1999 NORDSTROM ANNUAL REPORT

"Give me choices!"

"I want it all in one place."

"Show me what's current!"

NORDSTROM

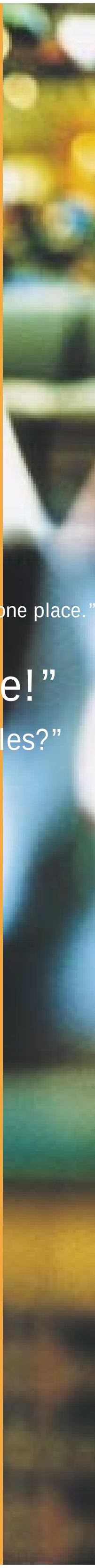
"Wow! This looks different!"

"Shopping should be fun!" "Inspire me!"

"I want service tailored to my needs."

"What's up with the new styles?"

"Where am I supposed to look?"



“Who has time for malls?”

“I want to look fashionable – but I’m not a size four!”

“Do you have it in my size?”

“I want the latest fashion.”

“You really want to know what my ideal shopping

“I want perks for using my Nordstrom card.”

“It’s about time!”

“Don’t make me go all over the store to find jeans!”

“Show me what’s current, then let me decide if it’s me.”

“I want it to feel like my store.”

“This is more like it!”

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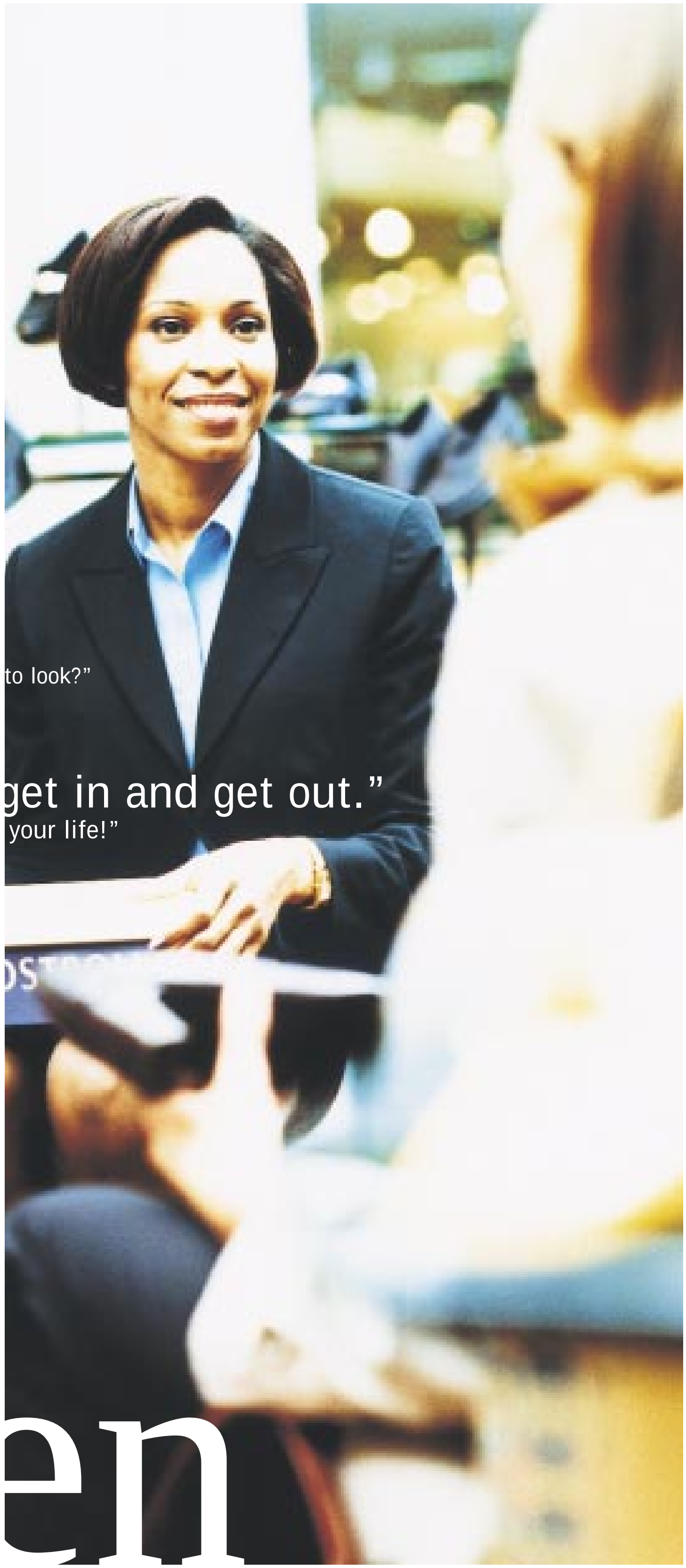
“Where am I supposed to look?”

“It’s gotta just click!”

“I want to get in and get out.”

“Will I wear what’s on every billboard? Not on your life!”

It’s gotta be my kind of music.”



Sometimes the best thing we can do is sit back and listen

Imagine shopping from your home while sipping on a cup of tea. Sound appealing? To our catalog and online shoppers, it’s more than appealing – it’s a way of life.

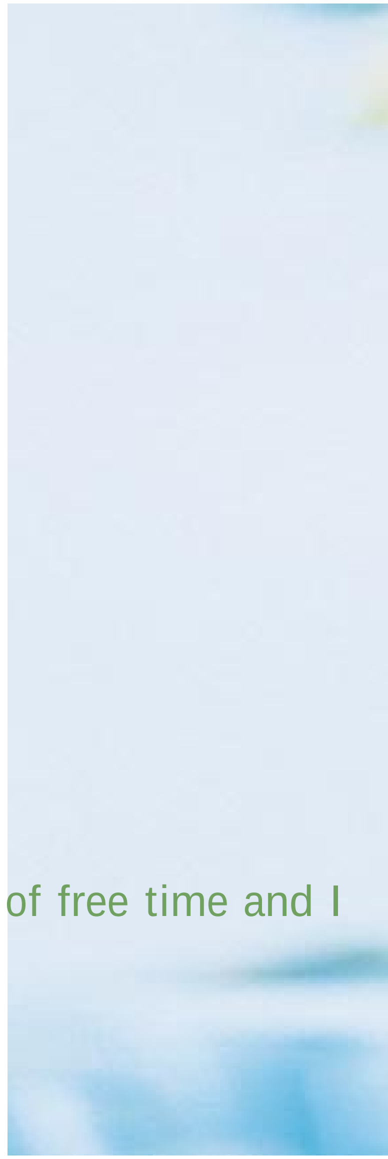
Who shops at nordstrom.com? Insomniacs. Moms who work full time. Stay-at-home dads. People who live in Memphis, Boise, Albuquerque or Syracuse – hundreds of miles from the nearest Nordstrom store. Or customers who live right across from a mall,

but want the Nordstrom experience delivered to them. All kinds of people shop our nordstrom.com Web site and *Nordstrom Life/Style* and *Clothes for Life by Nordstrom* catalogs. And a rush of others are discovering nordstromshoes.com, The World’s Biggest Shoe Store! Who has the time to shop at Nordstrom? Now we all do.

Mother of three
Community volunteer
Age: 39
Home: Marin County, California
Hobbies: yoga, gardening, book club


Refresh
NORDSTROM
spring
hues
the
world's
biggest

Dot coms are everywhere. The Nordstrom experience is one of a kind.



"I have a lot of free time and I

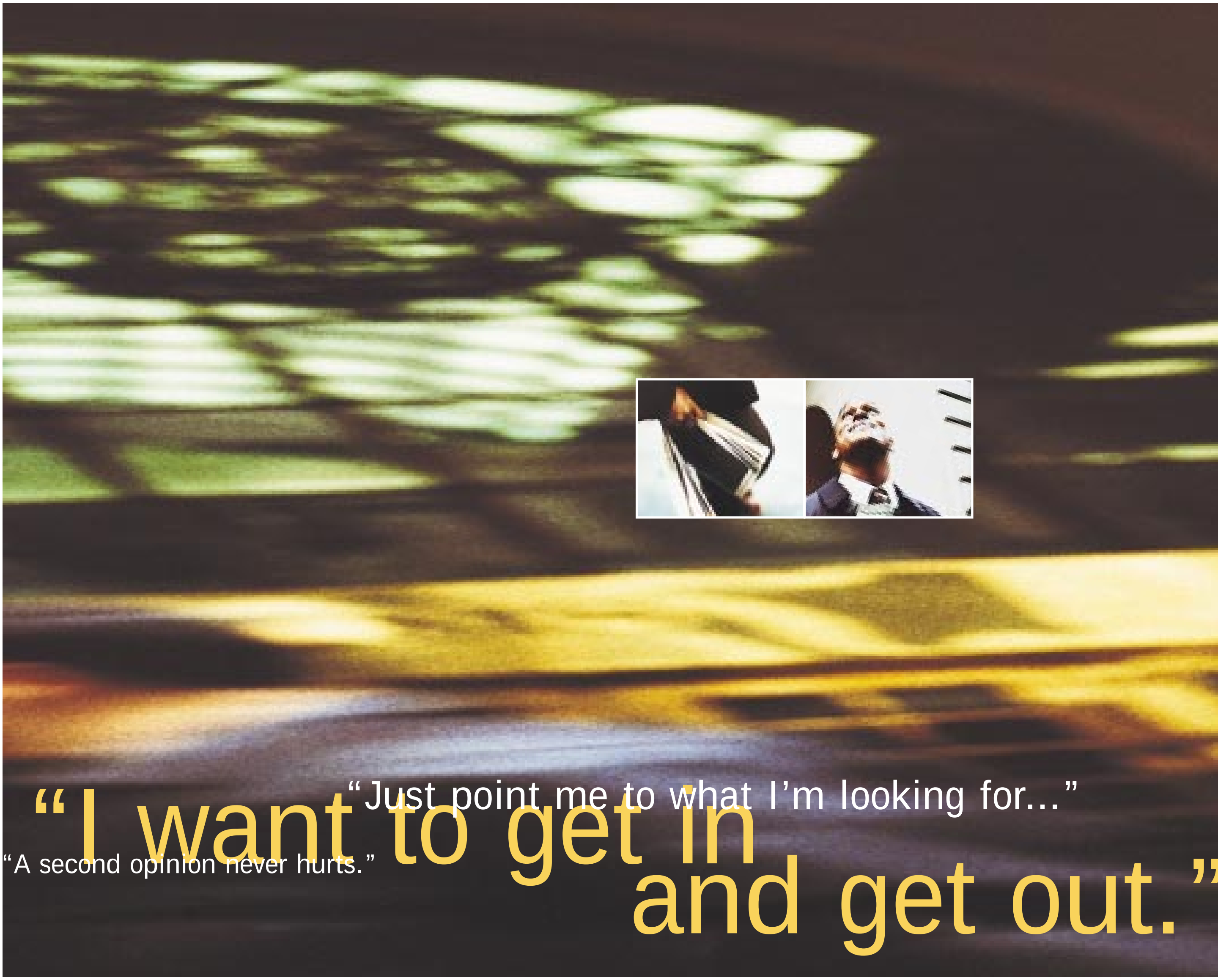
Travel Agent
Married for 37 years
Age: 60
Home: Seattle, Washington
Hobbies: grandchildren, dancing

Should a passion for fashion fade over time? Of course not. We believe all customers are entitled to a shopping experience that leaves them feeling good, looking fashionable – and thinking of Nordstrom first when it comes time to buy again.

To help ensure this, we are dividing women's apparel in our stores into two distinct hemispheres: Classic and Modern.

This more intimate, boutique-like setting will make our stores easier to navigate and shopping more enjoyable. We want each customer to immediately recognize the area designed for her, whether her tastes are modern, classic or mainstream. After all, fashion is not about age; it's about attitude.

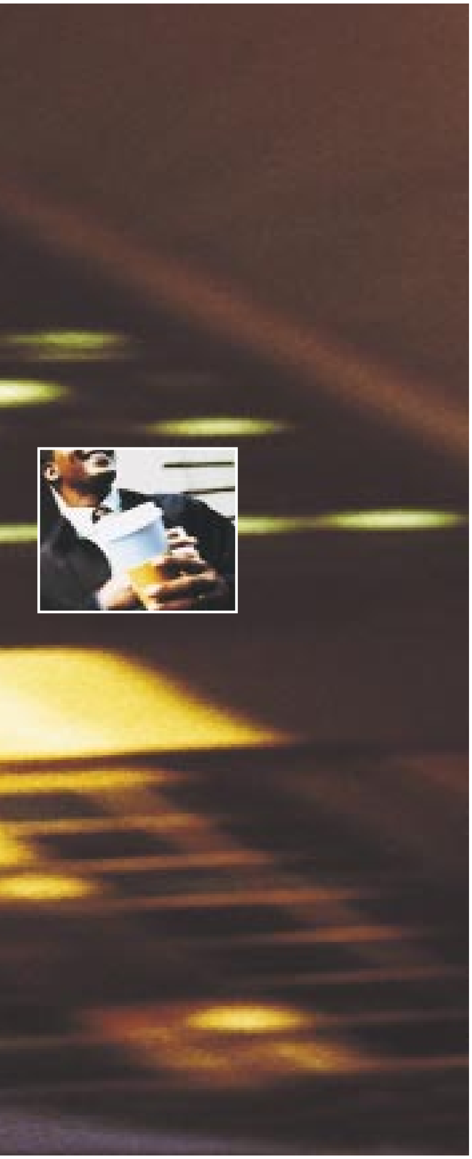

Whether your style is classic, mainstream or modern, we'll make you feel right at home.

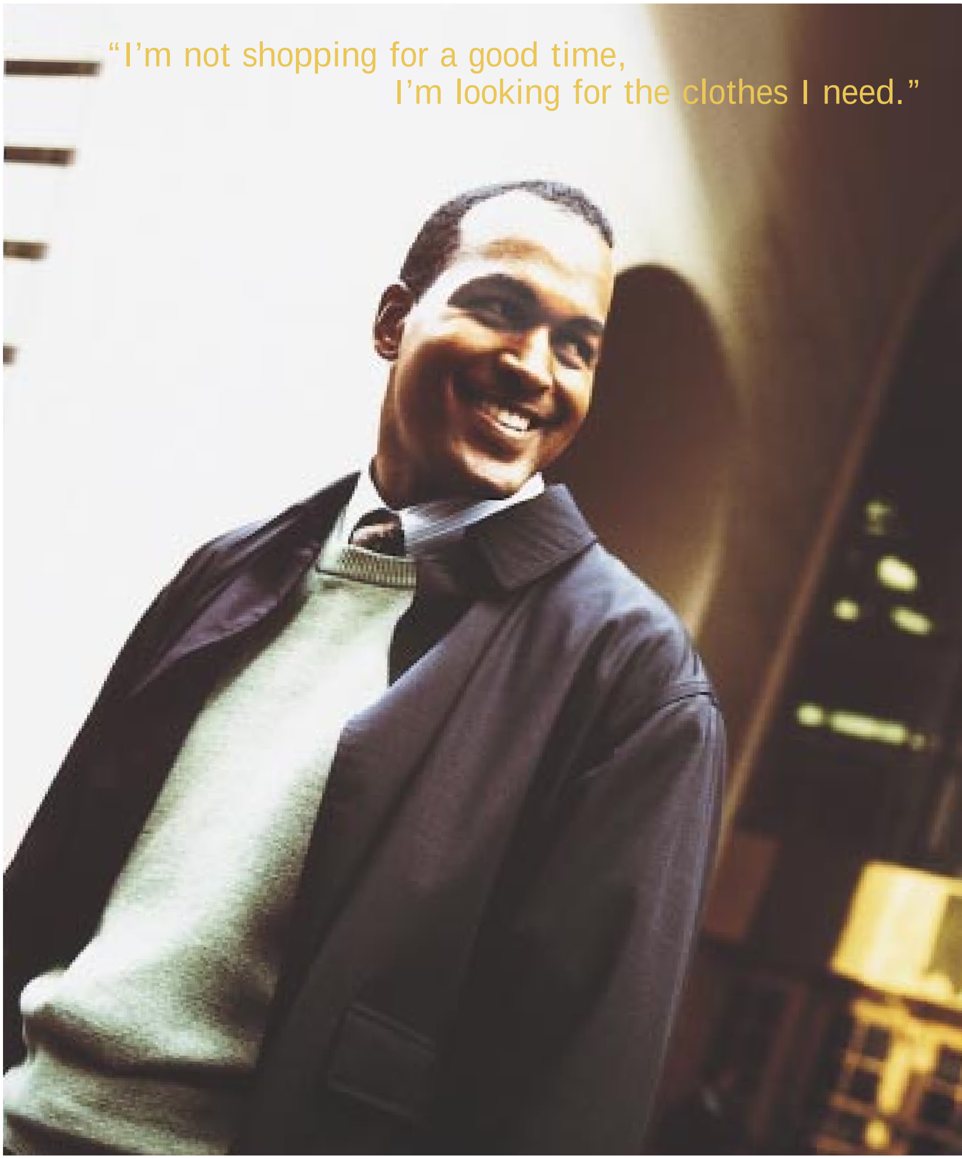


Although some men may go to the ends of the earth for an unforgettable game of golf, or spend hours sitting on a hard aluminum bench while munching lukewarm hot dogs – just so they can root their favorite team to victory – don’t expect that same passion when it comes to shopping. Most men want to get into a store – and get out.

To make shopping more expeditious, we’ve gathered all the tools a man needs to accomplish his goal successfully. Knowledgeable salespeople. Skillful tailors. An in-depth array of career and contemporary styles, including exclusive brands such as Façonnable, Halogen, and Callaway Golf Apparel by Nordstrom.

And sizes that go beyond the norm: dress shirts in 57 sizes; clothing and sportswear in xxl and tall sizes; and footwear in an unbeatable selection of styles, sizes and widths. After all, a man wants shopping to be effortless. So we made it that way.



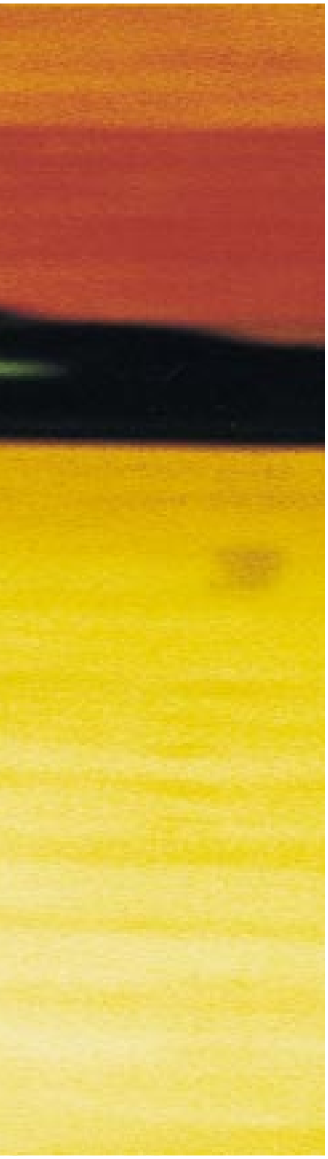


Investment Broker
Sports fanatic
Age: 43
Home: Redondo Beach, California
Hobbies: golf, hoops, jazz

Let us handle the details, while you relax and savor the moment.

Not everyone who has a love for bowling is on the PBA tour. And not everyone who loves Nordstrom merchandise shops at our full-line stores. They hit the Nordstrom Rack.

Nordstrom Rack customers are willing to sacrifice a few frills in exchange for incredible bargains. When new arrivals are shipped in from our full-line stores, great deals are lurking everywhere.

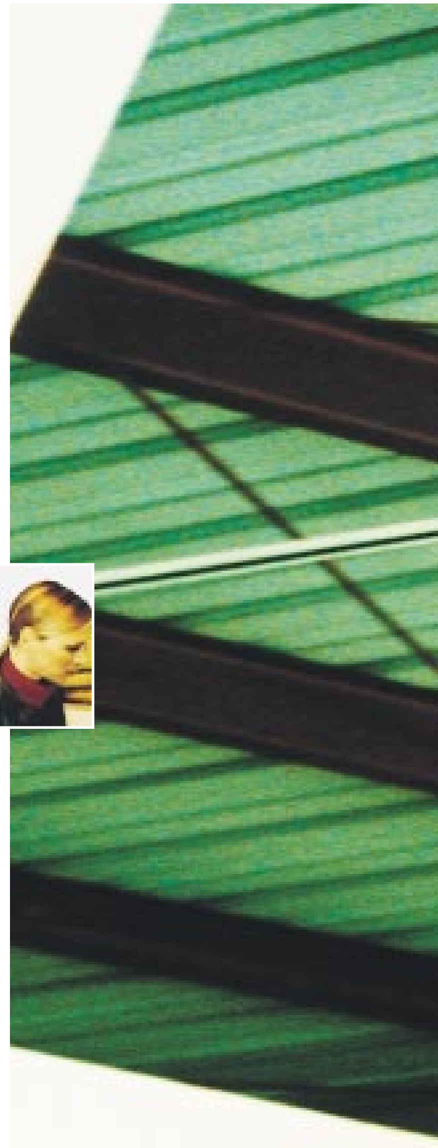


How popular is the Nordstrom Rack? At the end of 1999, there were 27 Nordstrom Rack stores in operation. By the end of 2000, we could have more than 35 Nordstrom Racks nationwide. And that's just the beginning.

Mae West once said, "I generally avoid temptation unless I can't resist it." That might explain the appeal of the Nordstrom Rack. After all, it's not just discount. It's Nordstrom.

Office Manager
Social activities coordinator
Age: 27
Home: Chicago, Illinois
Hobbies: decorating, shopping, bowling

If you love great deals and Nordstrom quality, the Nordstrom Rack's right up your alley.



"I have eclectic tastes."

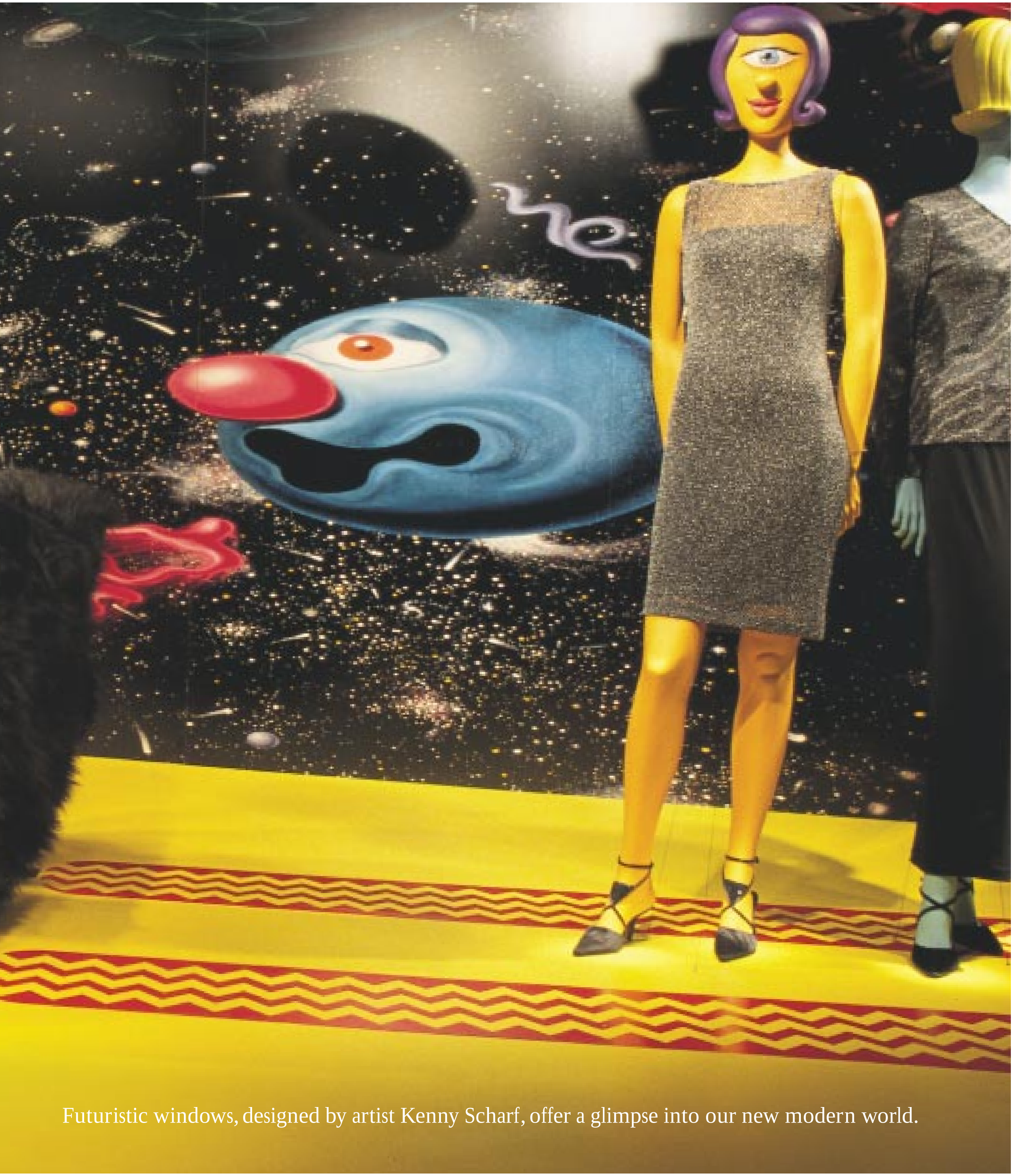
"So, will I wear what's on every billboard? Not on your life!"

Interior Designer
Aspiring playwright
Age: 31
Home: White Plains, New York
Hobbies: art collecting, samba dancing

Fashion, like art, has the power to go beyond the intellect, to inspire the senses and infuse the soul with emotion.

Our modern departments aspire to do just that, connecting with our customer in a myriad of ways. Theatrical windows reveal our personality and allow the shopper to see into the soul of our store. Visual cues like painted columns, colored lights and draped fabric signal what's fresh. Modern music builds excitement. And new brands such as Halogen, and BCBG Exclusively for Nordstom, offer stimulating choices she desires.

The store of the future is not an illusion. It's a shopping experience reinvented by Nordstrom. It may look a step ahead, but it's all here, right now.



Futuristic windows, designed by artist Kenny Scharf, offer a glimpse into our new modern world.

This is the Nordstrom Experience

"Give me choices!"

"I want it all in one place."

"Show me what's hot now!"

"Who has time for malls?"

"Wow! This looks different!"

"Shopping should be fun."

"Inspire me!"

"I want service tailored to my needs."

"I want to look fashionable – but I'm not a size four!"

"What's up with the new styles?"

"I want the latest fashion."

"You really want to know

"I want perks for using my Nordstrom card."

"It's about time!"

"Don't make me go all over the store to find

"Show me what's current, then let me

"I want it to feel like my store."

We

Today's customer demands more from her shopping endeavors. She wants to look great, be inspired, have fun, shop when she wants, be pampered, and alternately, be left free to roam.

How can one retailer fulfill the wants and needs of so many unique individuals? By listening. One customer at a time.

It's true, our world is changing. Technology has opened up new channels of communication and shopping, and brought our world closer together. But the more things change, the more one thing remains the same: As our world evolves, the Nordstrom experience will always revolve around you.

How do we know?

"This is more like it!"

hat my ideal shopping experience would be?"

eans!"

ecide if it's me."

"Where am I supposed to look?"

"It's gotta just click."

"I want to get in and get out."

"Will I wear what's on every billboard? Not on your life!"

"It's gotta be my kind of music."

e're listening!

"I find the great thing in this world
is not so much where we stand
as in what direction we are moving."

— OLIVER WENDELL HOLMES

Dear Shareholders,

JOHN WHITACRE, *Chairman & CEO*

The 1999 fiscal year was one of transition for Nordstrom, designed to position us to compete successfully in the future. Transition was, and is, necessary. Competition has never been more intense, whether from specialty retailers or big-box department stores. Our industry is consolidating, making existing competitors even more formidable. Additionally, the playing field is expanding to include new ways of reaching customers. This letter and the accompanying annual report will highlight the progress made during the year and outline our plans for the future.

New stores propel sales growth.

Our sales growth was fueled by the opening of full-line stores in Norfolk, Virginia; Providence, Rhode Island; Mission Viejo, California; and Columbia, Maryland; plus three new Rack stores, and the relocation of our Spokane Nordstrom and Alderwood Rack stores into new, larger facilities. We are well positioned for future growth. There are a number of attractive markets within the United States that we have not yet penetrated, or in which we are not fully represented.

We added 6.6 percent to our stores' gross square footage in 1999, and expect upper single-digit percentage growth annually over the next several years. Our comparable store sales in 1999 declined 1.1 percent. In recent years we had allowed inventory levels to expand at a rate in excess of our growth in sales, and have taken steps to better align these two measures. While some of the shortfall in sales was offset by improvements achieved in gross margin, we fully recognize the need to generate sales growth from existing stores — as well as from new stores. However, we want to ensure that it is *quality* sales growth, and later in this letter I'll describe several initiatives directed to accomplish this.

Streamlined structure strengthens buying process.

In 1999 we realigned the buying structure to promote clarity and accountability, to gain increased leverage in market, and to facilitate stronger partnerships with vendors through fewer and more focused points of contact. We want our most experienced merchants to have the greatest influence over our merchandise buying decisions. Our aim is to quickly take advantage of emerging national trends, while maintaining awareness of local competitive factors and customer preference.

New subsidiary expands Internet presence.

In fall of 1999 we formed a subsidiary company called nordstrom.com, which consists of our catalog and e-commerce businesses. Since the Web site was launched in October of 1998, it has evolved significantly in terms of its look, ease of navigation, and the merchandise offered. We believe we have the brand, technology, strategic alliances and people to become leaders in online apparel retailing, and that the timing is right for us to aggressively expand in this growing channel. We also believe it is complementary to our traditional, store-based business and will enhance and broaden the power of our brand. Our subsidiary's first major project, nordstromshoes.com, emerged as the world's biggest shoe store, offering millions of pairs of shoes for sale online. We are pleased with the sales performance thus far, and look forward to continuing to expand this channel as we seek to be wherever our customers want us to be.

"There are risks and costs to a program of action. But they are far less than the long-range risks and costs of comfortable inaction." — JOHN F. KENNEDY

Key Initiatives.
We are focused on several key initiatives that we believe will have significant and long-term impacts on our business:

- Improving our merchandise
- Building our brand
- Strengthening our information resources and processes

Reinvigorating women's business with better merchandise.
While each key initiative is vitally important, nothing is as critical as ensuring that we have the right merchandise — in the right quantities, sizes, styles and colors — in every one of our stores. Our initial focus is on women's merchandise, which represents the largest single category for us and also has been our greatest challenge in recent years. Specifically, we want to reinvigorate our women's business by injecting more fashion into the mix.

Fashion transcends age and cuts across all segments of women's merchandise. With classic styles, it can be timeless fashion; with mainstream styles, it's everyday fashion; with modern styles, it's contemporary fashion; and with forward styles, it's cutting-edge fashion. The point is that in each of these segments, our objective is to have an updated, fresh and evolving collection of merchandise that represents more of what our customers want to buy.

"Excellence is to do a common thing in an uncommon way." — BOOKER T. WASHINGTON

Building a world-class brand.
To a great extent, our brand *is* the "Nordstrom shopping experience" — defined primarily through our people and products. We want to couple the right merchandise with compelling presentation as we strive to deliver a satisfying, unforgettable experience for our customers. Through improved in-store signage, merchandise and window displays, and other visual aids, we also want to make our stores easier and more fun to shop.

Part of our brand includes our communication with customers. We hope you enjoyed the national television spots we ran in launching NORDSTROMshoes.com in November of 1999, and more recently, the national media campaign and other promotional activities for our full-line stores. As we invite our customers to reinvent themselves, we want to convey the message that change is positive, and accepting some level of risk can be rewarding.

Better technology enables better service.

Our effort to strengthen our information resources represents a major step forward. Over time, our people will have the necessary tools to better perform our customer-intensive style of retailing. Whether it's information needed in developing more effective partnerships with our vendors, moving merchandise more quickly from point of manufacture to the sales floor, or responding more quickly to sales trends and retaining better balance in inventory levels, our ultimate objective is to better serve our customers.

"We must recognize the full human equality of all our people." — ROBERT F. KENNEDY

People build our future.

As you can sense, there is a lot going on at Nordstrom. Much of the work is long-term in nature, designed to deliver enduring benefits. None of it is easy, but all of it is necessary in order for Nordstrom to compete and win in the years ahead.

Simply stated, we want to be better. We're proud of our 99-year heritage of striving to provide outstanding service to every customer. We're proud of our people, who are the lifeblood of our company and the vital link between our products and our customers. During 1999 we were honored to be included among:

- *Fortune* magazine's "100 Best Companies to Work For in America"
- *Working Woman's* "Top 25 Companies for Executive Women"
- *Fortune's* "50 Best Workplaces for Blacks, Asians, and Hispanics"

Yet we cannot stand still. Our goal is to achieve total shareholder return among the top quartile of our peers, and that requires that we continue to build — stores, systems, capabilities and people. The 21st century is sure to bring new opportunities for growth. As we expand, the key will be to impart a distinct, consistent message across all channels, in every customer interaction, that is uniquely one Nordstrom.

Thank you for your continued support as we work to better serve our customers, employees, communities and shareholders.

Sincerely,

John Whitacre
Chairman and Chief Executive Officer

Financial Highlights

Dollars in thousands except per share amounts

Fiscal Year	1999	1998	% Change
Net sales	$5,124,223	$5,027,890	1.9
Earnings before income taxes	332,057	337,723	(1.7)
Net earnings	202,557	206,723	(2.0)
Basic earnings per share	1.47	1.41	4.3
Diluted earnings per share	1.46	1.41	3.5
Cash dividends paid per share	.32	.30	6.7

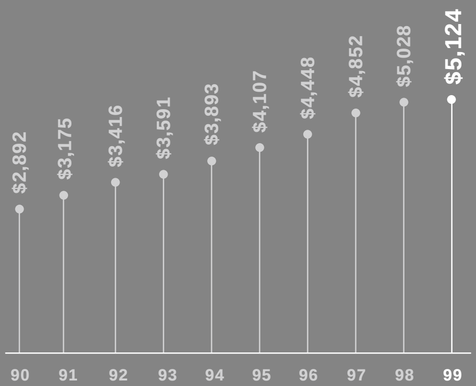
Stock Prices

Fiscal Year	1999		1998	
	high	low	high	low
First Quarter	$44\frac{13}{16}$	$34\frac{5}{8}$	$33\frac{9}{16}$	$25\frac{1}{8}$
Second Quarter	$39\frac{3}{8}$	$30\frac{3}{8}$	$40\frac{3}{8}$	$30\frac{1}{8}$
Third Quarter	$33\frac{1}{8}$	$23\frac{1}{8}$	$39\frac{1}{2}$	22
Fourth Quarter	28	$21\frac{5}{16}$	$44\frac{1}{8}$	$27\frac{1}{16}$

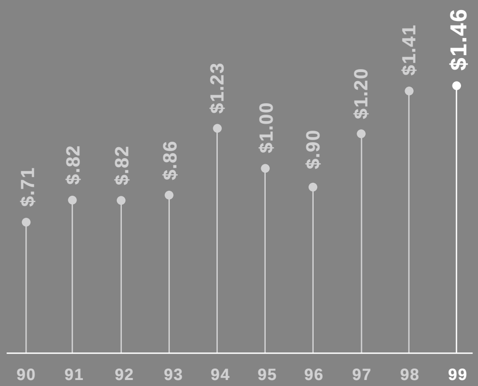
Nordstrom, Inc. common stock is traded on the New York Stock Exchange and quoted daily in leading financial publications. NYSE symbol — JWN

Index

Net Sales Dollars in Millions



Diluted Earnings Per Share



Management's Discussion and Analysis

The following discussion and analysis reviews the past three years, as well as additional information on future expectations and trends. Some of the information in this annual report, including anticipated store openings, planned capital expenditures and trends in company operations, 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, consumer apparel buying patterns, 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.

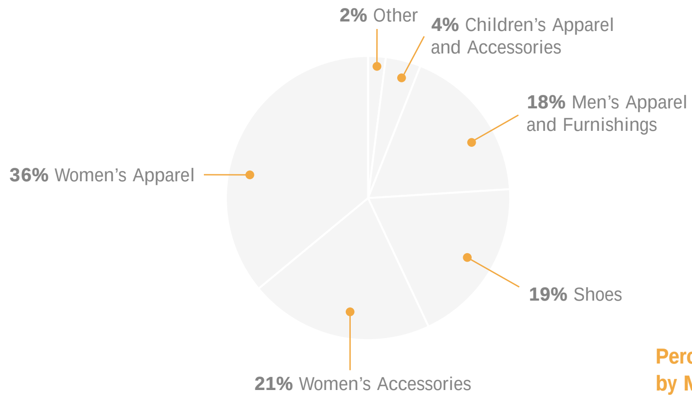
Overview

During 1999 (the fiscal year ended January 31, 2000), Nordstrom, Inc. and its subsidiaries (collectively, the "Company") achieved record sales and an improvement in gross margin. These improvements were offset by third quarter 1999 charges of approximately $10 million (pre-tax), primarily associated with the restructuring of the Company's information technology services area in order to improve efficiency and effectiveness. The Company also experienced substantially increased operating expenses associated with the accelerated development of nordstrom.com and nordstromshoes.com.

On November 1, 1999, the Company established a new subsidiary, nordstrom.com, to promote the rapid expansion of both its Internet commerce and catalog businesses. The Company contributed the assets and certain liabilities associated with its Internet commerce and catalog businesses and $10 million in cash to the subsidiary. Affiliates of Benchmark Capital and Madrona Investment Group, collectively, contributed $16 million in cash to the new entity. The Company owns approximately 81.4% of nordstrom.com, with Benchmark Capital and Madrona Investment Group holding the remaining interest.

The first major endeavor in November 1999 by nordstrom.com was the launching of the Internet site nordstromshoes.com, which offers online access to millions of pairs of shoes. The launch was supported by a multimedia national advertising campaign.

Also during 1999, the Company opened four new full-line stores in Providence, Rhode Island; Mission Viejo, California; Columbia, Maryland; and Norfolk, Virginia. The Company also opened three new Rack stores in Sacramento, California; Brea, California; and Gaithersburg, Maryland.



Percentage of 1999 Sales by Merchandise Category

Results of Operations

Sales

The Company achieved a 1.9% sales increase in 1999. Certain components of the percentage change in sales by year are as follows:

Fiscal Year	1999	1998	1997
Sales in comparable stores	(1.1%)	(2.7%)	4.0%
NORDSTROM.com	8.3%	33.0%	49.8%
Total increase	1.9%	3.6%	9.1%

Comparable store sales (sales in stores open at least one full fiscal year at the beginning of the fiscal year) decreased in 1999 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 was attributable to management's focus on controlling inventory levels, which resulted in lower, but more profitable, sales. In 1997, comparable store sales growth reflected the strong economic environment and a positive reaction to changes in the merchandise mix in the women's apparel departments, which occurred in mid-1996.

In addition to the aforementioned new full-line and Rack stores, the Company opened a replacement full-line store and a replacement Rack store in 1999. New stores are generally not as productive as "comparable stores" because the customer base and traffic patterns of each store are developed over time.

Sales at nordstrom.com continued to contribute to the Company's sales growth with sales of $210 million, $194 million and $146 million in 1999, 1998 and 1997, 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 Margin

Gross margin (net sales less cost of sales and related buying and occupancy expenses) as a percentage of net sales improved to 34.5% in 1999, as compared to 33.5% in 1998, and 32.1% in 1997.

The 1999 improvement reflects changes in the Company's buying processes and vendor programs. The 1998 improvement was principally due to favorable pricing strategies and the Company's increased focus on managing inventory levels, which resulted in lower markdowns. A decrease in buying costs, due to efficiencies gained through restructuring of certain buying responsibilities, also contributed to the improvement in 1998. The improvement in gross margin percentage in both 1999 and 1998 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 29.1% in 1999, 28.0% in 1998, and 27.3% in 1997.

The 1999 increase, as a percentage of net sales, was due to the aforementioned $10 million of pre-tax restructuring charges. In addition, the Company incurred substantial additional costs associated with the accelerated development of nordstrom.com and nordstromshoes.com. In August 1999, the Company announced that, compared to its plan prior thereto, nordstrom.com would increase operating expenses by approximately $22 million over the balance of the year, in order to accelerate growth and development of its Internet business channel. The actual increase for 1999 was $23 million. These increases were partially offset by lower bad debt expense due to the improved credit quality of the Company's credit card receivables.

The 1998 increase in selling, general, and administrative expenses, as a percentage of net sales, was due to higher sales promotion costs for the Company's direct sales catalog division, and spending on Year 2000 compliance and other information system operational costs. The increase was partially offset by decreases in bad debt expenses associated with the Company's credit card business and lower selling expenses, as a percentage of sales.

Interest Expense, Net

Interest expense, net increased 7% in 1999 and 37% in 1998 as a result of higher average borrowings to finance share repurchases. The Company repurchased 10.2 million shares and 11.2 million shares at an aggregate cost of $303 million and $346 million in 1999 and 1998, 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 was flat in 1999 and 1998, both in dollars and as a percent of sales.

Net Earnings

Net earnings for 1999 were slightly lower than 1998 as the Company's record sales and gross margin were offset by increases in selling, general, and administrative expenses. Net earnings for 1998 increased as compared to 1997 primarily due to gross margin improvements.

Liquidity and Capital Resources

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

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. Net cash provided by operating activities for the fiscal year ended January 31, 1999 increased by approximately $301 million as compared to the fiscal year ended January 31, 1998, primarily due to a reduction in merchandise inventories resulting from management's focus on managing inventory levels and a decrease in customer receivable balances.

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 $700 million over the last three years, net of deferred lease credits, principally to add new stores and facilities and to improve existing stores and facilities. Over 2.7 million square feet of retail store space has been added during this time period, representing an increase of 23% since January 31, 1997.

The Company plans to spend approximately $1.0 billion, net of deferred lease credits, 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, 2000, approximately $80 million has been contractually committed for the construction of new stores or remodel of existing stores. Although the Company has made commitments for stores opening in 2000 and beyond, it is possible that some stores may not be opened as scheduled because of delays inherent in the development process, or for other reasons. In addition to its cash flow from operations, the Company has funds 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 new opportunities.

The Board of Directors has authorized an aggregate of $1.1 billion of share repurchases since May 1995. As of January 31, 2000, the Company had purchased approximately 35 million shares of its common stock for approximately $931 million pursuant to these authorizations, and had remaining share repurchase authority of $169 million. Share repurchases have been financed, in part, through additional borrowings, resulting in a planned increase in the Company's debt to capital (debt plus shareholders' equity) ratio. At January 31, 2000, the Company's debt to capital ratio was .42.

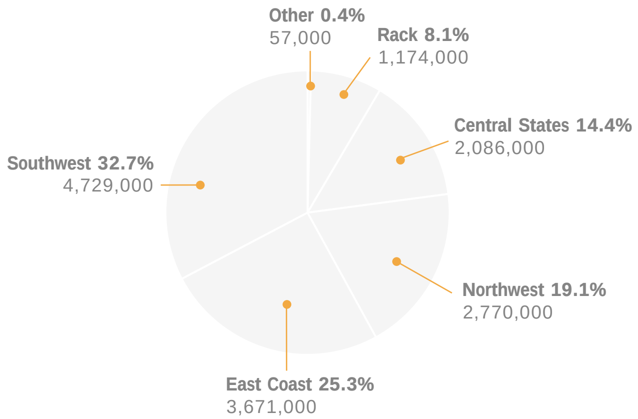
In March 1998, the Company issued $300 million of 6.95% Senior Debentures due in 2028. The proceeds were used to repay commercial paper and current maturities of long-term debt. In January 1999, the Company issued $250 million of 5.625% Senior Notes due in 2009, the proceeds of which were used to repay short-term debt and for general corporate purposes. A substantial portion of the Company's total debt of $876 million at January 31, 2000, finances the Company's credit card portfolio, which aggregated $612 million at that date.

Year 2000

The Company transitioned into the Year 2000 without any material negative effects on its business, operations or financial condition. The Company's accumulative Year 2000 expenses, through January 31, 2000, were $17 million. Approximately $4 million of expense was incurred in 1999, $7 million in 1998 and $5 million in 1997.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," which will require an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Adoption of this standard, as amended by the Company, beginning February 1, 2001, is not expected to have a material impact on the Company's consolidated financial statements.



Square Footage by Market Segment at January 31, 2000

Consolidated Statements of Earnings

Dollars in thousands except per share amounts

Year ended January 31,	2000	% of sales	1999	% of sales	1998	% of sales
Net sales	$5,124,223	100.0	$5,027,890	100.0	$4,851,624	100.0
Costs and expenses:						
Cost of sales and related buying and occupancy	3,359,760	65.5	3,344,945	66.5	3,295,813	67.9
Selling, general, and administrative	1,491,040	29.1	1,405,270	28.0	1,322,929	27.3
Interest, net	50,396	1.0	47,091	0.9	34,250	0.7
Service charge income and other, net	(109,030)	(2.1)	(107,139)	(2.1)	(108,581)	(2.2)
	4,792,166	93.5	4,690,167	93.3	4,544,411	93.7
Earnings before income taxes	332,057	6.5	337,723	6.7	307,213	6.3
Income taxes	129,500	2.5	131,000	2.6	121,000	2.5
Net earnings	**$ 202,557**	**4.0**	**$ 206,723**	**4.1**	**$ 186,213**	**3.8**
Basic earnings per share	$ 1.47		$ 1.41		$ 1.20	
Diluted earnings per share	$ 1.46		$ 1.41		$ 1.20	
Cash dividends paid per share	$ .32		$ .30		$ .265	

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

Consolidated Balance Sheets

Dollars in thousands

January 31,	2000	1999
Assets		
Current assets:		
Cash and cash equivalents	$ 27,042	$ 241,431
Short-term investment	25,527	—
Accounts receivable, net	616,989	587,135
Merchandise inventories	797,845	750,269
Prepaid income taxes and other	97,245	74,228
Total current assets	1,564,648	1,653,063
Land, buildings and equipment, net	1,429,492	1,378,006
Available-for-sale investment	35,251	—
Other assets	32,690	56,994
Total assets	**$3,062,081**	**$3,088,063**
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable	$ 70,934	$ 78,783
Accounts payable	390,688	339,635
Accrued salaries, wages and related benefits	211,308	196,366
Income taxes and other accruals	135,388	100,739
Current portion of long-term debt	58,191	63,341
Total current liabilities	866,509	778,864
Long-term debt	746,791	804,893
Deferred lease credits	194,995	147,188
Other liabilities	68,172	56,573
Shareholders' equity:		
Common stock, no par: 250,000,000 shares authorized; 132,279,988 and 142,114,167 shares issued and outstanding	247,559	230,761
Unearned stock compensation	(8,593)	(4,703)
Retained earnings	929,616	1,074,487
Accumulated other comprehensive income	17,032	—
Total shareholders' equity	1,185,614	1,300,545
Total liabilities and shareholders' equity	**$3,062,081**	**$3,088,063**

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 Income	Total
Balance at February 1, 1997, as previously reported	159,269,954	$183,398	—	$1,289,794	—	$1,473,192
Adjustment for sales returns reserve, net of taxes				(16,108)		(16,108)
Balance at February 1, 1997, as adjusted	159,269,954	183,398	—	1,273,686	—	1,457,084
Net earnings	—	—	—	186,213	—	186,213
Cash dividends paid ($.265 per share)	—	—	—	(41,168)	—	(41,168)
Issuance of common stock	838,478	17,406	—	—	—	17,406
Stock compensation	4,672	246				246
Purchase and retirement of common stock	(7,595,000)	—	—	(160,831)	—	(160,831)
Balance at January 31, 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**

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,	2000	1999	1998
Operating Activities			
Net earnings	$ 202,557	$ 206,723	$ 186,213
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	193,718	180,655	158,969
Amortization of deferred lease credits and other, net	(6,387)	(3,501)	(2,092)
Stock-based compensation expense	3,331	10,037	246
Change in:			
Accounts receivable, net	(29,854)	77,313	50,141
Merchandise inventories	(47,576)	75,776	(106,126)
Prepaid income taxes and other	(23,017)	30,983	(11,616)
Accounts payable	51,053	18,324	10,881
Accrued salaries, wages and related benefits	14,942	17,156	9,635
Income tax liabilities and other accruals	12,205	(20,454)	2,104
Other liabilities	7,154	8,296	2,301
Net cash provided by operating activities	378,126	601,308	300,656
Investing Activities			
Capital expenditures	(305,052)	(306,737)	(259,935)
Additions to deferred lease credits	114,910	74,264	—
Investments in unconsolidated affiliates	—	(32,857)	—
Other, net	(9,332)	(2,251)	(49)
Net cash used in investing activities	(199,474)	(267,581)	(259,984)
Financing Activities			
(Decrease) increase in notes payable	(7,849)	(184,984)	99,997
Proceeds from issuance of long-term debt	—	544,165	91,644
Principal payments on long-term debt	(63,341)	(101,106)	(51,210)
Capital contribution to subsidiary from minority shareholders	16,000	—	—
Proceeds from issuance of common stock	9,577	14,971	17,406
Cash dividends paid	(44,463)	(44,059)	(41,168)
Purchase and retirement of common stock	(302,965)	(346,077)	(160,831)
Net cash used in financing activities	(393,041)	(117,090)	(44,162)
Net (decrease) increase in cash and cash equivalents	(214,389)	216,637	(3,490)
Cash and cash equivalents at beginning of year	241,431	24,794	28,284
Cash and cash equivalents at end of year	**$ 27,042**	**$ 241,431**	**$ 24,794**

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, principally through 71 large specialty stores and 28 clearance stores. All of the Company's stores are located in the United States, with approximately 34% of its retail square footage 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 $60,038 at January 31, 2000.

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. Funds associated with Benchmark Capital and Madrona Investment Group collectively contributed $16 million in cash to the new entity. At January 31, 2000 the Company owns approximately 81.4% of nordstrom.com llc, with Benchmark Capital and Madrona Investment Group holding the remaining minority interest. The minority interest holders have the right to put their shares of nordstrom.com llc to the Company at a multiple of their original investment in the event that certain events do not occur. This put right will expire if the Company provides additional funding to nordstrom.com llc prior to September 2002.

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 National Credit Bank and nordstrom.com llc. All significant intercompany transactions and balances are eliminated in consolidation. The presentation of these financial statements in conformity with generally accepted accounting principles 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.

Prior to 1999, the Company did not record sales returns on the accrual basis of accounting because the difference between the cash and accrual basis of accounting was not material. In 1999, the Company began accruing sales returns. Accordingly, the Company recorded the cumulative effect of this change on prior periods, which resulted in an increase in current assets of $9,840, an increase in current liabilities of $25,948 and a corresponding decrease in retained earnings of $16,108 as of February 1, 1997. Because the effects of this change were insignificant in 1997 and 1998, the Company recorded such amounts in 1999 as a reduction in net income of $1,313, or $.01 per share.

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

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 $3,938 and $3,436 at January 31, 2000 and 1999, and are included in prepaid income taxes and other on the consolidated balance sheets. Total advertising expenses were $160,957, $145,841 and $115,272 in 1999, 1998 and 1997.

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, five to 40 years; store fixtures and equipment, three to 15 years; leasehold improvements, life of lease or applicable shorter period; software, three to seven years.

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

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.

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.

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 income, net of related deferred taxes. All other investments are recorded at cost and included in other assets.

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.

Net Sales: Revenues are recorded net of estimated returns and exclude sales tax.

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 and 1999 include $7,605 and

(Note 1 continued)

$10,189 of checks not yet presented for payment drawn in excess of cash balances.

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 is 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 $715,500 and $894,000 at January 31, 2000 and 1999.

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, 2000 and 1999 is not material.

Statement of Financial Accounting Standards No. 133, "Accounting For Derivative Instruments and Hedging Activities," as amended, requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The Company is currently reviewing the impact of this statement; however, based on the Company's minimal use of derivatives, management expects that adoption of this standard, in its fiscal year beginning February 1, 2001, will not have a material impact on the Company's consolidated financial statements.

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

Note 2: 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 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. Company contributions to the profit sharing portion of the plan vest over a seven-year period. The Company contribution is established each year by the Board of Directors and totaled $47,500, $50,000 and $45,000 in 1999, 1998 and 1997.

Note 3: Interest, Net

The components of interest, net are as follows:

Year ended January 31,	2000	1999	1998
Short-term debt	$ 2,584	$10,707	$ 10,931
Long-term debt	56,831	43,601	32,887
Total interest cost	59,415	54,308	43,818
Less: Interest income	(3,521)	(1,883)	(1,221)
Capitalized interest	(5,498)	(5,334)	(8,347)
Interest, net	**$50,396**	**$47,091**	**$34,250**

Note 4: Income Taxes

Income taxes consist of the following:

Year ended January 31,	2000	1999	1998
Current income taxes:			
Federal	$130,524	$113,270	$ 98,464
State and local	21,835	19,672	18,679
Total current income taxes	152,359	132,942	117,143
Deferred income taxes:			
Current	(18,367)	(1,357)	(4,614)
Non-current	(4,492)	(585)	8,471
Total deferred income taxes	(22,859)	(1,942)	3,857
Total income taxes	**$129,500**	**$131,000**	**$121,000**

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

Year ended January 31,	2000	1999	1998
Statutory rate	35.00%	35.00%	35.00%
State and local income taxes, net of Federal income taxes	4.06	4.03	4.17
Other, net	(.06)	(0.24)	0.21
Effective tax rate	**39.00%**	**38.79%**	**39.38%**

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,	2000	1999
Accrued expenses	$29,276	$30,071
Compensation and benefits accruals	35,651	30,404
Merchandise inventories	24,461	18,801
Land, buildings and equipment basis and depreciation differences	(22,982)	(34,519)
Employee benefits	(11,008)	(10,659)
Unrealized gain on investment	(10,889)	—
Other	12,570	11,011
Net deferred tax assets	**$57,079**	**$45,109**

Note 5: Earnings Per Share

Basic earnings per share are computed on the basis of the weighted average number of common shares outstanding during the year. Average shares outstanding were 137,814,589, 146,241,091 and 154,972,560 in 1999, 1998 and 1997.

Diluted earnings per share are computed on the basis of the weighted average number of common shares outstanding during the year plus dilutive common stock equivalents (primarily stock options). Weighted average diluted shares outstanding were 138,424,844, 146,858,271 and 155,350,296 in 1999, 1998 and 1997.

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 2,798,966, 1,146,113 and 303,622 shares in 1999, 1998 and 1997.

Note 6: Investment

In September 1998, the Company purchased non-voting convertible preferred stock in a private company. In June 1999, this company 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, this public company merged with a private company in a pooling-of-interests transaction. The Company had an investment in the preferred stock of the acquired private company since October 1998. The Company's available-for-sale investment has been increased to reflect the consummation of the merger. A portion of the investment is reported as short-term because the Company intends to sell it within one year. Accumulated other comprehensive income includes the increase in the fair market value of the investment based on its quoted market value at January 31, 2000, net of applicable taxes of $10.9 million.

Note 7: Accounts Receivable

The components of accounts receivable are as follows:

January 31,	2000	1999
Customers	$611,858	$592,204
Other	20,969	19,474
Allowance for doubtful accounts	(15,838)	(24,543)
Accounts receivable, net	**$616,989**	**$587,135**

Credit risk with respect to accounts receivable is concentrated in the geographic regions in which the Company operates stores. At January 31, 2000 and 1999, approximately 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 $11,707, $23,828 and $40,440 in 1999, 1998 and 1997.

Nordstrom National Credit Bank, a wholly owned subsidiary of the Company, issues both a proprietary and VISA credit card. In 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").

Cash flows generated from the receivables in the trust are, to the extent allocable to the investors, applied to the

(Note 7 continued)

payment of interest on the Class A and Class B certificates, absorption of credit losses, and payment of servicing fees to the Company, which services 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 $42,754 and $8,208 at January 31, 2000 and 1999, and is included in customer 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.

Note 8: Land, Buildings and Equipment

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

January 31,	2000	1999
Land and land improvements	$ 59,237	$ 57,337
Buildings	650,414	500,831
Leasehold improvements	870,821	957,877
Capitalized software	20,150	7,603
Store fixtures and equipment	1,037,936	944,202
	2,638,558	2,467,850
Less accumulated depreciation and amortization	(1,370,726)	(1,235,410)
	1,267,832	1,232,440
Construction in progress	161,660	145,566
Land, buildings and equipment, net	**$1,429,492**	**$1,378,006**

At January 31, 2000, the net book value of property located in California is approximately $335,000. The Company does not carry earthquake insurance in California because of its high cost.

At January 31, 2000, the Company has contractual commitments of approximately $80 million for the construction of new stores or remodel of existing stores.

Note 9: Notes Payable

A summary of notes payable is as follows:

Year ended January 31,	2000	1999	1998
Average daily short-term borrowings	$ 45,030	$195,596	$193,811
Maximum amount outstanding	178,533	385,734	278,471
Weighted average interest rate:			
During the year	5.8%	5.5%	5.6%
At year-end	6.0%	5.2%	5.5%

At January 31, 2000, 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 line based on the Company's debt rating.

Note 10: Long-Term Debt

A summary of long-term debt is as follows:

January 31,	2000	1999
Senior debentures, 6.95%, due 2028	$ 300,000	$ 300,000
Senior notes, 5.625%, due 2009	250,000	250,000
Medium-term notes, payable by Nordstrom Credit, Inc., 7.0%-8.67%, due 2000-2002	145,350	203,350
Notes payable, of Nordstrom Credit, Inc., 6.7%, due 2005	100,000	100,000
Other	9,632	14,884
Total long-term debt	804,982	868,234
Less current portion	(58,191)	(63,341)
Total due beyond one year	**$746,791**	**$804,893**

Aggregate principal payments on long-term debt are as follows: 2000-$58,191; 2001-$11,454; 2002-$77,247; 2003-$319; 2004-$350; and thereafter-$657,421.

Note 11: Leases

The Company leases land, buildings and equipment under noncancelable lease agreements with expiration dates ranging from 2000 to 2080. Certain leases include renewal provisions at the Company's option. Most of the leases provide for additional rentals based upon specific percentages of sales and require the Company to pay for certain other costs.

Future minimum lease payments as of January 31, 2000 are as follows: 2000-$52,940; 2001-$52,762; 2002-$44,050; 2003-$42,092; 2004-$41,010; and thereafter-$326,281.

The following is a schedule of rent expense:

Year ended January 31,	2000	1999	1998
Minimum rent:			
Store locations	$18,794	$19,167	$16,869
Offices, warehouses and equipment	19,926	19,208	17,811
Store locations percentage rent	7,441	8,603	12,542
Total rent expense	**$46,161**	**$46,978**	**$47,222**

Note 12: Stock-Based Compensation

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 certain circumstances, vesting of some options may be accelerated.

In addition to option grants each year, in 1999 and 1998 the Committee granted 272,970 and 185,201 performance share units, respectively, 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.

The Company applies Accounting Principles Board Opinion No. 25 ("APB 25") in measuring compensation costs under the Plan. Accordingly, no compensation cost has been recognized for stock options because the option price equals the market price on the date of grant. For performance share units, compensation expense is recorded over the performance period based on the fair market value of the stock at the date it is determined that such shares have been earned. For restricted stock grants, 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 1999, 1998 and 1997 was $3,331, $10,037 and $246, respectively.

In addition to the above, in the fourth quarter of 1999, nordstrom.com established an option plan under which 3.4 million options were granted at an option price of $1.67 per share. Pursuant to APB 25, no compensation cost has been recognized for the options because the option price was equal to, or in excess of, the fair value of nordstrom.com's stock on the date of grant. 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.

If the Company had elected to follow the measurement provisions of SFAS No. 123 in accounting for its stock options, compensation expense would be recognized based on the fair value of the options at the date of grant. To estimate compensation expense which would be recognized under SFAS 123, the Company used the modified Black-Scholes option-pricing model with the following weighted-average assumptions for options granted in 1999, 1998 and 1997, respectively: risk-free interest rates of 5.7%, 5.2% and 5.4%; expected volatility factors of .61, .46 and .32; expected dividend yield of 1% for all years; and expected lives of 5 years for all years.

If SFAS 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,	2000	1999	1998
Pro forma net earnings	$192,936	$201,499	$183,618
Pro forma basic earnings per share	$1.40	$1.38	$1.18
Pro forma diluted earnings per share	$1.39	$1.37	$1.18

(**Note 12** continued)

The effects of applying SFAS 123 in this pro forma disclosure are not indicative of future amounts as awards prior to 1995 are not included, and additional awards in future years are anticipated.

The number of shares reserved for future stock option grants pursuant to the Plan is 3,212,879 at January 31, 2000.

Stock option activity for the Plan was as follows:

Year ended January 31,	2000		1999		1998	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding, beginning of year	5,893,632	$27	3,401,602	$21	3,719,506	$19
Granted	2,926,368	31	3,252,217	31	692,764	26
Exercised	(341,947)	23	(599,593)	18	(838,478)	17
Cancelled	(342,752)	30	(160,594)	27	(172,190)	22
Outstanding, end of year	**8,135,301**	**$28**	**5,893,632**	**$27**	**3,401,602**	**$21**
Options exercisable at end of year	3,145,393	$25	2,544,092	$23	1,759,464	$19
Weighted-average fair value of options granted during the year		$17		$14		$ 9

The following table summarizes information about stock options outstanding for the Plan as of January 31, 2000:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
$11 – $23	2,807,518	7	$21	1,487,867	$20
$24 – $33	2,919,777	8	$29	1,457,294	$29
$34 – $40	2,408,006	9	$37	200,232	$34
	8,135,301	**8**	**$28**	**3,145,393**	**$25**

Note 13: Supplementary Cash Flow Information

Supplementary cash flow information includes the following:

Year ended January 31,	2000	1999	1998
Cash paid during the year for:			
Interest (net of capitalized interest)	$ 54,195	$ 44,418	$ 35,351
Income taxes	129,566	126,157	126,606

Note 14: 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 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, 2000	Retail Stores	Credit Operations	Catalog/ Internet	Corporate and Other	Eliminations	Total
Net sales and revenues to external customers	$4,914,293	—	$209,930	—	—	$5,124,223
Service charge income	—	$117,974	—	—	—	117,974
Intersegment revenues	20,285	25,963	—	—	$(46,248)	—
Interest, 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

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

(**Note 14** continued)

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	—	$ 193,841	—	—	$ 5,027,890
Service charge income	—	$ 119,926	—	—	—	119,926
Intersegment revenues	23,748	26,736	—	—	$(50,484)	—
Interest, 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	382,067	—	3,088,063
Capital expenditures	273,906	2,191	4,121	26,519	—	306,737

Year ended January 31, 1998	Retail Stores	Credit Operations	Catalog/ Internet	Corporate and Other	Eliminations	Total
Net sales and revenues to external customers	$ 4,705,875	—	$ 145,749	—	—	$ 4,851,624
Service charge income	—	$ 122,026	—	—	—	122,026
Intersegment revenues	35,529	27,400	—	—	$(62,929)	—
Interest, net	—	36,187	—	$ (1,170)	(767)	34,250
Depreciation and amortization	147,847	667	3,082	7,373	—	158,969
Income tax expense (benefit)	152,700	10,300	—	(42,000)	—	121,000
Net earnings (loss)	235,122	15,895	(12,936)	(51,868)	—	186,213
Assets [(a)]	1,956,527	681,391	73,790	178,956	—	2,890,664
Capital expenditures	221,384	242	17,390	20,919	—	259,935

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

Note 15: Contingent Liabilities

Because the cosmetics and Nine West lawsuits described below are still in their preliminary stages, the Company is not in a position at this time to quantify the amount or range of any possible losses related to those claims. The Company intends to vigorously defend itself in those cases. While no assurance can be given as to the ultimate outcomes 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.

Cosmetics. The Company is a defendant along with other department stores in nine separate but virtually identical 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. The plaintiffs seek to represent a class of all California residents who purchased cosmetics and fragrances for personal use from any of the defendants during the period May 1994 through May 1998. Plaintiffs' consolidated complaint alleges that the Company and other department stores 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. The plaintiffs seek treble damages in an unspecified amount, attorneys' fees and prejudgment interest. Defendants, including the Company, have answered the consolidated complaint denying the allegations. Discovery has commenced and defendants are nearing completion of the initial phase of producing documents and responding to plaintiffs' other discovery requests. Plaintiffs have not yet moved for class certification.

Nine West. The Company was named as a defendant in a number of substantially identical lawsuits filed in federal district courts in New York and elsewhere beginning in January and February 1999. In addition to Nine West, a leading manufacturer and retailer of men's, women's and children's non-athletic footwear and accessories, which has subsequently been acquired by Jones Apparel, other defendants include various department store and specialty retailers. The lawsuits have now been consolidated in federal district court in New York and purport to be brought on behalf of a class of persons who purchased Nine West footwear from the defendants during the period January 1988 to mid-February 1999. Plaintiffs' consolidated complaint alleges that the retailer defendants agreed with Nine West and with each other on the minimum prices to be charged for Nine West shoes. The plaintiffs seek treble damages in an unspecified amount, attorneys' fees and prejudgment interest. Defendants moved to dismiss the consolidated complaint, and the court denied the motion on January 7, 2000. The Court had stayed discovery pending its decision on the motion to dismiss, and defendants have now begun the process of producing documents and responding to plaintiffs' other discovery requests. Plaintiffs have not yet moved for class certification.

Vacation Policy. The Company has reached a settlement in its previously described lawsuit relating to its vacation policy. The settlement is subject to the execution of a definitive settlement agreement and court approval. A final approval hearing has been set for April 28, 2000.

Saipan. The Company has reached a settlement in its previously described lawsuits relating to its sourcing of clothing products from independent garment manufacturers in Saipan (Commonwealth of Northern Mariana 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 16: Selected Quarterly Data (unaudited)

Year ended January 31, 2000	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Net sales	$1,039,105	$1,443,395	$1,110,114	$1,531,609	$5,124,223
Gross profit	350,909	500,047	392,270	521,237	1,764,463
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

Year ended January 31, 1999	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Net sales	$1,040,215	$1,447,284	$1,094,349	$1,446,042	$5,027,890
Gross profit	341,915	476,041	377,249	487,740	1,682,945
Earnings before income taxes	52,837	113,062	63,175	108,649	337,723
Net earnings	32,337	69,162	38,675	66,549	206,723
Basic earnings per share	.22	.47	.27	.47	1.41
Diluted earnings per share	.21	.47	.27	.47	1.41
Dividends per share	.07	.07	.08	.08	.30

Management and Independent Auditors' Reports

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 generally accepted accounting principles 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 generally accepted accounting principles 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 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 A. Stein

Michael A. Stein
Executive Vice President and Chief Financial Officer

Independent Auditors' Report

We have audited the accompanying consolidated balance sheets of Nordstrom, Inc. and subsidiaries (the "Company") as of January 31, 2000 and 1999, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended January 31, 2000. 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 generally accepted auditing standards. 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, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 2000, in conformity with generally accepted accounting principles.

As discussed in Note 1, the accompanying financial statements have been restated to reflect an accrual for sales returns.

Deloitte & Touche LLP

Deloitte & Touche LLP
Seattle, Washington; March 10, 2000

Ten-Year Statistical Summary

Dollars in thousands except square footage and per share amounts

Year ended January 31,	2000	1999	1998
Financial Position			
Customer accounts receivable, net	$596,020	$567,661	$641,862
Merchandise inventories	797,845	750,269	826,045
Current assets	1,564,648	1,653,063	1,613,492
Current liabilities	866,509	778,864	979,031
Working capital	698,139	874,199	634,461
Working capital ratio	1.81	2.12	1.65
Land, buildings and equipment, net	1,429,492	1,378,006	1,252,513
Long-term debt, including current portion	804,982	868,234	420,865
Debt/capital ratio	.4249	.4214	.3194
Shareholders' equity	1,185,614	1,300,545	1,458,950
Shares outstanding	132,279,988	142,114,167	152,518,104
Book value per share	8.96	9.15	9.57
Total assets	3,062,081	3,088,063	2,890,664
Operations			
Net sales	5,124,223	5,027,890	4,851,624
Costs and expenses:			
Cost of sales and related buying and occupancy	3,359,760	3,344,945	3,295,813
Selling, general, and administrative	1,491,040	1,405,270	1,322,929
Interest, net	50,396	47,091	34,250
Service charge income and other, net	(109,030)	(107,139)	(108,581)
Total costs and expenses	4,792,166	4,690,167	4,544,411
Earnings before income taxes	332,057	337,723	307,213
Income taxes	129,500	131,000	121,000
Net earnings	202,557	206,723	186,213
Basic earnings per share	1.47	1.41	1.20
Diluted earnings per share	1.46	1.41	1.20
Dividends per share	.32	.30	.265
Comparable store sales percentage increase (decrease)	(1.1%)	(2.7%)	4.0%
Net earnings as a percent of net sales	3.95%	4.11%	3.84%
Return on average shareholders' equity	16.29%	14.98%	12.77%
Sales per square foot for Company-operated stores	350	362	384
Stores	104	97	92
Total square footage	14,487,000	13,593,000	12,614,000

1997	1996	1995	1994	1993	1992	1991
$693,123	$874,103	$655,715	$565,151	$584,379	$585,490	$558,573
719,919	626,303	627,930	585,602	536,739	506,632	448,344
1,549,819	1,612,776	1,397,713	1,314,914	1,219,844	1,177,638	1,090,379
795,321	833,443	693,015	631,064	516,397	558,768	556,394
754,498	779,333	704,698	683,850	703,447	618,870	533,985
1.95	1.94	2.02	2.08	2.36	2.11	1.96
1,152,454	1,103,298	984,195	845,596	824,142	856,404	806,191
380,632	439,943	373,910	438,574	481,945	491,076	468,148
.2720	.3232	.2575	.2934	.3337	.4029	.4308
1,457,084	1,408,053	1,330,437	1,153,594	1,038,649	927,465	816,100
159,269,954	162,226,288	164,488,196	164,118,256	163,949,594	163,688,454	163,475,820
9.15	8.68	8.09	7.03	6.34	5.67	4.99
2,726,495	2,732,619	2,396,783	2,177,481	2,053,170	2,041,875	1,902,589
4,448,019	4,106,817	3,892,614	3,591,228	3,415,613	3,174,822	2,891,856
3,079,459	2,802,786	2,598,624	2,469,689	2,336,005	2,167,268	1,999,251
1,217,086	1,120,120	1,023,161	940,708	901,446	831,005	747,565
39,400	39,295	30,664	37,646	44,810	49,106	52,228
(129,469)	(125,130)	(94,644)	(88,509)	(86,140)	(87,443)	(84,660)
4,206,476	3,837,071	3,557,805	3,359,534	3,196,121	2,959,936	2,714,384
241,543	269,746	334,809	231,694	219,492	214,886	177,472
95,227	106,190	132,304	90,804	84,489	80,527	62,204
146,316	163,556	202,505	140,890	135,003	134,359	115,268
.90	1.00	1.23	.86	.82	.82	.71
.90	1.00	1.23	.86	.82	.82	.71
.25	.25	.1925	.17	.16	.155	.15
0.6%	(0.7%)	4.4%	2.7%	1.4%	1.4%	0%
3.29%	3.98%	5.20%	3.92%	3.95%	4.23%	3.99%
10.21%	11.94%	16.30%	12.85%	13.73%	15.41%	14.97%
377	382	395	383	381	388	391
83	78	76	74	72	68	63
11,754,000	10,713,000	9,998,000	9,282,000	9,224,000	8,590,000	7,655,000

Officers of Nordstrom, Inc.

Jammie Baugh, 46
Executive Vice President, Human Resources

Laurie M. Black, 40
Vice President, Accessories, Gifts, Women's Specialized, Northwest Region, Full-Line Stores

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Vice President, Strategy and Planning, and Treasurer

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Executive Vice President and President, Nordstrom Product Group

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Executive Vice President, Cosmetics, Full-Line Stores

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Vice President, Human Resources

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Vice President, Women's Contemporary, Full-Line Stores

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Vice President, Marketing Director, Full-Line Stores

Tamela J. Hickel, 39
Vice President, Southeast Regional Manager

Darrel J. Hume, 52
Vice President, Regional Manager of Stores, Central States

Darren R. Jackson, 35
Vice President and Chief Financial Officer, Full-Line Stores

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Vice President, Brass Plum/Kids, Northwest, Full-Line Stores

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Vice President and President, Nordstrom Credit Group

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Vice President, Corporate Controller

Llynn (Len) A. Kuntz, 39
Vice President and Executive Vice President, Full-Line Store Strategy

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Vice President, Chief Information Officer

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Vice President, Store Planning

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Vice President, Real Estate

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Executive Vice President, General Manager, Central States

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Vice President, Women's Shoes, Full-Line Stores

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Executive Vice President and President, Nordstrom Rack Group

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Executive Vice President, Northwest General Manager

Peter E. Nordstrom, 37
Executive Vice President, Director of Full-Line Store Merchandising Strategy

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Executive Vice President, East Coast General Manager

James R. O'Neal, 41
Executive Vice President, Southwest General Manager

Suzanne R. Patneaude, 53
Vice President, Designer Apparel, Full-Line Stores

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Executive Vice President and Chief Financial Officer

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Vice President, Operations

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Vice President, Diversity Affairs

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Executive Vice President, General Manager, Nordstrom Rack Group

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Vice President and Executive Vice President, Merchandising Strategy, Full-Line Stores

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Chairman and Chief Executive Officer

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Executive Vice President and President, Full-Line Store Group

NORDSTROM.com, LLC

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Executive Vice President, Merchandising

Kimberly Jaderholm, 39
Vice President, Human Resources

J. Daniel Nordstrom, 37
Chief Executive Officer and President, NORDSTROM.com, LLC

Kathryn E. Olson, 41
Executive Vice President, Marketing

Paul Onnen, 37
Vice President, Chief Technology Officer

Michael Sato, 33
Vice President, Fulfillment Operations

Robert A. Schwartz, 39
Executive Vice President, E-Commerce

Kurt D. Whitesel, 38
Executive Vice President, Chief Operating Officer and Chief Financial Officer

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Nordstrom Full-Line Stores

Mark S. Brashear, 38
Vice President, General Execution Manager, Southwest Region

Martine Burkel, 40
Vice President, Accessories, Gifts, Women's Specialized, East Coast Region

Nora M. Cummings, 45
Vice President, San Diego/Arizona Regional Manager

Sherry E. Eversaul, 52
Vice President, Women's Apparel, Contemporary Forward Bridge/Better, Halogen

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Vice President, Customer Relationship Marketing

Margaret (Peggy) Mansur, 41
Vice President, East Coast/Central States, Cosmetics

Vicki McWilliams, 42
Vice President, Northern California Regional Manager

Margaret Myers, 52
Vice President, Accessories and Women's Specialized, Southwest Region

Lisa S. O'Neal, 42
Vice President, Women's Apparel, Classic/Mainstream, Better/Moderate

David M. Witman, 41
Vice President, East Coast/Central States, Men's Wear

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Karen Bowman Roesler, 44
Vice President, Credit Marketing and Risk

Carol R. Simonson, 48
Vice President, Finance, Strategy and Planning

(Divisional Vice Presidents continued)

Nordstrom Product Group

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Kathleen M. Gersch, 31
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Kent S. Grimes, 47
Vice President, Director of Product Groups

Dean A. Holly, 47
Vice President, Director of Sourcing and Production

James Mahan, 37
Vice President, Director of Human Resources

Patrick C. Smith, 41
Vice President, Director of Operations

Michael A. Tam, 42
Vice President, Director of Brands

Nordstrom Rack Group

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Vice President, Merchandise Manager, Shoes

Kelly Cole Berka, 44
Vice President, Southwest Regional Manager

Janet Meiser Blasquez, 42
Vice President, Merchandise Manager, Women's Apparel

Marsha Savery, 49
Vice President, Marketing Director

Marcia A. Scott, 39
Vice President, Merchandise Manager for Accessories, Cosmetics, Lingerie, Kids and Gifts

K. C. Shaffer, 45
Vice President, Northwest Regional Manager

Dean H. White, 44
Vice President, Merchandise Manager, Men's Apparel

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Vice President, Executive and Organizational Development

D. Wayne Howard, 44
Vice President, Supply Chain Strategy

W. Drew Murphy, 54
Vice President, Risk Management and Loss Prevention

R. Michael Richardson, 43
Vice President, Systems Development and Enterprise Technologies

Linda Gail Schantz, 46
Vice President, Logistics

Janis M. Walsh, 47
Vice President, Information Technology Services

Brooke F. White, 37
Vice President, Public Relations

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Pasadena, California

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Aspen, Colorado

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Director

Bruce A. Nordstrom, 66
Director

John N. Nordstrom, 62
Director

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for Entrepreneurial Studies and
Associate Professor of Business Economics,
The Anderson School at UCLA
Los Angeles, California

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Group, LLC
Seattle, Washington

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Director; President, Salar Enterprises
Portland, Oregon

John J. Whitacre, 47
Chairman of the Board of Directors

Bruce G. Willison, 51
Director; Dean, The Anderson School at UCLA
Los Angeles, California

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Bruce A. Nordstrom
John N. Nordstrom
John J. Whitacre

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Enrique Hernandez, Jr.
Ann D. McLaughlin, Chair
Alfred E. Osborne, Jr.
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Peter E. Nordstrom
Michael A. Stein
John J. Whitacre

Retail Store Facilities

The following table sets forth certain information with respect to each of the stores operated by the Company. The Company also operates seven distribution centers and owns or leases other space for administrative functions.

Location	Store Name	Year opened or acquired	Present total store area/sq. ft.
Southwest Group			
Arizona			
Scottsdale	Fashion Square	1998	235,000
California			
Arcadia	Santa Anita Fashion Park	1994	151,000
Brea	Brea Mall	1979	195,000
Canoga Park	Topanga Plaza	1984	154,000
Cerritos	Los Cerritos Center	1981	122,000
Corte Madera	The Village at Corte Madera	1985	116,000
Costa Mesa	South Coast Plaza	1978	235,000
Escondido	North County Fair	1986	156,000
Glendale	Glendale Galleria	1983	147,000
Los Angeles	Westside Pavilion	1985	150,000
Mission Viejo	The Shops at Mission Viejo	1999	172,000
Montclair	Montclair Plaza	1986	134,000
Palo Alto	Stanford Shopping Center	1984	187,000
Pleasanton	Stoneridge Mall	1990	173,000
Redondo Beach	The Galleria at South Bay	1985	161,000
Riverside	The Galleria at Tyler	1991	164,000
Sacramento	Arden Fair Mall	1989	190,000
San Diego	Fashion Valley Center	1981	220,000
San Diego	Horton Plaza	1985	151,000
San Diego	University Towne Centre	1984	130,000
San Francisco	Stonestown Galleria	1988	174,000
San Francisco	San Francisco Centre	1988	350,000
San Mateo	Hillsdale Shopping Center	1982	149,000
Santa Ana	MainPlace Mall	1987	169,000
Santa Barbara	Paseo Nuevo Mall	1990	186,000
Santa Clara	Valley Fair	1987	165,000
Walnut Creek	Broadway Plaza	1984	193,000
East Coast Group			
Connecticut			
Farmington	Westfarms Mall	1997	189,000
Georgia			
Atlanta	Perimeter Mall	1998	243,000
Maryland			
Annapolis	Annapolis Mall	1994	162,000
Bethesda	Montgomery Mall	1991	225,000
Columbia	The Mall in Columbia	1999	173,000
Towson	Towson Town Center	1992	205,000
East Coast Group (continued)			
New Jersey			
Edison	Menlo Park Mall	1991	266,000
Freehold	Freehold Raceway Mall	1992	174,000
Millburn	The Mall at Short Hills	1995	188,000
Paramus	Garden State Plaza	1990	282,000
New York			
Garden City	Roosevelt Field Mall	1997	241,000
White Plains	The Westchester Mall	1995	219,000
Pennsylvania			
King of Prussia	King of Prussia Plaza	1996	238,000
Rhode Island			
Providence	Providence Place	1999	206,000
Virginia			
Arlington	The Fashion Centre at Pentagon City	1989	241,000
McLean	Tysons Corner Center	1988	253,000
Norfolk	MacArthur Center	1999	166,000
Central States Group			
Illinois			
Oakbrook	Oakbrook Center	1991	249,000
Schaumburg	Woodfield Shopping Center	1995	215,000
Skokie	Old Orchard Center	1994	209,000
Indiana			
Indianapolis	Circle Centre Mall	1995	216,000
Kansas			
Overland Park	Oak Park Mall	1998	219,000
Michigan			
Troy	Somerset Collection North	1996	258,000
Minnesota			
Bloomington	Mall of America	1992	240,000
Ohio			
Beachwood	Beachwood Place	1997	231,000
Texas			
Dallas	Dallas Galleria	1996	249,000

Location	Store Name	Year opened or acquired	Present total store area/sq. ft.
Northwest Group			
Alaska			
Anchorage	Anchorage 5th Avenue Mall	1975	97,000
Colorado			
Denver	Park Meadows Mall	1996	245,000
Oregon			
Portland	Clackamas Town Center	1981	121,000
Portland	Downtown Portland	1966	174,000
Portland	Lloyd Center	1963	150,000
Salem	Salem Center	1980	71,000
Tigard	Washington Square	1974	189,000
Utah			
Murray	Fashion Place Mall	1981	110,000
Salt Lake City	Crossroads Plaza	1980	140,000
Washington			
Bellevue	Bellevue Square	1967	285,000
Lynnwood	Alderwood Mall	1979	127,000
Seattle	Downtown Seattle [1]	1998	383,000
Seattle	Northgate Mall	1965	122,000
Spokane	River Park Square	1999	137,000
Tacoma	Tacoma Mall	1966	134,000
Tukwila	Southcenter Mall	1968	170,000
Vancouver	Vancouver Mall	1977	71,000
Yakima	Downtown Yakima	1972	44,000
Other			
Façonnable			
Beverly Hills, CA		1997	17,000
Costa Mesa, CA		1997	8,000
New York, NY		1993	10,000
Women's Ala Moana			
Honolulu, HI		1997	14,000
Men's Ala Moana			
Honolulu, HI		1997	8,000

Location	Store Name	Year opened or acquired	Present total store area/sq. ft.
Rack Group			
Phoenix, AZ	Last Chance	1992	48,000
Brea, CA	Brea Union Plaza Rack	1999	45,000
Chino, CA	Chino Town Square Rack	1987	30,000
Colma, CA	280 Metro Center Rack	1987	31,000
Costa Mesa, CA	Metro Point Rack	1983	50,000
Sacramento, CA	Howe Bout Arden Rack	1999	54,000
San Diego, CA	Mission Valley Rack	1985	57,000
San Jose, CA	Westgate Mall Rack	1998	48,000
San Leandro, CA	Marina Square Rack	1990	44,000
Woodland Hills, CA	Woodland Hills Rack	1984	48,000
Littleton, CO	Meadows Market Place Rack	1998	34,000
Northbrook, IL	Village Square Rack	1996	40,000
Schaumburg, IL	Woodfield Rack	1994	45,000
Gaithersburg, MD	Shady Grove Boulevard Rack	1999	49,000
Silver Spring, MD	City Place Rack	1992	37,000
Towson, MD	Towson Rack	1992	31,000
Bloomington, MN	Mall of America Rack	1998	41,000
Hempstead, NY	The Mall at the Source Rack	1997	48,000
Beaverton, OR	Tanasbourne Rack	1998	53,000
Portland, OR	Clackamas Rack	1983	28,000
Portland, OR	Downtown Portland Rack	1986	19,000
Philadelphia, PA	Franklin Mills Rack	1993	43,000
Salt Lake City, UT	Sugarhouse Center Rack	1991	31,000
Woodbridge, VA	Potomac Mills Rack	1990	46,000
Auburn, WA	SuperMall Rack	1995	48,000
Bellevue, WA	Factoria Square Rack	1997	46,000
Lynnwood, WA	Golde Creek Plaza Rack	1999	38,000
Seattle, WA	Downtown Seattle Rack	1987	42,000

[1] Excludes approximately 278,000 square feet of corporate and administrative offices.

Shareholder Information

Independent Auditors
Deloitte & Touche LLP

Counsel
Lane Powell Spears Lubersky LLP

Transfer Agent and Registrar
ChaseMellon Shareholder Services
Telephone (800) 318-7045

General Offices
1617 Sixth Avenue
Seattle, Washington 98101-1742
Telephone (206) 628-2111

Annual Meeting
May 16, 2000 at 11:00 a.m. Pacific Daylight Time
Westin Hotel
1900 Fifth Avenue
Seattle, Washington

Form 10-K
The Company's Annual Report to the Securities and Exchange Commission on Form 10-K for the year ended January 31, 2000 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 our www.nordstrom.com Web site to obtain the latest available 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.

Nordstrom at a Glance

Nordstrom, Inc. is one of the nation’s leading fashion specialty retailers, with 104 stores located in 23 states, including 71 full-line stores, 27 Nordstrom Racks, three Façonnable boutiques, two free-standing shoe stores, and one clearance store. The Company also serves customers through its online presence at http://www.nordstrom.com, as well as through its direct sales catalogs. Nordstrom, Inc. is publicly traded on the NYSE under the symbol JWN.

NORDSTROM