

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended May 1, 2004

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 001-15059

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

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 whether the registrant is an accelerated filer  
(as defined in Rule 12b-2 of the Exchange Act). YES X NO  
\_\_\_\_\_

Common stock outstanding as of May 29, 2004: 140,422,630 shares of  
common stock.

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NORDSTROM, INC. AND SUBSIDIARIES  
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NORDSTROM, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
 (amounts in thousands except per share amounts)  
 (unaudited)

	Quarter Ended	
	May 1, 2004	May 3, 2003
Net sales	\$1,535,490	\$1,335,472
Cost of sales and related buying and occupancy costs	(970,460)	(886,095)
Gross profit	565,030	449,377
Selling, general and administrative expenses	(455,206)	(420,326)
Operating income	109,824	29,051
Interest expense, net	(36,684)	(20,228)
Service charge income and other, net	39,487	35,632
Earnings before income taxes	112,627	44,455
Income tax expense	(43,900)	(17,300)
Net earnings	\$ 68,727	\$ 27,155
Basic earnings per share	\$ 0.49	\$ 0.20
Diluted earnings per share	\$ 0.48	\$ 0.20
Basic shares	139,110	135,578
Diluted shares	141,975	135,798
Cash dividends paid per share of common stock outstanding	\$ 0.11	\$ 0.10

The accompanying Notes to the Condensed Consolidated Financial Statements are

an integral part of these statements.

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NORDSTROM, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(amounts in thousands)  
(unaudited)

	May 1, 2004	January 31, 2004	May 3, 2003
	-----	-----	-----
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 232,923	\$ 476,224	\$ 162,576
Accounts receivable, net	595,366	633,858	609,047
Retained interest in accounts receivable	307,663	272,294	155,609
Merchandise inventories	1,020,812	901,623	1,078,232
Current deferred tax assets	127,063	121,681	109,006
Prepaid expenses	52,529	49,750	46,613
	-----	-----	-----
Total current assets	2,336,356	2,455,430	2,161,083
Land, buildings and equipment (net of accumulated depreciation of \$2,146,976, \$2,108,936 and \$1,942,989)	1,705,460	1,724,273	1,762,039
Goodwill, net	51,714	51,714	51,714
Tradename, net	84,000	84,000	84,000
Other assets	147,544	150,271	119,931
	-----	-----	-----
<b>TOTAL ASSETS</b>	<b>\$4,325,074</b>	<b>\$4,465,688</b>	<b>\$4,178,767</b>
	=====	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$604,142	\$512,321	\$550,395
Accrued salaries, wages and related benefits	234,271	333,428	207,477
Other accrued expenses	126,042	130,810	119,427
Income taxes payable	53,844	66,157	32,579
Current portion of long-term debt	6,502	6,833	5,615
	-----	-----	-----
Total current liabilities	1,024,801	1,049,549	915,493
Long-term debt	1,024,283	1,227,410	1,341,262
Deferred lease credits	369,891	377,321	393,576
Other liabilities	174,469	177,399	135,055
Shareholders' Equity:			
Common stock, no par:			
500,000 shares authorized; 139,816, 138,377 and 135,810 shares issued and outstanding	466,573	424,645	363,258
Unearned stock compensation	(522)	(597)	(1,843)
Retained earnings	1,254,566	1,201,093	1,027,713
Accumulated other comprehensive earnings	11,013	8,868	4,253
	-----	-----	-----
Total shareholders' equity	1,731,630	1,634,009	1,393,381
	-----	-----	-----
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$4,325,074</b>	<b>\$4,465,688</b>	<b>\$4,178,767</b>
	=====	=====	=====

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

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NORDSTROM, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(amounts in thousands)  
(unaudited)

	Quarter Ended	
	----- May 1, 2004 -----	May 3, 2003 -----
OPERATING ACTIVITIES:		
Net earnings	\$68,727	\$27,155
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	64,917	62,835
Amortization of deferred lease credits and other, net	(8,666)	(6,409)
Stock-based compensation expense	1,264	87
Deferred income taxes, net	2,939	111
Change in operating assets and liabilities:		
Accounts receivable, net	37,582	30,759
Retained interest in accounts receivable	(33,335)	(29,107)
Merchandise inventories	(113,386)	(123,798)
Prepaid expenses	(933)	(4,058)
Other assets	691	(108)
Accounts payable	86,363	115,781
Accrued salaries, wages and related benefits	(96,942)	(52,875)
Other accrued expenses	(4,705)	(3,206)
Income taxes payable	(27,218)	(28,491)
Other liabilities	7,428	3,702
	-----	-----
Net cash used in operating activities	(15,274)	(7,622)
	-----	-----
INVESTING ACTIVITIES:		
Capital expenditures	(48,257)	(59,962)
Additions to deferred lease credits	833	17,172
Other, net	1,194	476
	-----	-----
Net cash used in investing activities	(46,230)	(42,314)
	-----	-----
FINANCING ACTIVITIES:		
Principal payments on long-term debt	(198,739)	(541)
Proceeds from sale of interest rate swap	-	2,341
Proceeds from exercise of stock options	32,196	4,915
Cash dividends paid	(15,254)	(13,547)
	-----	-----
Net cash used in financing activities	(181,797)	(6,832)
	-----	-----
Net decrease in cash and cash equivalents	(243,301)	(56,768)
Cash and cash equivalents at beginning of period	476,224	219,344
	-----	-----
Cash and cash equivalents at end of period	\$232,923	\$162,576
	=====	=====

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

NORDSTROM, INC. AND SUBSIDIARIES  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 (amounts in thousands except per share amounts)  
 (unaudited)

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

-----  
 The accompanying condensed consolidated financial statements should be read in conjunction with the Notes to Consolidated Financial Statements contained in our 2003 Annual Report. The same accounting policies are followed for preparing quarterly and annual financial data. All adjustments necessary for the fair presentation of the results of operations, financial position and cash flows have been included and are of a normal, recurring nature.

Due to the seasonal nature of the retail industry, quarterly results are not necessarily indicative of the results for the full fiscal year.

Reclassification

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 We reclassified certain prior year amounts to conform to the current year presentation, including a reclassification of 2003 sales, cost of sales and related buying and occupancy costs, and selling, general and administrative expenses. This reclassification conforms prior year financial statement information to our current year accounting for merchandise certificates earned through our credit card loyalty program. Net earnings was not impacted by this change.

Stock Compensation

-----  
 We apply APB No. 25, "Accounting for Stock Issued to Employees," in measuring compensation costs under our stock-based compensation programs, which are described more fully in our 2003 Annual Report.

If we had elected to recognize compensation cost based on the fair value of the options and shares at grant date, net earnings and earnings per share would have been as follows:

	Quarter Ended	
	May 1, 2004	May 3, 2003
	-----	-----
Net earnings, as reported	\$68,727	\$27,155
Add: stock-based compensation expense included in reported net earnings, net of tax	771	53
Deduct: stock-based compensation expense determined under fair value, net of tax	(5,651)	(6,276)
Pro forma net earnings	\$63,847	\$20,932
Earnings per share:	=====	=====
Basic - as reported	\$0.49	\$0.20
Diluted - as reported	\$0.48	\$0.20
Basic - pro forma	\$0.46	\$0.15
Diluted - pro forma	\$0.45	\$0.15

NORDSTROM, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(amounts in thousands except per share amounts)  
(unaudited)

Note 1 - Summary of Significant Accounting Policies (Cont.)

Recent Accounting Pronouncements

During November 2003, the EITF reached a consensus on Issue 03-10, "Application of Issue No. 02-16 by Resellers to Sales Incentives Offered to Consumers by Manufacturers." EITF 03-10 addresses the accounting and disclosure treatment for a retailer's reimbursement receipt from a vendor for coupons offered directly to consumers by the vendor. EITF 03-10 is effective for coupons redeemed by retailers in fiscal years beginning after December 15, 2003. The adoption of EITF 03-10 did not have a material impact on our financial statements.

Note 2 - Postretirement Benefits

The expense components of our Supplemental Executive Retirement Plan, which provides retirement benefits to certain officers and select employees, are as follows:

	Quarter Ended	
	May 1, 2004	May 3, 2003
Service cost	\$372	\$205
Interest cost	991	855
Amortization of net loss	386	188
Amortization of prior service cost	240	173
<b>Total expense</b>	<b>\$1,989</b>	<b>\$1,421</b>

Note 3 - Earnings Per Share

	Quarter Ended	
	May 1, 2004	May 3, 2003
Net earnings	\$68,727	\$27,155
Basic shares	139,110	135,578
Dilutive effect of stock options and performance share units	2,865	220
<b>Diluted shares</b>	<b>141,975</b>	<b>135,798</b>
Basic earnings per share	\$0.49	\$0.20
Diluted earnings per share	\$0.48	\$0.20
Antidilutive stock options	1,980	13,798

NORDSTROM, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(amounts in thousands except per share amounts)  
(unaudited)

Note 4 - Accounts Receivable

The components of accounts receivable are as follows:

	May 1, 2004	January 31, 2004	May 3, 2003
	-----	-----	-----
Trade receivables:			
Unrestricted	\$30,800	\$25,228	\$32,591
Restricted	556,647	589,992	574,592
Allowance for doubtful accounts	(19,934)	(20,320)	(22,354)
	-----	-----	-----
Trade receivables, net	567,513	594,900	584,829
Other	27,853	38,958	24,218
	-----	-----	-----
Accounts receivable, net	\$595,366	\$633,858	\$609,047
	=====	=====	=====

The restricted private label receivables back the \$300,000 Class A notes and the \$200,000 variable funding note issued by us in November 2001. Other accounts receivable consist primarily of vendor receivables and cosmetic rebate receivables, which are believed to be fully realizable as they are collected soon after they are earned.

Note 5 - Debt

During the first quarter of 2004, we retired \$196,770 of our 8.95% senior notes and \$973 of our 6.7% medium-term notes for a total cash payment of \$219,587. We recognized \$20,842 of expense in the first quarter of 2004 related to this purchase.

We had an interest rate swap outstanding with a fair value of (\$12,630) and (\$8,091) at May 1, 2004 and January 31, 2004, recorded in other liabilities. Our swap has a \$250,000 notional amount, expires in 2009 and is designated as a fully effective fair value hedge. Under the agreement, we received a fixed rate of 5.63% and paid a variable rate based on LIBOR plus a margin of 2.3% set at six-month intervals (3.945% at May 1, 2004.)

We did not make any borrowings under our unsecured line of credit or our variable funding note backed by Nordstrom private label receivables during the first quarter of 2004.

Note 6 - Comprehensive Net Earnings

	Quarter Ended	
	May 1, 2004	May 3, 2003
	-----	-----
Net earnings	\$68,727	\$27,155
Foreign currency translation adjustment	921	358
Securitization adjustment, net of tax of (\$783) and (\$764)	1,224	1,195
	-----	-----
Comprehensive net earnings	\$70,872	\$28,708
	=====	=====



NORDSTROM, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(amounts in thousands except per share amounts)  
(unaudited)

Note 7 - Segment Reporting

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

Quarter ended May 1, 2004	Retail Stores	Credit Operations	Catalog/ Internet	Corporate and Other	Eliminations	Total
Net sales	\$1,454,607	\$-	\$80,883	\$-	\$-	\$1,535,490
Service charge income	-	40,156	-	-	-	40,156
Intersegment revenues	4,037	7,600	-	-	(11,637)	-
Interest expense, net	125	5,363	(69)	31,265	-	36,684
Earnings before taxes	177,123	10,123	5,991	(80,610)	-	112,627
Net earnings (loss)	108,083	6,177	3,656	(49,189)	-	68,727
Assets	2,748,005	870,699	102,135	604,235	-	4,325,074

Quarter ended May 3, 2003	Retail Stores	Credit Operations	Catalog/ Internet	Corporate and Other	Eliminations	Total
Net sales	\$1,269,331	\$-	\$66,141	\$-	\$-	\$1,335,472
Service charge income	-	33,932	-	-	-	33,932
Intersegment revenues	6,251	6,848	-	-	(13,099)	-
Interest expense, net	94	5,373	(16)	14,777	-	20,228
Earnings before taxes	95,796	6,380	(2,459)	(55,262)	-	44,455
Net earnings (loss)	58,516	3,897	(1,502)	(33,756)	-	27,155
Assets	2,818,541	703,934	104,320	551,972	-	4,178,767

As of May 1, 2004, January 31, 2004 and May 3, 2003, Retail Stores assets included \$35,998 of goodwill and \$84,000 of tradename, and Catalog/Internet assets included \$15,716 of goodwill. Goodwill and tradename included in all segments totaled \$135,714.

Note 8 - Litigation

We are involved in routine claims, proceedings, and litigation arising from the normal course of our business. We do not believe any such claim, proceeding or litigation, either alone or in aggregate, will have a material impact on our results of operations, financial position, or liquidity.

Note 9 - Subsequent Event

In May 2004, we replaced our existing \$300,000 unsecured line of credit with a \$350,000 unsecured line of credit, which is available as liquidity support for our commercial paper program. Under the terms of the agreement, we pay a variable rate of interest based on LIBOR plus a margin of 0.31%. The margin increases to 0.41% if more than \$175,000 is outstanding on the facility. The line of credit agreement expires in three years and contains restrictive covenants, which include maintaining a leverage ratio. We also pay a commitment fee for the line based on our debt rating.

(amounts in thousands except per share amounts)  
(unaudited)

Note 9 - Subsequent Event (Cont.)

Also in May 2004, we renewed our variable funding note backed by Nordstrom private label receivables and reduced the capacity by \$50,000 to \$150,000. This note is renewed annually and interest is paid based on the actual cost of commercial paper plus specified fees. We also pay a commitment fee for the note based on the amount of the facility.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Management's Discussion and Analysis section of our 2003 Annual Report. All dollar amounts are in millions except per share amounts.

RESULTS OF OPERATIONS:

Overview

Earnings for the first quarter of 2004 increased to \$68.7 or \$0.48 per diluted share from \$27.2 or \$0.20 per diluted share for the same period in 2002. This increase was driven by strong sales, improved gross margin and total expense leverage.

Sales

Total sales for the quarter on a 4-5-4 comparable basis increased 16.6% compared to the first quarter of last year due to substantial same store sales increases and store openings. Same store sales on a 4-5-4 comparable basis increased 13.2% for the quarter. The sales growth is attributable to our merchandising efforts, supported by our enhanced information systems, and the strengthening retail environment. For the twelve months ended May 1, 2004, we have opened four full-line stores and two Nordstrom Rack stores. See our GAAP sales reconciliation on page 12.

Sales at Nordstrom Direct increased 22.3% due to strong Internet demand and favorable fill rates. Internet sales in the first quarter of 2004 increased 42.8% while catalog remained flat with last year.

All of our geographic regions and major merchandise divisions reported same store sales increases. Our strongest performing merchandise divisions for the quarter were accessories, intimate apparel, shoes, men's apparel, women's designer and better apparel.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT.)

Gross Profit

First Quarter	
2004	2003
-----	-----

Gross profit as a percent of sales      36.8%      33.6%

In the first quarter of 2004, gross profit increased \$115.7 and as a percentage of sales improved by 320 basis points compared to the same period last year. Our improved performance resulted from lower markdowns and greater leverage on our buying and occupancy expenses. Also, we continued to see improvements in our inventory management, as total inventory at the end of the first quarter of 2004 decreased \$57.4 as compared to the prior period. On a same store basis, inventory declined 9.2%.

Selling, General and Administrative Expense  
-----

	First Quarter	
	2004	2003
Selling, general and administrative expense as a percent of sales	29.6%	31.4%

The improvement in the first quarter of 2004 resulted primarily from overall expense control and leverage on better than expected same store sales. Expenses, other than selling labor, variable compensation tied to performance, and costs associated with new stores, were consistent with prior year levels, allowing us to fully leverage the incremental sales. On a same store basis, we saw the most significant improvement in our non-selling labor and benefit costs.

Interest Expense  
-----

Interest expense, net increased \$16.5 for the quarter ended May 1, 2004 when compared to the same period in 2003 due to \$20.8 in additional expense that resulted from the prepayment premiums and deferred cost write-offs associated with the repurchase of \$197.7 of long-term debt during the quarter. Excluding this expense, interest expense decreased versus the first quarter of last year primarily due to the lower overall debt levels. Over the 12 months ended May 1, 2004, we have retired \$303.5 of our outstanding long-term debt.

Service Charge Income and Other  
-----

Service charge income and other, net increased \$3.9 for the quarter ended May 1, 2004 primarily due to income recorded from our VISA securitization. Our first quarter 2004 service charge income benefited from substantial increases in our VISA receivables compared to the same period in 2003.

Seasonality  
-----

Our business, like that of other retailers, is subject to seasonal fluctuations. Our anniversary sale in July and the holidays in December typically result in higher sales in the second and fourth quarters of the fiscal year. Accordingly, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT.)

GAAP Sales Reconciliation  
-----

We converted to a 4-5-4 Retail Calendar at the beginning of 2003. This change in our fiscal calendar has resulted in one less day of sales being included in our 2004 first quarter versus the same period in the prior year. Sales performance numbers included in this document have been calculated on a comparative 4-5-4 basis. We believe that adjusting for the difference in days provides a more comparable basis from which to evaluate sales performance. The following reconciliation bridges the reported GAAP sales to the 4-5-4 comparable sales.

Sales Reconciliation (\$M)	QTD 2003	QTD 2004	Dollar Increase	% Change Total Sales	% Change Comp Sales
Number of Days Reported GAAP	92	91			
Reported GAAP Sales	\$1,335.5	\$1,535.5	\$200.0	15.0%	11.5%
Less Feb. 1, 2003 sales	(\$18.2)	-			
Reported 4-5-4 sales	\$1,317.3	\$1,535.5	\$218.2	16.6%	13.2%
4-5-4 Adjusted Days	91	91			

#### LIQUIDITY AND CAPITAL RESOURCES

We finance our working capital needs, capital expenditures, acquisitions, dividends, debt repurchase and share repurchase activities with a combination of cash flows from operations and borrowings.

#### Cash Flow from Operations

Net cash used in operating activities in 2004 increased as compared to 2003 primarily as a result of larger performance related payouts in 2004 (associated with the improvement in our 2003 operations as compared to 2002) and the timing of our merchandise payments, partially offset by an increase in our net earnings.

#### Cash Flow from Investing

In the first quarter of 2004, net cash used in investing activities remained flat as compared to 2003 due to a planned reduction in store openings which reduced our capital expenditures and reduced our deferred lease credit receipts.

We opened one full-line store in Charlotte, NC during the first quarter of 2004. Additionally, we expect to open one full-line store in Miami, FL in the fall of 2004. For the entire year, gross square footage is expected to increase 2%. During the first quarter of 2004, gross retail square footage increased from 19,138,000 to 19,289,000.

#### Cash Flow from Financing

For the quarter ended May 1, 2004, cash used in financing activities increased primarily due to our current year debt repurchase, offset by an increase in the proceeds received primarily from employee stock option exercises. Proceeds from employee stock purchases were \$6.3 and \$4.5 in the first quarters of 2004 and 2003.

#### Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT.)

During the first quarter of 2004, we retired \$196.8 of our 8.95% senior notes and \$1.0 of our 6.7% medium-term notes for a total cash payment of \$219.6. We recorded \$20.8 of expense in the first quarter of 2004 related to this purchase.

In May 2004, we replaced our existing \$300.0 unsecured line of credit with a \$350.0 unsecured line of credit, which is available as liquidity support for our commercial paper program. Under the terms of the agreement, we pay a variable rate of interest based on LIBOR plus a margin of 0.31%. The margin increases to 0.41% if more than \$175.0 is outstanding on the facility. The line of credit agreement expires in three years and contains restrictive covenants, which include maintaining a leverage ratio. We also pay a commitment fee for the line based on our debt rating.

Also in May 2004, we renewed our variable funding note backed by Nordstrom private label receivables and reduced the capacity by \$50.0 to \$150.0. This note is renewed annually and interest is paid based on the actual cost of

commercial paper plus specified fees. We also pay a commitment fee for the note based on the amount of the facility.

We believe that our operating cash flows, existing cash and available credit facilities are sufficient to finance our cash requirements for the next 12 months. Additionally, we believe our operating cash flows, existing cash and credit available to us under existing and potential future facilities are sufficient to meet our cash requirements for the next 10 years.

CRITICAL ACCOUNTING POLICIES:

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The preparation of our financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. We regularly evaluate our estimates including those related to doubtful accounts, inventory valuation, intangible assets, income taxes, self-insurance liabilities, post-retirement benefits, sales return accruals, contingent liabilities and litigation. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. Our accounting policies and methodologies in 2004 are consistent with those discussed in our 2003 Annual Report.

Recent Accounting Pronouncements

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During November 2003, the EITF reached a consensus on Issue 03-10, "Application of Issue No. 02-16 by Resellers to Sales Incentives Offered to Consumers by Manufacturers." EITF 03-10 addresses the accounting and disclosure treatment for a retailer's reimbursement receipt from a vendor for coupons offered directly to consumers by the vendor. EITF 03-10 is effective for coupons redeemed by retailers in fiscal years beginning after December 15, 2003. The adoption of EITF 03-10 did not have a material impact on our financial statements.

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT.)

FORWARD-LOOKING INFORMATION CAUTIONARY STATEMENT:

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The preceding disclosures included forward-looking statements regarding our performance, liquidity and adequacy of capital resources. These statements are based on our current assumptions and expectations and are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Forward-looking statements are qualified by the risks and challenges posed by our ability to predict fashion trends, consumer apparel buying patterns, our ability to control costs, weather conditions, hazards of nature such as earthquakes and floods, trends in personal bankruptcies and bad debt write-offs, changes in interest rates, employee relations, our ability to continue our expansion plans, and the impact of economic and competitive market forces, including the impact of terrorist activity or the impact of a war on us, our customers and the retail industry. As a result, while we believe there is a reasonable basis for the forward-looking statements, you should not place undue reliance on those statements. This discussion and analysis should be read in conjunction with the condensed consolidated financial statements.

Item 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this Quarterly Report on Form 10-Q, we performed an evaluation under the supervision and with the participation of management, including our President and Chief Financial Officer, of our

disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities and Exchange Act of 1934 (the "Exchange Act")). Based upon that evaluation, our President and our Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures are effective in the timely recording, processing, summarizing and reporting of material financial and non-financial information.

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

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#### Cosmetics

-----

We were 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 Superior Court. In May 2000, 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" or "Department Store" 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.

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### Item 1. Legal Proceedings (Cont.)

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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 four years prior to the filing of the amended complaint. Defendants, including us, have answered the amended complaint denying the allegations. The defendants have produced documents and responded to plaintiffs' other discovery requests, including providing witnesses for depositions.

We entered into a settlement agreement with the plaintiffs and the other defendants on July 13, 2003. In furtherance of the settlement agreement, the case was refiled in the United States District Court for the Northern District of California on behalf of a class of all persons who currently reside in the United States and who purchased "Department Store" cosmetics from the defendants during the period May 29, 1994 through July 16, 2003. The Court has given preliminary approval to the settlement. A summary notice of class certification and the terms of the settlement has been disseminated to class members. A hearing on whether the Court will grant final approval of the settlement is being scheduled. If approved by the Court, the settlement will result in the plaintiffs' claims and the claims of all class members being dismissed, with prejudice, in their entirety. In connection with the settlement agreement, the defendants will provide class members with certain free products and pay the plaintiffs' attorneys' fees. Our share of the cost of the settlement will not have a material adverse effect on our financial condition, results of operations or cash flows.

#### Other

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We are involved in various routine legal proceedings incidental to the ordinary course of business. In management's opinion, the outcome of pending legal proceedings, separately and in the aggregate, will not have a material

adverse effect on our business or consolidated financial condition.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of  
-----  
Equity Securities  
-----

(e) Repurchases  
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	Total Number of Shares (or Units) Purchased	Average Price Paid Per Share (or Units)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or (Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (2)
	-----	-----	-----	-----
Feb. 2004 (2/1/04 to 2/28/04)	-	-	-	\$82 million
-----	-----	-----	-----	-----
Mar. 2004 (2/29/04 to 4/3/04)	-	-	-	\$82 million
-----	-----	-----	-----	-----
Apr. 2004 (4/4/04 to 5/1/04)	672 (1)	\$39.99	-	\$82 million
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Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of  
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Equity Securities (Cont.)  
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(1) The 672 shares redeemed were not part of a publicly announced repurchase plan or program. These shares were owned and tendered by an employee to Nordstrom as payment for an option exercise.

(2) In May 1995, the Board of Directors authorized \$1.1 billion of share repurchases, with no expiration date.

Item 6. Exhibits and Reports on Form 8-K  
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(a) Exhibits  
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- 10.1 Third Amendment to the Note Purchase Agreement dated December 4, 2001 between Nordstrom Private Label Receivables, LLC, Nordstrom fsb, Falcon Asset Securitization Corporation, and Bank One, NA, as agent, dated February 29, 2004 is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-Q for the quarter ended May 1, 2004, Exhibit 10.3
- 10.2 Fourth Amendment to the Note Purchase Agreement dated December 4, 2001 between Nordstrom Private Label Receivables, LLC, Nordstrom fsb, Falcon Asset Securitization Corporation, and Bank One, NA, as agent, dated May 28, 2004 is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-Q for the quarter ended May 1, 2004, Exhibit 10.4
- 31.1 Certification of President required by Section 302(a) of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002.

32.1 Certification of President regarding periodic report containing financial statements pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer regarding periodic report containing financial statements pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K  
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We filed a Form 8-K on February 5, 2004 attaching a press release to announce our preliminary January 2004 sales results.

We filed a Form 8-K on February 19, 2004 attaching a press release to announce our results of operations for the quarter and year ended January 31, 2004.

We filed a Form 8-K on March 4, 2004 attaching a press release to announce our preliminary February 2004 sales results.

We filed a Form 8-K on April 8, 2004 attaching a press release to announce our preliminary March 2004 sales results.

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SIGNATURES

Pursuant to the requirements 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  
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Michael G. Koppel  
Executive Vice President and Chief Financial Officer  
(Principal Accounting and Financial Officer)

Date: June 8, 2004  
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NORDSTROM INC. AND SUBSIDIARIES

Exhibit Index

Exhibit -----	Method of Filing -----
10.1 Third Amendment to the Note Purchase Agreement dated December 4, 2001 between Nordstrom Private Label Receivables, LLC, Nordstrom fsb, Falcon Asset Securitization Corporation, and Bank One, NA, as agent, dated February 29, 2004	Incorporated by reference from Nordstrom Credit, Inc. Form 10-Q for the quarter ended May 1, 2004, Exhibit 10.3
10.2 Fourth Amendment to the Note Purchase Agreement dated December 4, 2001 between Nordstrom Private Label Receivables, LLC, Nordstrom fsb, Falcon Asset Securitization Corporation, and Bank One, NA, as agent, dated May 28, 2004	Incorporated by reference from Nordstrom Credit, Inc. Form 10-Q for the quarter ended May 1, 2004, Exhibit 10.4
31.1 Certification of President required by Section 302(a) of the Sarbanes-Oxley Act of 2002	Filed herewith electronically
31.2 Certification of Chief Financial Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002	Filed herewith electronically
32.1 Certification of President regarding periodic report containing financial statements pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith electronically
32.2 Certification of Chief Financial Officer regarding periodic report containing financial statements pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith electronically

Certification required by Section 302(a) of the Sarbanes-Oxley Act of 2002

I, Blake W. Nordstrom, President of Nordstrom, Inc. certify that:

1. I have reviewed this report on Form 10-Q of Nordstrom, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 8, 2004  
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/s/ Blake W. Nordstrom  
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Blake W. Nordstrom  
President

Certification required by Section 302(a) of the Sarbanes-Oxley Act of 2002

I, Michael G. Koppel, Executive Vice President and Chief Financial Officer of Nordstrom, Inc. certify that:

1. I have reviewed this report on Form 10-Q of Nordstrom, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 8, 2004  
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/s/ Michael G. Koppel  
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Michael G. Koppel  
Executive Vice President and  
Chief Financial Officer

NORDSTROM, INC.

1617 SIXTH AVENUE

SEATTLE, WASHINGTON 98101

CERTIFICATION OF CHIEF EXECUTIVE  
OFFICER REGARDING PERIODIC REPORT CONTAINING  
FINANCIAL STATEMENTS

I, Blake W. Nordstrom, the President of Nordstrom, Inc. (the "Company") in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that the Company's Quarterly Report on Form 10-Q for the period ended May 1, 2004 (the "Report") filed with the Securities and Exchange Commission:

- fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Blake W. Nordstrom

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Blake W. Nordstrom

President

June 8, 2004

A signed original of this written statement required by Section 906 has been provided to Nordstrom, Inc. and will be retained by Nordstrom, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

NORDSTROM, INC.

1617 SIXTH AVENUE

SEATTLE, WASHINGTON 98101

CERTIFICATION OF CHIEF FINANCIAL  
OFFICER REGARDING PERIODIC REPORT CONTAINING  
FINANCIAL STATEMENTS

I, Michael G. Koppel, the Executive Vice President and Chief Financial Officer of Nordstrom, Inc. (the "Company") in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that the Company's Quarterly Report on Form 10-Q for the period ended May 1, 2004 (the "Report") filed with the Securities and Exchange Commission:

- fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael G. Koppel

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Michael G. Koppel  
Executive Vice  
President and Chief  
Financial Officer  
June 8, 2004

A signed original of this written statement required by Section 906 has been provided to Nordstrom, Inc. and will be retained by Nordstrom, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.