UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 31, 2001

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _______

Commission file number 0-6074

Nordstrom, Inc.
(Exact name of Registrant as specified in its charter)

Washington	91-0515058
(State or other jurisdiction of incorporation or organization)	(IRS employer Identification No.)

1617 Sixth Avenue, Seattle, Washington 98101
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: 206-628-2111

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, without par value
(Title of class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

On March 19, 2001, 133,801,918 shares of common stock were outstanding, and the aggregate market value of those shares (based upon the closing price as reported by NYSE) held by non-affiliates was approximately $1.5 billion.

Documents Incorporated by Reference:

Portions of Nordstrom, Inc. 2000 Annual Report to Shareholders
(Parts I, II and IV)

Portions of Proxy Statement for 2001 Annual Meeting of Shareholders
(Part III)

PART I

Item 1. Business.

Nordstrom, Inc. (the "Company") was incorporated in the State of Washington in 1946 as successor to a retail shoe business started in 1901. As of January 31, 2001, the Company operated 77 large specialty stores in Alaska, Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kansas, Maryland, Michigan, Minnesota, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Utah, Virginia and Washington, selling a wide selection of apparel, shoes and accessories for women, men and children.

The Company also operated 37 stores under the name "Nordstrom Rack" and one clearance store. The Nordstrom Rack stores purchase merchandise directly from manufacturers, as well as serving, in part, as outlets for clearance merchandise from the Company's large specialty stores. The Nordstrom Rack stores are located in Arizona, California, Colorado, Georgia, Hawaii, Illinois, Maryland, Michigan, Minnesota, New York, Oregon, Pennsylvania, Texas, Utah, Virginia and Washington.

The Company also operated 2 free-standing shoe stores located in Hawaii and 3 Specialty Boutiques in New York and California under the name "Faconnable". As a result of the acquisition of Faconnable, S.A. of Nice, France in October 2000, the Company also operates 20 Faconnable boutiques located primarily in Europe. Faconnable is a wholesaler and retailer of high quality men's and women's apparel and accessories.

On November 1, 1999, the Company established a subsidiary to operate its Internet commerce and catalog businesses, Nordstrom.com, LLC. The Company contributed certain assets and liabilities associated with its Internet commerce and catalog businesses, and $10 million in cash. Venture funds associated with Benchmark Capital and Madrona Investment Group, collectively, contributed $16 million in cash to the new entity. At January 31, 2001, the Company owns approximately 81.4% of Nordstrom.com, LLC, with Benchmark Capital and Madrona Investment Group collectively holding the remaining interest through their ownership interests in Nordstrom.com, LLC's managing member, Nordstrom.com, Inc.

The holders of the minority interest of Nordstrom.com LLC, have the right to sell their shares of Nordstrom.com LLC, to the Company for $80 million in the event that certain events do not occur. This right will terminate without any further action by either party if the Company provides at least $100 million in additional funding to Nordstrom.com, Inc. prior to July 1, 2002 or if Nordstrom.com, Inc. completes an initial public offering of its common stock prior to September 1, 2002.

In March 2001, the Company opened a large specialty store in Hurst, Texas and a new Nordstrom Rack store in Los Angeles, California. A new Nordstrom Rack store is scheduled to open in Broomfield, Colorado in April 2001. In addition, the Company plans to open Full-Line stores in Columbus, Ohio; Tampa, Florida and Chandler, Arizona, as well as Nordstrom Rack stores in Roseville, San Francisco and Oxnard, California; Grand Rapids, Michigan; Dulles, Virginia and Henderson, Nevada during fiscal 2001.

Item 1. Business (continued)

The west coast and the east coast of the United States are the markets in which the Company has the largest presence. An economic downturn or other significant event within one of these markets may have a material effect on the Company's operating results.

The Company purchases merchandise from many suppliers, no one of which accounted for more than 2% of 2000 net purchases. The Company believes that it is not dependent on any one supplier, and considers its relations with its suppliers to be satisfactory.

The Company has approximately 70 trademarks. The loss or abandonment of the Federally registered names "Nordstrom" or "Faconnable" would materially impact the business of the Company. The loss or abandonment of the Federally registered trademarks "Brass Plum", "Caslon", "Classiques Entier", "Halogen" and "Talora" may impact the business of the Company, but not in a material manner. With the exception of the above mentioned Federally registered trademarks, the loss or abandonment of any particular trademark would have little, if any, impact on the business of the Company.

Due to the Company's anniversary sale in July and holidays in December, sales are higher in the second and fourth quarters of the fiscal year than in the first and third quarters. During the fiscal year ended January 31, 2001, the Company regularly employed on a full or part-time basis an average of approximately 43,000 employees. Due to the seasonal nature of the Company's business, employment increased to approximately 49,000 employees in July, 2000 and December, 2000.

The Company's business is highly competitive. Its stores compete with other national, regional and local retail establishments within its operating areas which carry similar lines of merchandise, including department stores, specialty stores, boutiques, and mail order and internet businesses. The Company believes the principal methods of competing in its industry include customer service, value, fashion, advertising, store location and depth of selection.

Certain other information required under Item 1 is contained within the following sections of the Company's 2000 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

- Management's Discussion and Analysis
- Note 1 in Notes to Consolidated Financial Statements
- Note 15 in Notes to Consolidated Financial Statements
- Retail Store Facilities

Executive Officers of the Registrant

Name	Age	Title	Officer Since	Family Relationship
Jammie Baugh	48	Executive Vice President	1990	None
Mark S. Brashear	39	Executive Vice President	2001	None

Executive Officers of the Registrant (continued)
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Robert E. Campbell	45	Vice President and Treasurer	1999	None
Gail A. Cottle	49	Executive Vice President	1985	None
Dale Cameron (Crichton)	52	Executive Vice President	1985	None
Linda Toschi Finn	53	Executive Vice President	1998	None
Kevin T. Knight	45	Executive Vice President, Chairman And Chief Executive Officer of Nordstrom fsb, And President of Nordstrom Credit, Inc.	1998	None
Michael G. Koppel	44	Vice President Corporate Controller And Acting Chief Financial Officer	1999	None
Llynn (Len) A. Kuntz	40	Executive Vice President	1998	None
Robert J. Middlemas	44	Executive Vice President	1993	None
Blake W. Nordstrom	40	President	1991	Brother of Erik B. and Peter E. Nordstrom; son of Bruce A. Nordstrom, a Director of the Company; and nephew of D. Wayne Gittinger, a Director of the Company.
Bruce A. Nordstrom	67	Chairman of the Board of Directors	1966	Father of Blake W., Erik B. and Peter E. Nordstrom; cousin of John N. Nordstrom, a Director of the Company and Brother-in-law of D. Wayne Gittinger, a Director of the Company.
Erik B. Nordstrom	37	Executive Vice President	1995	Brother of Blake W. and Peter E. Nordstrom; son of Bruce A. Nordstrom, a Director of the Company; and nephew of D. Wayne Gittinger, a Director of the Company.
Peter E. Nordstrom	39	Executive Vice President	1995	Brother of Blake W. and Erik B. Nordstrom; son of Bruce A. Nordstrom, a Director of the Company; and nephew of D. Wayne Gittinger, a Director of the Company.

Executive Officers of the Registrant (continued)

James R. O'Neal	42	Executive Vice President	1997	None
R. Michael Richardson	44	Vice President and Chief Information Officer	2001	None
K.C. (Karen) Shaffer	47	Executive Vice President	2001	None
Joel T. Stinson	51	Executive Vice President and Chief Administrative Officer	1996	None
Delena M. Sunday	40	Executive Vice President	1998	None
Susan A. Wilson Tabor	55	Executive Vice President	1997	None
Michael A. Tam	44	Executive Vice President	2001	None
Geevy S.K. Thomas	36	Executive Vice President	1998	None

Jammie Baugh was named Executive Vice President of Human Resources in February 2000. Prior thereto, she served as Executive Vice President and Northwest General Manager since May 1997, Executive Vice President and General Manager Southern California since 1991, and Vice President and General Manager Southern California since 1990.

Mark S. Brashear was named Executive Vice President and Southwest General Manager of the Full-Line Store Group in February 2001. In April 1999, he was promoted to Division Vice President and Strategic Planning Manager of the Southwest Business Unit. Mr. Brashear has been responsible for strategic planning since February 1998, when he was named Strategic Planning Manager for California and the Southwest. Prior thereto, Mr. Brashear held various store management positions with the Company.

Robert E. Campbell was named Vice President of Strategy and Planning and Treasurer in May 1999. Prior thereto, he was involved with corporate strategy and planning and was responsible for the Company's investor relations function since March 1998, and served as Manager of Financial Analysis since February 1997. Prior to joining Nordstrom Inc., Mr. Campbell served in a number of financial positions with restaurant and retail companies based on the West Coast.

Executive Officers of the Registrant (continued)
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Gail A. Cottle, Executive Vice President, was named President of Nordstrom Product Group in February 2000. Prior thereto, she served as Executive Vice President - Nordstrom Product Group General Manager since 1996. From 1992 to 1996, she was Executive Vice President of women's apparel, children's apparel, and accessories product development. The Faconnable business unit was added to the Nordstrom Product Group in 1999 and worldwide operations began reporting to the Nordstrom Product Group, upon the acquisition of Faconnable, in October 2000.

Dale Cameron (Crichton) was named Executive Vice President and Corporate Merchandise Manager, Cosmetics, in February 1998. Prior thereto, she served as Vice President, and Corporate Merchandise Manager, Cosmetics and Gifts since March 1985.

Linda T. Finn was named Executive Vice President of Marketing in September 2000. She was promoted to Vice President and Marketing Director for the Full-Line Store Group in October 1999. Ms. Finn has been responsible for the development of the Company's marketing strategies since May 1998 when she was named Vice President of Sales Promotion. Prior thereto, she held various management positions with the Company in the areas of corporate advertising and sales promotions.

Kevin T. Knight has been an Executive Vice President of Nordstrom, Inc. since September 2000, and also serves as Chairman and Chief Executive Officer of Nordstrom fsb, President of Nordstrom Credit, Inc., and, as of February 2000, was named President of Nordstrom Credit Group. Prior thereto, he served as President of Nordstrom fsb (formerly Nordstrom National Credit Bank), President of Nordstrom Credit, Inc., and General Manager of the credit business unit since April 1998. Prior to joining Nordstrom, he was Senior Vice President of Retailer Financial Services, a unit of General Electric Capital Corporation, since 1995. Prior thereto, he held various positions with General Electric since 1977.

Michael G. Koppel was hired as Vice President, Corporate Controller and Principal Accounting Officer in August 1999. Prior to joining Nordstrom, he served as Chief Operating Officer of CML Group, a specialty retail holding company. From 1997 through 1998, he was Chief Financial Officer of Lids Corporation, a mall based specialty retailer. From 1984 through 1997, he held a number of financial positions with the May Department Stores, most recently as Vice President-Controller of its Filenes division.

Llynn (Len) A. Kuntz was named Executive Vice President and Northwest General Manager of the Full-Line Store Group in February 2001. Prior thereto, he served as Vice President and Director of the Full-Line Store Strategy Group since May 1999, as Vice President, and East Coast Regional Manager since February 1998, and as General Manager of the Northeast Region since 1995.

Robert J. Middlemas has been Executive Vice President and Central States General Manager since November 1997. Prior thereto, he served as Vice President and Central States General Manager since 1993.

Executive Officers of the Registrant (continued)
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Blake W. Nordstrom was named President of the Company in August 2000. From February 2000 until his appointment as President, he served as Executive Vice President and President of Nordstrom Rack Group. Prior thereto, he served as Co-President responsible for credit, community relations, operations, shoes and Nordstrom Rack business units since June 1995 and as Vice President and General Manager Washington/Alaska since 1991.

Bruce A. Nordstrom was named Chairman of the Board of Directors in August 2000. He has served as a Director of the Company since 1966, and served as Co-Chairman of the Board of Directors from 1971 until 1995. Mr. Nordstrom is the grandson of the Company founder and, with his cousins John N. Nordstrom and James F. Nordstrom and his former brother-in-law John A. McMillan, he assumed leadership of the company from the second generation in 1968.

Erik B. Nordstrom was named Executive Vice President of Full-Line Stores in August 2000. Prior thereto, he served as Executive Vice President and Northwest General Manager since February 2000, as Co-President responsible for Nordstrom Product Group since June 1995 and as Store/Regional Manager - Minnesota since 1992.

Peter E. Nordstrom was named Executive Vice President and President of Full-Line Stores in September 2000. Prior thereto, he served as Executive Vice President and Director of Full-Line Store Merchandise Strategy for children's apparel, cosmetics, junior apparel, lingerie, hosiery, men's apparel and women's activewear since February 2000, as Co-President responsible for sales promotion, human resources, and diversity affairs since June 1995, and as Regional Manager of the Orange County area since 1991.

James R. O'Neal was named Executive Vice President and General Manager of the East Coast in August 2000. Prior thereto, he served as Executive Vice President and Southwest General Manager since November 1997, as Vice President -- Northern California since February 1997, as General Manager Northern California from 1995 to 1997, and as City Regional Manager from 1993 to 1995.

R. Michael Richardson was named Vice President and Chief Information Officer in February 2001, and is responsible for leading the Company's corporate information technology (IT) initiatives. Prior thereto, he served as Division Vice President of Enterprise Development and Architecture since October 1998, and as IT Development Manager of the Nordstrom Product Group since October 1997. Mr. Richardson has also served as IT Development Manager for various corporate departments since 1992.

K.C. (Karen) Shaffer was named Executive Vice President and General Merchandise Manager of the Nordstrom Rack Group in February 2001. She has also served as Division Vice President and Northwest Regional Manager of the Nordstrom Rack Division since April 1999 and as Regional Manager, Northwest, Nordstrom Rack Division since June 1998. Prior thereto, Ms. Shaffer held various management Positions with the Company at the department, store and regional levels.

Joel T. Stinson was named Executive Vice President and Chief Administrative Officer in September 2000, and is responsible for overseeing the areas of information technology, operations and logistics, legal, store planning and real estate. Prior thereto, he served as Vice President of Operations since May 1995 and as Corporate Operations Manager since 1993.

Executive Officers of the Registrant (continued)

Delena M. Sunday was named Executive Vice President of Diversity Affairs in September 2000. Ms. Sunday has been responsible for the Company's diversity initiatives since 1996 when she was named Director of Diversity Affairs and then promoted to Vice President of Diversity Affairs in February 1998. Prior thereto, Ms. Sunday held various management positions with the Company at the department, store and regional levels.

Susan A. Wilson Tabor was named Executive Vice President and President of the Nordstrom Rack Division in September 2000. Prior thereto, she served as Executive Vice President and Nordstrom Rack General Manager since February 1998, as Vice President and Nordstrom Rack General Manager from February 1997 to February 1998, and served as Nordstrom Rack General Manager from 1993 to February 1997.

Michael A. Tam was named Executive Vice President in February 2001. Mr. Tam joined the Company in April 1999 as Division Vice President and Director of Brands for the Nordstrom Product Group. Prior to joining the Company, he was Vice President of Retail Marketing for Starbucks Corp. from October 1996 to March 1999, and Senior Vice President, Chief Marketing Officer for McDonald's Corp. Japan from December 1994 to October 1996.

Geevy S.K. Thomas was named Executive Vice President and General Merchandise Manager of Full-Line Stores in February 2001, and is responsible for merchandise strategy for women's apparel, shoes, and accessories. He also served as Executive Vice President of Full-Line Stores and Director of Merchandising Strategy since February 2000, as Vice President and Director of Merchandising Strategy since May 1999, Vice President and Regional Manager of Orange County and Los Angeles since February 1998, and as General Manager of Los Angeles since February 1997. Prior thereto, Mr. Thomas has also held various general, regional and store management positions with the Company.

The officers are appointed annually by the Board of Directors following each year's Annual Meeting of Shareholders. Officers serve at the discretion of the Board of Directors.

Item 2. Properties.

The following table summarizes the number of stores owned or operated by the Company and the percentage of total store area represented by each listed category at January 31, 2001:

	Number of stores	% of total store square footage
Owned stores	24	23%
Leased stores	82	34
Owned on leased land	32	41
Partly owned & partly leased	2	2
	140	100%

Item 2. Properties (continued)

The Company also operates nine merchandise distribution centers, six of which are owned, two of which are leased, and one of which is owned on leased land. The Company owns its principal offices in Seattle, Washington, and an office building in the Denver, Colorado metropolitan area that serves as the principal offices of Nordstrom fsb and Nordstrom Credit, Inc.

Certain other information required under this item is included in the following sections of the Company's 2000 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Note 9 in Notes to Consolidated Financial Statements
Note 12 in Notes to Consolidated Financial Statements
Retail Store Facilities

Item 3. Legal Proceedings.

The information required under this item is included in the following section of the Company's 2000 Annual Report to Shareholders, which section is incorporated by reference herein from Exhibit 13.1 of this report:

Note 16 in Notes to Consolidated Financial Statements

Item 4. Submission of Matters to a Vote of Security Holders.

None

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

The Company's Common Stock, without par value, is traded on the New York Stock Exchange under the symbol "JWN." The approximate number of holders of Common Stock as of March 19, 2001 were 60,000.

Certain other information required under this item with respect to stock prices and dividends is included in the following sections of the Company's 2000 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Financial Highlights
Consolidated Statements of Shareholders' Equity
Note 17 in Notes to Consolidated Financial Statements

Item 6. Selected Financial Data.

The information required under this item is included in the following Sections of the Company's 2000 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Note 1 in Notes to Consolidated Financial Statements
Ten-Year Statistical Summary

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information required under this item is included in the following section of the Company's 2000 Annual Report to Shareholders, which section is incorporated by reference herein from Exhibit 13.1 of this report:

Management's Discussion and Analysis

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company is subject to the risk of fluctuating interest rates in the normal course of business, primarily as a result of its short-term borrowing and investment activities which generally bear interest at variable rates. Because the short-term borrowings and investments have maturities of three months or less, the Company believes that the risk of material loss is low, and that the carrying amount approximates fair value.

The majority of the Company's revenue, expense and capital expenditures are transacted in United States dollars. However, the Company periodically enters into foreign currency purchase orders for apparel and shoes denoted in Italian Lira. The Company uses forward contracts to hedge against fluctuations in foreign currency prices. The amounts of these contracts are immaterial. The use of derivatives is limited to only those financial instruments that have been authorized by the Company's Acting Chief Financial Officer and approved by the Finance Committee.

In addition, the functional currency of Faconnable, S.A. of Nice, France is the French Franc. Assets and liabilities of Faconnable are translated into U.S. dollars at the exchange rate prevailing at the end of the period. Income and expenses are translated into U.S. dollars at the exchange rate prevailing on the respective dates of the transactions. The effects of changes in foreign currency exchange rates are included in other comprehensive earnings.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk (continued)

The table below presents principal amounts, at book value, by year of maturity, and related weighted average interest rates. The fair value of long-term debt (including current maturities), is calculated using quoted market prices of the same or similar issues with the same remaining term to maturity.

In thousands	2001	2002	2003	2004	2005	Thereafter	Total at January 31, 2001	Fair Value January 31, 2001	Fair Value January 31, 2000
INTEREST RATE RISK									
LIABILITIES									
Long-term debt - Fixed	$12,586	$131,150	$1,157	$1,224	$400,208	$565,971	$1,112,296	$1,031,282	$715,498
Average interest rate	8.5%	6.9%	7.0%	7.1%	8.4%	6.4%	7.2%		

Certain other information required under this item is included in the following sections of the Company's 2000 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Note 1 in Notes to Consolidated Financial Statements
Note 7 in Notes to Consolidated Financial Statements
Note 17 in Notes to Consolidated Financial Statements

Item 8. Financial Statements and Supplementary Data.

The information required under this item is included in the following sections of the Company's 2000 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Consolidated Statements of Earnings
Consolidated Balance Sheets
Consolidated Statements of Shareholders' Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements
Independent Auditors' Report

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required under this item with respect to the Company's Directors and compliance with Section 16(a) of the Exchange Act is included in the following sections of the Company's Proxy Statement for its 2001 Annual Meeting of Shareholders, which sections are incorporated by reference herein and will be filed within 120 days after the end of the Company's fiscal year:

Election of Directors
Compliance with Section 16 of the Exchange Act of 1934

The information required under this item with respect to the Company's Executive Officers is incorporated by reference from Part I, Item 1 of this report under "Executive Officers of the Registrant."

Item 11. Executive Compensation.

The information required under this item is included in the following Sections of the Company's Proxy Statement for its 2001 Annual Meeting of Shareholders, which sections are incorporated by reference herein and will be filed within 120 days after the end of the Company's fiscal year:

Compensation of Executive Officers in the Year Ended January 31, 2001
Compensation and Stock Option Committee Report on the 2000 Fiscal Year Executive Compensation
Stock Price Performance
Compensation of Directors
Compensation Committee Interlocks and Insider Participation

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required under this item is included in the following section of the Company's Proxy Statement for its 2001 Annual Meeting of Shareholders, which section is incorporated by reference herein and will be filed within 120 days after the end of the Company's fiscal year:

Security Ownership of Certain Beneficial Owners and Management

Item 13. Certain Relationships and Related Transactions.

The information required under this item is included in the following sections of the Company's Proxy Statement for its 2001 Annual Meeting of Shareholders, which sections are incorporated by reference herein and will be filed within 120 days after the end of the Company's fiscal year:

Election of Directors
Compensation Committee Interlocks and Insider Participation
Certain Relationships and Related Transactions

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a)1. Financial Statements

The following consolidated financial information and statements of Nordstrom, Inc. and its subsidiaries and the Independent Auditors' Report are incorporated by reference herein from Exhibit 13.1 of this report:

Consolidated Statements of Earnings
Consolidated Balance Sheets
Consolidated Statements of Shareholders' Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements
Independent Auditors' Report

(a)2. Financial Statement Schedules

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Other schedules for which provision is made in Regulation S-X are not required, are inapplicable, or the information is included in the Company's 2000 Annual Report to Shareholders as incorporated by reference herein from Exhibit 13.1 of this report.

(a)3. Exhibits

(3.1) Articles of Incorporation of the Registrant, as amended and restated, are hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 1999, Exhibit 3.1.

(3.2) By-laws of the Registrant, as amended and restated on August 31, 2000, are filed herein as an exhibit.

(4.1) Indenture between Registrant and Norwest Bank Colorado, N.A., as trustee, dated March 11, 1998 is hereby incorporated by reference from Registration No. 333-47035, Exhibit 4.1.

(4.2) Senior indenture between Registrant and Norwest Bank Colorado, N.A., as trustee, dated January 13, 1999 is hereby incorporated by reference from Registration No. 333-69281, Exhibit 4.3.

(4.3) Form of Subordinated Indenture between Registrant and Norwest Bank Colorado, N.A., as trustee, dated January 13, 1999 is hereby incorporated by reference from Registration No. 333-69281, Exhibit 4.4.

(a)3. Exhibits (continued)

(10.1) Merchant Agreement dated August 30, 1991 between Registrant and Nordstrom National Credit Bank is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1991, Exhibit 10.1.

(10.2) The Nordstrom Supplemental Retirement Plan is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1993, Exhibit 10.3.

(10.3) The 1993 Non-Employee Director Stock Incentive Plan is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1994, Exhibit 10.4.

(10.4) Investment Agreement dated October 8, 1984 between the Registrant and Nordstrom Credit, Inc. is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10, Exhibit 10.1.

(10.5) Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank and Norwest Bank Colorado, N.A., as trustee, is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.1.

(10.6) Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Nordstrom Credit, Inc. and Norwest Bank Colorado, N.A., as trustee, is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.2.

(10.7) First amendment to the Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Nordstrom Credit, Inc. and Norwest Bank Colorado, N.A., as trustee, dated December 10, 1997 is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 1998, Exhibit 10.13.

(10.8) Second Amendment to the Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996, between Nordstrom Credit, Inc., Nordstrom National Credit Bank and Norwest Bank Colorado, N.A., as trustee, dated February 25, 1999, is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.1.

(10.9) Transfer and Administration Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Enterprise Funding Corporation and Nationsbank, N.A. is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.3.

(a)3. Exhibits (continued)

(10.10) First Amendment to the Transfer and Administration Agreement dated August 19, 1997 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A. is hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.1.

(10.11) Second Amendment to the Transfer and Administration Agreement dated July 23, 1998 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A. is hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.2.

(10.12) Receivables Purchase Agreement dated August 14, 1996 between Registrant and Nordstrom Credit, Inc. is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1997, Exhibit 10.12.

(10.13) The Nordstrom, Inc. 1997 Stock Option Plan is hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.4.

(10.14) The Nordstrom, Inc. Profit Sharing and Employee Deferral Retirement Plan is hereby incorporated by reference from the Registrant's Report on Form S-8, Registration No. 333-79791 filed on June 2, 1999.

(10.15) Amended and Restated Revolving Credit Facility between Registrant and a group of commercial banks, dated October 15, 1999 is hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended October 31, 1999, Exhibit 10.1.

(10.16) Commercial Paper Dealer Agreement dated October 2, 1997 between Registrant and Bancamerica Securities, Inc. is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997, Exhibit 10.1.

(10.17) Commercial Paper Agreement dated October 2, 1997 between Registrant and Credit Suisse First Boston Corporation is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997, Exhibit 10.2.

(10.18) Issuing and Paying Agency Agreement dated October 2, 1997 between Registrant and First Trust of New York, N.A. is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997, Exhibit 10.3.

(10.19) Joint Venture Agreement between Nordstrom, Inc. and Nordstorm.com, Inc. dated as of August 24, 1999 is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2000, Exhibit 10.21.

(a)3. Exhibits (continued)

(10.20) Credit Agreement dated as of February 29, 2000, between 1700 Seventh L.P., several lenders from time to time party thereto, with Bank of America, N.A. as Administrative Agent and as Project Administrative Agent, is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2000, Exhibit 10.22.

(10.21) Guaranty Agreement dated as of February 29, 2000, between Registrant, Bank of America, N.A., and the Lenders party to the Credit Agreement(described in 10.22 above), is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2000, Exhibit 10.23.

(10.22) Third Amendment to the Transfer and Administration Agreement dated August 11, 1999 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A. is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.1.

(10.23) Fourth Amendment to the Transfer and Administration Agreement dated March 1, 2000 between Enterprise Funding Corporation, Nordstrom fsb, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A. is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.2.

(10.24) Fifth Amendment to the Transfer and Administration Agreement dated July 20, 2000 between Enterprise Funding Corporation, Nordstrom fsb, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A. is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.3.

(10.25) First Amendment to the Master Pooling and Servicing Agreement dated March 1, 2000, between Nordstrom fsb and Wells Fargo Bank West, N.A., as trustee, is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.4.

(10.26) Share Purchase and Contribution Agreement dated as of September 27, 2000 by and among Nordstrom, Inc., Nordstrom European Capital Group, and the Selling Shareholders of Faconnable, S.A., is hereby incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement on Form S-3, Registration No. 333-50028 filed on November 15, 2000.

(10.27) Amendment to the Share Purchase and Contribution Agreement dated as of October 20, 2000 by and among Nordstrom, Inc., Nordstrom European Capital Group, and the Selling Shareholders of Faconnable, S.A., is hereby incorporated by reference to Exhibit 2.2 to the Registrant's Registration Statement on Form S-3, Registration No. 333-50028 filed on November 15, 2000.

(10.28) The Put Agreement dated November 1, 1999 between Nordstrom, Inc. and the holders of the Series C Preferred Stock of Nordstrom.com, Inc. is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 2000, Exhibit 10.3.

(13.1) The Company's 2000 Annual Report to Shareholders is filed herein as an Exhibit.

(a)3. Exhibits (continued)

(21.1) List of the Registrant's Subsidiaries is filed herein as an Exhibit.

(23.1) Independent Auditors' Consent and Report on Schedule is on page 21 of this report.

All other exhibits are omitted because they are not applicable, not required, or because the required information is included in the Company's 2000 Annual Report to Shareholders.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the last quarter of the period for which this report is filed.

The Company filed a Form 8-K on September 7, 2000 to announce senior management changes. The Company also filed a Form 8-K on October 11, 2000 to announce non-recurring charges and third quarter earnings expectations.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORDSTROM, INC.
(Registrant)

/s/ Michael G. Koppel

Michael G. Koppel
Vice President and Corporate Controller

Date: April 11, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Principal Financial and Accounting Officer:	Principal Executive Officer:
/s/ Michael G. Koppel	/s/ Bruce A. Nordstrom
Michael G. Koppel Vice President, Corporate Controller and Acting Chief Financial Officer	Bruce A. Nordstrom Chairman of the Board of Directors and Director

Directors:

/s/ D. Wayne Gittinger	/s/ John N. Nordstrom
D. Wayne Gittinger Director	John N. Nordstrom Director
/s/ Enrique Hernandez, Jr.	/s/ Alfred E. Osborne, Jr.
Enrique Hernandez, Jr. Director	Alfred E. Osborne, Jr. Director

Directors (continued):

/s/ Ann McLaughlin Korologos	/s/ William D. Ruckelshaus
Ann McLaughlin Korologos Director	William D. Ruckelshaus Director
/s/ John A. McMillan	/s/ Bruce G. Willison
John A. McMillan Director	Bruce G. Willison Director

Date: April 11, 2001

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT AND REPORT ON SCHEDULE

Shareholders and Board of Directors
Nordstrom, Inc.

We consent to the incorporation by reference in Registration Statement Nos. 33-18321, 333-63403, 333-40064, 333-40066 and 333-79791 on Form S-8 and in Registration Statement Nos. 333-69281 and 333-50028 on Form S-3 of Nordstrom, Inc. of our reports dated March 21, 2001 appearing in and incorporated by reference in this Annual Report on Form 10-K of Nordstrom, Inc. and subsidiaries for the year ended January 31, 2001.

We have audited the consolidated financial statements of Nordstrom, Inc. and subsidiaries as of January 31, 2001 and 2000, and for each of the three years in the period ended January 31, 2001, and have issued our report thereon dated March 21, 2001; such financial statements and report are included in your 2000 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of Nordstrom, Inc. and subsidiaries, listed in Item 14(a)2. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/Deloitte & Touche LLP
Seattle, Washington
April 11, 2001

NORDSTROM, INC. AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(Dollars in thousands)

Column A	Column B	Column C	Column D	Column E
		Additions	Deductions	
Description	Balance at beginning of period	Charged to costs and expenses	Account write-offs net of recoveries	Balance at end of period
Allowance for doubtful accounts:				
Year ended:				
January 31, 1999	$30,384	$23,827	$29,668	$24,543
January 31, 2000	$24,543	$11,707	$20,412	$15,838
January 31, 2001	$15,838	$20,369	$19,676	$16,531

NORDSTROM INC. AND SUBSIDIARIES

Exhibit Index

Exhibit		Method of Filing
3.1	Articles of Incorporation as amended and restated	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 1999, Exhibit 3.1.
3.2	By-laws, as amended and restated on August 31, 2000	Filed herewith electronically
4.1	Indenture between Registrant and Norwest Bank Colorado, N.A., as trustee, dated March 11, 1998	Incorporated by reference from Registration No. 333-47035, Exhibit 4.1.
4.2	Senior indenture between Registrant Norwest Bank Colorado, N.A., as trustee, dated January 13, 1999	Incorporated by reference and from Registration No. 333-69281, Exhibit 4.3.
4.3	Form of Subordinated Indenture between Registrant and Norwest Bank Colorado, N.A., as trustee, dated January 13, 1999	Incorporated by reference from Registration No. 333-69281, Exhibit 4.4.
10.1	Merchant Agreement dated August 30, 1991 between Registrant and Nordstrom National Credit Bank	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1991, Exhibit 10.1.
10.2	Nordstrom Supplemental Retirement Plan	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1993, Exhibit 10.3.
10.3	1993 Non-Employee Director Stock Incentive Plan	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1994, Exhibit 10.4.
10.4	Investment Agreement dated October 8, 1984 between the Registrant and Nordstrom Credit, Inc.	Incorporated by reference from the Nordstrom Credit, Inc. Form 10, Exhibit 10.1.
10.5	Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank and Norwest Bank Colorado, N.A., as trustee	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.1.

10.6	Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Nordstrom Credit, Inc. and Norwest Bank Colorado, N.A., as trustee	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.2.
10.7	First amendment to the Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Nordstrom Credit, Inc. and Norwest Bank Colorado, N.A., as trustee, dated December 10, 1997	Incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 1998, Exhibit 10.13.
10.8	Second Amendment to the Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996, between Nordstrom Credit, Inc., Nordstrom National Credit Bank and Norwest Bank Colorado, N.A., as trustee, dated February 25, 1999	Incorporated by reference from the Nordstrom Credit, Inc. Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.1.
10.9	Transfer and Administration Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Enterprise Funding Corporation and Nationsbank, N.A.	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.3.
10.10	First Amendment to the Transfer and Administration Agreement dated August 19, 1997 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A.	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.1.
10.11	Second Amendment to the Transfer and Administration Agreement dated July 23, 1998 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A.	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.2.
10.12	Receivables Purchase Agreement dated August 14, 1996 between Registrant and Nordstrom Credit, Inc.	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1997, Exhibit 10.12.
10.13	1997 Nordstrom Stock Option Plan	Incorporated by reference from the Registrant's Form 10-Q for the quarter Ended April 30, 1999, Exhibit 10.4.
10.14	The Nordstrom, Inc. Profit Sharing and Employee Deferral Retirement Plan	Incorporated by reference from the Registrant's Report on Form S-8, Registration No. 333-79791 filed on June 2, 1999.

10.15 Amended and Restated Revolving Credit Facility between Registrant and a group of commercial banks, dated October 15, 1999	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended October 31, 1999, Exhibit 10.1.
10.16 Commercial Paper Dealer Agreement dated October 2, 1997 between Registrant and Bancamerica Securities, Inc.	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997, Exhibit 10.1.
10.17 Commercial Paper Agreement dated October 2, 1997 between Registrant and Credit Suisse First Boston Corporation	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997, Exhibit 10.2.
10.18 Issuing and Paying Agency Agreement dated October 2, 1997 between Registrant and First Trust of New York, N.A.	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997, Exhibit 10.3.
10.19 Joint Venture Agreement between Nordstrom, Inc. and Nordstorm.com, Inc. dated as of August 24, 1999	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2000, Exhibit 10.21.
10.20 Credit Agreement dated as of February 29, 2000, between 1700 Seventh L.P., several lenders from time to time party thereto, with Bank of America, N.A. as Administrative Agent and as Project Administrative Agent	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2000, Exhibit 10.22.
10.21 Guaranty Agreement dated as of February 29, 2000, between Registrant, Bank of America, N.A., and the Lenders party to the Credit Agreement(described in 10.20 above),	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2000, Exhibit 10.23.
10.22 Third Amendment to the Transfer and Administration Agreement dated August 11, 1999 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A.	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.1.
10.23 Fourth Amendment to the Transfer and Administration Agreement dated March 1, 2000 between Enterprise Funding Corporation, Nordstrom fsb, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A.	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.2.
10.24 Fifth Amendment to the Transfer and Administration Agreement dated July 20, 2000 between Enterprise Funding Corporation, Nordstrom fsb, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A.	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.3.

10.25	First Amendment to the Master Pooling and Servicing Agreement dated March 1, 2000, between Nordstrom fsb and Wells Fargo Bank West, N.A., as trustee.	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.4.
10.26	Share Purchase and Contribution Agreement dated as of September 27, 2000 by and among Nordstrom, Inc., Nordstrom European Capital Group, and the Selling Shareholders of Faconnable, S.A.	Incorporated by reference from the Registrant's Form S-3, Registration No. 333-50028 filed on November 15, 2000, Exhibit 2.1.
10.27	Amendment to the Share Purchase and Contribution Agreement dated as of October 20, 2000 by and among Nordstrom, Inc., Nordstrom European Capital Group, and the Selling Shareholders of Faconnable, S.A	Incorporated by reference from the Registrant's Form S-3, Registration No. 333-50028 filed on November 15, 2000, Exhibit 2.2
10.28	The Put Agreement dated November 1, 1999 between Nordstrom, Inc. and the holders of the Series C Preferred Stock of Nordstrom.com, Inc.	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended October 31, 2000, Exhibit 10.3.
13.1	2000 Annual Report to Shareholders	Filed herewith electronically
21.1	Subsidiaries of the Registrant	Filed herewith electronically
23.1	Independent Auditors' Consent and Report on Schedule	Filed as page 21 of this report

BYLAWS
OF
NORDSTROM, INC.

(Amended and Restated as of August 31, 2000)

ARTICLE I
Offices

The principal office of the corporation in the state of Washington shall be located in the city of Seattle. The corporation may have such other offices, either within or without the state of Washington, as the Board of Directors may designate or as the business of the corporation may require from time to time.

The registered office of the corporation required by the Washington Business Corporation Act to be maintained in the state of Washington may be, but need not be, identical with the principal office in the state of Washington and the address of the registered office may be changed from time to time by the Board of Directors or by officers designated by the Board of Directors.

ARTICLE II
Shareholders

Section 1. Annual Meetings. The annual meeting of the shareholders shall be held on the third Tuesday in the month of May each year, at the hour of 11:00 a.m., unless the Board of Directors shall have designated a different hour and day in the month of May to hold said meeting. The meeting shall be for the purpose of electing directors and the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the state of Washington and if the Board of Directors has not designated some other day in the month of May for such meeting, such meeting shall be held at the same hour and place on the next succeeding business day not a holiday. The failure to hold an annual meeting at the time stated in these Bylaws does not affect the validity of any corporate action. If the election of directors shall not be held on the day designated herein or by the Board of Directors for any annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as conveniently may be.

Section 2. Special Meetings. Special meetings of the shareholders may be called for any purpose or purposes, unless otherwise prescribed by statute, at any time by the Chairman (or any Co-Chairman) of the Board of Directors, by the President (or any Co-President) if there is not then a Chairman (or Co-Chairman) of the Board of Directors or by the Board of Directors and shall be called by the Chairman (or any Co-Chairman) of the Board of Directors or the President (or any Co-President) at the request of holders of not less than 15% of all outstanding shares of the corporation entitled to vote on any issue proposed to be considered at the meeting. Only business within the purpose or purposes described in the meeting notice may be conducted at a special shareholder's meeting.

Section 3. Place of Meeting. The Board of Directors may designate any place, either within or without the state of Washington, as the place of meeting for any annual meeting or for any special meeting of the corporation. If no such designation is made, the place of meeting shall be the principal offices of the corporation in the state of Washington.

Section 4. Notice of Meetings. Written notice of annual or special meetings of shareholders stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by the Secretary, or persons authorized to call the meeting, to each shareholder of record entitled to vote at the meeting, not less than ten (10) nor more than sixty (60) days prior to the date of the meeting, unless otherwise prescribed by statute.

Section 5. Waiver of Notice. Notice of the time, place and purpose of any meeting may be waived in writing (either before or after such meeting) and will be waived by any shareholder by attendance of the shareholder in person or by proxy, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting. Any shareholder waiving notice of a meeting shall be bound by the proceedings of the meeting in all respects as if due notice thereof had been given.

Section 6. Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a record date for any such determination of shareholders, such date to be not more than seventy (70) days and, in the case of a meeting of shareholders, not less than ten (10) days, prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the day before the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section, the determination shall apply to any adjournment thereof, unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned more than one hundred twenty (120) days after the date fixed for the original meeting.

Section 7. Voting Lists. After fixing a record date for a shareholders' meeting, the corporation shall prepare an alphabetical list of the names of all shareholders on the record date who are entitled to notice of the shareholders' meeting. The list shall show the address of and number of shares held by each shareholder. A shareholder, shareholder's agent, or a shareholder's attorney may inspect the shareholder list, at the shareholder's expense, beginning ten days prior to the shareholders' meeting and continuing through the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held during regular business hours. The shareholder list shall be kept open for inspection at the time and place of such meeting or any adjournment.

Section 8. Quorum and Adjourned Meetings. Unless the Articles of Incorporation or applicable law provide otherwise, a majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. Once a share is represented at a meeting, other than to object to holding the meeting or transacting business, it is deemed to be present for the remainder of the meeting and any adjournment thereof unless a new record date is set or is required to be set for the adjourned meeting. A majority of the shares represented at a meeting, even if less than a quorum, may adjourn the meeting from time to time without further notice. At a reconvened meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting. Business may continue to be conducted at a duly organized meeting and at any adjournment of such meeting (unless a new record date is or must be set for the adjourned meeting), notwithstanding the withdrawal of enough shares from either meeting to leave less than a quorum.

Section 9. Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by the shareholder's duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Section 10. Voting of Shares. Every shareholder of record shall have the right at every shareholders' meeting to one vote for every share standing in the shareholder's name on the books of the corporation. If a quorum exists, action on a matter, other than election of directors, is approved by the shareholders if the votes cast favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation or applicable law require a greater number of affirmative votes. Notwithstanding the foregoing, shares of the corporation may not be voted if they are owned, directly or indirectly, by another corporation and the corporation owns, directly or indirectly, a majority of shares of the other corporation entitled to vote for directors of the other corporation.

Section 11. Acceptance of Votes. If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of a shareholder of the corporation, the corporation may accept the vote, consent, waiver or proxy appointment and give effect to it as the act of the shareholder if: (i) the shareholder is an entity and the name signed purports to be that of an officer, partner or agent of the entity; (ii) the name signed purports to be that of an administrator, executor, guardian or conservator representing the shareholder; (iii) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder; (iv) the name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder; or (v) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all co-owners.

Section 12. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the corporation. Nominations of persons for election to the Board of Directors may be made at any annual meeting of shareholders (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any shareholder of the corporation (i) who is a shareholder of record on the date of the giving of the notice provided for in this Section 10 and on the record date for the determination of shareholders entitled to vote at the annual meeting and (ii) who timely complies with the notice procedures and form of notice set forth in this Section 12.

To be timely, a shareholder's notice must be given to the Secretary of this corporation and must be delivered to or mailed and received at the principal executive offices of the corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after the anniversary date, or no annual meeting was held in the immediately preceding year, notice by the shareholder in order to be timely must be so received no later than the close of business on the tenth (10th) days following the day on which the notice of the annual meeting date was mailed to shareholders.

To be in the proper form, a shareholder's notice must be in written form and must set forth (a) as to each person whom the shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations proxies for election of director pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Act") and the rules and regulations promulgated thereunder and (b) as to the shareholder giving the notice (i) the name and record address of the shareholder, (ii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or by record by the shareholder, (iii) a description of all arrangements or understandings between the shareholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by the shareholder, (iv) a representation that the shareholder intends to appear in person or by proxy at the meeting to nominate the person named in its notice, and (v) any other information relating to the shareholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. The notice must be accompanied by a written consent of each proposed nominee to be named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this Section 12. If the chairman of the annual meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairman shall declare to the meeting that the nomination was defective and the defective nomination shall be disregarded.

Section 13. Business at Annual Meetings. No business may be transacted at an annual meeting of shareholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (c) otherwise properly brought before the annual meeting by any shareholder of the corporation (i) who is a shareholder of record on the date of the giving of the notice provided for in this Section 13 and on the record date for the determination of shareholders of record on the date for the determination of shareholders entitled to vote at the annual meeting and (ii) who timely complies with the notice procedures and form of notice set forth in this Section 13.

To be timely, a shareholder's notice must be given to the Secretary of the corporation and must be delivered to or mailed and received at the principal executive offices of the corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after the anniversary date, notice by the shareholder in order to be timely must be so received no later than the close of business on the tenth (10th) day following the day on which the notice of the annual meeting date was mailed to shareholders.

To be in proper form, a shareholder's notice must be in written form and must set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for documenting the business at the annual meeting, (ii) the name and record address of the shareholder, (iii) the number of shares of capital stock of the corporation which are owned beneficially or of record by each shareholder, (iv) a description of all arrangements or understandings between the shareholder and any other person or persons (including their names) in connection with the proposal of the business and (v) a representation that the shareholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of shareholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 13; provided, however, that, once the business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 13 shall be deemed to preclude discussion by any shareholder of any such business. If the chairman of the annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and the business shall not be transacted.

ARTICLE III
Board of Directors

Section 1. General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the directionof, its Board of Directors, except as may be otherwise provided in these Bylaws, the Amended and Restated Articles of Incorporation or the Washington Business Corporation Act.

Section 2. Number, Tenure and Qualifications. The number of directors of the corporation shall be nine (9). Each director shall hold office until the next annual meeting of shareholders and until his successors shall have been elected and qualified. Directors need not be residents of the state of Washington or shareholders of the corporation.

Section 3. Regular Meeting. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after and at the same place as, the annual meeting of shareholders. Regular meetings of the Board of Directors shall be held at such place and on such day and hour as shall from time to time be fixed by the Chairman (or any Co-Chairman) of the Board of Directors, the President (or any Co-President) or the Board of Directors. No other notice of regular meeting of the Board of Directors shall be necessary.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman (or any Co-Chairman) of the Board of Directors, the President (or any Co-President) or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the state of Washington, as the place for holding any special meeting of the Board of Directors called by them.

Section 5. Notice. Notice of any special meeting shall be given at least two days previously thereto by either oral or written notice. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Quorum. A majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. A vacancy on the Board of Directors created by reason of an increase in the number of directors may be filled by election by the Board of Directors for a term of the office continuing only until the next election of directors by the shareholders.

Section 9. Compensation. By resolution of the Board of Directors, each director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors and at each meeting of a committee of the Board of Directors and may be paid a stated salary as director, a fixed sum for attendance at each such meeting, or both. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 10. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 11. Committees. The Board of Directors, by resolution adopted by the greater of a majority of the Board of Directors then in office and the number of directors required to take action in accordance these Bylaws, may create standing or temporary committees, including an Executive Committee, and appoint members form its own number and invest such committees with such powers as it may see fit, subject to such conditions as may be prescribed by the Board of Directors, the Articles of Incorporation, these Bylaws and applicable law. Each committee must have two or more members, who shall serve at the pleasure of the Board of Directors.

Section 11.1. Authority of Committees. Except for the executive committee which, when the Board of Directors is not in session, shall have and may exercise all of the authority of the Board of Directors except to the extent, if any, that such authority shall be limited by the resolutions appointing the executive committee, each committee shall have and may exercise all of the authority of the Board of Directors to the extent provided in the resolution of the Board of Directors creating the committee and any subsequent resolutions adopted in like manner, except that no such committee shall have the authority to: (1) authorize or approve a distribution except according to a general formula or method prescribed by the Board of Directors, (2) approve or propose to shareholders sections or proposal required by the Washington Business Corporation Act to be approved by shareholders, (3) fill vacancies on the Board or any committee thereof, (4) amend the Articles of Incorporation pursuant to RCW 23B.10.020, (5) adopt, amend or repeal Bylaws, (6) approve a plan of merger not requiring shareholder approval, or (7) authorize or approve the issuance or sale or contact for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares except that the Board may authorize a committee or a senior executive officer of the corporation to do so within limits specifically prescribed by the Board.

Section 11.2. Removal. The Board of Directors may remove any member of any committee elected or appointed by it but only by the affirmative vote of the greater of a majority of the directors then in office and the number of directors required to take action in accordance with these Bylaws.

Section 11.3. Minutes of Meetings. All committees shall keep regular minutes of their meetings and shall cause them to be recorded in books kept for that purpose.

ARTICLE IV

Special Measures Applying to Both Shareholder and Director Meetings

Section 1. Actions by Written Consent. Any corporate action required or permitted by the Articles of Incorporation, Bylaws, or the laws under which the corporation is formed, to be voted upon or approved at a duly called meeting of the directors, committee of directors, or shareholders may be accomplished without a meeting if one or more unanimous written consents of the respective directors or shareholders, setting forth the actions so taken, shall be signed, either before or after the action taken, by all the directors, committee members or shareholders, as the case may be. Action taken by unanimous written consent of the directors or a committee of the Board of Directors is effective when the last director or committee member signs the consent, unless the consent specifies a later effective date. Action taken by unanimous written consent of the shareholders is effective when all consents have been delivered to the corporation, unless the consent specifies a later effective date.

Section 2. Meetings by Conference Telephone. Members of the Board of Directors, members of a committee of directors, or shareholders may participate in their respective meetings by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time; participation in a meeting by such means shall constitute presence in person at such meeting.

Section 3. Written or Oral Notice. Oral notice may be communicated in person, or by telephone, wire or wireless equipment, which does not transmit a facsimile of the notice. Oral notice is effective when communicated. Written notice may be transmitted by mail, private carrier, or personal delivery; telegraph or teletype; or telephone, wire or wireless equipment which transmits a facsimile of the notice. Written notice to a shareholder is effective when mailed, if mailed with first class postage prepaid and correctly addressed to the shareholder's address shown in the corporation's current record of shareholders. In all other instances, written notice is effective on the earliest of the following: (a) when dispatched to the person's address, telephone number, or other number appearing on the records of the corporation by telegraph, teletype or facsimile equipment; (b) when received; (c) five days after deposit in the United States mail, as evidenced by the postmark, if mailed with first class postage, prepaid and correctly addressed; or (d) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested and the receipt is signed by or on behalf of the addressee. In addition, notice may be given in any manner not inconsistent with the foregoing provisions and applicable law.

ARTICLE V
Officers

Section 1. Number. The offices and officers of the corporation shall be as designated from time to time by the Board of Directors. Such offices may include a Chairman or two or more Co-Chairmen of the Board of Directors, a President or two or more Co-Presidents, one or more Vice Presidents, a Secretary and a Treasurer. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same persons.

Section 2. Election and Term of Office. The officers of the corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until a successor shall have been duly elected and qualified, or until the officer's death or resignation, or the officer has been removed in the manner hereinafter provided.

Section 3. Removal. Any officer or agent may be removed by the Board of Directors whenever in its judgment, the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. Chairman of the Board of Directors. The Chairman or Co-Chairmen of the Board of Directors, subject to the authority of the Board of Directors, shall preside at meetings of shareholders and directors and, together with the President and Co-Presidents, shall have general supervision and control over the business and affairs of the corporation. The Chairman or a Co-Chairman of the Board of Directors may sign any and all documents, deeds, mortgages, bonds, contracts, leases, or other instruments in the ordinary course of business with or without the signature of a second corporate officer, may sign certificates for shares of the corporation with the Secretary or Assistant Secretary of the corporation and may sign any documents which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general may perform all duties which are normally incident to the office of Chairman of the Board of Directors or President and such other duties, authority and responsibilities as may be prescribed by the Board of Directors from time to time.

Section 6. President. The President or Co-Presidents, together with the Chairman or Co-Chairmen of the Board of Directors, shall have general supervision and control over the business and affairs of the corporation subject to the authority of the Chairman or Co-Chairmen of the

Board of Directors and the Board of Directors. The President or a Co-President may sign any and all documents, mortgages, bonds, contracts, leases, or other instruments in the ordinary course of business with or without the signature of a second corporate officer, may sign certificates for shares of the corporation with the Secretary or Assistant Secretary of the corporation and may sign any documents which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties, authority and responsibilities as may be prescribed by the Chairman or Co-Chairmen of the Board of Directors or the Board of Directors from time to time.

Section 7. The Vice President. In the absence of the President and all Co-Presidents, or in the event of their death, inability or refusal to act, the Executive Vice President, if one is designated and otherwise the Vice Presidents in the order designated at the time of their election or in the absence of any designation, then in the order of their election, shall perform the duties of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to the Vice President by the Chairman or Co-Chairmen of the Board of Directors, President or any Co-President, or by the Board of Directors.

Section 8. The Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents and the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholders; (e) sign with the Chairman or Co-Chairmen of the Board of Directors, President or a Co-President, or with a Vice President, certificates for shares of the corporation, or contracts, deeds or mortgages the issuance or execution of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation subject to the authority delegated to a transfer agent or registrar if appointed; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Chairman or Co-Chairmen of the Board of Directors, President or any Co-President, or by the Board of Directors.

Section 9. The Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for monies due and payable to the corporation from any source whatsoever and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VII of these Bylaws; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Chairman or Co-Chairmen of the Board of Directors, President or any Co-President, or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 10. Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries, when authorized by the Board of Directors, may sign with the Chairman or Co-Chairmen of the Board of Directors, President or a Co-President, or with a Vice President, certificates for shares of the corporation or contracts, deeds or mortgages, the issuance or execution of which shall have been authorized by a resolution of the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the Chairman or Co-Chairmen of the Board of Directors, President or any Co-President, or by the Board of Directors.

ARTICLE VI
Contracts, Loans, Checks and Deposits

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks. Drafts. etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officers, agent or agents of the corporation and in such manner as shall from time to time be determined by the Board of Directors.

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VII
Certificates for Shares and Their Transfer

Section 1. Certificates for Shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the Chairman (or any Co-Chairman) of the Board of Directors, the President (or any Co-President) or a Vice President and by the Secretary or an Assistant Secretary and sealed with the corporate seal or a facsimile thereof. The signatures of such officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or one of its employees. If any officer who signed a certificate, either manually or in facsimile, no longer holds such office when the certificate is issued, the certificate is nevertheless valid. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors may prescribe.

Section 2. Transfer of Shares. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation, or with its transfer agent, if any, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

ARTICLE VIII
Fiscal Year

The fiscal year of the corporation shall begin on the first day of February and end on the thirty-first day of January in each year.

ARTICLE IX
Dividends

The Board of Directors may, from time to time, declare and the corporation may pay dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its articles of incorporation.

ARTICLE X
Corporate Seal

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation and the words, "Corporate Seal."

ARTICLE XI
Indemnification of Directors, Officers and Others

Section 1. Right to Indemnification. Each person (including a person's personal representative) who was or is made a party or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or by or in the right of the corporation, or otherwise (hereinafter a "proceeding") by reason of the fact that he or she (or a person of whom he or she is a personal representative) is or was a director or officer of the corporation or, being or having been such a director or officer, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, agent or in any other relationship or capacity whatsoever, of any other foreign or domestic corporation, partnership, joint venture, employee benefit plan or trust or other trust, enterprise or other private or governmental entity, agency, board, commission, body or other unit whatsoever (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action or inaction in an official capacity as a director, officer, partner, trustee, employee, agent or in any other relationship or capacity whatsoever, shall be indemnified and held harmless by the corporation to the fullest extent not prohibited by the Washington Business Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment does not prohibit the corporation from providing broader indemnification rights than prior to the amendment), against all expenses, liabilities and losses (including but not limited to attorneys' fees, judgments, claims, fines, ERISA and other excise and other taxes and penalties and other adverse effects and amounts paid in settlement), reasonably incurred or suffered by the indemnitee; provided, however, that no such indemnity shall indemnify any person from or on account of acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law, or from or on account of conduct of a director finally adjudged to be in violation of RCW 23B.08.310, or from or on account of any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which the person was not legally entitled; and further provided, however, that except as provided in Section 2 of this Article with respect to suits relating to rights to indemnification, the corporation shall indemnify any indemnitee in connection with a proceeding (or part thereof) initiated by the indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation.

The right to indemnification granted in this Article is a contract right and includes the right to payment by, and the right to receive reimbursement from, the corporation of all expenses as they are incurred in connection with any proceeding in advance of its final disposition (hereinafter an "advance of expenses"); provided, however, that an advance of expenses received by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee unless required by the Board of Directors) shall be made only upon (i) receipt by the corporation of a written undertaking (hereinafter an "undertaking") by or on behalf of such indemnitee, to repay advances of expenses if and to the extent it shall ultimately be determined by order of a court having jurisdiction (which determination shall become final upon expiration of all rights to appeal), hereinafter a "final adjudication", that the indemnitee is not entitled to be indemnified for such expenses under this Article, (ii) receipt by the corporation of written affirmation by the indemnitee of his or her good faith belief that he or she has met the standard of conduct applicable (if any) under the Washington Business Corporation Act necessary for indemnification by the corporation under this Article, and (iii) a determination of the Board of Directors, in its good faith belief, that the indemnitee has met the standard of conduct applicable (if any) under the Washington Business Corporation Act necessary for indemnification by the corporation under this Article.

Section 2. Right of Indemnitee to Bring Suit. If any claim for indemnification under Section 1 of this Article is not paid in full by the corporation within sixty days after a written claim has been received by the corporation, except in the case of a claim for an advance of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If the indemnitee is successful in whole or in part in any such suit, or in any suit in which the corporation seeks to recover an advance of expenses, the corporation shall also pay to the indemnitee all the indemnitee's expenses in connection with such suit. The indemnitee shall be presumed to be entitled to indemnification under this Article upon the corporation's receipt of indemnitee's written claim (and in any suits relating to rights to indemnification where the required undertaking and affirmation have been received by the corporation) and thereafter the corporation shall have the burden of proof to overcome that presumption. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or shareholders) to have made a determination prior to other commencement of such suit that the indemnitee is entitled to indemnification, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or shareholders) that the indemnitee is not entitled to indemnification, shall be a defense to the suit or create a presumption that the indemnitee is not so entitled. It shall be a defense to a claim for an amount of indemnification under this Article (other than a claim for advances of expenses prior to final disposition of a proceeding where the required undertaking and affirmation have been received by the corporation) that the claimant has not met the standards of conduct applicable (if any) under the Washington Business Corporation Act to entitle the claimant to the amount claimed, but the corporation shall have the burden of proving such defense. If requested by the indemnitee, determination of the right to indemnity and amount of indemnity shall be made by final adjudication (as defined above) and such final adjudication shall supersede any determination made in accordance with RCW 23B.08.550.

Section 3. Non-Exclusivity of Rights. The rights to indemnification (including, but not limited to, payment, reimbursement and advances of expenses) granted in this Article shall not be exclusive of any other powers or obligations of the corporation or of any other rights which any person may have or hereafter acquire under any statute, the common law, the corporation's Articles of Incorporation or Bylaws, agreement, vote of shareholders or disinterested directors, or otherwise. Notwithstanding any amendment to or repeal of this Article, any indemnitee shall be entitled to indemnification in accordance with the provisions hereof with respect to any acts or omissions of such indemnitee occurring prior to such amendment or repeal.

Section 4. Insurance, Contracts and Funding. The corporation may purchase and maintain insurance, at its expense, to protect itself and any person (including a person's personal representative) who is or was a director, officer, employee or agent of the corporation or who is or was a director, officer, partner, trustee, employee, agent, or in any other relationship or capacity whatsoever, of any other foreign or domestic corporation, partnership, joint venture, employee benefit plan or trust or other trust, enterprise or other private or governmental entity, agency, board, commission, body or other unit whatsoever, against any expense, liability or loss, whether or not the power to indemnify such person against such expense, liability or loss is now or hereafter granted to the corporation under the Washington Business Corporation Act. The corporation may enter into contracts granting indemnity, to any such person whether or not in furtherance of the provisions of this Article and may create trust funds, grant security interests and use other means (including, without limitation, letters of credit) to secure and ensure the payment of indemnification amounts.

Section 5. Indemnification of Employees and Agents. The corporation may, by action of the Board of Directors, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agent of the corporation with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the corporation or pursuant to rights granted under, or provided by, the Washington Business Corporation Act or otherwise.

Section 6. Separability of Provisions. If any provision or provisions of this Article shall be held to be invalid, illegal or unenforceable for any reason whatsoever (i) the validity, legality and enforceability of the remaining provisions of this Article (including without limitation, all portions of any sections of this Article containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Article (including, without limitation, all portions of any paragraph of this Article containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Section 7. Partial Indemnification. If an indemnitee is entitled to indemnification by the corporation for some or a portion of expenses, liabilities or losses, but not for the total amount thereof, the corporation shall nevertheless indemnify the indemnitee for the portion of such expenses, liabilities and losses to which the indemnitee is entitled.

Section 8. Successors and Assigns. All obligations of the corporation to indemnify any indemnitee: (i) shall be binding upon all successors and assigns of the corporation (including any transferee of all or substantially all of its assets and any successor by merger or otherwise by operation of law), (ii) shall be binding on and inure to the benefit of the spouse, heirs, personal representatives and estate of the indemnitee, and (iii) shall continue as to any indemnitee who has ceased to be a director, officer, partner, trustee, employee or agent (or other relationship or capacity).

ARTICLE XII
Books and Records

Section 1. Books of Accounts, Minutes and Share Register. The corporation shall keep as permanent records minutes of all meetings of its shareholders and Board of Directors, a record of all actions taken by the shareholders or Board of Directors without a meeting and a record of all actions taken by a committee of the Board of Directors exercising the authority of the Board of Directors on behalf of the corporation. The corporation shall maintain appropriate accounting records. The corporation or its agent shall maintain a record of its shareholders, in a form that permits preparation of a list of the names and addresses of all shareholders, in alphabetical order showing the number and class of shares held by each. The corporation shall keep a copy of the following records at its principal office: the Articles or Restated Articles of Incorporation and all amendments currently in effect; the Bylaws or Restated Bylaws and all amendments currently in effect; the minutes of all shareholders' meetings and records of all actions taken by shareholders without a meeting, for the past three years; its financial statements for the past three years, including balance sheets showing in reasonable detail the financial condition of the corporation as of the close of each fiscal year and an income statement showing the results of its operations during each fiscal year prepared on the basis of generally accepted accounting principles or, if not, prepared on a basis explained therein; all written communications to shareholders generally within the past three years; a list of the names and business addresses of its current directors and officers; and its most recent annual report delivered to the Secretary of State of the State of Washington.

Section 2. Copies of Resolutions. Any person dealing with the corporation may rely upon a copy of any of the records of the proceedings, resolutions, or votes of the Board of Directors or shareholders, when certified by the Chairman (or any Co-Chairman) of the Board of Directors, President (or any Co-President) or Secretary.

ARTICLE XIII
Amendment of Bylaws

These Bylaws may be amended, altered, or repealed by the affirmative vote of a majority of the full Board of Directors at any regular or special meeting of the Board of Directors.

EXHIBIT 13.1

Financial Highlights

Dollars in thousands except per share amounts

Fiscal Year	2000	1999	% Change
Net sales	$5,528,537	$5,149,266	7.4
Earnings before income taxes	167,018	332,057	(49.7)
Net earnings	101,918	202,557	(49.7)
Basic earnings per share	0.78	1.47	(46.9)
Diluted earnings per share	0.78	1.46	(46.6)
Dividends paid per share	0.35	0.32	9.4

Stock Prices

	2000		1999	
Fiscal Year	high	low	high	low
First Quarter	34.50	18.25	44.81	34.63
Second Quarter	30.00	16.56	39.38	30.38
Third Quarter	19.50	14.19	33.13	23.13
Fourth Quarter	21.00	14.88	28.00	21.31

Nordstrom, Inc. common stock is traded on the New York Stock Exchange NYSE Symbol-JWN.

Graph - Net Sales
The vertical bar graph compares net sales for the past ten years. Beginning with the oldest fiscal year on the left, net sales (dollars are in millions) were as follows: 1991-$3,175; 1992-$3,416; 1993-$3,591; 1994-$3,896; 1995-$4,114; 1996-$4,458; 1997-$4,865; 1998-$5,049; 1999-$5,149; 2000-$5,529;

Graph - Comparable Store Sales
The vertical bar graph compares comparable store sales for the past ten years. Beginning with the oldest fiscal year on the left, Comparable Store Sales were as follows: 1991-1.4%; 1992-1.4%; 1993-2.7%; 1994-4.4%; 1995-(0.7%); 1996-0.6%; 1997-4.0%; 1998-(2.7%); 1999-(1.1%); 2000-0.3%;

Graph - Total Square Footage
The vertical bar graph compares total square footage for the past ten years. Beginning with the oldest fiscal year on the left, total square footage (in thousands) were as follows: 1991-8,590; 1992-9,224; 1993-9,282; 1994-9,998; 1995-10,713; 1996-11,754; 1997-12,614; 1998-13,593; 1999-14,487; 2000-16,056;

Graph - Diluted Earnings Per Share
The vertical bar graph compares diluted earnings per share for the past ten years. Beginning with the oldest fiscal year on the left, diluted earnings per share were as follows: 1991-$0.82; 1992-$0.82; 1993-$0.86; 1994-$1.23; 1995-$1.00; 1996-$0.90; 1997-$1.20; 1998-$1.41; 1999-$1.46; 2000-$0.78;

Management's Discussion and Analysis

The following discussion and analysis reviews the past three years and provides additional information on future expectations and trends. Some of the information in this annual report, including anticipated store openings and planned capital expenditures, are forward-looking statements, which are subject to risks and uncertainties. Actual future results and trends may differ materially depending upon a variety of factors, including, but not limited to, the Company's ability to predict fashion trends and consumer apparel buying patterns, the Company's ability to maintain and control proper inventory levels, the Company's ability to control costs and expenses, trends in personal bankruptcies and bad debt write-offs, employee relations, adverse weather conditions and other hazards of nature such as earthquakes and floods, the Company's ability to continue its expansion plans, and the impact of ongoing competitive market factors. This discussion and analysis should be read in conjunction with the basic consolidated financial statements and the Ten-Year Statistical Summary.

Overview

During 2000 (the fiscal year ended January 31, 2001), Nordstrom, Inc. and its subsidiaries (collectively, the "Company") achieved increases in net sales compared to the prior year, but also incurred higher costs in several expense categories. Other factors contributing to lower overall profitability were non-recurring charges related to the write-off of an investment in an Internet grocery and consumer goods delivery company (approximately $33 million pre-tax), the write-off of certain abandoned and impaired information technology projects (approximately $10 million pre-tax) and the incurrence of certain severance and other costs related to a change in management (approximately $13 million pre-tax).

During 2000, the Company opened 6 full-line stores in Atlanta, Georgia; Frisco, Texas; Broomfield, Colorado; Roseville, California; Chicago, Illinois; and Boca Raton, Florida. The Company also opened 10 Nordstrom Rack stores in Atlanta, Georgia; Hurst, Texas; Plano, Texas; Glendale, California; Troy, Michigan; Honolulu, Hawaii; Spokane, Washington; Oak Brook, Illinois; Scottsdale, Arizona; and Chandler, Arizona. As a result of the acquisition of Faconnable, S.A. in October 2000, the Company also operates 20 Faconnable boutiques located primarily in Europe.

Results of Operations

Net Sales

The Company achieved a 7.4% increase in sales in 2000 as compared to 1999 (the fiscal year ended January 31, 2000). Certain components of the percentage change in sales by year are as follows:

Fiscal Year	2000	1999	1998
Sales in comparable stores	0.3	(1.1%)	(2.7%)
NORDSTROM.com	32.2%	9.2%	35.5%
Total increase	7.4%	2.0%	3.8%

Comparable store sales (sales in stores open at least one full fiscal year at the beginning of the fiscal year) were essentially flat in 2000, with increases in shoes, cosmetics and accessories being offset primarily by decreases in women's apparel. The Company believes the decreases in women's apparel are primarily attributable to a change in the merchandise mix in the women's apparel areas, which did not result in sales increases as planned. In 1999, comparable store sales decreased primarily due to missed fashion product offering opportunities in the women's, kids' and juniors' apparel divisions. The decrease in comparable store sales in 1998 over 1997 was primarily attributable to the reduction of inventory levels, which resulted in lower, but more profitable, sales.

The Company has continued to expand its store base over the past several years with store openings. New stores are generally not as productive as older, more established stores, because the customer base and traffic patterns of each new location are developed over time.

NORDSTROM.com continued to contribute to the Company's sales growth with revenues of $311 million, $235 million and $215 million in 2000, 1999 and 1998, respectively. The Company's average price point has varied slightly over the past three years, due primarily to changes in the merchandise mix. Inflation in overall merchandise costs and prices has not been significant during the past three years.

Gross Profit

Gross profit (net sales less cost of sales and related buying and occupancy expenses) as a percentage of net sales declined to 34.0% in 2000, as compared to 34.8% in 1999, and 33.8% in 1998.

The decline in 2000 is attributable to lower than anticipated sales, which also resulted in increased markdowns in order to liquidate excess inventory. The 1999 improvement reflects changes in the Company's buying processes and vendor programs, which was partially offset by increased occupancy costs related to new stores and remodeling projects.

Selling, General and Administrative

Selling, general and administrative expenses as a percentage of net sales were 31.6% in 2000, 29.6% in 1999, and 28.3% in 1998.

The increase in 2000, as a percentage of net sales, includes third quarter charges of approximately $10 million (pre-tax) related to the write-off of abandoned and impaired information technology projects, and approximately $13 million (pre-tax) of employee severance and other costs related to a change in management. In addition, increased costs in the areas of selling, credit, sales promotion, and information services accounted for the majority of the increase in the expense.

The 1999 increase, as a percentage of net sales, was partially due to a charge of approximately $10 million (pre-tax) primarily associated with the restructuring of the Company's information technology services area in order to improve its efficiency and effectiveness. The Company also experienced substantially increased operating expenses of approximately $23 million, associated with the increased sales activity of NORDSTROM.com and NORDSTROMSHOES.com. These increases were partially offset by lower bad debt expense due to the improved credit quality of the Company's credit card receivables.

Graph - Percentage of 2000 Sales by Merchandise Category
The pie chart shows the percentage of 2000 sales by merchandise category. Clockwise; Women's Apparel, 35%; Women's Accessories, 21%; Shoes, 19%; Men's Apparel and Furnishings, 18%; Children's Apparel and Accessories, 4%; Other, 3%;

Interest Expense, Net

Interest expense, net increased 24.4% in 2000 primarily due to higher average borrowings to finance capital expenditures, the purchase of Faconnable, S.A. and the repurchase of shares. In 1999, interest expense, net increased 7% as a result of higher average borrowings to finance share repurchases. The Company repurchased 3.9 million and 10.2 million shares at an aggregate cost of approximately $86 million and $303 million in 2000 and 1999, respectively.

Service Charge Income and Other, Net

Service charge income and other, net primarily represents income from the Company's credit card operations, offset by miscellaneous expenses.

Service charge income and other, net increased in 2000 due to higher service charge and late fee income associated with increases in credit sales and the number of credit accounts, and higher accounts receivable securitization gains. Service charge income and other, net was flat in 1999.

Write-Off of Investment

The Company held common shares in Streamline.com, Inc., an Internet grocery and consumer goods delivery company, at a cost of approximately $33 million. Streamline ceased its operations effective November 2000. During the year, the Company wrote off the entire investment in Streamline.

Net Earnings

Net earnings for 2000 were lower than in 1999 due primarily to the write-off of the Streamline investment ($20 million after-tax, $.15 per share), non-recurring charges related to the write-down of abandoned and impaired information and technology projects ($6 million after-tax, $.05 per share), and employee severance and other costs ($8 million after- tax, $.06 per share). Net earnings, excluding non-recurring charges would have been $136 million and $209 million in 2000 and 1999, respectively. In addition, the Company experienced higher selling, general and administrative expenses, partially offset by higher service charge income. Net earnings for 1999 were slightly lower than 1998 as the Company's sales and gross margin improvements were offset by increases in selling, general and administrative expenses.

Liquidity and Capital Resources

The Company finances its working capital needs, capital expenditures, the purchase of Faconnable, and share repurchase activity with cash provided by operations and borrowings.

For the fiscal year ended January 31, 2001, net cash provided by operating activities decreased approximately $198 million compared to the fiscal year ended January 31, 2000, primarily due to lower net earnings and an increase in accounts receivable and merchandise inventories, partially offset by an increase in accounts payable. The increase in accounts payable was primarily due to a change in the Company's policy to pay its vendors based on receipt of goods rather than the invoice date. For the fiscal year ended January 31, 2000, net cash provided by operating activities decreased approximately $223 million compared to the fiscal year ended January 31, 1999, primarily due to the non-recurring benefit of prior year reductions in inventories and customer receivable account balances.

For the fiscal year ended January 31, 2001, net cash used for investing activities increased approximately $119 million compared to the fiscal year ended January 31, 2000, primarily due to an increase in capital expenditures to fund new stores and remodels. Additionally, approximately $84 million of cash, net of cash acquired, was used to purchase Faconnable, S.A. ("Faconnable"), of Nice, France, a designer, wholesaler and retailer of high quality men's and women's apparel and accessories. The purchase also provides for contingent payments to the principals that may be paid in fiscal 2006 based on the performance of the subsidiary and the continued active involvement of the principals in Faconnable. The contingent payments will be expensed when it becomes probable that the performance targets will be met. Assuming Faconnable performed at 100% of the plan, the contingent payments would be approximately $20 million. For the fiscal year ended January 31, 2000, net cash used in investing activities decreased approximately $68 million compared to the fiscal year ended January 31, 1999, primarily due to an increase in funds provided by developers to defray part of the Company's costs of constructing new stores.

The Company's capital expenditures aggregated approximately $652 million over the last three years, net of developer reimbursements, principally to add new stores and facilities and to improve existing stores and facilities. Over 3.4 million square feet of retail store space has been added during this time period, representing an increase of 27% since January 31, 1998.

The Company plans to spend approximately $1.2 billion, net of developer reimbursements, on capital projects during the next three years, including new stores, the remodeling of existing stores, new systems and technology, and other items. At January 31, 2001, approximately $428 million has been contractually committed for the construction of new stores, buildings or the remodel of existing stores. Although the Company has made commitments for stores opening in 2001 and beyond, it is possible that some stores may not be opened as scheduled because of delays inherent in the development process, or because of the termination of store site negotiations.

In addition to its cash flow from operations, the Company has $500 million available under its revolving credit facility. Management believes that the Company's current financial strength and credit position enable it to maintain its existing stores and to take advantage of attractive growth opportunities. The Company has senior unsecured debt ratings of Baa1 and A- and commercial paper ratings of P-2 and A-2 from Moody's and Standard and Poor's, respectively. The Company owns a 49% interest in a limited partnership which is constructing a new corporate office building in which the Company will be the primary occupant. In accordance with Emerging Issues Task Force Issue No. 97-10 "The Effect of Lessee Involvement in Asset Construction", the Company is considered to be the owner of the property. Construction in progress includes capitalized costs related to this building of $57 million as of January 31, 2001. The Company is a guarantor of a $93 million

Graph - Square Footage by Market Area at January 31, 2001
The pie chart shows the percentage of total square feet in each region and also gives the number of square feet for that region. Clockwise; Southwest, 30.4%, 4,878,000; Northwest, 18.3%, 2,942,000; Central States, 15.6%, 2,506,000; East Coast, 25.1%, 4,036,000; Rack, 9.8%, 1,568,000; Other, 0.8%, 126,000

credit facility of the limited partnership of which $53 million is outstanding as of January 31, 2001 and included in other long-term debt.

The holders of the minority interest of Nordstrom.com, LLC, through their ownership interests in its managing member Nordstrom.com, Inc., have the right to sell their shares of Nordstrom.com, Inc. to the Company for the greater of the fair value of the shares or $80 million in the event that certain events do not occur. This put right will terminate without any further action by either party if the Company provides at least $100 million in additional funding to Nordstrom.com, Inc. prior to July 1, 2002 or if Nordstrom.com, Inc. completes an initial public offering of its common stock prior to September 1, 2002. If, and when, redemption of these securities becomes probable, the Company would begin to accrete the difference between the fair value of the securities and its redemption amount over the period remaining prior to redemption.

The Board of Directors has authorized an aggregate of $1.1 billion of share repurchases since May 1995. As of January 31, 2001, the Company had repurchased approximately 39 million shares of its common stock for approximately $1.0 billion pursuant to these authorizations, and had remaining share repurchase authority of approximately $100 million. Share repurchases have been financed, in part, through additional borrowings, resulting in a planned increase in the Company's debt to capital ratio. At January 31, 2001, the Company's debt to capital ratio was .49.

In October 2000, the Company issued $300 million of 8.95% Senior Notes due in 2005. These proceeds were used to reduce short-term indebtedness, to fund the acquisition of Faconnable, and for general corporate purposes. A substantial portion of the Company's total debt of $1.2 billion at January 31, 2001 finances the Company's credit card portfolio, which aggregated $716 million at that date. In January 1999, the Company issued $250 million of 5.625% Senior Notes due in 2009, the proceeds of which were used to repay short-term debt and for general corporate purposes.

Recent Accounting Pronouncements

Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and 138, requires the Company to recognize all derivatives as either assets or liabilities in the statement of financial position and to measure those instruments at fair value. Adoption of this standard in the fiscal year beginning February 1, 2001, did not have a material impact on the Company's consolidated financial statements.

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", a replacement of SFAS No. 125 with the same title. It revises the standards for securitizations and other transfers of financial assets and collateral and requires certain additional disclosures, but otherwise retains most of SFAS No. 125's provisions. SFAS No. 140 is effective for transfers after March 31, 2001, with certain disclosures required for periods ending on or after December 31, 2000. Adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

The Company adopted Emerging Issues Task Force Issue No. 00-10 "Accounting for Shipping and Handling Fees and Costs" ("EITF No. 00-10") in the fourth quarter of fiscal 2000. EITF No. 00-10 addresses the income statement classification for shipping and handling fees and costs. Adoption of this issue did not have a material impact on the Company's consolidated financial statements for the fiscal year ended January 31, 2001.

In May 2000, the Emerging Issues Task Force reached a consensus on Issue No. 00-14 "Accounting for Certain Sales Incentives" ("EITF No. 00-14"). This EITF addresses the recognition, measurement and income statement classification for certain sales incentives. The Company's adoption of this EITF during the fourth quarter of fiscal 2000 did not have a material impact on the Company's consolidated financial statements for the fiscal year ended January 31, 2001.

Consolidated Statements
of Earnings

Dollars in thousands except per share amounts

Year ended January 31,	2001	% of sales	2000	% of sales	1999	% of sales
Net sales	$ 5,528,537	100.0	$ 5,149,266	100.0	$ 5,049,182	100.0
Costs and expenses:						
Cost of sales and related buying and occupancy	(3,649,516)	(66.0)	(3,359,760)	(65.2)	(3,344,945)	(66.2)
Gross profit	1,879,021	34.0	1,789,506	34.8	1,704,237	33.8
Selling, general and administrative	(1,747,048)	(31.6)	(1,523,836)	(29.6)	(1,429,837)	(28.3)
Operating income	131,973	2.4	265,670	5.2	274,400	5.5
Interest expense, net	(62,698)	(1.1)	(50,396)	(1.0)	(47,091)	(0.9)
Write-down of investment	(32,857)	(0.6)	--	--	--	--
Service charge income and other, net	130,600	2.3	116,783	2.2	110,414	2.1
Earnings before income taxes	167,018	3.0	332,057	6.4	337,723	6.7
Income taxes	(65,100)	(1.2)	(129,500)	(2.5)	(131,000)	(2.6)
Net Earnings	$ 101,918	1.8	$ 202,557	3.9	$ 206,723	4.1
Basic earnings per share	$0.78		$1.47		$1.41	
Diluted earnings per share	$0.78		$1.46		$1.41	
Cash dividends paid per share	$0.35		$0.32		$0.30	

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Balance Sheets

Dollars in thousands

January 31,	2001	2000
Assets		
Current assets:		
Cash and cash equivalents	$ 25,259	$ 27,042
Short-term investment	--	25,527
Accounts receivable, net	721,953	616,989
Merchandise inventories	945,687	797,845
Prepaid income taxes and other	120,083	97,245
Total current assets	1,812,982	1,564,648
Land, buildings and equipment, net	1,599,938	1,429,492
Available-for-sale investment	--	35,251
Goodwill	39,495	--
Trademarks and other intangible assets	103,978	--
Other assets	52,110	32,690
Total assets	$ 3,608,503	$ 3,062,081
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable	$ 83,060	$ 70,934
Accounts payable	466,476	390,688
Accrued salaries, wages and related benefits	234,833	211,308
Income taxes and other accruals	153,613	135,388
Current portion of long-term debt	12,586	58,191
Total current liabilities	950,568	866,509
Long-term debt	1,099,710	746,791
Deferred lease credits	275,252	194,995
Other liabilities	53,405	68,172
Shareholders' equity:		
Common stock, no par; 250,000,000 shares authorized; 133,797,757 and 132,279,988 shares issued and outstanding	330,394	247,559
Unearned stock compensation	(3,740)	(8,593)
Retained earnings	900,090	929,616
Accumulated other comprehensive earnings	2,824	17,032
Total shareholders' equity	1,229,568	1,185,614
Total liabilities and shareholders' equity	$ 3,608,503	$ 3,062,081

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements
of Shareholders' Equity

Dollars in thousands except per share amounts

	Common Stock Shares	Common Stock Amount	Unearned Compensation	Retained Earnings	Accum. Other Comprehensive Earnings	Total
Balance at February 1, 1998	152,518,104	$ 201,050	--	$ 1,257,900	--	$ 1,458,950
Net earnings	--	--	--	206,723	--	206,723
Cash dividends paid ($.30 per share)	--	--	--	(44,059)	--	(44,059)
Issuance of common stock	599,593	14,971	--	--	--	14,971
Stock compensation	194,070	14,740	$(4,703)	--	--	10,037
Purchase and retirement of common stock	(11,197,600)	--	--	(346,077)	--	(346,077)
Balance at January 31, 1999	142,114,167	230,761	(4,703)	1,074,487	--	1,300,545
Net earnings	--	--	--	202,557	--	202,557
Unrealized gain on investment	--	--	--	--	$ 17,032	17,032
Comprehensive net earnings	--	--	--	--	--	219,589
Cash dividends paid ($.32 per share)	--	--	--	(44,463)	--	(44,463)
Issuance of common stock	341,947	9,577	--	--	--	9,577
Stock compensation	40,274	7,221	(3,890)	--	--	3,331
Purchase and retirement of common stock	(10,216,400)	--	--	(302,965)	--	(302,965)
Balance at January 31, 2000	132,279,988	247,559	(8,593)	929,616	17,032	1,185,614
Net earnings				101,918	--	101,918
Other comprehensive earnings:						
Unrealized loss on investment during period, net of tax	--	--	--	--	(23,461)	(23,461)
Reclassification of realized loss, net of tax	--	--	--	--	6,429	6,429
Foreign currency translation adjustment	--	--	--	--	2,824	2,824
Comprehensive net earnings	--	--	--	--	--	87,710
Cash dividends paid ($.35 per share)	--	--	--	(45,935)	--	(45,935)
Issuance of common stock for:						
Stock option plans	181,910	4,039	--	--	--	4,039
Employee stock purchase plan	165,842	2,211	--	--	--	2,211
Business acquisition	5,074,000	77,696	--	--	--	77,696
Stock compensation, net	(14,075)	(1,111)	4,853	--	--	3,742
Purchase and retirement of common stock	(3,889,908)	--	--	(85,509)	--	(85,509)
BALANCE AT JANUARY 31, 2001	133,797,757	$ 330,394	$(3,740)	$ 900,090	$ 2,824	$ 1,229,568

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements
of Cash Flows

Dollars in thousands

Year ended January 31,	2001	2000	1999
Operating Activities			
Net earnings	$ 101,918	$ 202,557	$ 206,723
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization of buildings and equipment	203,048	193,718	180,655
Amortization of goodwill	429	--	--
Amortization of trademark and other intangible assets	822	--	--
Amortization of deferred lease credits and other, net	(12,349)	(6,387)	(3,501)
Stock-based compensation expense	7,594	3,331	10,037
Write-down of investment	32,857	--	--
Change in operating assets and liabilities, net of effects from acquisition of business			
Accounts receivable, net	(102,945)	(29,854)	77,313
Merchandise inventories	(128,744)	(47,576)	75,776
Prepaid income taxes and other	(3,889)	(11,777)	15,357
Accounts payable	67,561	51,053	18,324
Accrued salaries, wages and related benefits	16,736	14,942	17,156
Income tax liabilities and other accruals	3,879	965	(4,828)
Other liabilities	(7,184)	7,154	8,296
Net cash provided by operating activities	179,733	378,126	601,308
Investing Activities			
Capital expenditures	(321,454)	(305,052)	(306,737)
Additions to deferred lease credits	92,361	114,910	74,264
Payment for acquisition, net of cash acquired	(83,828)	--	--
Investments in unconsolidated affiliates	--	--	(32,857)
Other, net	(5,602)	(9,332)	(2,251)
Net cash used in investing activities	(318,523)	(199,474)	(267,581)
Financing Activities			
Increase (decrease) in notes payable	12,126	(7,849)	(184,984)
Proceeds from issuance of long-term debt	308,266	--	544,165
Principal payments on long-term debt	(58,191)	(63,341)	(101,106)
Capital contribution to subsidiary from minority shareholders	--	16,000	--
Proceeds from issuance of common stock	6,250	9,577	14,971
Cash dividends paid	(45,935)	(44,463)	(44,059)
Purchase and retirement of common stock	(85,509)	(302,965)	(346,077)
Net cash provided by (used in) financing activities	137,007	(393,041)	(117,090)
Net (decrease) increase in cash and cash equivalents	(1,783)	(214,389)	216,637
Cash and cash equivalents at beginning of year	27,042	241,431	24,794
Cash and cash equivalents at end of year	$ 25,259	$ 27,042	$ 241,431

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Notes to Consolidated
Financial Statements

Dollars in thousands except per share amounts

Note 1: Summary of Significant Accounting Policies

The Company: Nordstrom, Inc. is a fashion specialty retailer offering a wide selection of high-quality apparel, shoes and accessories for women, men and children, through 120 stores located in the United States, including 77 large specialty stores, 38 clearance stores, 3 Faconnable boutiques and 2 free-standing shoe stores. As a result of the acquisition of Faconnable, S.A. ("Faconnable") in October 2000 (Note 2), the Company also operates 20 Faconnable boutiques located primarily in Europe. Approximately 32% of the company's retail square footage is located in the state of California.

The Company purchases a significant percentage of its merchandise from foreign countries, principally in the Far East. An event causing a disruption in imports from the Far East could have a material adverse impact on the Company's operations. In connection with the purchase of foreign merchandise, the Company has outstanding letters of credit totaling $62,051 at January 31, 2001.

On November 1, 1999, the Company established a subsidiary to operate its Internet commerce and catalog businesses, Nordstrom.com LLC. The Company contributed certain assets and liabilities associated with its Internet commerce and catalog businesses, and $10,000 in cash. Venture funds associated with Benchmark Capital and Madrona Investment Group collectively contributed $16,000 in cash to the new entity. At January 31, 2001, the Company owns approximately 81.4% of Nordstrom.com LLC, with Benchmark Capital and Madrona Investment Group collectively holding the remaining minority interest. The minority interest holders have the right to sell their shares of Nordstrom.com LLC, through their ownership interests in its managing member Nordstrom.com, Inc., to the Company for the greater of the fair value of the shares or $80,000 in the event that certain events do not occur. This put right will terminate without any further action by either party if the Company provides at least $100,000 in additional funding to Nordstrom.com, Inc. prior to July 1, 2002 or if Nordstrom.com, Inc. completes an initial public offering of its common stock prior to September 1, 2002. If, and when, redemption of these securities becomes probable, the Company would begin to accrete the difference between the fair value of the securities and its redemption amount over the period remaining prior to redemption.

Basis of Presentation: The consolidated financial statements include the accounts of Nordstrom, Inc. and its subsidiaries, the most significant of which are Nordstrom Credit, Inc., Nordstrom fsb (formerly known as Nordstrom National Credit Bank) and Nordstrom.com LLC for the entire fiscal year. In addition, the consolidated financial statements include the operating results of Faconnable from the date of acquisition (Note 2). All significant intercompany transactions and balances are eliminated in consolidation. The presentation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Revenue Recognition: The Company adopted Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements" in the fiscal year ended January 31, 2000. Revenues are recorded net of estimated returns and exclude sales tax. Revenue is recorded at the point of sale for retail stores. Catalog and e-commerce sales are recorded upon delivery to the customer and include shipping revenue.

Buying and Occupancy Costs: Buying costs consist primarily of salaries and expenses incurred by the Company's merchandise managers, buyers and private label product development group. Occupancy costs include rent, depreciation, property taxes and operating costs related to the Company's retail and distribution facilities.

Shipping and Handling Costs: The Company's shipping and handling costs include payments to third-party shippers and costs incurred to store, move and prepare merchandise for shipment. The costs are included in selling, general and administrative expenses.

Advertising: Costs for newspaper, television, radio and other media are generally expensed as incurred. Direct response advertising costs, consisting primarily of catalog book production and printing costs, are capitalized and amortized over the expected life of the catalog, not to exceed six months. Net capitalized direct response advertising costs were $5,697 and $3,938 at January 31, 2001 and 2000, and are included in prepaid income taxes and other on the consolidated balance sheets. Total advertising expenses were $190,991, $160,957 and $145,841 in 2000, 1999 and 1998.

Store Preopening Costs: Store opening and preopening costs are charged to expense when incurred.

Cash Equivalents: The Company considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents.

Cash Management: The Company's cash management system provides for the reimbursement of all major bank disbursement accounts on a daily basis. Accounts payable at January 31, 2000 includes $7,605 of checks not yet presented for payment drawn in excess of cash balances.

Investments: Short-term and available-for-sale investments consist of available-for-sale equity securities which are recorded at market value based on quoted market prices using the specific identification method. Unrealized gains and losses from changes in market value are reflected in accumulated other comprehensive earnings, net of related deferred taxes. Realized gains and losses and declines in value of the investments judged to be other than temporary, are included in net earnings.

Customer Accounts Receivable: In accordance with industry practices, installments maturing in more than one year or deferred payment accounts receivable are included in current assets.

Merchandise Inventories: Merchandise inventories are stated at the lower of cost (first-in, first-out basis) or market, using the retail method.

Land, Buildings and Equipment: For buildings and equipment acquired prior to February 1, 1999, depreciation is computed using a combination of accelerated and straight-line methods. The straight-line method was adopted for all property placed into service after February 1, 1999 in order to better reflect the utilization of the assets over time. The effect of this change on net earnings for 1999 was not material. Lives used for calculating depreciation and amortization rates for the principal asset classifications are as follows: buildings, 5 to 40 years; store fixtures and equipment, 3 to 15 years; leasehold improvements, life of lease or applicable shorter period; software, 3 to 7 years.

Capitalization of Interest: The interest-carrying costs of capital assets under development or construction are capitalized based on the Company's weighted average borrowing rate.

Intangible Assets: Goodwill, trademarks and other intangible assets are being amortized over their estimated useful lives on a straight-line basis ranging from 10 to 35 years. Accumulated amortization of goodwill was $429 and of trademarks and other intangible assets was $822 at January 31, 2001.

Asset Impairment: The Company reviews its intangibles and other long-lived assets annually to determine potential impairment. The Company estimates the undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows is less than the carrying amount of the asset, an impairment charge would be recognized.

Deferred Lease Credits: Deferred lease credits are amortized on a straight-line basis primarily over the life of the applicable lease.

Fair Value of Financial Instruments: The carrying amount of cash equivalents and notes payable approximates fair value because of the short maturity of these instruments. The fair value of the Company's investment in marketable equity securities is based upon the quoted market price and was approximately $60,778 at January 31, 2000. The fair value of long-term debt (including current maturities), using quoted market prices of the same or similar issues with the same remaining term to maturity, is approximately $1,031,000 and $715,500 at January 31, 2001 and 2000.

Derivatives Policy: The Company limits its use of derivative financial instruments to the management of foreign currency and interest rate risks. The effect of these activities is not material to the Company's financial condition or results of operations. The Company has no material off-balance sheet credit risk, and the fair value of derivative financial instruments at January 31, 2001 and 2000 is not material.

Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and No. 138, requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and to measure those instruments at fair value. Adoption of this standard, in the fiscal year beginning February 1, 2001, did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements: In July 2000, the Company adopted Financial Accounting Standards Board Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation" ("FIN No. 44"), which provides guidance for certain issues that arose in applying Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). Adoption of this Interpretation did not have a material impact on the Company's consolidated financial statements for the fiscal year ended January 31, 2001.

In September 2000, the FASB issued SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS No. 140"), a replacement of SFAS No. 125 with the same title. It revises the standards for securitizations and other transfers of financial assets and collateral and requires certain additional disclosures, but otherwise retains most of SFAS No. 125's provisions. SFAS No. 140 is effective for transfers after March 31, 2001. Adoption of the accounting provisions of this standard will not have a material impact on the Company's consolidated financial statements. The Company has complied with all SFAS No. 140 disclosure requirements.

Reclassifications: Certain reclassifications of prior year and quarterly balances have been made for consistent presentation with the current year.

Note 2: Acquisition

On October 24, 2000, the Company acquired 100% of Faconnable, S.A., of Nice, France, a designer, wholesaler and retailer of high quality men's and women's apparel and accessories. The Company paid $87,685 in cash and issued 5,074,000 shares of common stock of the Company for a total consideration, including expenses, of $169,380. The acquisition is being accounted for under the purchase method of accounting, and, accordingly, Faconnable's results of operations have been included in the Company's results of operations since October 24, 2000. The purchase price has been allocated to Faconnable's assets and liabilities based on their estimated fair values as of the date of acquisition.

The purchase also provides for contingent payments that may be paid in fiscal 2006 based on the performance of the subsidiary and the continued active involvement of the principals in Faconnable, S.A. The contingent payments will be recorded as compensation expense when it becomes probable that the performance targets will be met.

The following unaudited pro forma information presents the results of the Company's operations assuming the Faconnable acquisition occurred at the beginning of each period presented:

Year ended January 31,	2001	2000
Net sales	$5,575,000	$5,205,000
Net earnings	101,000	199,000
Basic earnings per share	0.75	1.39
Diluted earnings per share	$ 0.75	$ 1.39

The pro forma financial information is not necessarily indicative of the operating results that would have occurred had the acquisition been consummated as of the beginning of each period presented, nor is it necessarily indicative of future operating results.

A summary of the Faconnable acquisition is as follows:

Fair value of assets acquired	$ 48,677
Intangible assets recorded	144,724
Liabilities assumed	(24,021)
Total consideration	$ 169,380

Note 3: Employee Benefits

The Company provides a profit sharing plan for employees. The plan is fully funded by the Company and is non-contributory except for voluntary employee contributions made under Section 401(k) of the Internal Revenue Code. Under this provision of the plan, the Company provides matching contributions up to a stipulated percentage of employee contributions. Prior to 2000, the Company's contributions to the profit sharing portion of the plan vested over a seven-year period. Effective January 1, 2000, the Company's subsequent contributions to the plan vest immediately. The Company's contribution is established each year by the Board of Directors and totaled $31,330, $47,500 and $50,000 in 2000, 1999 and 1998.

Note 4: Interest Expense, Net

The components of interest expense, net are as follows:

Year ended January 31,	2001	2000	1999
Short-term debt	$ 12,682	$ 2,584	$ 10,707
Long-term debt	58,988	56,831	43,601
Total interest expense	71,670	59,415	54,308
Less: Interest income	(1,330)	(3,521)	(1,883)
Capitalized interest	(7,642)	(5,498)	(5,334)
Interest expense, net	$ 62,698	$ 50,396	$ 47,091

Note 5: Income Taxes

Income taxes consist of the following:

Year ended January 31,	2001	2000	1999
Current income taxes:			
Federal	$ 79,778	$ 130,524	$ 113,270
State and local	11,591	21,835	19,672
Total current income taxes	91,369	152,359	132,942
Deferred income taxes:			
Current	(11,215)	(18,367)	(1,357)
Non-current	(15,054)	(4,492)	(585)
Total deferred income taxes	(26,269)	(22,859)	(1,942)
Total income taxes	$ 65,100	$ 129,500	$ 131,000

A reconciliation of the statutory Federal income tax rate to the effective tax rate is as follows:

Year ended January 31,	2001	2000	1999
Statutory rate	35.00%	35.00%	35.00%
State and local income taxes, net of Federal income taxes	3.93	4.06	4.03
Other, net	.05	(.06)	(0.24)
Effective tax rate	38.98%	39.00%	38.79%

Deferred income tax assets and liabilities result from temporary differences in the timing of recognition of revenue and expenses for tax and financial reporting purposes. Significant deferred tax assets and liabilities, by nature of the temporary differences giving rise thereto, are as follows:

January 31,	2001	2000
Accrued expenses	$ 28,658	$ 29,276
Compensation and benefits accruals	43,803	35,651
Merchandise inventories	26,290	24,461
Realized loss on investment	12,751	--
Other	23,098	15,595
Total deferred tax assets	134,600	104,983
Land, buildings and equipment basis and depreciation differences	(25,678)	(22,982)
Employee benefits	(10,937)	(11,008)
Unrealized gain on investment	--	(10,889)
Other	(3,748)	(3,025)
Total deferred tax liabilities	(40,363)	(47,904)
Net deferred tax assets	$ 94,237	$ 57,079

As of January 31, 2001, the Company has $34,357 of capital loss carryforwards available to be utilized within five years to reduce future capital gain income. No valuation allowance has been provided because management believes it is more likely than not that the full benefit of the carryforwards will be realized.

Note 6: Earnings Per Share

In accordance with SFAS No. 128, "Earnings per Share," basic earnings per share is computed on the basis of the weighted average number of common shares outstanding during the year.

Diluted earnings per share is computed on the basis of the weighted average number of common shares outstanding during the year plus dilutive common stock equivalents (primarily stock options and restricted stock).

Options with an exercise price greater than the average market price were not included in the computation of diluted earnings per share. These options totaled 7,409,387, 2,798,966 and 1,146,113 shares in 2000, 1999 and 1998.

Year ended January 31,	2001	2000	1999
Net earnings	$ 101,918	$ 202,557	$ 206,723
Basic shares	131,012,412	137,814,589	146,241,091
Basic earnings per share	$ 0.78	$ 1.47	$ 1.41
Dilutive effect of stock options and restricted stock	100,673	610,255	617,180
Diluted shares	131,113,085	138,424,844	146,858,271
Diluted earnings per share	$ 0.78	$ 1.46	$ 1.41

Note 7: Investment

In September 1998, the Company purchased non-voting convertible preferred stock in Streamline.com, Inc., an Internet grocery and consumer goods delivery company, for total consideration of $22,857. In June 1999, Streamline completed an initial public offering of common stock. Upon completion of the offering, the Company's investment was converted to common stock, which has been categorized as available-for-sale. In January 2000, Streamline merged with Beacon Home Direct, Inc., a privately-held company, in which the Company had previously purchased preferred stock for total consideration of $10,000.

Streamline ceased its operations effective November 22, 2000, due to failure to obtain additional capital to fund its operations. During 2000, the Company wrote off its entire investment in Streamline, for a total pre-tax loss on the investment of $32,857.

Note 8: Accounts Receivable

The components of accounts receivable are as follows:

January 31,	2001	2000
Customers	$ 716,218	$ 611,858
Other	22,266	20,969
Allowance for doubtful accounts	(16,531)	(15,838)
Accounts receivable, net	$ 721,953	$ 616,989

Credit risk with respect to accounts receivable is concentrated in the geographic regions in which the Company operates stores. At January 31, 2001 and 2000, approximately 41% and 38% of the Company's receivables were obligations of customers residing in California. Concentration of the remaining receivables is considered to be limited due to their geographical dispersion.

Bad debt expense totaled $20,368, $11,707 and $23,828 in 2000, 1999 and 1998.

Other accounts receivable consists primarily of vendor debit balances and cosmetic rebates receivable.

Nordstrom fsb, a wholly-owned subsidiary of the Company, issues both a proprietary and VISA credit card. On an on-going basis, the Company transfers substantially all of its VISA receivables to a master trust. The Company holds a Class B certificate, representing an undivided interest in the trust, which is subordinate to a Class A certificate held by a third party. The Company also owns the remaining undivided interests in the trust not represented by the Class A and Class B certificates (the "Retained Interest"). The Company's investment in the Class B certificate totals $11,000 and $9,900 at January 31, 2001 and 2000, and is included in customer accounts receivable.

The Company recognizes gains or losses on its securitization of VISA receivables based on the historical carrying amount of the receivables sold, allocated based on their relative fair values. The fair values of the assets sold and Retained Interest were based on the present value of estimated future cash flows that the Company will receive over the estimated life of the securitization. The future cash flows represent an estimate of the excess of finance charges and fees over the interest paid to the holders of the Class A and B certificates, credit losses and servicing fees. The estimates of future cash flow are based on the current performance trends of the receivable portfolio, which assumes a weighted-average life of 5 months for the receivable balances, anticipated credit losses of 5.99% of new receivables, and a discount rate of 6.50%.

Proceeds from collections reinvested in previous credit card securitizations totaled $485,422 in 2000. Gains on the sale of receivables to the trust totaled $5,356 in 2000. Additionally, Nordstrom fsb services the receivables in the trust, and recorded servicing fees of $8,564 in 2000. Interest income earned on the Class B certificate and other cash flows received from the Retained Interest totaled $10,060 in 2000, and is included in service charge income and other on the consolidated statements of earnings.

The Company also recognizes gains and losses on the fair value of the Retained Interest. The fair value of the Retained Interest is $42,052 and $32,567 at January 31, 2001 and 2000, and is included in customer accounts receivable. Assumptions used to measure future cash flows are based on the current performance trends of the receivable portfolio and include a weighted-average life of the receivables of 5 months, anticipated credit losses of 5.99% of new receivables, and a discount rate of 6.50%. If interest rates were to increase by 10% or credit losses were to increase by 10%, the effect on the Retained Interest is a decrease in fair value of approximately $339 or $371, respectively. A 20% increase in interest rates or a 20% increase in default rates would impact the Retained Interest by decreasing the fair value by $678 or $743, respectively.

The total principal balance of the VISA receivables is

$251,109 as of January 31, 2001. Credit losses and delinquencies of these receivables are $12,955 and $7,471 for the year ended January 31, 2001.

The following table illustrates historical and future default projections using net credit losses as a percentage of average outstanding receivables in comparison to actual performance:

Year Ended January 31,	2001	2000	1999
Original projection	5.99%	5.39%	6.94%
Actual	N/A%	5.46%	6.09%

Pursuant to the terms of operative documents of the trust, in certain events the Company may be required to fund certain amounts pursuant to a recourse obligation for credit losses. Based on current cash flow projections, the Company does not believe any additional funding will be required.

Note 9: Land, Buildings and Equipment

Land, buildings and equipment consist of the following (at cost):

JANUARY 31,	2001	2000
Land and land improvements	$ 60,871	$ 59,237
Buildings	760,029	650,414
Leasehold improvements	903,925	870,821
Capitalized software	38,642	20,150
Store fixtures and equipment	1,172,914	1,037,936
	2,936,381	2,638,558
Less accumulated depreciation and amortization	(1,554,081)	(1,370,726)
	1,382,300	1,267,832
Construction in progress	217,638	161,660
Land, buildings and equipment, net	$ 1,599,938	$ 1,429,492

At January 31, 2001, the net book value of property located in California is approximately $308,000. The Company carries earthquake insurance in California with a $50,000 deductible.

At January 31, 2001, the Company has contractual commitments of approximately $428,000 for the construction of new stores or remodeling of existing stores.

Note 10: Notes Payable

A summary of notes payable is as follows:

Year Ended January 31,	2001	2000	1999
Average daily short-term borrowings	$192,392	$ 45,030	$195,596
Maximum amount outstanding	360,480	178,533	385,734
Weighted average interest rate:			
During the year	6.6%	5.8%	5.5%
At year-end	6.4%	6.0%	5.2%

At January 31, 2001, the Company has an unsecured line of credit with a group of commercial banks totaling $500,000 which is available as liquidity support for the Company's commercial paper program, and expires in July 2002. The line of credit agreement contains restrictive covenants which, among other things, require the Company to maintain a certain minimum level of net worth and a coverage ratio (as defined) of no less than 2 to 1. The Company pays a commitment fee for the unused portion of the line based on the Company's debt rating.

Note 11: Long-Term Debt

A summary of long-term debt is as follows:

January 31,	2001	2000
Senior debentures, 6.95%, due 2028	$ 300,000	$ 300,000
Senior notes, 5.625%, due 2009	250,000	250,000
Senior notes, 8.950%, due 2005	300,000	--
Medium-term notes, payable by Nordstrom Credit, Inc., 7.25%-8.67%, due 2001-2002	87,750	145,350
Notes payable, of Nordstrom Credit, Inc., 6.7%, due 2005	100,000	100,000
Other	74,546	9,632
Total long-term debt	1,112,296	804,982
Less current portion	(12,586)	(58,191)
Total due beyond one year	$ 1,099,710	$ 746,791

Aggregate principal payments on long-term debt are as follows: 2001-$12,586; 2002-$131,150; 2003-$1,157; 2004-$1,224; 2005-$400,208 and thereafter-$565,971.

The Company owns a 49% interest in a limited partnership which is constructing a new corporate office building in which the Company will be the primary occupant. In accordance with Emerging Issues Task Force Issue No. 97-10 "The Effect of Lessee Involvement in Asset Construction", the Company is considered to be the owner of the property. Construction in progress includes capitalized costs related to this building of $57,270, which includes noncash amounts of $41,883, as of January 31, 2001. The corresponding finance obligation of $53,060 as of January 31, 2001 is included in other long-term debt. This finance obligation will be amortized as rental payments are made by the Company to the limited partnership over the life of permanent financing, expected to be 20-25 years. The amortization will begin once construction is complete, estimated to be July 2001. The Company is a guarantor of a $93,000 credit facility of the limited partnership. The credit facility provides for interest at either the LIBOR rate plus .75%, or the greater of the Federal Funds rate plus .5% and the prime rate, and matures in August 2002 (6.36% at January 31, 2001).

Note 12: Leases

The Company leases land, buildings and equipment under noncancelable lease agreements with expiration dates ranging from 2001 to 2080. Certain leases include renewal provisions at the Company's option. Most of the leases provide for additional rent payments based upon specific percentages of sales and require the Company to pay for certain common area maintenance and other costs.

Future minimum lease payments as of January 31, 2001 are as follows: 2001-$59,434; 2002-$52,741; 2003-$51,305; 2004-$49,866; 2005-$47,396 and thereafter-$362,567.

The following is a schedule of rent expense:

Year Ended January 31,	2001	2000	1999
Minimum rent:			
Store locations	$16,907	$18,794	$19,167
Offices, warehouses and equipment	21,070	19,926	19,208
Percentage rent:			
Store locations	9,241	7,441	8,603
Total rent expense	$47,218	$46,161	$46,978

Note 13: Stock-Based Compensation

Stock Option Plan

The Company has a stock option plan (the "Plan") administered by the Compensation Committee of the Board of Directors (the "Committee") under which stock options, performance share units and restricted stock may be granted to key employees of the Company. Stock options are issued at the fair market value of the stock at the date of grant. Options vest over periods ranging from four to eight years, and expire ten years after the date of grant.

In addition to option grants, the Committee granted 355,072, 272,970 and 185,201 performance share units in 2000, 1999 and 1998, which will vest over three years if certain financial goals are attained. Employees may elect to receive common stock or cash upon vesting of these performance shares. The Committee also granted 30,069 and 180,000 shares of restricted stock in 1999 and 1998, with weighted average fair values of $32.09 and $27.75, respectively, which vest over five years. No monetary consideration is paid by employees who receive performance share units or restricted stock. At January 31, 2001, $2,741 was recorded in accrued salaries, wages and related benefits for these performance shares. In September 2000, the Company accelerated the vesting of 144,000 shares of restricted stock resulting in compensation expense of $3,039, and also cancelled 14,175 shares of restricted stock as a result of management changes.

In May 2000, the Company's shareholders approved an 8,000,000 share increase in the number of shares of the Company's common stock authorized for issuance under its option plan. At January 31, 2001, 10,150,579 shares are reserved for future stock option grants pursuant to the Plan.

The Company applies APB No. 25 and FIN No. 44 in measuring compensation costs under its stock-based compensation programs. Accordingly, no compensation cost has been recognized for stock options issued under the Plan. For performance share units, compensation expense is recorded over the performance period at the fair market value of the stock at the date when it is probable that such shares will be earned. For restricted stock, compensation expense is based on the market price on the date of grant and is recorded over the vesting period. Stock-based compensation expense for 2000, 1999 and 1998 was $7,594, $3,331 and $10,037, respectively.

Stock option activity for the Plan was as follows:

Year Ended January 31,	2001		2000		1999	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding, beginning of year	8,135,301	$ 28	5,893,632	$ 27	3,401,602	$ 21
Granted	2,470,169	21	2,926,368	31	3,252,217	31
Exercised	(181,910)	20	(341,947)	23	(599,593)	18
Cancelled	(1,550,218)	28	(342,752)	30	(160,594)	27
Outstanding, end of year	8,873,342	$ 27	8,135,301	$ 28	5,893,632	$ 27
Options exercisable at end of year	3,833,379	$ 26	3,145,393	$ 25	2,544,092	$ 23

The following table summarizes information about stock options outstanding for the Plan as of January 31, 2001:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
$13 - $22	3,659,001	7	$20	1,446,456	$20
$23 - $32	2,855,785	7	27	1,590,360	28
$33 - $40	2,358,556	8	36	796,563	35
	8,873,342	7	$27	3,833,379	$26

Nordstrom.com

Nordstrom.com has two stock option plans, the "1999 Plan" and the "2000 Plan". As of January 31, 2001 and 2000, under the 1999 and 2000 Plans, 1,767,565 and 2,590,000 options were outstanding at weighted-average exercise prices of $1.76 and $1.70 per share; of which 300,654 and 775,500 are exercisable at the weighted-average exercise price of $1.67 per share. Options were granted at exercise prices ranging from $1.67 to $1.92 per share. Pursuant to APB No. 25 and FIN No. 44, no compensation cost has been recognized related to the options under these Plans because the exercise price was equal to, or in excess of the fair value of Nordstrom.com stock on the date of grant as determined by the Board of Directors of Nordstrom.com. The options vest over a period of two and one-half to four years and must be exercised within ten years of the grant date.

SFAS No. 123

If the Company had elected to follow the measurement provisions of SFAS No. 123 in accounting for its stock-based compensation programs, compensation expense would be recognized based on the fair value of the options or the shares at the date of grant. To estimate compensation expense which would be recognized under SFAS No. 123, the Company used the modified Black-Scholes option-pricing model with the following weighted-average assumptions for options granted in 2000, 1999 and 1998, respectively: risk-free interest rates of 6.4%, 5.7% and 5.2%; expected volatility factors of .65, .61 and .46; expected dividend yield of 1% for all years; and expected lives of 5 years for all years. As for its ESPP, the Company used the following weighted-average assumptions for shares purchased by its employees in 2000: risk-free interest rate of 6.02%; expected volatility factor of .65; expected dividend yield of 1% and expected life of 0.5 years. The weighted-average fair value of options granted was $12, $17 and $14 for the years ended January 31, 2001, 2000 and 1999, respectively. For Nordstrom.com, the Company used the following weighted-average assumptions for options granted in 2000 and 1999, respectively: risk-free interest rates of 6.5% and 6.1%; expected volatility factors of .64 and .61; expected dividend yield of 0% for all years; and expected lives of 5 years for all years. The weighted-average fair value of options granted for Nordstrom.com was $1.04 and $.96 for the years ended January 31, 2001 and 2000, respectively.

If SFAS No. 123 were used to account for the Company's stock-based compensation programs, the pro forma net earnings and earnings per share would be as follows:

Year Ended January 31,	2001	2000	1999
Pro forma net earnings	$ 89,433	$192,936	$201,499
Pro forma basic earnings per share	$ 0.68	$ 1.40	$ 1.38
Pro forma diluted earnings per share	$ 0.68	$ 1.39	$ 1.37

Employee Stock Purchase Plan

In May 2000, the Company's shareholders approved the establishment of an Employee Stock Purchase Plan (the "ESPP") under which 3,500,000 shares of the Company's common stock are reserved for issuance to employees. The plan qualifies as a noncompensatory employee stock purchase plan under Section 423 of the Internal Revenue Code. Employees are eligible to participate through payroll deductions in amounts related to their base compensation. At the end of each offering period, shares are purchased by the participants at 85% of the lower of the fair market value at the beginning or the end of the offering period, usually six months. Under the ESPP, 165,842 shares were issued in 2000. As of January 31, 2001, payroll deductions totaling $2,602 were accrued for purchase of shares on March 31, 2001.

Note 14: Supplementary Cash Flow Information

Supplementary cash flow information includes the following:

Year Ended January 31,	2001	2000	1999
Cash paid during the year for:			
Interest (net of capitalized interest)	$ 58,190	$ 54,195	$ 44,418
Income taxes	88,911	129,566	126,157

Note 15: Segment Reporting

The Company has three reportable segments which have been identified based on differences in products and services offered and regulatory conditions: the Retail Stores, Credit Operations, and Catalog/Internet segments. The Retail Stores segment derives its sales from high-quality apparel, shoes and accessories for women, men and children, sold through retail store locations. It includes the Company's Product Development Group which coordinates the design and production of private label merchandise sold in the majority of the Company's retail stores. Credit Operations segment revenues consist primarily of finance charges earned through issuance of the Nordstrom proprietary and VISA credit cards. The Catalog/Internet segment generates revenues from direct mail catalogs and the Nordstrom.com and Nordstromshoes.com Web sites.

The Company's senior management utilizes various measurements to assess segment performance and to allocate resources to segments. The measurements used to compute net earnings for reportable segments are consistent with those used to compute net earnings for the Company.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in Note 1. Corporate and Other includes certain expenses and a portion of interest expense which are not allocated to the operating segments. Intersegment revenues primarily consist of fees for credit card services and are based on fees charged by third party cards.

The following tables set forth the information for the Company's reportable segments and a reconciliation to the consolidated totals:

Year ended January 31, 2001	Retail Stores	Credit Operations	Catalog/ Internet	Corporate and Other	Eliminations	Total
Net sales and revenues to external customers(b)	$5,217,889	--	$ 310,648	--	--	$5,528,537
Service charge income	--	$ 135,121	--	--	--	135,121
Intersegment revenues	30,294	26,889	--	--	$ (57,183)	--
Interest expense, net	795	29,267	(604)	$ 33,240	--	62,698
Depreciation and amortization	176,831	1,786	7,552	16,879	--	203,048
Amortization of goodwill and other intangible assets	1,251	--	--	--	--	1,251
Income tax expense (benefit)	165,150	13,140	--	(113,190)	--	65,100
Net earnings (loss)	258,416	20,557	(29,367)	(147,688)	--	101,918
Assets(a)(b)	2,554,393	703,077	71,233	279,800	--	3,608,503
Goodwill and other intangible assets	143,473	--	--	--	--	143,473
Capital expenditures	286,941	3,095	5,187	26,231	--	321,454

Year ended January 31, 2000	Retail Stores	Credit Operations	Catalog/ Internet	Corporate and Other	Eliminations	Total
Net sales and revenues to external customers	$4,914,293	--	$ 234,973	--	--	$5,149,266
Service charge income	--	$ 125,727	--	--	--	125,727
Intersegment revenues	20,285	25,963	--	--	$ (46,248)	--
Interest expense, net	728	26,933	(167)	$ 22,902	--	50,396
Depreciation and amortization	170,765	1,424	6,313	15,216	--	193,718
Income tax expense (benefit)	191,790	19,450	--	(81,740)	--	129,500
Net earnings (loss)	300,009	30,417	(35,685)	(92,184)	--	202,557
Assets(a)	2,051,327	601,320	95,241	314,193	--	3,062,081
Capital expenditures	263,352	2,792	5,206	33,702	--	305,052

Year ended January 31, 1999	Retail Stores	Credit Operations	Catalog/ Internet	Corporate and Other	Eliminations	Total
Net sales and revenues to external customers	$4,834,049	--	$ 215,133	--	--	$5,049,182
Service charge income	--	$ 123,201	--	--	--	123,201
Intersegment revenues	23,748	26,736	--	--	$ (50,484)	--
Interest expense, net	--	31,139	--	$ 16,488	(536)	47,091
Depreciation and amortization	166,099	806	4,613	9,137	--	180,655
Income tax expense (benefit)	182,800	16,200	--	(68,000)	--	131,000
Net earnings (loss)	288,503	25,606	(17,681)	(89,705)	--	206,723
Assets(a)	2,040,938	607,255	57,803	397,693	--	3,103,689
Capital expenditures	273,906	2,191	4,121	26,519	--	306,737

(a) Segment assets in Corporate and Other include unallocated assets in corporate headquarters, consisting primarily of land, buildings and equipment, and deferred tax assets.

(b) Includes sales of foreign operations of $12,318 from October 24, 2000, the date of acquisition, and assets of $206,601 as of January 31, 2001.

Note 16: Contingent Liabilities

The Company has been named in various lawsuits and intends to vigorously defend itself in those cases. The Company is not in a position at this time to quantify the amount or range of any possible losses related to those claims. While no assurance can be given as to the ultimate outcome of these lawsuits, based on preliminary investigations, management currently believes that resolving these matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

Cosmetics. The Company was originally named as a defendant along with other department store and specialty retailers in nine separate but virtually identical class action lawsuits filed in various Superior Courts of the State of California in May, June and July 1998 that have now been consolidated in Marin County state court. Plaintiffs' consolidated complaint alleged that the Company and other retailers agreed to charge identical prices for cosmetics and fragrances, not to discount such prices, and to urge manufacturers to refuse to sell to retailers who sell cosmetics and fragrances at discount prices, resulting in artificially-inflated retail prices paid by the class in violation of California state law. Defendants, including the Company, answered the consolidated complaint denying the allegations. The Company and the other retail defendants have produced documents and responded to plaintiffs' other discovery requests, including providing witnesses for depositions.

Last year, plaintiffs filed an amended complaint naming a number of manufacturers of cosmetics and fragrances and two other retailers as additional defendants. Plaintiffs' amended complaint alleges that the retail price of the "prestige" cosmetics sold in department and specialty stores was collusively controlled by the retailer and manufacturer defendants in violation of the Cartwright Act and the California Unfair Competition Act by various means, including restricting the sale of prestige cosmetics to department stores only; agreeing that all department and specialty stores will sell such cosmetics at the manufacturer's suggested retail price ("MSRP"); controlling the advertising of cosmetics and Gift-With-Purchase programs; and the manufacturer defendants guaranteeing the retailer defendants a gross margin equal to 40% of MSRP and buying back any unsold cosmetics to prevent discounting from MSRP.

Plaintiffs seek treble damages and restitution in an unspecified amount, attorneys' fees and prejudgment interest, on behalf of a class of all California residents who purchased cosmetics and fragrances for personal use from any of the defendants during the period four years prior to the filing of the amended complaint. Defendants, including the Company, have answered the amended complaint denying the allegations. Plaintiffs have submitted requests for production of documents to the manufacturer defendants, who are in the process of responding to these and plaintiffs' other discovery requests. Plaintiffs have not yet moved for class certification.

Nine West. In early 1999, the Company was named as a defendant in a number of substantially identical lawsuits that were consolidated in Federal District Court in New York. In addition to Nine West, a leading manufacturer and retailer of men's, women's and children's non-athletic footwear and accessories, which was later acquired by Jones Apparel, other defendants included various department store and specialty retailers. Plaintiffs filed a consolidated complaint alleging that the retailer defendants agreed with Nine West and with each other on the minimum prices to be charged for Nine West shoes. Plaintiffs sought treble damages in an unspecified amount, attorneys' fees and prejudgment interest on behalf of a nationwide class of persons who purchased Nine West footwear from the defendants during the period January 1988 to February 1999.

The Federal Trade Commission and the Attorneys General of the states of New York, Ohio, Texas and Florida then opened an investigation into the plaintiffs' allegations, and the Company and the other defendants submitted documents and information to those agencies. Last year, Nine

West/Jones Apparel, and the Federal Trade Commission and the states, separately reached tentative agreements on settlements and consent decrees under which all fifty states and certain possessions of the United States exercised their right under federal law and filed suit against Nine West, but not the Company, in Federal District Court in New York on behalf of a class of persons who purchased Nine West footwear during the period January 1, 1988 through July 31, 1999, alleging violations of federal and state antitrust and related laws. Pursuant to the settlement agreements, Nine West paid $34 million in damages to the states and submitted to certain injunctive relief.

In December 2000, the Federal District Court in New York gave final approval to the settlement agreement between Nine West and the states, and the Federal Trade Commission approved its settlement and consent decree with Nine West. As a result, the court entered a final judgment dismissing the suit filed by the fifty states and certain possessions of the United States against Nine West. The period for appeal from the court's decision approving the settlement with the states has expired and that settlement and judgment have become final. Neither settlement admitted any violation of the law or liability by Nine West, the Company or any other defendant in the putative private class actions. Nor did the settlements require any payment by the Company.

The plaintiffs who filed the putative private class actions against Nine West, the Company and other retailers agreed that the suit instituted by the states against Nine West took precedence over those actions, which were never certified as class actions, and that the final judgment dismissing the states' proceeding also conclusively and preclusively resolved all claims alleged in plaintiffs' consolidated complaint against the Company and the other defendants, which have likewise been dismissed.

Credit Fees. The Company's subsidiary, Nordstrom fsb, has been named a defendant in a purported class action in the Federal District Court for the Eastern District of Pennsylvania. The case purports to be brought under the National Bank Act and the Arizona Consumer Loan Act of 1997. Plaintiff, a resident of Pennsylvania and a user of Nordstrom's credit through Nordstrom fsb, claims to represent all customers of Nordstrom who have been extended credit by Nordstrom fsb under revolving credit accounts for consumer purchases at Nordstrom stores. Plaintiff claims that Nordstrom fsb has been paid principal, interest and late fees in violation of said statutes on account of which plaintiff seeks recovery or forfeiture thereof. Nordstrom fsb has moved to dismiss the complaint and a hearing on that motion was held on February 21, 2001. The court has not yet ruled on that motion. Counsel to Nordstrom fsb has advised the Company that in their opinion, plaintiff's claim is meritless.

Bar Code. The Company is named as one of 135 retailer defendants in a lawsuit filed in the United States District Court for the District of Arizona. Plaintiff claims that the Company and the other defendants have infringed certain patents held by it related to methods of scanning production markings (bar codes) placed on work pieces or merchandise. The complaint seeks from each defendant an award of damages for past infringement, to be trebled because of alleged willful and deliberate infringement. In February 2001, the Company was dismissed without prejudice pursuant to an agreement and stipulation intended to resolve a potential judicial conflict of interest. The agreement confirms that if the potential conflict is for any reason resolved, plaintiff can amend its complaint to add the Company as a defendant.

Saipan. The Company has reached a settlement, which is of an immaterial amount, in its previously described lawsuits relating to its sourcing of clothing products from independent garment manufacturers in Saipan (Commonwealth of Northern Marina Islands). The settlement is subject to court approval. No hearing has been set to date.

Other. The Company is also subject to other ordinary routine litigation incidental to its business and with respect to which no material liability is expected.

Note 17: Selected Quarterly Data (unaudited)

Year ended January 31, 2001	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Net sales	$ 1,153,377	$ 1,457,035	$ 1,262,390	$ 1,655,735	$ 5,528,537
Gross profit	407,722	502,722	438,522	530,055	1,879,021
Write-down of investment	--	(10,540)	(20,655)	(1,662)	(32,857)
Earnings before income taxes	53,689	74,501	(5,520)	44,348	167,018
Net earnings	32,789	45,401	(3,320)	27,048	101,918
Basic earnings per share	.25	.35	(.03)	.20	.78
Diluted earnings per share	.25	.35	(.03)	.20	.78
Dividends per share	.08	.09	.09	.09	.35

Year ended January 31, 2000	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Net sales	$ 1,043,981	$ 1,449,089	$ 1,116,219	$ 1,539,977	$ 5,149,266
Gross profit	355,785	505,741	398,375	529,605	1,789,506
Earnings before income taxes	51,688	116,189	55,033	109,147	332,057
Net earnings	31,538	70,839	33,633	66,547	202,557
Basic earnings per share	.22	.51	.25	.50	1.47
Diluted earnings per share	.22	.51	.25	.50	1.46
Dividends per share	.08	.08	.08	.08	.32

Ten-Year Statistical Summary

Dollars in thousands except square footage and per share amounts

Year ended January 31,	2001	2000	1999
Financial Position			
Customer accounts receivable, net	$ 699,687	$ 596,020	$ 567,661
Merchandise inventories	945,687	797,845	750,269
Current assets	1,812,982	1,564,648	1,668,689
Current liabilities	950,568	866,509	794,490
Working capital	862,414	698,139	874,199
Working capital ratio	1.91	1.81	2.10
Land, buildings and equipment, net	1,599,938	1,429,492	1,378,006
Long-term debt, including current portion	1,112,296	804,982	868,234
Debt/capital ratio	.4929	.4249	.4214
Shareholders' equity	1,229,568	1,185,614	1,300,545
Shares outstanding	133,797,757	132,279,988	142,114,167
Book value per share	9.19	8.96	9.15
Total assets	3,608,503	3,062,081	3,103,689
Operations			
Net sales	5,528,537	5,149,266	5,049,182
Gross profit	1,879,021	1,789,506	1,704,237
Selling, general and administrative expense	(1,747,048)	(1,523,836)	(1,429,837)
Operating income	131,973	265,670	274,400
Interest expense, net	(62,698)	(50,396)	(47,091)
Write-down of investment	(32,857)	--	--
Service charge income and other, net	130,600	116,783	110,414
Earnings before income taxes	167,018	332,057	337,723
Income taxes	(65,100)	(129,500)	(131,000)
Net earnings	101,918	202,557	206,723
Basic earnings per share	.78	1.47	1.41
Diluted earnings per share	.78	1.46	1.41
Dividends per share	.35	.32	.30
Comparable store sales percentage increase (decrease)	.3%	(1.1%)	(2.7%)
Net earnings as a percent of net sales	1.84%	3.93%	4.09%
Return on average shareholders' equity	8.44%	16.29%	14.98%
Sales per square foot for Company-operated stores	342	350	362
Stores	140	104	97
Total square footage	16,056,000	14,487,000	13,593,000

	1998	1997	1996	1995	1994	1993	1992
	$ 641,862	$ 693,123	$ 874,103	$ 655,715	$ 565,151	$ 584,379	$ 585,490
	826,045	719,919	626,303	627,930	585,602	536,739	506,632
	1,613,492	1,549,819	1,612,776	1,397,713	1,314,914	1,219,844	1,177,638
	979,031	795,321	833,443	693,015	631,064	516,397	558,768
	634,461	754,498	779,333	704,698	683,850	703,447	618,870
	1.65	1.95	1.94	2.02	2.08	2.36	2.11
	1,252,513	1,152,454	1,103,298	984,195	845,596	824,142	856,404
	420,865	380,632	439,943	373,910	438,574	481,945	491,076
	.3194	.2720	.3232	.2575	.2934	.3337	.4029
	1,458,950	1,457,084	1,408,053	1,330,437	1,153,594	1,038,649	927,465
	152,518,104	159,269,954	162,226,288	164,488,196	164,118,256	163,949,594	163,688,454
	9.57	9.15	8.68	8.09	7.03	6.34	5.67
	2,890,664	2,726,495	2,732,619	2,396,783	2,177,481	2,053,170	2,041,875
	4,864,604	4,457,931	4,113,717	3,895,642	3,591,228	3,415,613	3,174,822
	1,568,791	1,378,472	1,310,931	1,297,018	1,121,539	1,079,608	1,007,554
	(1,338,235)	(1,232,860)	(1,136,069)	(1,029,856)	(940,708)	(901,446)	(831,005)
	230,556	145,612	174,862	267,162	180,831	178,162	176,549
	(34,250)	(39,400)	(39,295)	(30,664)	(37,646)	(44,810)	(49,106)
	--	--	--	--	--	--	--
	110,907	135,331	134,179	98,311	88,509	86,140	87,443
	307,213	241,543	269,746	334,809	231,694	219,492	214,886
	(121,000)	(95,227)	(106,190)	(132,304)	(90,804)	(84,489)	(80,527)
	186,213	146,316	163,556	202,505	140,890	135,003	134,359
	1.20	.90	1.00	1.23	.86	.82	.82
	1.20	.90	1.00	1.23	.86	.82	.82
	.265	.25	.25	.1925	.17	.16	.155
	4.0%	0.6%	(0.7%)	4.4%	2.7%	1.4%	1.4%
	3.83%	3.28%	3.98%	5.20%	3.92%	3.95%	4.23%
	12.77%	10.21%	11.94%	16.30%	12.85%	13.73%	15.41%
	384	377	382	395	383	381	388
	92	83	78	76	74	72	68
	12,614,000	11,754,000	10,713,000	9,998,000	9,282,000	9,224,000	8,590,000

Management and Independent Auditors' Report

Management Report

The accompanying consolidated financial statements, including the notes thereto, and the other financial information presented in this Annual Report have been prepared by management. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include amounts that are based upon our best estimates and judgments. Management is responsible for the consolidated financial statements, as well as the other financial information in this Annual Report.

The Company maintains an effective system of internal accounting control. We believe that this system provides reasonable assurance that transactions are executed in accordance with management authorization, and that they are appropriately recorded, in order to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and to adequately safeguard, verify and maintain accountability for assets. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived.

The consolidated financial statements and related notes have been audited by Deloitte & Touche LLP, independent certified public accountants. The accompanying independent auditors' report expresses an independent professional opinion on the fairness of presentation of management's financial statements.

The Audit Committee of the Board of Directors is composed of the outside directors, and is responsible for recommending the independent certified public accounting firm to be retained for the coming year, subject to shareholder approval. The Audit Committee meets periodically with the independent auditors, as well as with management and the internal auditors, to review accounting, auditing, internal accounting controls and financial reporting matters. The independent auditors and the internal auditors also meet privately with the Audit Committee.

Michael G. Koppel

/s/ MICHAEL G. KOPPEL

Vice President and Corporate Controller
(Principal Accounting Officer)

Independent Auditors' Report

We have audited the accompanying consolidated balance sheets of Nordstrom, Inc. and subsidiaries (the "Company") as of January 31, 2001 and 2000, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended January 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Nordstrom, Inc. and subsidiaries as of January 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Seattle, Washington
March 21, 2001

Officers of the Corporation

Jammie Baugh, 48
Executive Vice President,
Human Resources

Laurie M. Black, 42
Vice President,
Corporate Merchandise Manager,
Women's Activewear/Lingerie/Hosiery,
Full-line Store Group

Mark S. Brashear, 39
Executive Vice President,
Southwest General Manager,
Full-line Store Group

Robert E. Campbell, 45
Vice President,
Strategy and Planning,
Treasurer

N. Claire Chapman, 40
Corporate Secretary and
Director of Legal Affairs

Gail A. Cottle, 49
Executive Vice President
and President,
Nordstrom Product Group

Dale Cameron (Crichton), 52
Executive Vice President,
Corporate Merchandise Manager,
Cosmetics,
Full-line Store Group

Joseph V. Demarte, 49
Vice President,
Human Resources

Linda Toschi Finn, 53
Executive Vice President,
Marketing

Bonnie M. Junell, 44
Vice President,
Corporate Merchandise Manager,
Point of View/Narrative,
Full-line Store Group

Kevin T. Knight, 45
Executive Vice President and President,
Nordstrom Credit and Customer
Relationship Marketing

Michael G. Koppel, 44
Vice President, Corporate Controller and
Acting Chief Financial Officer

Llynn (Len) A. Kuntz, 40
Executive Vice President,
Northwest General Manager,
Full-line Store Group

David P. Lindsey, 51
Vice President, Store Planning

David L. Mackie, 52
Vice President, Real Estate

Officers of the Corporation

Robert J. Middlemas, 44
Executive Vice President,
Central States General Manager,
Full-line Store Group

Jack H. Minuk, 46
Vice President,
Corporate Merchandise Manager,
Women's Shoes,
Full-line Store Group

Blake W. Nordstrom, 40
President

Bruce A. Nordstrom, 67
Chairman of the Board of Directors

Erik B. Nordstrom, 37
Executive Vice President,
Full-line Stores,
Full-line Store Group

Peter E. Nordstrom, 39
Executive Vice President and President,
Full-line Store Group

James R. O'Neal, 42
Executive Vice President,
East Coast General Manager,
Full-line Store Group

Suzanne R. Patneaude, 54
Vice President,
Corporate Merchandise Manager,
Designer/Savvy,
Full-line Store Group

R. Michael Richardson, 44
Vice President,
Chief Information Officer

Karen Bowman Roesler, 45
Vice President,
Marketing
Nordstrom Credit Group

(Karen) K. C. Shaffer, 47
Executive Vice President,
General Merchandise Manager,
Nordstrom Rack Group

Joel T. Stinson, 51
Executive Vice President,
Chief Administrative Officer

Delena M. Sunday, 40
Executive Vice President,
Diversity Affairs

Susan A. Wilson Tabor, 55
Executive Vice President
and President,
Nordstrom Rack Group

Michael A. Tam, 44
Executive Vice President,
Director of Brands,
Nordstrom Product Group

Geevy S. K. Thomas, 36
Executive Vice President,
General Merchandise Manager,
Full-line Store Group

Directors and Committees

Directors

D. Wayne Gittinger, 68
Partner, Lane Powell Spears Lubersky LLP
Seattle, Washington

Enrique Hernandez, Jr., 45
President and CEO,
Inter-Con Security Systems, Inc.
Pasadena, California

Ann McLaughlin Korologos, 59
Chairman, the Aspen Institute
Aspen, Colorado

John A. McMillan, 69
Retired Co-Chairman of the Board of Directors
Seattle, Washington

Bruce A. Nordstrom, 67
Chairman of the Board of Directors
Seattle, Washington

John N. Nordstrom, 64
Retired Co-Chairman of the Board of Directors
Seattle, Washington

Alfred E. Osborne, Jr., 56
Director of the Harold Price Center
for Entrepreneurial Studies and
Associate Professor of Business Economics,
The Anderson School at UCLA
Los Angeles, California

William D. Ruckelshaus, 68
A Principal in Madrona Investment
Group, L.L.C.
Seattle, Washington

Bruce G. Willison, 52
Dean, The Anderson School at UCLA
Los Angeles, California

Committees

Executive

John A. McMillan
Bruce A. Nordstrom
John N. Nordstrom

Audit

Enrique Hernandez, Jr.
Ann McLaughlin Korologos, Chair
Alfred E. Osborne, Jr.
William D. Ruckelshaus
Bruce G. Willison

Compensation and Stock Option

Enrique Hernandez, Jr.
Ann McLaughlin Korologos
Alfred E. Osborne, Jr.
William D. Ruckelshaus, Chair

Finance

D. Wayne Gittinger
Enrique Hernandez, Jr.
John A. McMillan
John N. Nordstrom
Alfred E. Osborne, Jr., Chair
Bruce G. Willison

Corporate Governance and Nominating

D. Wayne Gittinger, Chair
Enrique Hernandez, Jr.
Ann McLaughlin Korologos
Alfred E. Osborne, Jr.
William D. Ruckelshaus

Retail Store Facilities

Location	Store Name	Present total store area/sq. ft.
Southwest Group		
Arizona		
Scottsdale	Fashion Square	235,000
California		
Arcadia	Santa Anita	151,000
Brea	Brea Mall	195,000
Canoga Park	Topanga Plaza	154,000
Cerritos	Los Cerritos Center	122,000
Corte Madera	The Village at Corte Madera	116,000
Costa Mesa	South Coast Plaza	235,000
Escondido	North County Fair	156,000
Glendale	Glendale Galleria	147,000
Los Angeles	Westside Pavilion	150,000
Mission Viejo	The Shops at Mission Viejo	172,000
Montclair	Montclair Plaza	134,000
Palo Alto	Stanford Shopping Center	187,000
Pleasanton	Stoneridge Mall	173,000
Redondo Beach	The Galleria at South Bay	161,000
Riverside	The Galleria at Tyler	164,000
Roseville	Galleria at Roseville	149,000
Sacramento	Arden Fair	190,000
San Diego	Fashion Valley Center	220,000
San Diego	Horton Plaza	151,000
San Diego	University Towne Centre	130,000
San Francisco	Stonestown Galleria	174,000
San Francisco	San Francisco Shopping Centre	350,000
San Mateo	Hillsdale Shopping Center	149,000
Santa Ana	MainPlace/Santa Ana	169,000
Santa Barbara	Paseo Nuevo	186,000
Santa Clara	Valley Fair	165,000
Walnut Creek	Broadway Plaza	193,000
East Coast Group		
Connecticut		
Farmington	Westfarms	189,000
Florida		
Boca Raton	Town Center at Boca Raton	193,000
Georgia		
Atlanta	Perimeter Mall	243,000
Buford	Mall of Georgia	172,000

Location	Store Name	Present total store area/sq. ft.
East Coast Group (continued)		
Maryland		
Annapolis	Annapolis Mall	162,000
Bethesda	Montgomery Mall	225,000
Columbia	The Mall in Columbia	173,000
Towson	Towson Town Center	205,000
New Jersey		
Edison	Menlo Park	266,000
Freehold	Freehold Raceway Mall	174,000
Paramus	Garden State Plaza	282,000
Short Hills	The Mall at Short Hills	188,000
New York		
Garden City	Roosevelt Field	241,000
White Plains	The Westchester	219,000
Pennsylvania		
King of Prussia	The Plaza at King of Prussia	238,000
Rhode Island		
Providence	Providence Place	206,000
Virginia		
Arlington	The Fashion Centre at Pentagon City	241,000
McLean	Tysons Corner Center	253,000
Norfolk	MacArthur Center	166,000
Central States Group		
Illinois		
Chicago	Michigan Avenue	271,000
Oak Brook	Oakbrook Center	249,000
Schaumburg	Woodfield Shopping Center	215,000
Skokie	Old Orchard Center	209,000
Indiana		
Indianapolis	Circle Centre	216,000
Kansas		
Overland Park	Oak Park Mall	219,000
Michigan		
Troy	Somerset Collection	258,000
Minnesota		
Bloomington	Mall of America	240,000
Ohio		
Beachwood	Beachwood Place	231,000
Texas		
Dallas	Dallas Galleria	249,000
Frisco	Stonebriar Centre	149,000

Retail Store Facilities, cont.

Location	Store Name	Present total store area/sq. ft.
Northwest Group		
Alaska		
Anchorage	Anchorage	97,000
Colorado		
Broomfield	FlatIron Crossing	172,000
Littleton	Park Meadows	245,000
Oregon		
Portland	Clackamas Town Center	121,000
Portland	Downtown Portland	174,000
Portland	Lloyd Center	150,000
Salem	Salem Center	71,000
Tigard	Washington Square	189,000
Utah		
Murray	Fashion Place	110,000
Salt Lake City	Crossroads Plaza	140,000
Washington		
Bellevue	Bellevue Square	285,000
Lynnwood	Alderwood Mall	127,000
Seattle	Downtown Seattle (1)	383,000
Seattle	Northgate	122,000
Spokane	Spokane	137,000
Tacoma	Tacoma Mall	134,000
Tukwila	Southcenter Mall	170,000
Vancouver	Vancouver Mall	71,000
Yakima	Downtown Yakima	44,000
Other		
Honolulu, HI	Women's Ala Moana Shoes	14,000
Honolulu, HI	Men's Ala Moana Shoes	8,000
Faconnable	U.S. (3 boutiques)	35,000
Faconnable	International (20 boutiques)	69,000

(1) Excludes approximately 311,000 square feet of corporate and administrative offices.

Location	Store Name	Present total store area/sq. ft.
Nordstrom Rack Group		
Chandler, AZ	Chandler Festival Rack	37,000
Phoenix, AZ	Last Chance	48,000
Scottsdale, AZ	Scottsdale Promenade Rack	38,000
Brea, CA	Brea Union Plaza Rack	45,000
Chino, CA	Chino Rack	30,000
Colma, CA	Colma Rack	31,000
Costa Mesa, CA	Metro Pointe Rack	50,000
Glendale, CA	Glendale Fashion Center Rack	36,000
Sacramento, CA	Howe `Bout Arden Center Rack	54,000
San Diego, CA	Mission Valley Rack	57,000
San Jose, CA	Westgate Mall Rack	48,000
San Leandro, CA	San Leandro Rack	44,000
Woodland Hills, CA	Topanga Rack	64,000
Littleton, CO	Meadows Marketplace Rack	34,000
Buford, GA	Mall of Georgia Rack	44,000
Honolulu, HI	Victoria Ward Center Rack	34,000
Northbrook, IL	Northbrook Rack	40,000
Oak Brook, IL	The Shops at Oakbrook Place Rack	42,000
Schaumburg, IL	Woodfield Rack	45,000
Gaithersburg, MD	Gaithersburg Rack	49,000
Silver Spring, MD	City Place Rack	37,000
Towson, MD	Towson Rack	31,000
Troy, MI	Troy Marketplace Rack	40,000
Bloomington, MN	Mall of America Rack	41,000
Hampstead, NY	The Mall at the Source Rack	48,000
Beaverton, OR	Tanasbourne Town Center Rack	53,000
Portland, OR	Clackamas Promenade Rack	28,000
Portland, OR	Downtown Portland Rack	19,000
Philadelphia, PA	Franklin Mills Mall Rack	43,000
Plano, TX	Preston Shepard Place Rack	39,000
Hurst, TX	North East Mall Rack	40,000
Salt Lake City, UT	Sugarhouse Rack	31,000
Woodbridge, VA	Potomac Mills Rack	46,000
Auburn, WA	Auburn SuperMall Rack	48,000
Bellevue, WA	Factoria Rack	46,000
Lynnwood, WA	Golde Creek Plaza Rack	38,000
Seattle, WA	Downtown Seattle Rack	42,000
Spokane, WA	NorthTown Mall Rack	28,000

SHAREHOLDER INFORMATION

INDEPENDENT AUDITORS
Deloitte & Touche LLP

COUNSEL
Lane Powell Spears Lubersky LLP

TRANSFER AGENT AND REGISTRAR
Mellon Investor Services LLC
P.O. Box 3315
South Hackensack, New Jersey 07606
Telephone (800) 318-7045
TDD for Hearing Impaired
(800) 231-5469
Foreign Shareholders
(201) 329-8660
TDD Foreign Shareholders
(201) 329-8354

GENERAL OFFICES
1617 Sixth Avenue
Seattle, Washington 98101-1742
Telephone (206) 628-2111

ANNUAL MEETING
May 15, 2001 at 11:00 a.m.
Pacific Daylight Time
Nordstrom Downtown Seattle Store
John W. Nordstrom Room, fifth floor
1617 Sixth Avenue
Seattle, Washington 98101-1742

FORM 10-K
The Company's Annual Report on
Form 10-K for the year
ended January 31, 2001 will be
provided to shareholders
upon written request to:

Nordstrom, Inc. Investor Relations
P.O. Box 2737
Seattle, Washington, 98111

or by calling (206) 233-6301

SHAREHOLDER INFORMATION
Please visit www.nordstrom.com
to obtain shareholder information.
In addition, the Company is always
willing to discuss matters of concern
to shareholders, including its vendor
standards compliance mechanisms and
progress in achieving compliance.

EXHIBIT 21.1

NORDSTROM, INC. AND SUBSIDIARIES
SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	State of Incorporation
Nordstrom Credit, Inc.	Colorado
Nordstrom fsb	Arizona
Nordstrom.com Holding, Inc.	Washington
Nordstrom.com, LLC	Delaware