

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 October 31, 1996

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.)

1501 Fifth 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  
      \_\_\_\_\_                \_\_\_\_\_

Common stock outstanding as of November 26, 1996: 80,198,803 shares of common stock.

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NORDSTROM, INC. AND SUBSIDIARIES

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	Ended October 31,		Ended October 31,	
	1996	1995	1996	1995
Net sales	\$ 984,440	\$ 906,848	\$3,131,866	\$2,871,685
Costs and expenses:				
Cost of sales and related buying and occupancy	665,378	612,284	2,144,378	1,945,802
Selling, general and administrative	288,644	267,552	886,267	806,813
Interest, net	9,151	10,849	31,230	28,527
Service charge income and other, net	(34,469)	(32,379)	(102,723)	(92,741)
Total costs and expenses	928,704	858,306	2,959,152	2,688,401
Earnings before income taxes	55,736	48,542	172,714	183,284
Income taxes	21,700	19,100	68,000	72,300
Net earnings	\$ 34,036	\$ 29,442	\$ 104,714	\$ 110,984
Net earnings per average share of common stock outstanding	\$ .42	\$ .36	\$ 1.29	\$ 1.35
Cash dividends paid per share of common stock outstanding	\$ .125	\$ .125	\$ .375	\$ .375

<FN>

These statements should be read in conjunction with the Notes to Consolidated Financial Statements contained herein and in the Nordstrom 1995 Annual Report to Shareholders.

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

	October 31, 1996	January 31, 1996	October 31, 1995
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 11,343	\$ 24,517	\$ 52,324
Accounts receivable, net	690,047	893,927	818,314
Merchandise inventories	976,488	626,303	877,772
Prepaid income taxes and other	67,755	68,029	63,644
Total current assets	1,745,633	1,612,776	1,812,054
Property, buildings and equipment, net	1,131,913	1,103,298	1,070,051
Other assets	16,875	16,545	15,838

TOTAL ASSETS	----- \$2,894,421 =====	----- \$2,732,619 =====	----- \$2,897,943 =====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Notes payable	\$ 190,890	\$ 232,501	\$ 258,057
Accounts payable	473,843	277,584	429,147
Accrued salaries, wages and taxes	180,971	185,540	174,233
Accrued expenses	49,642	47,834	52,878
Accrued income taxes	6,662	14,644	2,746
Current portion of long-term debt	25,220	74,210	99,997
Total current liabilities	927,228	832,313	1,017,058
Long-term debt	379,750	365,733	390,122
Deferred lease credits and other deferred items	125,893	111,601	103,558
Shareholders' equity:			
Common stock, without par value:			
250,000,000 shares authorized;			
81,182,651, 81,113,144 and			
81,319,601 shares issued and outstanding			
Retained earnings	182,662	168,440	166,080
	1,278,888	1,254,532	1,221,125
Total shareholders' equity	1,461,550	1,422,972	1,387,205
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	----- \$2,894,421 =====	----- \$2,732,619 =====	----- \$2,897,943 =====

<FN>

These statements should be read in conjunction with the Notes to Consolidated Financial Statements contained herein and in the Nordstrom 1995 Annual Report to Shareholders.

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

	Nine Months Ended October 31,	
	----- 1996 -----	----- 1995 -----
OPERATING ACTIVITIES:		
Net earnings	\$104,714	\$110,984
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	116,878	96,468
Change in:		
Accounts receivable, net	17,280	(142,423)
Merchandise inventories	(350,185)	(249,842)
Prepaid income taxes and other	274	(2,249)
Accounts payable	196,259	156,063
Accrued salaries, wages and taxes	(4,569)	(16,268)
Accrued expenses	1,808	11,888
Income tax liabilities	(16,304)	(26,013)
Deferred lease credits	22,614	45,207
Net cash provided by (used in) operating activities	----- 88,769 -----	----- (16,185) -----
INVESTING ACTIVITIES:		
Additions to property, buildings and equipment, net	(144,672)	(181,900)

Other	(910)	(248)
	-----	-----
Net cash used in investing activities	(145,582)	(182,148)
	-----	-----
FINANCING ACTIVITIES:		
Proceeds from accounts receivable securitization	186,600	---
(Decrease) increase in notes payable	(41,611)	170,669
Proceeds from issuance of long-term debt	57,759	140,861
Principal payments on long-term debt	(92,973)	(25,791)
Proceeds from issuance of common stock	14,222	2,746
Cash dividends paid	(30,447)	(30,848)
Purchase and retirement of common stock	(49,911)	(39,477)
	-----	-----
Net cash provided by financing activities	43,639	218,160
	-----	-----
Net (decrease) increase in cash and cash equivalents	(13,174)	19,827
Cash and cash equivalents at beginning of period	24,517	32,497
	-----	-----
Cash and cash equivalents at end of period	\$ 11,343	\$ 52,324
	=====	=====

<FN>

These statements should be read in conjunction with the Notes to Consolidated Financial Statements contained herein and in the Nordstrom 1995 Annual Report to Shareholders.

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NORDSTROM, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(dollars in thousands)  
(unaudited)

Note 1:

The consolidated balance sheets of Nordstrom, Inc. and subsidiaries (the "Company") as of October 31, 1996 and 1995, and the related consolidated statements of earnings and cash flows for the periods then ended, have been prepared from the accounts without audit.

The consolidated financial information is applicable to interim periods and is not necessarily indicative of the results to be expected for the year ending January 31, 1997.

It is not considered necessary to include detailed footnote information as of October 31, 1996 and 1995. The financial information should be read in conjunction with the Notes to Consolidated Financial Statements contained in the Nordstrom 1995 Annual Report to Shareholders.

In the opinion of management, the consolidated financial information includes all adjustments (consisting only of normal, recurring adjustments) necessary to present fairly the financial position of Nordstrom, Inc. and subsidiaries as of October 31, 1996 and 1995, and the results of their operations and cash flows for the periods then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Certain reclassifications of prior year balances have been made for consistent presentation.

Note 2: The summarized unaudited combined results of operations of Nordstrom Credit, Inc. and Nordstrom National Credit Bank are as follows:

	Three Months		Nine Months	
	Ended October 31,		Ended October 31,	
	1996	1995	1996	1995
	-----	-----	-----	-----
Total revenue	\$34,780	\$36,338	\$113,144	\$98,176

Earnings before income taxes	14,663	12,589	36,589	27,064
Net earnings	9,573	8,004	23,429	17,264

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NORDSTROM, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(dollars in thousands)  
(unaudited)

Note 3:

On August 15, 1996, the Company transferred substantially all of its VISA credit card receivables (approximately \$203,000) to a trust in exchange for certificates representing undivided interests in the trust. A Class A certificate with a market value of \$186,600 was sold to a third party, and a Class B certificate, which is subordinated to the Class A certificate, was retained by the Company. The Company owns the remaining undivided interests in the trust not represented by the Class A and Class B certificates (the "Seller's Interest"). These transactions had no significant impact on the Company's earnings in the quarter ended October 31, 1996.

Cash flows generated from the receivables in the trust are, to the extent allocable to the investors, applied to the payment of interest on the Class A and Class B certificates, absorption of credit losses, and payment of servicing fees to the Company, which will continue to service the receivables for the trust. Excess cash flows revert to the Company. The Company's investment in the Class B certificate and the Seller's Interest totals \$28,423 at October 31, 1996, and is included in accounts receivable.

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.

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 Discussion and Analysis section of the Nordstrom 1995 Annual Report to Shareholders.

Results of Operations:

-----  
During the third quarter of 1996, sales increased 8.6% when compared with the same quarter in 1995. For the nine-month period, sales increased 9.1% compared to the same period in 1995. Sales for comparable stores decreased .3% during the quarter and increased 1.5% for the nine-month period, with the remainder of the increase coming from new units. Comparable store sales results continued to soften during the third quarter, and the Company remains cautious with respect to sales projections for the remainder of the year.

Cost of sales and related buying and occupancy costs increased as a percentage of sales for both the quarter and the nine-month period as compared to the corresponding periods in 1995. For the quarter, the increase was due primarily to higher buying costs, as the Company's merchandise margins improved in the quarter as a result of lower markdowns. For the nine-month period, the increase was due to lower merchandise margins which resulted from increased markdowns and a lower markup. Occupancy costs also increased as a percentage of sales for the nine-month period as a result of new stores and remodeling projects.

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT.)

Selling, general and administrative expenses decreased as a percentage of sales during the third quarter as compared to the corresponding period in 1995 primarily due to management's efforts to control costs, as well as an acceleration of certain sales promotion expenses from the third to the first quarter in 1996. The decrease was partially offset by higher bad debt expenses resulting from continuing increases in the level of bad debt write-offs. Higher bad debts were also a major factor in the increase in selling, general and administrative expenses as a percentage of sales for the nine-month period as compared to the corresponding period in 1995. Direct selling expenses also increased in the nine-month period. These increases were partially offset by lower distribution costs for the Company's direct sales division and decreased spending on development of a new payroll system which was implemented in early 1996.

For the quarter, interest expense decreased as a percentage of sales when compared to the corresponding period in 1995, primarily due to lower levels of debt outstanding.

Service charge income and other, net decreased as a percentage of sales for the quarter when compared to the corresponding period in 1995 primarily due to a reduction in net revenues from the Company's VISA card program, as a result of the securitization of these receivables in the third quarter. Certain other information regarding this securitization of receivables is included in Note 3 to the financial statements under Part I, Item 1. The decrease was partially offset by a gain on the sale of equipment totaling \$3.1 million (\$.02 per share after income taxes). For the nine-month period, service charge income and other, net increased as a percentage of sales when compared to the corresponding period in 1995 primarily due to an increase in net revenues resulting from the growth of the Company's VISA and proprietary credit card programs.

Financial Condition:

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The Company completed a securitization of its VISA card portfolio on August 15, 1996. Substantially all of the net proceeds from the transaction were used to reduce short-term. Certain other information regarding this securitization of receivables is included in Note 3 to the financial statements under Part I, Item 1. Also during the third quarter, the Company issued \$58 million in medium-term notes to replace maturing medium-term notes.

In October 1996, the Company completed its repurchase of \$100 million of the Company's outstanding stock as approved by the Board of Directors at the May 1995 meeting. At its regular meeting on November 19, 1996, the Board of Directors of the Company authorized another repurchase of up to \$100 million of the Company's outstanding stock.

During the third quarter the Company opened two full-line stores at Somerset Collection North in Troy, Michigan and at Park Meadows Mall in Denver, Colorado. This completes the store opening schedule for 1996. Construction is progressing as planned on the three new stores scheduled to open in 1997.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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The Company is not involved in any material pending legal proceedings, other than routine litigation in the ordinary course of business.

Item 6. Exhibits and Reports on Form 8-K

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(a) Exhibits  
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- (10.1) Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank and Norwest Bank Colorado, National Association is filed in paper format under Form SE.
- (10.2) 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, National Association is filed in paper format under Form SE.
- (10.3) Transfer and Administration Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Enterprise Funding Corporation and Nationsbank, N.A. is filed in paper format under Form SE.
- (27.1) Financial Data Schedule is filed herein as an Exhibit.

(b) Reports on Form 8-K  
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No reports on Form 8-K were filed during the quarter for which this report is filed.

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/ John A. Goesling  
-----  
John A. Goesling, Executive Vice President  
and Treasurer  
(Principal Financial and Accounting Officer)

Date: December 12, 1996  
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NORDSTROM, INC. AND SUBSIDIARIES

Exhibit Index

Exhibit  
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Method of Filing  
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10.1	Master Pooling and Servicing Agreement	P Filed in paper format under Form SE
10.2	Series 1996-A Supplement to Master Pooling and Servicing Agreement	P Filed in paper format under Form SE
10.3	Transfer and Administration Agreement	P Filed in paper format under Form SE
27.1	Financial Data Schedule	Filed herewith electronically

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