

NORDSTROM

Nordstrom Reports Second Quarter 2002 Results

August 14, 2002

SEATTLE, Aug 14, 2002 /PRNewswire-FirstCall via COMTEX/ -- Nordstrom, Inc. (NYSE: JWN) today reported second quarter net earnings of \$52.4 million, or \$0.39 per diluted share, excluding non-recurring items. For the second quarter of 2001, net earnings and earnings per share were \$38.7 million and \$0.29, respectively.

(Photo: <http://www.newscom.com/cgi-bin/prnh/20001011/NORDLOGO>)

Second quarter 2002 earnings were reduced \$0.05 per share by non-recurring charges related to the previously announced purchase of the minority interest in Nordstrom Direct (formerly Nordstrom.com). The company also expects to record a non-recurring charge of up to \$17 million (pre-tax) related to its existing investment in a supply chain tool at its product development division. The actual amount is dependent on the evaluation of several alternative supply chain tool proposals, which are currently being considered. The actual charge will be included in the company's form 10Q, which will be filed not later than September 16, 2002. This charge is unrelated to the company's implementation of a perpetual inventory system.

Before the effects of the non-recurring charges, second quarter 2002 earnings per share increased 34.0 percent from the same quarter in 2001. The earnings improvement resulted largely from strong sales combined with gross profit and selling, general and administrative expense improvements.

Net sales for the second quarter of 2002 increased 7.0 percent, to \$1.66 billion, compared to sales of \$1.55 billion in the same period in 2001. On a calendar basis, sales in comparable stores increased 2.1 percent.

"Throughout this year our top-line trends have steadily improved," commented President Blake Nordstrom. "We are pleased with the three consecutive months of positive comparable-store sales achieved in the second quarter, particularly in light of the challenging retail environment. Our focus remains on driving top-line growth by providing a quality customer experience, while continuing to gain operating efficiencies."

Year-to-date net earnings and earnings per share for the six-month period ended July 31, 2002, were \$82.8 million and \$0.61 respectively, excluding non-recurring and impairment charges, compared to net earnings and earnings per share of \$63.5 million and \$0.47 for the same period in 2001. Year-to-date net sales of \$2.90 billion increased 5.0 percent from the same period in 2001. On a calendar basis, year-to-date same store sales increased 0.5 percent.

Nordstrom opened one Rack store in Ontario, Calif. during the quarter. Throughout the remainder of the year ending January 31, 2003, Nordstrom expects to open five full-line stores, in Dulles, Va.; St. Louis, Mo.; Coral Gables, Fla.; Orlando, Fla.; and Las Vegas, Nev. One additional Rack store is also planned. For the entire year, gross square footage is expected to increase approximately 8.0 percent, from 17,048,000 to 18,360,000.

For the third quarter of 2002, the Company anticipates diluted earnings per share in the range of \$0.16 to \$0.20, versus \$0.08 in the prior year. As a percent to sales, this reflects improving merchandise margins, flat selling, general and administrative expenses and low single-digit comparable-store sales growth. For the fiscal year ending January 31, 2003, the Company is raising its prior earnings per share guidance of \$1.18-\$1.22 to \$1.20-\$1.24, excluding non-recurring and impairment charges.

Nordstrom, Inc. is one of the nation's leading fashion specialty retailers, with 136 US stores located in 26 states. Founded in 1901 as a shoe store in Seattle, Nordstrom today operates 83 full-line stores, 47 Nordstrom Racks, four U.S. Faconnable boutiques, one freestanding shoe store, and one clearance store. Nordstrom also operates 23 international Faconnable boutiques, primarily in Europe. Additionally, Nordstrom Direct serves customers through its online presence at <http://www.nordstrom.com> and through its direct mail catalogs.

Certain statements in this news release contain "forward-looking" information (as defined in the Private Securities Litigation Reform Act of 1995) that involves risks and uncertainties, including anticipated earnings, store openings and distribution channels, planned capital expenditures, and trends in company operations. Actual future results and trends may differ materially from historical results or current expectations depending upon factors including, but not limited to, the company's ability to predict fashion trends, consumer apparel buying patterns, the company's ability to control costs, weather conditions, hazards of nature such as earthquakes and floods, trends in personal bankruptcies and bad debt write-offs, employee relations, the company's ability to continue its expansion plans, and the impact of economic and competitive market forces, including the impact of the recent terrorist activity on the company, its customers and the industry.

Our SEC reports may contain other information on these and other factors that could affect our financial results and cause actual results to differ materially from any forward-looking information we may provide.

INVESTOR CONTACT:

Stephanie Allen
Nordstrom, Inc.
206-303-3262

MEDIA CONTACT:

Shasha Richardson
Nordstrom, Inc.
206-373-3038

NORDSTROM, INC.

PRELIMINARY CONSOLIDATED STATEMENTS OF EARNINGS - 2nd Quarter

Note: Does not include non-recurring charges related to the existing investment in a supply chain tool

(unaudited; amounts in thousands, except per share data and percentages)

	3 months ended 7/31/02	% of sales (except as indicated)	3 months ended 7/31/01	% of sales (except as indicated)
Net sales(1)	\$1,655,528	100.0	\$1,545,759	100.0
Cost of sales and related buying & occupancy	(1,104,265)	(66.7)	(1,040,908)	(67.3)
Gross profit	551,263	33.3	504,851	32.7
Selling, general and administrative expenses	(481,115)	(29.1)	(457,441)	(29.6)
Operating income	70,148	4.2	47,410	3.1
Interest expense, net	(19,605)	(1.2)	(19,279)	(1.2)
Minority interest purchase and reintegration costs	(11,121)	(0.6)	--	--
Service charge income and other, net	35,341	2.1	35,368	2.2
Earnings before income taxes	74,763	4.5	63,499	4.1
Income tax expense	(28,930)	(38.7)(2)	(24,800)	(39.1)2
Net earnings	\$45,833	2.8	\$38,699	2.5
Earnings per share				
Basic	\$0.34		\$0.29	
Diluted	\$0.34		\$0.29	
Diluted earnings per share excluding non-recurring charges	\$0.39(3)		\$0.29	

ADDITIONAL DATA

Average number of
shares outstanding

Basic	135,066	134,008
Diluted	135,820	134,422

2002 sales increase/(decrease) presented on a 4-5-4 basis
(compared to prior-year period)

	May	June	July	3 months ended 7/31/02	3 months ended 7/31/01
Total sales	5.8%	7.4%	7.5%	7.0%	8.0%
Same-store sales					
Full-Line stores	0.5%	1.8%	1.9%	1.5%	2.7%
Rack & other	5.3%	18.9%	1.2%	8.7%	(1.7%)
Total	1.1%	3.2%	1.9%	2.2%	2.3%

(1) Nordstrom reports quarterly financial results on a calendar basis.

The Company reports monthly sales according to the 4-5-4 Retail Calendar. Total sales for second quarter 2002 and 2001 were \$1,662.2 million and \$1,552.9 million, respectively, on a 4-5-4 Retail Calendar basis.

- (2) Percent of earnings before income taxes
(3) Net earnings excluding non-recurring charges is comprised of net earnings of \$45,833 and the minority interest purchase and reintegration costs of \$6,527 (net of tax).

NORDSTROM, INC.

PRELIMINARY CONSOLIDATED STATEMENTS OF EARNINGS - Year-to-Date

Note: Does not include non-recurring charges related to the existing investment in a supply chain tool

(unaudited; amounts in thousands, except per share data and percentages)

	6 months ended 7/31/02	% of sales (except as indicated)	6 months ended 7/31/01	% of sales (except as indicated)
Net sales(1)	\$2,901,289	100.0	\$2,763,799	100.0
Cost of sales and related buying & occupancy	(1,928,562)	(66.5)	(1,839,338)	(66.6)
Gross profit	972,727	33.5	924,461	33.4

Selling, general and administrative expenses	(865,990)	(29.8)	(854,147)	(30.9)
Operating income	106,737	3.7	70,314	2.5
Interest expense, net (39,654)	(1.4)	(38,783)	(1.3)	
Minority interest purchase and reintegration costs	(53,168)	(1.8)	--	--

Service charge income and other, net	68,645	2.3	72,523	2.6
Earnings before income taxes and cumulative effect of accounting change	82,560	2.8	104,054	3.8
Income tax expense	(47,940)	(58.1)(2)	(40,600)	(39.0)2
Earnings before cumulative effect of accounting change	34,620	1.2	63,454	2.3
Cumulative effect of accounting change (net of \$8,541 tax)	(13,359)	(0.5)	--	--
Net earnings	\$21,261	0.7	\$63,454	2.3
Earnings per share				
Basic	\$0.16		\$0.47	
Diluted	\$0.16		\$0.47	

Diluted earnings per share excluding non-recurring charges and accounting change	\$0.61(3)		\$0.47	
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ADDITIONAL DATA

Average number of shares outstanding				
Basic	134,887		133,933	

Diluted 135,766 134,167

2002 sales increase/(decrease) presented on a 4-5-4 basis
(compared to prior-year period)

	6 months ended 7/31/02	6 months ended 7/31/01
Total sales	4.8%	8.1%
Same-store sales		
Full-Line stores	(0.2%)	1.4%
Rack & other	5.2%	(3.7%)
Total	0.3%	0.9%

(1) Nordstrom reports year-to-date financial results on a calendar basis.

The Company reports monthly sales according to the 4-5-4 Retail Calendar. Total sales for year-to-date 2002 and 2001 were \$2,943.0 million and \$2,807.4 million, respectively, on a 4-5-4 Retail Calendar basis.

(2) Percent of earnings before income taxes

(3) Net earnings excluding non-recurring charges and accounting change is comprised of net earnings of \$21,261, the cumulative effect of accounting change of \$13,359 (net of tax), and the minority interest purchase and reintegration costs of \$48,184 (net of tax).

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CONTACT: investors, Stephanie Allen, +1-206-303-3262, or media, Shasha
 Richardson, +1-206-373-3038, both of Nordstrom, Inc.
 /Photo: NewsCom: <http://www.newscom.com/cgi-bin/prnh/20001011/NORDLOGO>
 AP Archive: <http://photoarchive.ap.org>
 PRN Photo Desk, 1-888-776-6555 or +1-212-782-2840

URL: <http://www.nordstrom.com>
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