don't do in that regard.

WHAT WE DO		WHAT WE DON'T DO	
þ	Pay for performance: Our compensation program for Named Executive Officers emphasizes variable pay over fixed pay, with at least 70% of each Named Executive Officer's target compensation linked to our financial or market results.	Ø	Provide employment agreements.
þ	Retain meaningful stock ownership guidelines: Our expectations for ownership align executives' interests with those of our shareholders, and all Named Executive Officers have exceeded their targets.	Ø	Offer separation benefits to Named Executive Officers who are Nordstrom family members.
þ	Mitigate undue risk: We have caps on potential performance-based bonus payments, a clawback policy on performance-based compensation, and active and engaged oversight and risk management systems, including those related to compensation-related risk.	Ø	Offer special perquisites to our Named Executive Officers.
		Ø	Maintain separate change in control agreements.
þ	Engage an independent compensation consulting firm: The Compensation Committee's consultant does not provide any other services to the Company.	Ø	Gross up taxes, except in the case of selected relocation expenses.
þ	Apply conservative post-employment and change in control provisions: Executive Officers are subject to provisions in the same manner as those for our broader employee population.	Ø	Reprice underwater stock options.
þ	Limit accelerated vesting: Our equity plan provides for accelerated vesting of equity awards after a change in control only if an executive is involuntarily terminated by the Company or resigns for good reason, a provision referred to as a "double trigger."	Ø	Issue grants below 100% fair market value.
		Ø	Pay dividends on any unearned or unvested equity awards.
þ	Restrict pledging activity: All Executive Officers are subject to pre-clearance requirements and restrictions.	Ø	Permit hedging or short-sale transactions.
þ	Receive strong shareholder support: Each year since 2011, more than 90% of the votes cast on the matter have been in favor of our compensation programs.	Ø	Count pledged shares towards stock ownership targets.

Context for Understanding Our Compensation Program and Decisions

This section provides background on the roles involved in determining compensation for our Named Executive Officers, our use of market data and the companies selected for our peer group.

Our Roles in Determining Compensation are Well Defined

Compensation Committee

Our Compensation Committee ("Committee") oversees the development and delivery of our pay and benefits philosophy and compensation plans for the Named Executive Officers and other executives as described in the Committee Charter on our website at investor.nordstrom.com.

As part of that oversight, the Committee ensures the Named Executive Officers' aggregate compensation aligns with shareholder interests by reviewing analyses that include:

- Cash alignment to evaluate the short-term incentive payouts relative to our financial performance.
- Relative pay and performance to compare the percentile rankings of our total direct compensation (base salary + performance-based bonus + long-term incentives) with financial performance metrics of our peer group.

Back to Contents

Compensation Committee Consultant

The Committee's independent executive compensation consulting firm, Semler Brossy Consulting Group, LLC ("Semler Brossy"), is retained by, and reports directly to, the Committee. A consultant from that firm attends the Committee meetings in person or by phone, and in support of the Committee's role, provides independent expertise on market practices, compensation program design and related subjects as described on page 15. Semler Brossy provides services only as directed by the Committee. During fiscal year 2018, Semler Brossy's services included review of pay programs, performance goal-setting, alignment of pay and performance and other pay-related matters specific to the Committee's Charter.

Management

Our Co-Presidents provide input to the Committee on the level and design of compensation elements for the Named Executive Officers and other Executive Officers, excluding themselves. Our Chief Human Resources Officer joins the Co-President(s) in Committee meetings to provide perspective and expertise relevant to the agenda. Management supports the Committee's activity by providing analyses and recommendations developed internally or occasionally with the assistance of external consulting firms other than the Committee's consulting firm.

Market Data Provides a Reference Point for Compensation

The Committee believes that knowledge of market practices, particularly those of our peers listed below, is helpful in assessing the design and targeted level of our executive compensation package. In reviewing peer group information, the Committee uses survey data provided by external consultants, monitors general market movement for executive pay and references proxy statements for specific roles.

When the Committee reviews market data, they consider the 50th percentile (median) of our peer group as a reference point, rather than a policy, for positioning target total direct compensation. Target opportunities for individual pay elements vary by executive role based on scope of responsibilities and expected contributions.

Erik Nordstrom, Peter Nordstrom and Blake Nordstrom's target total direct compensation for 2018 was below our peer group median, as it has been in previous years. Based on the Committee's review of relevant market data and internal pay equity, the Committee believes the target total direct compensation for Anne Bramman, Kenneth Worzel, and Christine Deputy was within a competitive range of the peer group median. Actual pay for the Named Executive Officers can exceed our established targets or peer group actual pay through the variable compensation elements when pre-determined performance milestones are achieved. Due to challenging business circumstances, actual or realizable pay for the past few years has been below target, as shown on page 31.

Peer Group Companies Represent Our Business

Each year, the Committee reviews the appropriateness of our peer group for comparison on pay and related practices. While the companies represent prominent brands and specialty retailers that are relevant to Nordstrom, they may not always have a direct match to our product offerings or annual revenue. However, the peer group companies generally meet the following selection criteria:

- collective representation of our primary business areas including our Full-Price, Off-Price, in store, and online business and private label products;
- some overlap with our industry group as defined by institutional shareholders and shareholder service organizations;
- general compatibility with our compensation strategy through a competitive offering of the primary pay elements of base salary, performance-based bonus and long-term incentives; and
- public company subject to similar market pressures with a track record of sustainability.

Our peer group used for evaluating compensation for fiscal year 2018 was comprised of the following retail companies:

Bed Bath & Beyond, Inc.	J. C. Penney Company, Inc.	Tapestry, Inc.
Capri Holdings Limited*	Kohl's Corporation	Tiffany & Co.
Dillard's, Inc.	L Brands, Inc.	The TJX Companies, Inc.
Estée Lauder Companies Inc.	Macy's, Inc.	Urban Outfitters, Inc.
Foot Locker, Inc.	Neiman Marcus Group LTD LLC	VF Corporation

Gap, Inc.	Ralph Lauren Corporation	Williams-Sonoma, Inc.
Hudson's Bay Company	Ross Stores, Inc.	

* Formerly known as Michael Kors Holding Limited.

During 2018, as part of its annual review of peer companies to be used for compensation comparison purposes, the Committee determined that no changes to the peer group would be made for fiscal year 2019.

Back to Contents

Each Element of Compensation Has its Own Purpose

Our compensation program for Named Executive Officers is made up of four primary elements outlined below. Each element has its own purpose based on our fundamental premise of pay for performance and our pay and benefits philosophy, described on page 30. Additional information is provided below in the "About Our Compensation Elements: What We Paid in 2018 and Why" section.

Compensation Element	Purpose
Base Salary (See below)	Reflect scope of the role and individual performance through base-line cash compensation.
Performance-Based Annual Cash Bonus (Pages 35 and 36)	Motivate and reward contributions to annual operating performance and long-term business strategy with cash that varies based on results.
Long-Term Incentives (Page 37)	Promote alignment of executive decisions with Company goals and shareholder interests through restricted stock units where value varies with Company stock performance.
Benefits (Page 38)	Provide meaningful and competitive broad-based, leadership and retirement benefits that support healthy lifestyles and contribute to financial security.

Pay Changes for 2018

On an annual basis, the Committee reviews base salary, performance-based bonus target opportunity and long-term incentive target grant value for each of the Named Executive Officers in consideration of the upcoming fiscal year. Committee decisions for fiscal year 2018 are summarized below and shown as a comparison of 2017 and 2018 fiscal year end ("FYE") amounts. The Committee believes these elements and the overall compensation program are meeting the expectations for our pay-for-performance and pay and benefits philosophies.

	Base Salary ($)		Performance-Based Annual Cash Bonus (Target Opportunity as a % of Base Salary)		Long-Term Incentives Annual Grant Target (Grant Value as a % of Base Salary)*	
Name	FYE 2017	FYE 2018	FYE 2017	FYE 2018	FYE 2017	FYE 2018
Erik B. Nordstrom	758,500	same	200	same	350	same
Anne L. Bramman	750,000	775,000	90	same	175	same
Peter E. Nordstrom	758,500	same	200	same	350	same
Kenneth J. Worzel	750,000	800,000	80	125	150	250
Christine F. Deputy	567,000	585,000	80	same	150	same
Blake W. Nordstrom	758,500	—	200	—	350	—

* In 2017, actual annual long-term incentive grant values varied from target grant values for certain Named Executive Officers. See page 37 to learn more about the long-term incentive pay elements for 2018.

About Our Compensation Elements: What We Paid in 2018 and Why

Base Salary

The Committee begins its annual review of base salary for the Named Executive Officers through discussion with the Co-Presidents on the expectations and achievements of each executive during the previous year, as well as their pay history and pay equity with other internal roles. The Committee then references our pay levels to similar roles in peer companies to ensure they are within a competitive range of the peer group median. Named Executive Officers do not necessarily receive increases in base salary every year. When they do, the changes are effective April 1st following their annual performance review, which includes a discussion about individual results against defined expectations. For 2018, Anne Bramman, Kenneth Worzel and Christine Deputy each received increases in base salary of approximately 3% to acknowledge performance and maintain relative market competitiveness. In addition, Kenneth Worzel received a base salary increase in May 2018 from $775,000 to $800,000 when he assumed additional responsibilities as Chief Digital Officer.

Back to Contents

Performance-Based Annual Cash Bonus

The opportunity for annual performance-based cash awards under our shareholder-approved Nordstrom, Inc. Executive Management Bonus Plan ("Executive Management Bonus Plan") is designed to focus the Named Executive Officers on the alignment between annual operating performance and long-term business strategy. The Committee establishes the following criteria in developing the annual bonus arrangements:

- Target bonus opportunity: In determining the target percentage of base salary, the Committee takes into account the mix of pay elements, market pay information for similar roles within our peer group and the internal relationship between roles within the Company.

In support of our pay-for-performance philosophy, the maximum bonus payout, which is associated with superior performance, is 2.5 times an executive's target bonus opportunity. This maximum is higher than is common among our retail peers because we believe it is important to continue encouraging and paying rewards when we achieve truly superior results. Under our approach, truly superior results are rarely achieved. In the past nine years, we have not paid out bonuses in excess of 150% of target except for fiscal year 2010, when the payout was 200% of target.

In November 2017, the Committee approved an increase in Kenneth Worzel's target bonus opportunity from 80% to 90% of base salary, effective at the beginning of fiscal year 2018. In May 2018, the Committee approved increasing his target bonus opportunity to 125%, effective as of the beginning of fiscal year 2018, to recognize his additional responsibilities as Chief Digital Officer.

- Performance measures: The Committee establishes the performance measures to focus executives on the most important annual and long-term strategic goals. For fiscal year 2018, the Named Executive Officers had the following measures:
  - Incentive Adjusted ROIC to ensure our overall performance aligns directly with shareholder returns over the long term. The measure is expressed as a threshold that must be met before any payout can be made on Incentive EBIT results to ensure our executives are rewarded only after earnings generate meaningful returns for our shareholders.
  - Incentive EBIT to emphasize the importance of earnings and its role in driving shareholder value. Erik Nordstrom, Peter Nordstrom and Blake Nordstrom each had this performance measure weighed at 100%, subject to the achievement of the Incentive Adjusted ROIC threshold. Anne Bramman, Kenneth Worzel and Christine Deputy each had this performance measure weighed at 67%, again subject to the achievement of the Incentive Adjusted ROIC threshold.
  - Individual Measure to enable differentiation in bonus payout opportunity based on individual contributions and execution against goals. This measure was added for fiscal year 2018 for Anne Bramman, Kenneth Worzel and Christine Deputy. The individual bonus measure accounted for 33% of the total bonus opportunity for these Named Executive Officers.

The following charts show the mix of financial and individual components of the bonus opportunity for the Co-Presidents and other Named Executive Officers for fiscal year 2018.

* Incentive EBIT measure is subject to the Incentive Adjusted ROIC threshold.

- Performance measure milestones: The Committee defines financial milestones for Incentive Adjusted ROIC (as a threshold) and Incentive EBIT (as a range) that relate to varying percentages of bonus payout. The difficulty level in achieving the milestones reflects the Committee's belief that there should be a balance between executive pay opportunity, reinvestment in the Company and return to shareholders. Quantitative and qualitative goals were established for the individual bonus measures.

Back to Contents

In accordance with our bonus plan, Incentive Adjusted ROIC and Incentive EBIT achievement used to determine bonus payout may differ from ROIC and EBIT, as reported in our Form 10-K filed with the SEC, due to the exclusion of certain one-time gains or losses. This is the case for 2018 where achievements reflect a non-operating related adjustment not included in the financial plan. Incentive Adjusted ROIC and Incentive EBIT are not measures of financial performance under GAAP and should be considered in addition to, and not a substitute for, return on assets, net earnings, total assets or other financial measures prepared in accordance with GAAP. See Appendix A for a reconciliation of GAAP and non-GAAP financial measures.

- Our Incentive Adjusted ROIC for our Named Executive Officers other than the Co-Presidents was 12.8% for fiscal 2018, exceeding our threshold goal of 9.5%. This result reflects an adjustment that the Committee approved to remove the impact of an estimated $72 million non-operating credit-related charge (see page 42 of the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2019). The Committee did not approve this adjustment to Incentive Adjusted ROIC for the Co-Presidents. For that reason, their Incentive Adjusted ROIC result was 12.0%, which also exceeded the threshold goal of 9.5%.
- Our Incentive EBIT achievement fell below our target goal of $941 million, warranting a payout level of less than 100%. As shown in the table below, the Incentive EBIT achievement for the Co-Presidents was 63%, and was 89% for the other Named Executive Officers. This achievement includes the above-noted adjustment to remove the impact of an estimated $72 million non-operating credit-related charge for the Named Executive Officers, excluding the Co-Presidents.

Achievement results on the individual bonus measures varied. Performance against the quantitative and qualitative goals was evaluated by the Co-Presidents and the payout results were approved by the Committee.

- After reviewing the Company's Full-Price sales, Off-Price sales, selling, general and administrative expenses and free cash flow results for the fiscal year, the Committee determined that Anne Bramman achieved 100% of her target performance with respect to the aggregate individual performance measures.
- After reviewing the Company's Full-Price sales, Full-Price EBIT and total sales, and the Company's market share results for the Los Angeles market, the Committee determined that Kenneth Worzel achieved 75% of his target performance with respect to the aggregate individual performance measures.
- After reviewing the Company's Full-Price sales, Off-Price sales, selling, general and administrative expenses and progress on organizational capabilities and effectiveness, the Committee determined that Christine Deputy achieved 100% of her target performance with respect to the aggregate individual performance measures.

The performance-based annual cash bonus results are summarized in the following table.

2018 Bonus Measures, Incentive EBIT Milestones, Individual Measure Achievement and Total Bonus Payout

Named Executive Officer	Bonus Measures	Weight	Milestones Threshold (25%)	Milestones Target (100%)	Milestones Superior (250%)	Result / Payout %	Total Bonus Payout (as a % of Target)
Co-Presidents	Incentive EBIT	100%	$728M	$941 M	≥$1,153M	$837M/ 63%	63%
	Subject to Incentive Adjusted ROIC threshold		9.5%			12.0%	
Anne L. Bramman	Incentive EBIT	67%	$728M	$941 M	≥$1,153M	$909M/ 89%	93%
	Subject to Incentive Adjusted ROIC threshold		9.5%			12.8%	
	Individual Measure	33%				100%	
Kenneth J. Worzel	Incentive EBIT	67%	$728M	$941 M	≥$1,153M	$909M/ 89%	84%
	Subject to Incentive Adjusted ROIC threshold		9.5%			12.8%	
	Individual Measure	33%				75%	

	Incentive EBIT	67%	$728M	$941 M	≥$1,153M	$909M/ 89%	
Christine F. Deputy	Subject to Incentive Adjusted ROIC threshold		9.5%			12.8%	93%
	Individual Measure	33%				100%	

* The Incentive EBIT achievement for the Co-Presidents was less than that for the other Named Executive Officers as the Committee determined that the adjustment they approved to remove the impact of an estimated $72 million non-operating credit-related charge described above would not apply for the Co-Presidents. Also, the Committee approved a discretionary bonus for Blake Nordstrom in the amount of $82,026 so that the sum of his performance-based bonus and the discretionary award equaled what his performance-based bonus would have been had he been an active employee on the last day of the fiscal year.

Back to Contents

Long-Term Incentives

Annual grants of equity under our shareholder-approved equity incentive plan are intended to provide the Named Executive Officers with additional incentive to create shareholder value and receive financial rewards. The long-term incentive value that determines the size of the annual grant to Named Executive Officers is expressed as a percentage of base salary as shown on page 34.

In establishing the long-term incentive value at grant for each Named Executive Officer, the Committee considers the mix of pay elements, market pay information for similar roles within our peer group, our annual share usage and dilution, performance and internal equity of grant size by role. The Committee typically approves annual grants of equity awards during the February Committee meeting, which is scheduled at least a year in advance. The February meeting occurs after performance results for the prior year are known, which allows the Committee to align compensation elements with our performance and business goals.

For fiscal year 2018 only, the grant for all of the Company's Executive Officers, including the Named Executive Officers, was changed from a mix of restricted stock units, performance share units and stock options to 100% restricted stock units, vesting equally over four years, which is consistent with the mix for all other eligible employees. This change resulted, in part, from the Committee's deliberations following the announcement by the Nordstrom family group that it was exploring a potential going private transaction and the Committee's determination to make awards which would remain relevant to executives and have some retention effect in the context of the uncertainty surrounding any potential transaction. The 2018 grant mix was a one-time response to a special circumstance and was not indicative of the Company's pay strategy going forward. As described in the "Changes for 2019" section on page 39, the long-term incentive mix for 2019 is composed of performance-based equity and stock options for Erik Nordstrom and Peter Nordstrom and performance-based equity and restricted stock units for the other Named Executive Officers.

In November 2017, the Committee approved an increase in Kenneth Worzel's target equity grant value from 150% to 175% of base salary, effective at the beginning of fiscal year 2018. In May 2018, the Committee approved increasing his target equity grant value to 250%, effective with the 2019 annual equity grant, to recognize his additional responsibilities as Chief Digital Officer.

One-Time Equity Awards

In March 2018, the Committee determined to award Anne Bramman, Kenneth Worzel and Christine Deputy restricted stock unit grants, equal to 300% of their respective base salaries, to mitigate retention risk and to recognize their critical roles in their respective functions and in supporting the Company's key strategies over the next few years. The grants were made on March 6, 2018, the first day of the open trading window following Committee approval, and vest in four equal annual installments.

2016 Performance Share Units Did Not Pay Out

Performance share units for the 2016 – 2018 fiscal year performance cycle were granted based on the vesting schedule below. At the end of the performance cycle, our TSR did not meet the minimum threshold of greater than the 50th percentile of the Standard & Poor's 500, which is required for payout. As a result, none of these performance share units vested.

Required Percentile Rank for Vesting	% of Granted Performance Share Units Paid Out at Vesting
>90th	175
>80th	150
>75th	125
>65th	100
>50th	75
≤50th	—

2017 Performance Share Units are Still in Process

The 3-year performance cycle for the 2017 performance share units runs from January 29, 2017 through February 1, 2020. The vesting schedule for the 2017 performance share unit grant is shown below. The peer group for this grant consists of companies in the Standard & Poor's 500 as of the first day of the performance cycle.

Required Percentile Rank for Vesting	% of Granted Performance Share Units Paid Out at Vesting

>85th	175
>75th	150
>65th	125
>55th	100
>40th	50
≤40th	—

Back to Contents

Stock Ownership Guidelines Align Executives and Shareholders

Ownership of Common Stock by our Named Executive Officers and other executive officers is encouraged by management and the Board and our stock ownership guidelines were formally established in 2004. Ownership shares are made up of all forms of Common Stock, as well as vested performance share units that are deferred and unvested restricted stock units. Ownership shares do not include unvested or vested stock options, unvested performance share units or pledged shares.

The Named Executive Officers and other Executive Officers have an annual share target defined as base salary on each April 1st multiplied by their ownership multiple of base salary divided by a 52-week average closing stock price. The ownership multiples of base salary depend on the executive's role in the Company and are as shown in the following table for the Named Executive Officers. The Committee has assigned these particular multiples to match or exceed market practice, and to represent a significant portion of the overall compensation package to reinforce the alignment of management's decision-making with shareholder interests. Executives new to the Company have five years to achieve their ownership target.

Position	Multiple of Base Salary Used to Establish Ownership Target
Co-President	10x
Chief Financial Officer	4x
Chief Digital Officer and President, Nordstrom.com	3x
Chief Human Resources Officer	3x

Under our guidelines, Named Executive Officers and other Executive Officers are required to conduct any open market transactions in Common Stock only in accordance with an SEC Rule 10b5-1 trading plan. These plans predetermine the timing, number of shares and price at which an Executive Officer may buy or sell Company shares. The Executive Officers must also achieve and retain a minimum holding of 100% of their ownership targets before they may sell Company shares in the market.

The Committee regularly reviews stock ownership status for the Named Executive Officers. All of the Named Executive Officers have exceeded their ownership targets.

Benefits

The Company offers the Named Executive Officers a comprehensive program of broad-based, leadership and retirement benefits. Their purpose varies by benefit, but in general enhances total compensation with meaningful and competitive offerings that support healthy lifestyles and contribute to financial security. These benefits are regularly reviewed for consistency with our pay and benefits philosophy, organizational culture and market practices. Additional information on 2018 benefits is provided as noted below.

	Benefit	Where to Learn More
Broad-Based	Company contribution to medical, dental and vision coverage; short- and long-term disability; life insurance; adoption assistance; and employee referral assistance. Employee access to accident insurance; health savings account and flexible spending accounts. Employee Stock Purchase Plan. Merchandise discount. Paid time off.	For merchandise discount, see All Other Compensation in Fiscal Year 2018, footnote (a) on page 44.
Leadership	Salary continuance; long-term disability coverage; life insurance	For long-term disability and life insurance, see All Other Compensation in Fiscal Year 2018, footnote (d) on page 45.
	Deferred Compensation Plan; Company match and discretionary profit-based match for eligible participants	See Nonqualified Deferred Compensation beginning on page 53 and All Other Compensation in Fiscal Year 2018, footnote (c) on page 44.
	Leadership Separation Plan	See Potential Payments Upon Termination or Change in Control

		at Fiscal Year-End 2018, footnote (e) on page 59.
	401(k) match and discretionary profit-based match	See All Other Compensation in Fiscal Year 2018, footnote (b) on page 44.
Retirement	Retiree health care (closed to new entrants in 2013)	See Potential Payments Upon Termination or Change in Control at Fiscal Year-End 2018, footnote (d) on page 59.
	Supplemental Executive Retirement Plan (closed to new entrants in 2012; annual benefit capped for current participants)	See Pension Benefits beginning on page 51.

Back to Contents

Changes for 2019

Each year, the Committee reviews the design of our total compensation elements and makes changes as needed to improve alignment with our pay and benefits philosophy. In consideration of recommendations made by the Committee's compensation consultant, the following changes were made for fiscal year 2019:

Base Salary

- Anne Bramman and Christine Deputy each received increases of approximately 3%, effective April 1, 2019, to maintain their relative market competitiveness.
- Erik Nordstrom, Peter Nordstrom and Kenneth Worzel's base salaries remained unchanged.

Performance-Based Annual Cash Bonus

Anne Bramman's target bonus opportunity as a percent of base salary increased from 90% to 100% to maintain relative market competitiveness for the Chief Financial Officer role.

Long-Term Incentives

- The 2019 annual equity grant mix for the Co-Presidents was changed to 60% performance-based equity and 40% stock options. This mix is closely aligned with the Company's pay for performance philosophy. The 2019 annual grant mix for the other Named Executive Officers was changed to 60% performance-based equity and 40% restricted stock units. This mix provides a balance of the key retention and performance objectives of the long-term incentive plan. Performance-based equity was reintroduced into the annual grant mix to support the Company's communicated forward-looking strategy. Free cash flow growth and EBIT margin percent are the core measures for the performance-based equity with market share serving as a payout modifier. The Committee believes that these measures reflect the Company's key areas of strategic focus over the next three years. Two-thirds of the performance-based equity grant for 2019 has a three-year performance period. The remaining one-third of the performance-based equity grant for 2019 has a one-year performance period for the core measures and a three-year performance period for the market share modifier.
- Anne Bramman's target equity grant value as a percent of base salary increased from 175% to 200% to maintain relative market competitiveness for the Chief Financial Officer role.

One-Time Option Grant

In February 2019, the Committee approved a one-time stock option award to key leadership to recognize the critical and important role that the executives will play in executing the Company's communicated forward-looking strategy and delivering results to shareholders over the next few years. Anne Bramman, Kenneth Worzel and Christine Deputy received this award, representing options to purchase 123,554, 159,425 and 69,947 shares, respectively. The stock option award was granted on March 5, 2019, the first business day of the open trading window following the Committee's approval of the grant. The stock options will vest over four years, with 50% vesting at the end of year three and 50% vesting at the end of year four.

Additional Information

Compensation Risk Assessment Supports Integrity of the Pay Program

The Committee oversees an extensive review of the Company's pay-for-performance philosophy, the composition and balance of elements in the compensation package and the alignment of plans with shareholder interests to ensure these practices do not pose a material adverse risk to the organization. The review is conducted every other year as underlying programs and practices are generally consistent over time. The last review, for fiscal year 2018, concluded with the following perspectives:

- The goals of the Company's compensation programs are to attract and retain the best talent and to motivate and reward our people in ways that are aligned with the long-term interests of our shareholders. This has been a long-standing objective of our pay-for-performance philosophy. We believe that the strong alignment of our employee compensation plans with performance has served our stakeholders, and in particular, our shareholders, well. The strength of this alignment is regularly reviewed and monitored by the Committee.
- As a leading fashion retailer, the Company's compensation-related risks are generally more straightforward than some other business sectors. We have systems in place to identify, monitor and control risks, making it difficult for a single individual or a group of individuals to expose the Company to material compensation risk.
-

Our compensation program rewards both short- and long-term performance. Performance measures are predominantly team-oriented rather than individually focused and tied to measurable factors that are both transparent to shareholders and drivers of their shareholder return.

- The compensation program balances the importance of achieving critical short-term objectives with a focus on realizing strategic long-term priorities. Strong stock ownership guidelines are in place for Company leaders, and mechanisms, such as an executive clawback policy, exist to address inappropriate rewards.

Back to Contents

- The Committee is actively engaged in establishing compensation plans, monitoring these plans during the year and using discretion in making rewards, as necessary.
- The Company has active and engaged oversight systems in place. The Audit and Finance Committee and the full Board closely monitor and certify the performance that drives employee rewards through detailed and transparent financial reporting, which is in place to provide strong, timely insight into the performance of the Company.

Based on this review, the Committee believes that the Company's compensation plans do not encourage risk taking that is reasonably likely to have a material adverse effect on the Company.

Executive Compensation Clawback Policy Applies to Performance-Based Pay

In February 2008, the Board adopted a formal executive compensation clawback policy that applies to any performance-based bonus, equity, equity equivalent or other incentive compensation awarded to an Executive Officer, beginning in that fiscal year. Under that policy, in the event of a material restatement of the Company's financial results, the Board will review the circumstances that caused the restatement and consider accountability to determine whether an Executive Officer was negligent or engaged in misconduct. If so, and if the amount or vesting of an award would have been less had the financial statements been correct, the Board will seek to recover compensation from the Executive Officer as it deems appropriate. This policy is in addition to any requirements which might be imposed pursuant to applicable law.

Termination and Change in Control Provisions are Committee-Directed

Under our Leadership Separation Plan, eligible Company leaders, including certain Named Executive Officers, are entitled to receive severance benefits upon involuntary termination of employment by the Company, due to job elimination, to assist in the transition from active employment. Erik Nordstrom and Peter Nordstrom are not eligible for separation benefits under the Plan. Separation benefits are described in the Potential Payments Upon Termination or Change in Control section on page 59.

As described in the same section, the Named Executive Officers are generally not entitled to any payment or accelerated benefit in connection with a change in control of the Company. However, the Named Executive Officers are entitled to accelerated vesting of equity if they experience a qualifying termination (termination by the Company without cause or termination by the executive for good reason) within 12 months following a change in control, unless the Committee acts to prevent such acceleration.

Tax and Accounting Considerations Underlie the Compensation Elements

The Committee recognizes the tax and regulatory factors that can influence the structure of executive compensation programs, including:

- Section 162(m) of the Internal Revenue Code ("IRC"), which generally disallows a tax deduction to public companies for annual compensation over $1 million paid to their Named Executive Officers. Prior to the enactment of corporate tax reform in 2017 (the "Tax Act"), the IRC generally excluded from the calculation of the $1 million limit compensation that was based on the attainment of pre-established, objective performance goals established under a shareholder-approved plan. The exclusion for performance-based compensation was repealed by the Tax Act, effective for taxable years beginning after December 31, 2017, such that compensation paid to our Named Executive Officers in excess of $1 million is not deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017. The Tax Act also expanded the category of covered officers for purposes of the limitations of Section 162(m). Following passage of the Tax Act, the Committee anticipates that compensation paid to the Company's Named Executive Officers in excess of $1 million will not be deductible by the Company.
- Financial Accounting Standards Board ("FASB") Accounting Standards Codification 718, Stock Compensation ("ASC 718"), where stock options, performance share units and restricted stock units are accounted for based on their grant date fair value (see the notes to the financial statements contained within the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2019, filed with the SEC). The Committee regularly considers the accounting implications of our equity-based awards.
- Section 409A of the IRC, the limitations of which primarily relate to the deferral and payment of benefits under the Nordstrom Deferred Compensation Plan and Supplemental Executive Retirement Plan. The Committee continues to consider the impact of Section 409A and in general, the evolving tax and regulatory landscape in which its

compensation decisions are made.

Back to Contents

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this Proxy Statement. The Committee believes the Compensation Discussion and Analysis represents the intent and actions of the Committee with regard to executive compensation and has recommended to the Board that it be included in this Proxy Statement for filing with the SEC.

Compensation Committee
Tanya L. Domier, Chair
Glenda G. McNeal
Philip G. Satre
Brad D. Smith
Gordon A. Smith

Back to Contents

Summary Compensation Table

The following table summarizes the total compensation paid or accrued by the Company for services provided by the Named Executive Officers for fiscal years ended February 2, 2019, February 3, 2018 and January 28, 2017.

Name and Principal Position	Fiscal Year	Salary ($)(a)	Bonus ($)(b)	Stock Awards ($)(c)	Option Awards ($)(d)	Non-Equity Incentive Plan Compensation ($)(e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(f)	All Other Compensation ($)(g)	Total ($)
Erik B. Nordstrom	2018	756,393	—	2,654,705	—	963,144	—	77,504	4,451,746
Co-President	2017	771,142	—	1,760,169	616,272	1,431,290	988,659	50,395	5,617,927
	2016	751,152	—	1,630,746	1,437,210	1,213,601	721,831	46,222	5,800,762
Anne L. Bramman	2018	768,889	150,000	3,562,483	—	645,066	—	38,716	5,165,154
Chief Financial	2017	504,173	—	749,965	—	430,384	—	316,516	2,001,038
Officer	2016	—	—	—	—	—	—	—	—
Peter E. Nordstrom	2018	756,393	—	2,654,705	—	963,144	—	59,386	4,433,628
Co-President	2017	771,142	—	1,760,169	616,272	1,431,290	1,030,787	40,774	5,650,434
	2016	751,152	—	1,630,746	1,437,210	1,213,601	758,249	47,811	5,838,769
Kenneth J. Worzel	2018	786,875	—	3,562,483	—	835,167	754,441	45,813	5,984,779
Chief Digital Officer and	2017	762,500	—	749,703	262,497	574,620	725,676	32,380	3,107,376
President, Nordstrom.com	2016	657,417	—	1,742,820	907,475	424,932	412,356	35,880	4,180,880
Christine F. Deputy	2018	604,587	—	2,551,421	—	432,819	—	86,153	3,674,980
Chief Human	2017	—	—	—	—	—	—	—	—
Resources Officer	2016	—	—	—	—	—	—	—	—
Blake W. Nordstrom	2018	791,274	82,026	2,654,705	—	881,118	—	66,907	4,476,030
Former Co-President	2017	771,142	—	1,760,169	616,272	1,431,290	998,647	57,181	5,634,701
	2016	751,152	—	1,630,746	1,437,210	1,213,601	748,859	49,711	5,831,279

(a) Salary

The amounts shown represent base salary earned during the fiscal year. The numbers shown for all fiscal years vary somewhat from annual base salaries due to the fact that our fiscal year ends on the Saturday nearest to January 31st and salary increases are effective April 1st of each year. Also, as a result of our 4-5-4 retail reporting calendar, fiscal year 2017 included an extra week (the "53rd week"). The 2018 base salaries for the Named Executive Officers were $758,500 each for Erik Nordstrom, Peter Nordstrom and Blake Nordstrom, $775,000 for Anne Bramman and $585,000 for Christine Deputy. Kenneth Worzel's base salary increased from $775,000 to $800,000 effective May 14, 2018, when he assumed additional responsibilities as Chief Digital Officer. The amount shown for Blake Nordstrom reflects a prorated amount based on his separation from service on January 2, 2019 and includes the payout of his accrued vacation pay. Christine Deputy was not a Named Executive Officer in fiscal years 2016 or 2017 so no

amounts are shown for those years.
Kenneth Worzel and Christine Deputy elected to defer $25,000 and $30,800, respectively, of their base salaries earned during calendar year 2018 into the Nordstrom Deferred Compensation Plan (“NDCP”). Anne Bramman and Christine Deputy elected to defer 8% and $32,000, respectively, of their base salaries earned during calendar year 2019 into the NDCP. Due to the timing of our fiscal year ends, $2,695, $23,913, and $30,852, were attributed to fiscal year 2018 deferrals for Anne Bramman, Kenneth Worzel, and Christine Deputy, respectively, as reported in the Fiscal Year 2018 Nonqualified Deferred Compensation Plan Table on page 53.
Each of the Named Executive Officers contributed a portion of their base salary earned during fiscal year 2018 to the 401(k) Plan.
(b) Bonus
The amounts reported reflect discretionary bonuses approved by the Compensation Committee. In March 2018, the Committee determined to award Anne Bramman a one-time cash payment in recognition of her service since joining the Company in June 2017 as Chief Financial Officer. In February 2019, the Committee approved a discretionary bonus for Blake Nordstrom so that the sum of his performance-based bonus and this discretionary award equaled what his performance-based bonus would have been had he been an active employee on the last day of the fiscal year.

Back to Contents

(c) Stock Awards
The amounts reported reflect the grant date fair value of restricted stock units and performance share units granted during the fiscal year under the 2010 Equity Incentive Plan. The amounts reported are not the value actually received. The value the Named Executive Officers will ultimately receive from their performance share units will depend on whether the performance requirements are met and the market price of Common Stock at the end of the performance cycle. The amounts reported were calculated in accordance with FASB Accounting Standards Codification 718, Stock Compensation ("ASC 718") and reflect the probable outcome with respect to satisfaction of performance conditions at the date of grant. The payout could be as low as zero depending on performance over the relevant period, and the value of any payout will depend on stock price at the time of payout. No amounts are reported for fiscal year 2018 as the Company did not award performance share units during the fiscal year.
The value the Named Executive Officers may receive from their restricted stock units will depend on whether the time-based vesting requirement is met and the market price of Common Stock on the vesting date. The amounts reported were calculated in accordance with ASC 718. See column (c) of the Grants of Plan-Based Awards in Fiscal Year 2018 table on page 46 for the number of restricted stock units granted in fiscal year 2018.
(d) Option Awards
The amounts reported reflect the grant date fair value of stock options granted during the fiscal year under the 2010 Equity Incentive Plan. This is not the value received. The Named Executive Officers will only realize value from stock options if the market price of Common Stock is higher than the exercise price of the options at the time of exercise. The amounts reported were calculated in accordance with ASC 718. No amounts are reported for fiscal year 2018 as the Company did not grant stock options during the fiscal year.
Assumptions used in the calculation of these amounts are included in the notes to the financial statements contained within the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2019, filed with the SEC.
(e) Non-Equity Incentive Plan Compensation
The amounts reported reflect the annual performance-based cash awards under the Executive Management Bonus Plan, as described beginning on page 35. The amounts of the cash awards for fiscal year 2018, approved by the Compensation Committee on February 26, 2019, were paid in March 2019. Kenneth Worzel elected to defer $50,000 of his cash award for fiscal year 2018 into the NDCP.
(f) Change in Pension Value and Nonqualified Deferred Compensation Earnings
The amounts reported are the changes in actuarial present value from fiscal year-end 2017 to fiscal year-end 2018 for each of the eligible Named Executive Officer's benefit under the Supplemental Executive Retirement Plan ("SERP"). The present value of the benefit is affected by current earnings, credited years of service, the executive's age and time until normal retirement eligibility, the age of the executive's spouse or life partner as the potential beneficiary and economic assumptions (discount rate and mortality table used to determine the present value of the benefit).
The present value of Erik Nordstrom's and Peter Nordstrom's benefits decreased from last year by $135,088 and $122,708, respectively. The decreases were primarily the result of an increase in the discount rate used to determine the present value of the benefit. The interest rate used is the same as the discount rate used for financial reporting purposes for the SERP which changed from 3.95% to 4.27%. Under SEC rules, decreases are not reported in the table so no amounts are shown. No amount is shown for Blake Nordstrom as he passed away before the end of the fiscal year, and accordingly did not have a pension benefit as of the end of the fiscal year. Amounts are not reported for Anne Bramman and Christine Deputy because the SERP was closed to new entrants prior to when they joined the Company. See the Pension Benefits section beginning on page 51 for more information about the SERP.
The amounts were calculated using the same discount rate and mortality table assumptions as those used in the Company's financial statements to calculate the Company's obligations under the SERP. Assumptions used in the calculation of these amounts are included in the notes to the financial statements contained within the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2019, filed with the SEC.
Anne Bramman, Kenneth Worzel and Christine Deputy had account balances in the Company's nonqualified deferred compensation plan in fiscal year 2018, as shown on page 53. They did not receive above-market-rate or preferential earnings on their deferred compensation, so no amounts for these types of earnings are included in the table.
(g) All Other Compensation

Each component of all other compensation paid to the Named Executive Officers is shown in the following table.

Back to Contents

All Other Compensation in Fiscal Year 2018

The table below shows each component of “All Other Compensation” for fiscal year 2018, reported in column (g) of the Summary Compensation Table on page 42, calculated at the aggregate incremental cost to the Company.

	Broad-Based Benefit	Broad-Based Retirement Benefit	Leadership Benefit		Other
Name	Merchandise Discount ($)(a)	401(k) Plan Company Match ($)(b)	NDCP Company Match ($)(c)	Premium on Insurance	