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Nordstrom, Inc. (JWN-US)**Multiline Retail**

- We reiterate our buy rating on JWN as innovative merchandising, good inventory management along with increasing operating efficiency continue to drive positive Business Performance trends.
- Business Performance continues to trend positive in a very challenging retail environment.
- JWN's will continue to expand its physical and online presence with the goal of reaching \$20 billion by 2020.
- JWN is positioning itself on being ahead of retail industry trends and customer preferences.
- JWN can continue to become a leading on the channel retailer by both full-service full price presence as well as off-price and online presence.
- JWN's strong financial position will continue to drive greater shareholder value creation.

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Company Note
Nordstrom, Inc. (JWN-US)
Multiline Retail

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Research Action:

Reiterate rating

Rating: Buy

Prior Rating: Buy

Price 04/07/2017: \$44.53

52 Week High / Low: \$62.82 / \$35.01

Key Data: (TTM as of Jan-17)

Excess Cash per Share: \$1.56

Annual Dividend: \$1.48

Dividend Yield: 3.32%

Ave. Volume (30 Day): 2.8M

Shares Outstanding: 166.9M

Float: 116.7M

Equity MV: \$7,429.9M

Sales TTM: \$14,758.0M

Beta: 1.71

EBITDAR: \$1,917.4M

NOPAT: \$554.0M

Total Invested Capital: \$5,867.4M

Return on Capital: 9.59%

Cost of Capital: 6.74%

Economic Profit: \$164.7M

Market Value Added: \$7,070.9M

Current Operations Value: \$8,310.6M

Future Growth Value: \$4,627.7M

- **We reiterate our buy rating on JWN as innovative merchandising, good inventory management along with increasing operating efficiency continue to drive positive Business Performance trends.** JWN continues to evolve into one of the leading omni-channel retailers with both physical stores and its increasing online presence supported by increasing investment in an advanced technology fulfillment platform. JWN's strong brand equity and incredible customer service coupled with its high-end designer offerings and exclusive products continue to set it apart from other retailers as it continues to perform well in a very challenging and ever-changing retail environment. We view JWN as the aspirational shopping experience and believe it will gain more market share in an improving economy. JWN's focus on customer experience and productivity along with its store base and growing online presence will continue to drive increasing Economic Profit and greater shareholder value creation. We believe that JWN will emerge as the leading luxury omni-channel retailer and believe significant upside in the shares still exists.
- **Business Performance continues to trend positive in a very challenging retail environment.** Y/Y revenue increased over 2% from \$14.44 billion to a record \$14.76 billion driven by successful merchandising initiatives and a 25% Y/Y increase in online sales. Online sales made up approximately \$3 billion of total revenue in 2016. We estimate total revenue will increase 3.6% to \$15.3 billion over the NTM with online revenue continuing to be the primary driver. Economic Operating Cash Flow (EBITDAR) increased 3.4% Y/Y from \$1.87 billion to \$1.93 billion even as JWN continues to invest in its digital infrastructure. JWN will spend approximately \$1.4 billion over the next few years on technology and supply chain which should drive greater return on capital over time. Net Operating Profit After Tax (NOPAT) declined slightly Y/Y from \$750 million-\$728 million. We estimate an increase of 5.7% to \$8.67 billion over the NTM. Return on Capital increased Y/Y from 11.9% to 12.7%. We forecast an increase to 13.1% over the NTM driven by improving operating efficiencies.

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- **JWN's will continue to expand its physical and online presence with the goal of reaching \$20 billion by 2020.** JWN's growth strategy includes high-level customer service and a differentiated product line bolstered by heavy investments in improving digital operations and supply chain efficiencies. JWN will continue to grow sales through both the expansion of Nordstrom Rack locations in both the US and Canada along with increasing investment in e-commerce, supply chain and marketing. After successfully opening several Nordstrom stores in Canada, JWN plans on rolling out Nordstrom Rack locations there as well. So far, the Canadian-based stores have led to a significant increase in online sales as well. JWN plans to have six Nordstrom stores and 15 Rack stores with total Canadian revenue reaching \$1 billion by 2020.
- **JWN is positioning itself on being ahead of retail industry trends and customer preferences.** JWN continues to focus on offering high level in-store service along with unique product offerings. JWN tends to not carry as much merchandise from manufacturers whose products are available across all retail locations and instead, will continue to focus on offering products from vendors offering JWN products exclusively to them as well as Nordstrom's own brands. JWN continues to invest capital in growing its multichannel service platform, improving its merchandise offering, further developing its IT infrastructure to enhance web and mobile shopping experiences. JWN continues to invest in renovating stores to create a more modern look and developing fulfillment centers to service a multichannel customer base. Further, JWN is more disciplined in its pricing and promotional strategy, which primarily consists of seasonal sales rather than ongoing or ad hoc markdowns, which has successfully enabled them to both grow revenue and maintain profitability while simultaneously maintaining customer loyalty.
- **JWN can is continue to become a leading on the channel retailer by both full-service full price presence as well as off-price and online presence.** JWN continues to differentiate itself as a retailer by both operating full price high-level service Nordstrom stores along with off-price retail through its rack and outlet stores and both full-service and value pricing online shopping through HauteLook.com and Trunk Club. HauteLook.com: Acquired by Nordstrom in 2011, is an online retailer sells high-end brand-name fashion forward and current trend footwear and apparel via a club membership platform with discounts up to 75% off retail prices sold through an event based process. Trunk Club: Acquired by Nordstrom's in 2014, is a personalized shopping service designed to provide personalized wardrobe recommendations both online and with nine club like store locations. For FY 2016, JWN's Nordstrom's U.S. stores made up 52.9% of revenue, Nordstrom Rack was 24.5%, online 15.9% and other retail 2.6%. As of the end of fiscal year 2016, JWN

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Nordstrom, Inc. (JWN-US)**Multiline Retail**

currently operates 349 stores in 40 states, including 123 full-line Nordstrom's stores in the U.S., Canada and Puerto Rico, 215 Rack outlets, 2 Jeffrey stores and 9 Trunk Club stores.

- **JWN's strong financial position will continue to drive greater shareholder value creation.** JWN generates average annual Economic Operating Cash Flow (EBITDAR) of close to \$2 billion per year. This is more than enough to fund growth initiatives and capital investment as well as dividend increases and share repurchases. JWN's current dividend yield of 3.3% is significantly above the current S&P 500 dividend yield of 2.2% JWN has increased its dividend an average of 9% over the past five years, and in 2015, paid a one-time special dividend of \$4.85 a share. From 2004 to 2015, JWN has repurchased over \$9 billion worth of stock. In February 2017, JWN announced an authorization to repurchase another \$500 million worth of shares. We believe the current yield along with dividend increases and share repurchases will continue to add to positive shareholder returns.

Investment Thesis

JWN continues to evolve into a leading omni-channel retailer offering both exclusive high-end physical full service stores with the emphasis on the customer shopping experience along with off-price physical stores paired with market-leading presence in online retail. JWN's plans to update its Nordstrom stores in tandem with its expansion plans for its off-price stores in conjunction with its online presence and unique online services including HauteLook and Trunk Club which will continue to drive growth. We believe shopping is very much a social experience and consumers want to see, feel and touch what they buy as well as being able to take home. As such a physical store presence will remain an important part of retail along with the convenience, efficiency and cost savings of shopping online. We believe JWN will emerge as one of the leading omni-channel retailers in a very difficult and ever-changing retail environment.

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Company Report – Research Update

Nordstrom, Inc. (JWN-US)

Multiline Retail

Financial Data

Report Basis	LTM	LTM	LTM	LTM	LTM	LTM	LTM	NTM	5 Yr	3 Yr	Current
Reported Period Ending	01/28/2012	02/02/2013	02/01/2014	01/31/2015	01/30/2016	01/28/2017	01/31/2018	Average	Average	Average	Trend
Net Sales Revenue	\$10,877.0	\$12,148.0	\$12,540.0	\$13,506.0	\$14,438.0	\$14,758.0	\$15,294.0	\$13,478.0	\$14,234.0	\$15,026.0	
Sales Growth	12.13%	11.69%	3.23%	7.70%	6.90%	2.22%	3.63%	6.35%	5.61%	2.92%	
Sales Growth Trend	12.26%	11.86%	6.61%	5.91%	7.22%	4.09%	3.07%	7.14%	5.74%	3.58%	
Operating Cash Flow (EBITDAR)	\$1,711.7	\$1,885.4	\$1,994.9	\$2,031.4	\$1,870.7	\$1,933.8	\$2,095.3	\$1,943.2	\$1,945.3	\$2,014.6	
EBITDAR Margin	15.74%	15.52%	15.91%	15.04%	12.96%	13.10%	13.70%	14.51%	13.70%	13.40%	
EBITDAR Growth	13.87%	10.15%	5.80%	1.83%	-7.91%	3.37%	8.35%	2.65%	-0.90%	5.86%	
Net Operating Profit Before Tax (NOPBT)	\$1,262.7	\$1,351.4	\$1,415.9	\$1,386.4	\$1,118.7	\$1,086.8	\$1,293.8	\$1,271.8	\$1,197.3	\$1,190.3	
NOPBT Margin	11.61%	11.12%	11.29%	10.27%	7.75%	7.36%	8.46%	9.56%	8.46%	7.91%	
NOPBT Growth	13.32%	7.03%	4.77%	-2.08%	-19.31%	-2.85%	19.04%	-2.49%	-8.08%	8.09%	
Cash Operating Income Tax	\$416.7	\$446.0	\$467.2	\$457.5	\$369.2	\$358.7	\$426.9	\$419.7	\$395.1	\$392.8	
Economic Tax Effective Rate	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	
Net Operating Profit After Tax (NOPAT)	\$846.0	\$905.5	\$948.6	\$928.9	\$749.6	\$728.2	\$866.8	\$852.1	\$802.2	\$797.5	
NOPAT Margin	7.78%	7.45%	7.56%	6.88%	5.19%	4.93%	5.67%	6.40%	5.67%	5.30%	
NOPAT Growth	13.32%	7.03%	4.77%	-2.08%	-19.31%	-2.85%	19.04%	-2.49%	-8.08%	8.09%	
Cash & Equivalents	\$2,077.0	\$1,285.0	\$1,194.0	\$827.0	\$595.0	\$1,007.0	\$1,037.9	\$981.6	\$809.7	\$1,022.4	
Total Assets	\$8,491.0	\$8,089.0	\$8,574.0	\$9,245.0	\$7,698.0	\$7,858.0	\$8,098.9	\$8,292.8	\$8,267.0	\$7,978.4	
Non - Interest Bearing Liabilities (NIBLs)	\$2,419.0	\$2,555.0	\$2,853.0	\$3,258.0	\$3,606.0	\$3,603.0	\$3,713.5	\$3,175.0	\$3,489.0	\$3,658.2	
Net Assets	\$6,072.0	\$5,534.0	\$5,721.0	\$5,987.0	\$4,092.0	\$4,255.0	\$4,385.4	\$5,117.8	\$4,778.0	\$4,320.2	
Economic Asset Adjustments	\$708.9	\$1,243.1	\$1,190.4	\$1,348.5	\$1,976.8	\$1,993.2	\$2,054.3	\$1,550.4	\$1,772.8	\$2,023.7	
Net Operating Assets	\$6,780.9	\$6,777.1	\$6,911.4	\$7,335.5	\$6,068.8	\$6,248.2	\$6,439.7	\$6,668.2	\$6,550.8	\$6,343.9	
Debt & Debt Equivalents	\$4,669.9	\$4,741.1	\$4,977.4	\$5,191.5	\$5,321.8	\$5,434.2	\$5,600.8	\$5,133.2	\$5,315.8	\$5,517.5	
Equity & Equivalents	\$1,956.0	\$1,913.0	\$2,080.0	\$2,440.0	\$871.0	\$870.0	\$896.7	\$1,634.8	\$1,393.7	\$883.3	
Total Capital - Financing Sources	\$6,625.9	\$6,654.1	\$7,057.4	\$7,631.5	\$6,192.8	\$6,304.2	\$6,497.4	\$6,768.0	\$6,709.5	\$6,400.8	
Capital Adjustments	(\$233.0)	(\$281.0)	(\$541.0)	(\$712.0)	(\$540.0)	(\$511.0)	(\$526.7)	(\$517.0)	(\$587.7)	(\$518.8)	
Net Capital Financing Sources	\$6,392.9	\$6,373.1	\$6,516.4	\$6,919.5	\$5,652.8	\$5,793.2	\$5,970.8	\$6,251.0	\$6,121.8	\$5,882.0	
Net Working Capital	\$2,541.9	\$2,759.4	\$2,735.0	\$2,771.3	\$656.9	\$565.9	\$583.2	\$1,897.7	\$1,331.4	\$574.6	
Cost of Net Working Capital	\$196.2	\$153.1	\$225.7	\$215.6	\$119.3	\$44.2	\$45.6	\$151.6	\$126.4	\$44.9	
% of Revenue	1.80%	1.26%	1.80%	1.60%	0.83%	0.30%	0.30%	1.16%	0.91%	0.30%	
Operational Capital	\$5,779.8	\$6,676.5	\$6,994.4	\$7,576.8	\$6,309.7	\$6,413.1	\$6,609.7	\$6,794.1	\$6,766.5	\$6,511.4	
Cost of Operational Capital	\$436.5	\$359.7	\$561.7	\$570.6	\$483.1	\$460.4	\$474.5	\$487.1	\$504.7	\$467.4	
% of Revenue	4.01%	2.96%	4.48%	4.22%	3.35%	3.12%	3.10%	3.63%	3.56%	3.11%	
Productive Capital	\$5,954.8	\$6,851.5	\$7,169.4	\$8,446.8	\$6,744.7	\$6,651.1	\$6,855.0	\$7,172.7	\$7,280.9	\$6,753.0	
Cost of Productive Capital	\$445.3	\$369.8	\$576.1	\$611.5	\$528.4	\$484.7	\$499.6	\$514.1	\$541.6	\$492.2	
% of Revenue	4.09%	3.04%	4.59%	4.53%	3.66%	3.28%	3.27%	3.82%	3.82%	3.28%	
Total Operating Capital	\$5,247.8	\$6,099.5	\$6,344.4	\$7,618.8	\$6,195.7	\$5,979.1	\$6,162.4	\$6,447.5	\$6,597.9	\$6,070.7	
Cost of Total Operating Capital	\$390.1	\$327.7	\$511.3	\$546.8	\$480.5	\$440.5	\$454.0	\$461.4	\$489.3	\$447.3	
% of Revenue	3.59%	2.70%	4.08%	4.05%	3.33%	2.99%	2.97%	3.43%	3.45%	2.98%	
Non - Operating Capital	\$1,533.2	\$677.6	\$567.0	\$151.7	(\$126.9)	\$269.1	\$277.3	\$307.7	\$98.0	\$273.2	
Cost of Non - Operating Capital	\$98.2	\$63.8	\$51.1	\$28.1	\$0.9	\$5.1	\$5.3	\$29.8	\$11.4	\$5.2	
% of Revenue	0.90%	0.53%	0.41%	0.21%	0.01%	0.03%	0.03%	0.24%	0.08%	0.03%	
Total Capital	\$6,780.9	\$6,777.1	\$6,911.4	\$7,770.5	\$6,068.8	\$6,248.2	\$6,439.7	\$6,755.2	\$6,695.8	\$6,343.9	
Cost of Total Capital	\$488.4	\$391.6	\$562.4	\$574.9	\$481.4	\$445.7	\$459.3	\$491.2	\$500.7	\$452.5	
% of Revenue	4.49%	3.22%	4.48%	4.26%	3.33%	3.02%	3.00%	3.66%	3.54%	3.01%	
Cost of Capital (WACC)	7.69%	5.78%	8.22%	7.83%	6.96%	7.24%	7.24%	7.20%	7.34%	7.24%	
Capital Structure											
Debt & Debt Equivalents	\$4,669.9	\$4,741.1	\$4,977.4	\$5,191.5	\$5,321.8	\$5,434.2	\$5,600.8	\$5,133.2	\$5,315.8	\$5,517.5	
Debt & Debt Equivalents % of Market Value	31.47%	30.06%	30.94%	26.37%	37.09%	42.26%	42.26%	32.59%	34.01%	42.26%	
Preferred Equity	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Preferred Equity % of Market Value	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Market Value of Common Equity	\$10,167.5	\$11,029.2	\$11,108.4	\$14,496.7	\$9,027.9	\$7,424.2	\$7,651.8	\$10,617.3	\$10,316.3	\$7,538.0	
Common Equity % of Market Value	68.53%	69.94%	69.06%	73.63%	62.91%	57.74%	57.74%	67.41%	65.99%	57.74%	
Total Economic Market Value (MV)	\$14,837.5	\$15,770.2	\$16,085.8	\$19,688.1	\$14,349.7	\$12,858.4	\$13,252.6	\$15,750.5	\$15,632.1	\$13,055.5	
Total %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Excess Cash	\$1,533.2	\$677.6	\$567.0	\$151.7	(\$126.9)	\$269.1	\$277.3	\$307.7	\$98.0	\$273.2	
Economic Enterprise Value	\$13,304.3	\$15,092.6	\$15,518.8	\$19,536.4	\$14,476.6	\$12,589.3	\$12,975.2	\$15,442.8	\$15,534.1	\$12,782.3	
Average Capital	\$5,967.7	\$6,383.0	\$6,444.7	\$6,717.9	\$6,286.1	\$5,723.0	\$5,882.0	\$6,311.0	\$6,242.4	\$5,802.5	
Capital Δ	\$850.4	(\$19.9)	\$143.3	\$403.1	(\$1,266.7)	\$140.3	\$177.6	(\$120.0)	(\$241.1)	\$159.0	

Source: Company Data, Financial statements and Tigress Research

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Nordstrom, Inc. (JWN-US)

Multiline Retail

Report Basis	LTM	LTM	LTM	LTM	LTM	LTM	LTM	NTM	5 Yr	3 Yr	Current
Reported Period Ending	01/28/2012	02/02/2013	02/01/2014	01/31/2015	01/30/2016	01/28/2017	01/31/2018	Average	Average	Trend	
Return on Market Value (NOPAT / MV)	5.70%	5.74%	5.90%	4.72%	5.22%	5.66%	5.84%	5.45%	5.20%	5.75%	
Return on Enterprise Value (NOPAT / EV)	6.36%	6.00%	6.11%	4.75%	5.18%	5.78%	5.96%	5.57%	5.24%	5.87%	
Return on Capital (NOPAT / Average Capital)	14.18%	14.19%	14.72%	13.83%	11.92%	12.72%	13.11%	13.48%	12.82%	12.92%	
Cost of Capital (WACC)	7.69%	5.78%	8.22%	7.83%	6.96%	7.24%	7.24%	7.20%	7.34%	7.24%	
Economic Return Spread	6.48%	8.41%	6.50%	6.00%	4.97%	5.49%	5.65%	6.27%	5.48%	5.57%	
Capital Charge	\$459.0	\$368.7	\$529.6	\$526.1	\$437.3	\$414.2	\$426.9	\$455.2	\$459.2	\$420.5	
Economic Profit (EP)	\$387.0	\$536.8	\$419.1	\$402.7	\$312.2	\$314.0	\$323.6	\$397.0	\$343.0	\$318.8	
Economic Profit Improvement (EPI)	\$101.1	\$149.8	(\$117.7)	(\$16.3)	(\$90.5)	\$1.8	\$9.6	(\$14.6)	(\$35.0)	\$5.7	
EP Growth	35.37%	38.70%	-21.93%	-3.89%	-22.48%	0.57%	3.07%	-1.81%	-8.60%	1.82%	
Economic Profit Margin on Sales	3.56%	4.42%	3.34%	2.98%	2.16%	2.13%	2.12%	3.01%	2.42%	2.12%	
Economic Profit Per Share	\$1.81	\$2.64	\$2.15	\$2.12	\$1.68	\$1.87	\$1.87	\$2.08	\$1.87	\$1.84	
GAAP Earnings Per Share	\$3.20	\$3.64	\$3.78	\$3.79	\$3.22	\$2.04	\$2.95	\$3.29	\$3.02	\$2.50	
Excess Cash Per Share	\$7.36	\$3.41	\$2.94	\$0.80	(\$0.71)	\$1.56	\$1.61	\$1.60	\$0.55	\$1.58	
Performance Drivers											
Sales Growth	12.13%	11.69%	3.23%	7.70%	6.90%	2.22%	3.63%	6.35%	5.61%	2.92%	
Sales Growth Trend (ROC Sales Growth)	12.26%	11.86%	6.61%	5.91%	7.22%	4.09%	3.07%	7.14%	5.74%	3.58%	
EBITDAR Margin	15.74%	15.52%	15.91%	15.04%	12.96%	13.10%	13.70%	14.51%	13.70%	13.40%	
EBITDAR Growth	13.87%	10.15%	5.80%	1.83%	-7.91%	3.37%	8.35%	2.65%	-0.90%	5.86%	
NOPBT Margin	11.61%	11.12%	11.29%	10.27%	7.75%	7.36%	8.46%	9.56%	8.46%	7.91%	
NOPBT Growth	13.32%	7.03%	4.77%	-2.08%	-19.31%	-2.85%	19.04%	-2.49%	-8.08%	8.09%	
NOPAT Margin	7.78%	7.45%	7.56%	6.88%	5.19%	4.93%	5.67%	6.40%	5.67%	5.30%	
NOPAT Growth	13.32%	7.03%	4.77%	-2.08%	-19.31%	-2.85%	19.04%	-2.49%	-8.08%	8.09%	
Economic Profit Margin on Sales (EP / Sales)	3.56%	4.42%	3.34%	2.98%	2.16%	2.13%	2.12%	3.01%	2.42%	2.12%	
Economic Profit Growth	35.37%	38.70%	-21.93%	-3.89%	-22.48%	0.57%	3.07%	-1.81%	-8.60%	1.82%	
Economic Return Spread (ROC-WACC)	6.48%	8.41%	6.50%	6.00%	4.97%	5.49%	5.88%	6.27%	5.48%	5.68%	
Economic Return Ratio (ROC / WACC)	184.31%	245.59%	179.13%	176.55%	171.39%	175.81%	181.20%	189.69%	174.58%	178.51%	
Economic Profit Momentum (ΔEP/Capital)	1.58%	2.35%	-1.81%	-0.24%	-1.60%	0.03%	0.16%	-0.25%	-0.25%	0.10%	
Economic Profit Momentum Margin (ΔEP/Sales)	0.93%	1.23%	-0.94%	-0.12%	-0.63%	0.01%	0.06%	-0.09%	-0.25%	0.04%	
Capital Growth	15.34%	-0.31%	2.25%	6.19%	-18.31%	2.48%	3.07%	-1.54%	-3.21%	2.77%	
Capital Turns	1.70X	1.91X	1.92X	1.95X	2.55X	2.55X	2.56X	2.18X	2.35X	2.55X	
EVC Acceleration Margin	1.04%	1.38%	-0.97%	-0.13%	-0.67%	0.01%	0.07%	-0.10%	-0.26%	0.04%	
EVC Acceleration Spread	1.96%	2.51%	-1.84%	-0.25%	-1.35%	0.03%	0.17%	-0.25%	-0.55%	0.09%	
Risk Factors											
Free Cash Flow (NOPAT - Δ Capital)	(\$4.4)	\$925.3	\$805.3	\$525.8	\$2,016.2	\$587.8	\$689.2	\$972.1	\$1,043.3	\$638.5	
Free Cash Flow Rate (FCF / Capital)	-0.07%	14.52%	12.36%	7.60%	35.67%	10.15%	11.54%	16.06%	17.80%	10.85%	
Free Cash Flow Yield (FCF / MV)	-0.03%	5.87%	5.01%	2.67%	14.05%	4.57%	5.20%	6.43%	7.10%	4.89%	
Total Debt / Total Capital	73.05%	74.39%	76.38%	75.03%	94.14%	93.80%	93.80%	82.75%	87.66%	93.80%	
Total Debt / EBITDAR	272.82%	251.46%	249.51%	255.56%	284.48%	281.01%	267.30%	264.40%	273.68%	274.15%	
Excess Cash	\$1,533.2	\$677.6	\$567.0	\$151.7	(\$126.9)	\$269.1	\$0.0	\$307.7	\$98.0	\$134.6	
Financial Leverage ((Total Debt - Excess Cash) / Pension Leverage (Net Pension Liability / MV))	21.14%	25.77%	27.42%	25.60%	37.97%	40.17%	42.26%	31.38%	34.58%	41.22%	
Equity Risk Index (S&P 500 = 1.00)	1.71	1.71	1.72	1.72	1.73	1.77	1.77	1.73	1.74	1.77	
Stock Price Volatility	4.77	3.80	2.44	2.57	3.61	5.20	5.20	3.52	3.79	5.20	
Sales Index (NL Sales)	9.29	9.40	9.44	9.51	9.58	9.60	9.64	9.51	9.56	9.62	
Market Value Index (NL Market Value)	9.60	9.67	9.69	9.89	9.57	9.46	9.49	9.65	9.64	9.48	
Size Index (NL Sales: MV)	9.45	9.54	9.56	9.70	9.57	9.53	9.56	9.58	9.60	9.55	
Beta	2.06	2.06	2.08	2.08	2.09	2.15	2.15	2.09	2.11	2.15	
TFP Adjusted Beta	1.71	1.71	1.72	1.72	1.73	1.77	1.77	1.73	1.74	1.77	
Stock Price Volatility	4.77	3.80	2.44	2.57	3.61	5.20	5.20	3.52	3.79	5.20	
Valuation Measures											
Total Economic Market Value (MV)	\$14,837.5	\$15,770.2	\$16,085.8	\$19,688.1	\$14,349.7	\$12,858.4	\$13,252.6	\$15,750.5	\$15,632.1	\$13,055.5	
Economic Enterprise Value	\$13,304.3	\$15,092.6	\$15,518.8	\$19,536.4	\$14,476.6	\$12,589.3	\$12,975.2	\$15,442.8	\$15,534.1	\$12,782.3	
Equity Market Value	\$10,167.5	\$11,029.2	\$11,108.4	\$14,496.7	\$9,027.9	\$7,424.2	\$7,651.8	\$10,617.3	\$10,316.3	\$7,538.0	
Total Capital	\$6,780.9	\$6,777.1	\$6,911.4	\$7,770.5	\$6,068.8	\$6,248.2	\$6,439.7	\$6,755.2	\$6,695.8	\$6,343.9	
Market Value Created MVC (MV - Capital)	\$8,056.5	\$8,993.2	\$9,174.4	\$11,917.7	\$8,280.9	\$6,610.2	\$6,812.9	\$8,995.3	\$8,936.3	\$6,711.6	
MVC Margin (MVC / Sales)	74.07%	74.03%	73.16%	88.24%	57.36%	44.79%	44.55%	66.74%	62.78%	44.67%	
MVC Spread (MVC / Capital)	118.81%	132.70%	132.74%	153.37%	136.45%	105.79%	105.79%	133.16%	133.46%	105.79%	
Current EVC Value (EP / WACC)	\$5,031.5	\$9,293.0	\$5,099.8	\$5,142.4	\$4,487.8	\$4,338.9	\$4,471.9	\$5,510.4	\$4,671.6	\$4,405.4	
Current Operations Value COV	\$10,999.2	\$15,676.0	\$11,544.5	\$11,860.3	\$10,773.9	\$10,061.9	\$10,353.8	\$11,821.3	\$10,914.0	\$10,207.9	
Current Operations Value Per Share	\$51.52	\$77.22	\$59.35	\$62.42	\$57.83	\$58.09	\$54.67	\$62.41	\$59.58	\$56.30	
Future Growth Value (MVC - EVA Value)	\$3,838.3	\$94.3	\$4,541.2	\$7,827.8	\$3,575.8	\$2,796.5	\$2,898.7	\$3,929.1	\$4,718.1	\$2,847.6	
Future Growth Value Reliance (FGV / MV)	25.87%	0.60%	28.23%	39.76%	24.92%	21.75%	21.87%	24.95%	30.18%	21.81%	
Share Price	\$51.17	\$55.12	\$57.45	\$76.20	\$65.21	\$52.70	\$52.70	\$61.34	\$64.70	\$52.70	
Dividend Yield	1.80%	1.96%	2.09%	1.73%	2.27%	2.81%	2.81%	1.639%	5.49%	-18.55%	
Total Shareholder Return (TTM)	34.67%	9.68%	6.32%	34.37%	-12.15%	-16.38%	0.00%	16.39%	5.49%	-18.55%	
MV to IC Ratio	2.19X	2.33X	2.33X	2.53X	2.36X	2.06X	2.06X	2.33X	2.33X	2.06X	
EV / EBITDAR Multiple	7.77X	8.00X	7.78X	9.62X	7.74X	6.51X	6.19X	7.95X	7.99X	6.34X	
EV / NOPBIT Multiple	10.54X	11.17X	10.96X	14.09X	12.94X	11.58X	10.03X	12.14X	12.97X	10.74X	
EV / NOPAT Multiple	15.73X	16.67X	16.36X	21.03X	19.31X	17.29X	14.97X	18.12X	19.36X	16.03X	
EV / EP Multiple	34.38X	28.12X	37.03X	48.51X	46.37X	40.09X	40.09X	38.90X	45.29X	40.09X	
Future Growth Value (% of MV)	25.87%	0.60%	28.23%	39.76%	24.92%	21.75%	21.87%	24.95%	30.18%	21.81%	
Current Operations Value (% of MV)	74.13%	99.40%	71.77%	60.24%	75.08%	78.25%	78.13%	75.05%	69.82%	78.19%	
Market Value (COV + FGV %)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Basic Shares Outstanding	213.5	203.0	194.5	190.0	186.3	173.2	189.4	189.4	183.2	181.3	

Source: Company Data, Financial statements and Tigress Research

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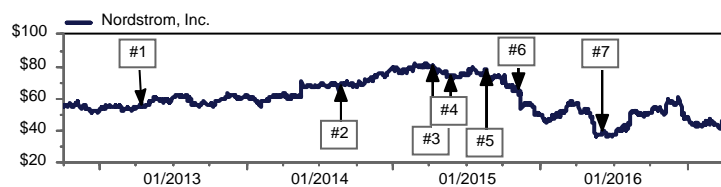
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Nordstrom, Inc. (JWN-US)
Multiline Retail
Ratings History

Nordstrom, Inc. (JWN-US)				
Item #	Date	Research Action	Rating	Price
#7	06/03/2016	Reiterate Rating	Buy	\$39.75
#6	11/16/2015	Reiterate Rating	Buy	\$54.73
#5	08/18/2015	Reiterate Rating	Buy	\$78.71
#4	05/20/2015	Reiterate Rating	Buy	\$74.71
#3	04/08/2015	Reiterate Rating	Buy	\$80.50
#2	08/21/2014	Reiterate Rating	Buy	\$68.93
#1	04/12/2013	Initiation of Coverage	Buy	\$56.82


Tigress Research Methodology Overview

We employ proprietary quantitative valuation models combined with dynamic fundamental analysis based on the principles of Economic Profit to formulate timely and insightful investment ratings, analysis, strategies and recommendations.

We make key adjustments to reported financial data eliminating GAAP-based accounting distortions and measuring all companies on a cash operating basis.

Our proprietary research framework is a multi-factor model that scores and ranks companies based on their risk-adjusted ability to create Economic Profit relative to their current market value focusing on three key components:

Business Performance: Measuring economic profitability, growth and operating efficiency.

Risk: Measuring business sustainability, volatility, strength and consistency.

Valuation: Linking business performance to market value. Measuring value created relative to capital employed and enterprise multiples of economic profit and cash flow.

We score and rank 24 key measurements of performance, risk and value into relative market and industry investment recommendations.

For more information on our research methodology, please review the *Tigress Investment Research Guide to Company Valuation and Analysis*.

Glossary of Key Terms and Measures

Excess Cash per Share: Excess Cash per Share is the amount of excess cash divided by basic shares outstanding. Excess Cash consists of all cash and short-term securities less operating cash needed to run the business. Operating Cash is 5% of TTM net sales revenue.

EBITDAR: Earnings Before Interest, Taxes, Depreciation, Amortization, and Restructuring and Rent Costs. This is especially important when comparing companies that use a significant amount of leased assets like restaurants and retailers.

NOPAT: Net Operating Profit after Tax. Represents a company's after-tax cash operating profit excluding financing costs.

Total Invested Capital: Total Invested Capital the total cash investment that shareholders and debt holders have made during the life of company.

Return on Capital: Return on Capital equals NOPAT divided by Total Invested Capital. It is a key measure of operating efficiency. ROC quantifies how well a company generates cash flow relative to the capital invested in its business.

Cost of Capital: Is the proportionately weighted cost of each category of capital – common equity, preferred equity and debt.

Economic Profit: Economic Profit is the net operating income after tax less the opportunity cost of the total capital invested. It is the most important driver of shareholder value.

Current Operations Value: Current Operations Value is the portion of market value based on the discounted present value of the current earnings stream assuming it remains constant forever.

Future Growth Value: Future Growth Value is the portion of market value based on un-earned Economic Profit

For more information on the key terms and measures, please review the *Tigress Investment Research Guide to Company Valuation and Analysis*.

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Rating:	Meaning:	Rating Distribution (04/07/2017)				
		Companies Under Coverage		Relationship Companies Under Coverage*		
		#	%	#	%	
Strong Buy:	Expect significant price gains in the price of the stock relative to its industry peer group and general market over the next 12 months.	16	15%	0	0	
Buy:	Expect out-performance for the price of the stock relative to its industry peer group and general market over the next 12 months.	51	45%	4	80%	
Neutral:	Expect little or no outperformance opportunity over the next 12 months.	40	35%	1	20%	
Underperform:	Expect underperformance for the price of the stock relative to its industry peer group and general market over the next 12 months.	6	5%	0	0	
Sell:	Expect price decline or significant relative market and industry underperformance over the next 12 months.	0	0%	0	0%	
Not Rated	No Current Research Rating	NA	NA	62	NA	
		Total	113	100%	67	100%

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Company:	Disclosure:
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Key	Disclosure:
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