

RESULTS OF OPERATIONS

Our reportable segments are Retail and Credit. Our Retail segment includes our U.S. Nordstrom branded full-line stores and online store, Nordstrom Rack stores, Nordstromrack.com and HauteLook and other retail channels, including Trunk Club, Jeffrey, our Canada store and our Last Chance clearance store. For purposes of discussion and analysis of our results of operations of our Retail Business, we combine our Retail segment results with revenues and expenses in the "Corporate/Other" column of Note 16: Segment Reporting in the Notes to Consolidated Financial Statements of Item 8: Financial Statements and Supplementary Data. We analyze our results of operations through earnings before interest and income taxes for our Retail Business and Credit, while interest expense and income taxes are discussed on a total company basis.

Similar to many other retailers, Nordstrom follows the retail 4-5-4 reporting calendar, which included an extra week in the fourth quarter of 2012 (the "53rd week"). The analysis of our results of operations, liquidity and capital resources compares the 52 weeks in 2013 to the 53 weeks in 2012. However, the 53rd week is not included in comparable sales calculations. In 2012, the 53rd week contributed approximately \$0.04 to earnings per diluted share.

RETAIL BUSINESS

Summary

The following table summarizes the results of our Retail Business for the past three years:

Fiscal year	2014		2013		2012	
	Amount	% of net sales ¹	Amount	% of net sales ¹	Amount	% of net sales ¹
Net sales	\$13,110	100.0%	\$12,166	100.0%	\$11,762	100.0%
Cost of sales and related buying and occupancy costs	(8,401)	(64.1%)	(7,732)	(63.6%)	(7,427)	(63.1%)
Gross profit	4,709	35.9%	4,434	36.4%	4,335	36.9%
Selling, general and administrative expenses	(3,588)	(27.4%)	(3,272)	(26.9%)	(3,172)	(27.0%)
Earnings before interest and income taxes	\$1,121	8.6%	\$1,162	9.6%	\$1,163	9.9%

¹ Subtotals and totals may not foot due to rounding.