

NORDSTROM

NORDSTROM COMPANY HISTORY

In 1887, John W. Nordstrom, at 16 years of age, left Sweden for the United States. He arrived in New York with \$5 in his pocket, unable to speak a word of English.

The young immigrant labored in mines and logging camps as he crossed the United States to California and Washington. In 1897, he headed north to Alaska and the Klondike in search of gold. Two years later he returned to Seattle with a \$13,000 stake, ready to settle down.

Carl F. Wallin, a Seattle shoemaker Nordstrom had met in Alaska, offered him a partnership in a shoe store. In 1901, they opened their first store, Wallin & Nordstrom, on Fourth and Pike in Seattle. John W. believed success would come only by offering customers the very best service, selection, quality and value. By remaining committed to that philosophy, the business grew and in 1923 the partners added a second store in Seattle's University District.

When John W. Nordstrom retired in 1928, he sold his share of the company to his sons, Everett and Elmer. Carl Wallin retired soon thereafter, and in 1929 he also sold his interest to the Nordstrom sons. A third son, Lloyd, joined the team in 1933.

In the years that followed, Everett, Elmer and Lloyd Nordstrom built the company into the largest independent shoe chain in the nation. The company grew to include eight Nordstrom shoe stores in Washington and Oregon, and 13 leased shoe departments in Washington, Oregon and California. The downtown Seattle store became the largest shoe store in the country.

By the early 1960s, the company began looking at possible expansion opportunities. On August 6, 1963, Nordstrom announced the purchase of Best Apparel, a Seattle-based clothing store with an outlet in Seattle and another at Lloyd Center in Portland, Ore.

Elmer, Everett and Lloyd immediately began modernizing Best Apparel and ran it along with the established Nordstrom shoe stores. In 1965, they opened a new Best Apparel location adjacent to their shoe store at Northgate Mall in Seattle.

The following January, the company purchased a Portland fashion retailer, Nicholas Ungar. They merged this store with the existing shoe store in downtown Portland. For the first time, customers were greeted with a new name -- Nordstrom Best. In August 1966, a new Nordstrom Best opened in Tacoma, Wash., followed by the opening of a newly remodeled Nordstrom Best in Bellevue, Wash., in November of 1967.

In 1968, Everett, the eldest brother, turned 65 years old. The brothers had all previously agreed to retire when each reached that age. Control of the company was then turned over to the family's third generation, resulting in a leadership team consisting of Everett's son Bruce, Elmer's sons James and John, Lloyd's son-in-law, Jack McMillan, and family friend Bob Bender.

The third generation continued to run the company with the same philosophy their grandfather and fathers had used before them. In August of 1971, Nordstrom went public, offering Nordstrom Best stock. Then in 1973, Nordstrom opened the first Nordstrom Rack in the basement of the Seattle store as a clearance center for full-line store merchandise. Today, Nordstrom Rack has grown to 127 stores in 30 states, offering on-trend clothing, shoes and accessories at 30 to 70 percent off regular retail prices.

By 1973 Nordstrom was recognized as the West Coast's largest volume fashion specialty store when sales passed \$100 million. That same year, the company formally changed its name to Nordstrom, Inc.

The company continued to expand. In 1975, Nordstrom purchased three stores in Alaska from the Northern Commercial Company in Anchorage, Fairbanks and Kenai. In May of 1978, Nordstrom entered the highly competitive California market with the opening of the South Coast Plaza Nordstrom in Orange County. This store laid the groundwork for rapid expansion into other cities throughout California.

Store growth was not limited to the West Coast. In 1988, Nordstrom opened its first East Coast location at Tysons Corner in McLean, Va., and in 1990, the company opened a store in Paramus, N.J. In 1991, a new Nordstrom opened just outside of Chicago at Oakbrook Center in Oak Brook, Ill., and expansion continued across the U.S. throughout the 1990's and into the next decade.

In 1995, the third generation of Nordstrom family members retired as co-chairmen, but retained their positions on the Board of Directors. In May 2006, Bruce Nordstrom retired from his position as chairman of the Board.

Today, President Blake Nordstrom together with his brothers Pete Nordstrom, president of merchandising, and Erik Nordstrom, president of stores, manage the company along with the executive team. In addition to Blake, Pete and Erik, these individuals are Brian Dennehy, chief marketing officer; Mike Koppel, chief financial officer; Dan Little, chief administrative officer; Jamie Nordstrom, president of Nordstrom Direct; Delena Sunday, executive vice president, Human Resources and Diversity Affairs; Geevy Thomas, president of Nordstrom Rack; and Ken Worzel, executive vice president, Strategy and Development. Enrique Hernandez, Jr. is chairman of the Board of Directors.

In 1998, Nordstrom began serving customers through its online presence at nordstrom.com. By 2009, Nordstrom had implemented industry-leading inventory management and order fulfillment capabilities to provide a seamless shopping experience both online and in-store. That same year Nordstrom began shipping orders abroad and currently serves 98 countries online. In the years that followed, the company greatly enhanced the features and functionality of its website, introduced mobile shopping apps, and began offering customers everyday free shipping and free returns within the US. Today, online has become the fastest-growing part of the business, and Nordstrom continues to improve the speed, convenience, selection and customer experience online.

The company has also made acquisitions and added strategic partnerships to better serve customers. In 2000, the company acquired Façonnable, S.A.S., a collection of high-quality men's and women's apparel and accessories that had been sold exclusively in the U.S. at Nordstrom stores and Nordstrom-operated Façonnable boutiques since 1989. The company later sold Façonnable in 2007 and discontinued operating Façonnable boutiques in the U.S. and Europe. In 2005, the company purchased a majority interest in Jeffrey, two luxury specialty stores owned and created by Jeffrey Kalinsky. The two stores are located in Atlanta, Ga. at Phipps Plaza, and in the Meatpacking District in New York City. In 2007, Nordstrom completed its investment in the company and Jeffrey took on a greater leadership role as executive vice president of Designer Merchandising at Nordstrom while remaining president and CEO of Jeffrey.

In 2010, Nordstrom purchased a minority stake in kids' wear brand Peek...Aren't You Curious, and became the exclusive retail partner for the brand beyond its own stores and

website. The following year, Nordstrom purchased HauteLook, a leader in the online private sale marketplace. Headquartered in Los Angeles, Calif., HauteLook offers customers exclusive access to limited time sale events on top fashion and lifestyle brands. Nordstrom has also made investments in Sole Society, a shoe membership website founded and later spun off by HauteLook, as well as Bonobos, a rapidly growing menswear brand that was launched online with a focus on great fit, high energy and a superb customer experience. Nordstrom was the first retailer to offer Bonobos merchandise in-store and online outside of Bonobos.com and the company's concept stores. In 2012, Nordstrom became the only large U.S. retailer to sell a broad assortment of the renowned British fashion brands TOPSHOP and TOPMAN in-store and online. TOPSHOP and TOPMAN are recognized worldwide for their unique, trend-leading fashion at great prices.

From 2011 to 2013, Nordstrom operated an independent charity-concept store called treasure&bond in Manhattan's SoHo neighborhood. The boutique donated 100% of its profits to New York Children's charities.

Currently, Nordstrom operates a total of 270 stores located in 36 states, with 117 full-line stores, 150 Nordstrom Racks, two Jeffrey boutiques and one clearance store. By the end of 2014, Nordstrom will have opened three new full-line stores and opened 27 new Rack stores. Nordstrom has announced plans to open its first full-line stores in Canada beginning in 2014 at premier shopping centers in Calgary, Ottawa, Toronto and Vancouver, and is exploring additional store opportunities as part of its future expansion into Canada. In 2012, Nordstrom announced plans for a new store to open in Manhattan in 2018.

Today, Nordstrom continues to grow with a focus on serving more customers in more ways. In 2013, the company achieved record net sales of \$12.2 billion. The company is taking advantage of opportunities to open more full-line stores in new and existing markets, as well as remodel and update existing stores. It is also increasing the number of Rack stores, and expects to operate more than 230 Racks by 2016. At the same time, the company is accelerating online growth—investing and innovating in e-commerce, mobile and putting technology in front of the customer faster.

Nordstrom remains committed to its founding principles of providing the best possible customer experience.