

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

FORM 8-K

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

Date of Report (Date of earliest event reported) **February 26, 2019**

NORDSTROM, INC.

(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction
of incorporation)

001-15059
(Commission
File Number)

91-0515058
(IRS Employer
Identification No.)

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

98101
(Zip Code)

Registrant's telephone number, including area code **(206) 628-2111**

Inapplicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(d) Appointment of Directors

On February 26, 2019, the Board of Directors of Nordstrom, Inc. (the “Company”) appointed Kirsten Green, age 47, and Glenda G. McNeal, age 58, to the Company’s Board of Directors (the “Board”). Each of the foregoing appointments was effective immediately.

For the past nine years, Ms. Green served as Founder and Managing Partner at Forerunner Ventures Management, LLC, a venture capital firm. Prior to founding Forerunner, Ms. Green was an equity research analyst and investor at Banc of America Securities, formerly Montgomery Securities. Ms. Green began her career at Deloitte & Touche LLP where she earned her CPA license. Ms. Green has served as a member of the board of directors of numerous private companies since 2013. Ms. Green brings to the Board extensive experience in consumer and commerce focused businesses and provides unique insights with respect to the challenges and opportunities of today’s rapidly evolving digital commerce landscape. Ms. Green has deep domain expertise and an understanding of consumer behaviors, brand building and products.

For the past two years, Ms. McNeal served as President at Enterprise Strategic Partnerships of American Express Company, a multinational financial services firm. Prior to that role, from 2011 to March 2017, Ms. McNeal served as Executive Vice President and General Manager at Global Client Group and Strategic Partnerships of American Express. Ms. McNeal has held positions of increasing responsibility at American Express since 1989 when she first joined the company. Before joining American Express, Ms. McNeal worked with the accounting firm of Arthur Andersen, LLP and with the investment banking firm of Salomon Brothers, Inc. Ms. McNeal has been a director of RLJ Lodging Trust since 2011. Ms. McNeal served on the board of directors of United States Steel Corporation from 2007 to 2018. Ms. McNeal brings to the Board extensive experience in business development, innovation, and customer relationship management, as well as financial, accounting and senior leadership skills. Ms. McNeal provides unique insights on strategic planning, risk oversight and operational matters. Ms. McNeal’s service on public company boards provides her with experience with corporate governance matters and key skills in working with directors, understanding board processes and functions, and assessing risk and overseeing management.

As nonemployee directors, Ms. Green and Ms. McNeal will each receive compensation for their services on the Board equivalent to the cash retainer and common stock award compensation described under the caption “Director Compensation” of the Company’s proxy statement that was filed with the Securities and Exchange Commission on April 19, 2018. They will also be eligible to participate in the Company’s other compensation benefit plans and programs for nonemployee directors as described in the proxy statement. In addition, the Company plans to enter into its standard Independent Director Indemnification Agreement with each of Ms. Green and Ms. McNeal, the form of which was filed with the Securities and Exchange Commission as exhibit 10.78 to the Company’s Annual Report on Form 10-K for the year ended January 29, 2011.

There are no transactions between the Company and Ms. McNeal which require disclosure pursuant to Item 404(a) of Regulation S-K. With respect to Ms. Green, the Company notes that during the fiscal year ended February 2, 2019 it made an aggregate investment of \$1,800,276 in Forerunner Ventures limited partnerships for which Ms. Green, or certain of her affiliates, serves as general partner. The Company divested itself of those investments, effective as of January 30, 2019.

(e) Compensatory Arrangements of Certain Officers

On February 26, 2019, the Compensation Committee (the “Committee”) of the Board of Directors of the Company approved the following actions relative to salary and performance-based awards for the Company’s Principal Executive Officer, Principal Financial Officer and the Named Executive Officers (“NEOs”) set forth in the Company’s proxy statement dated April 19, 2018 (collectively the “Executives”):

Executive	2018 Bonus¹	2019 Base Salary²
Erik B. Nordstrom Co-President (Principal Executive Officer)	\$ 963,144	\$ 758,500
Peter E. Nordstrom Co-President	\$ 963,144	\$ 758,500
Anne L. Bramman Chief Financial Officer (Principal Financial Officer)	\$ 645,066	\$ 800,000
Geevy S. K. Thomas President, Nordstrom Rack	\$ 554,863	\$ 710,000
Blake W. Nordstrom Former Co-President	\$ 963,144	\$ —

¹ Nordstrom follows a pay-for-performance philosophy. The Company’s compensation plans are designed to encourage executives to focus on goals that align with business strategy, operating performance and shareholder values. In support of our philosophy, performance-based awards pay out only when pre-determined performance results are achieved. The 2018 cash bonuses were determined based on the achievement of pre-established performance measures set by the Committee under the shareholder-approved Nordstrom, Inc. Executive Management Bonus Plan. The amount reported for Blake Nordstrom, the Company’s former Co-President, reflects a proration of his 2018 bonus payout based on his death on January 2, 2019 (\$881,118) plus a discretionary bonus amount (\$82,026) awarded by the Committee.

² Base salary amounts disclosed represent increases of \$25,000 and \$10,000 respectively, for Anne Bramman and Geevy Thomas, effective April 1, 2019. Salary amounts for Erik Nordstrom and Peter Nordstrom are unchanged from base salary amounts in 2018.

Also on February 26, 2019, the Committee certified the level of attainment of the pre-established performance goals for the 2016 Performance Share Unit (“PSU”) grant relating to the fiscal years 2016 through 2018. The Company’s ranking within its peer group did not exceed the fiftieth percentile. Accordingly, the 2016 PSUs did not vest and were canceled without payment to the Executives.

On that same date, the Committee determined to award stock option grants to Erik Nordstrom and Peter Nordstrom, effective March 5, 2019, the first open window trading date after Committee approval. Stock options were granted pursuant to the terms of the Nordstrom, Inc. 2010 Equity Incentive Plan (the “Equity Plan”) and have a term of ten years with an exercise price equivalent to the closing price of the Company’s Common Stock on March 5, 2019. Vesting occurs at a rate of 25% annually, beginning one year from the tenth day of the month immediately following the date of grant. The number of options to be awarded to each individual is a function of base pay, a long-term incentive (LTI) percentage and the fair value of an option. The Binomial Lattice model is used to estimate the fair value of an option. This model requires the input of certain assumptions, including the risk-free interest rate, volatility, dividend yield and expected life. The formula for determining the number of options granted is:

$$\text{No. of Options} = (\text{base pay} \times \text{LTI}\%) / \text{option fair value}$$

This summary of the key terms of the foregoing nonqualified stock option grants is qualified in its entirety by the provisions of the 2019 Nonqualified Stock Option Award Agreement, a copy of which is attached hereto as Exhibit 10.1 and incorporated by reference. The number of options actually granted to Erik Nordstrom and Peter Nordstrom, once determined, will be reported in an amendment to this Current Report on Form 8-K.

In addition, the Committee determined to award supplemental option grants to Anne Bramman and Geevy Thomas, effective March 5, 2019, the first open window trading date after Committee approval. Supplemental options were granted pursuant to the terms of the Equity Plan and have a term of ten years with an exercise price equivalent to the closing price of the Company's Common Stock on March 5, 2019. Vesting of supplemental options occurs over four years, with 50% vesting on each of March 10, 2022 and March 10, 2023. The number of supplemental options to be awarded to each individual is a function of base pay, a long-term incentive (LTI) percentage and the fair value of a supplemental option. The Binomial Lattice Model is used to estimate the fair value of a supplemental option. This model requires the input of certain assumptions, including the risk-free interest rate, volatility, dividend yield and expected life. The formula for determining the number of supplemental options granted is:

$$\text{No. of supplemental options} = (\text{base pay} \times \text{LTI}\%) / \text{supplemental option fair value}$$

This summary of the key terms of the supplemental option grants is qualified in its entirety by the provisions of the 2019 Nonqualified Stock Option Award Agreement (Supplemental Award), a copy of which is attached hereto as Exhibit 10.2 and incorporated by reference. The number of supplemental options actually granted to Anne Bramman and Geevy Thomas, once determined, will be reported in an amendment to this Current Report on Form 8-K.

On February 26, 2019, the Committee also determined to award restricted stock units ("RSUs") to Anne Bramman and Geevy Thomas pursuant to the terms of the Equity Plan. The RSU awards are effective March 5, 2019. RSUs entitle the participant to settle in shares of Company Common Stock. Vesting occurs at a rate of 25% annually, beginning one year from the tenth day of the month immediately following the date of grant. The number of RSUs to be awarded to each individual is a function of base pay, a long-term incentive (LTI) percentage and the fair value of an RSU. The fair value of an RSU is calculated as the stock price as of the effective date less the present value of Company stock dividends over the vesting period. This calculation requires the input of certain assumptions, including the risk-free interest rate and the expected Company stock dividends. The formula for determining the number of RSUs granted is:

$$\text{No. of RSUs} = (\text{base pay} \times \text{LTI}\%) / \text{RSU fair value}$$

This summary of the key terms of the RSU awards is qualified in its entirety by the provisions of the 2019 Restricted Stock Unit Award Agreement, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.3 and incorporated by reference. The number of RSUs actually granted to each of the NEOs, once determined, will be reported in an amendment to this Current Report on Form 8-K.

On February 26, 2019, the Committee also determined to award PSUs to the Executives pursuant to the terms of the Equity Plan. The PSU awards are effective March 5, 2019. PSUs may only be settled in shares of Company Common Stock upon the achievement of such performance goals as may be established by the Committee at the time of grant based on any one or a combination of certain performance criteria enumerated in the Equity Plan. The 2019 PSUs are earned over a three-year period from fiscal year 2019 through fiscal year 2021. The number of PSUs to be awarded to each individual is a function of base pay, a long-term incentive (LTI) percentage and the fair value of a PSU. The fair value of a PSU is calculated as the stock price as of the effective date less the present value of Company stock dividends over the vesting period. This calculation requires the input of certain assumptions, including the risk-free interest rate and the expected Company stock dividends. The percentage of PSUs granted that will actually be earned at the end of the three-year period is based upon the Company's free cash flow growth, earnings before interest and tax (EBIT) margin percent, and market share results over that same period. The formula for determining the number of PSUs granted is:

$$\text{No. of PSUs} = (\text{base pay} \times \text{LTI}\%) / \text{PSU fair value}$$

This summary of the key terms of the PSU awards is qualified in its entirety by the provisions of the 2019 Performance Share Unit Award Agreement, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.4 and incorporated by reference. The number of PSUs actually awarded to each of the Executives, once determined, will be reported in an amendment to this Current Report on Form 8-K.

ITEM 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

On February 26, 2019, the Board approved an amendment to the Company's Bylaws (the "Bylaw Amendment"). The sole amendment consisted of increasing the maximum number of directors from eleven (11) to twelve (12). The Bylaw Amendment was effective at adoption.

The Bylaws, as amended by the Amendment, are filed with this Current Report on Form 8-K as Exhibit 3.1 and are incorporated by reference herein. The foregoing summary of the Amendment is qualified in its entirety by reference to the full text of the Bylaws, as amended by the Amendment.

ITEM 8.01 Other Events

On February 27, 2019, Nordstrom, Inc. issued a press release announcing that the Board of Directors has approved a quarterly dividend. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

ITEM 9.01 Financial Statements and Exhibits

3.1	Bylaws, as amended and restated on February 26, 2019.
10.1	Form of 2019 Nonqualified Stock Option Award Agreement
10.2	Form of 2019 Nonqualified Stock Option Award Agreement, Supplemental Award
10.3	Form of 2019 Restricted Stock Unit Award Agreement
10.4	Form of 2019 Performance Share Unit Award Agreement
99.1	Press release of Nordstrom, Inc., dated February 27, 2019.

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
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3.1	Bylaws, as amended and restated on February 26, 2019.
10.1	Form of 2019 Nonqualified Stock Option Award Agreement
10.2	Form of 2019 Nonqualified Stock Option Award Agreement, Supplemental Award
10.3	Form of 2019 Restricted Stock Unit Award Agreement
10.4	Form of 2019 Performance Share Unit Award Agreement
99.1	Press release of Nordstrom, Inc., dated February 27, 2019.

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 hereunto duly authorized.

NORDSTROM, INC.
(Registrant)

/s/ Robert B. Sari
Robert B. Sari
Senior Vice President,
General Counsel and Corporate Secretary

Date: March 4, 2019

**BYLAWS
OF
NORDSTROM, INC.**

(Amended and Restated as of February 26, 2019)

ARTICLE I
Offices

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

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

ARTICLE II
Shareholders

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

Section 2. Special Meetings. Special meetings of the shareholders may be called for any purpose or purposes, unless otherwise prescribed by statute, at any time by the Non-Executive Chairman of the Board of Directors, by the President (or any Co-President) if there is not then a Non-Executive Chairman of the Board of Directors or by the Board of Directors and shall be called by the Non-Executive Chairman of the Board of Directors or the President (or any Co-President) at the request of holders of not less than 10% of all outstanding shares of the corporation entitled to vote on any issue proposed to be considered at the meeting. Only business within the purpose or purposes described in the meeting notice may be conducted at a special shareholder's meeting.

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

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

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

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

Section 7. Voting Lists. After fixing a record date for a shareholders' meeting, the corporation shall prepare an alphabetical list of the names of all shareholders on the record date who are entitled to notice of the shareholders' meeting. The list shall show the address of and number of shares held by each shareholder. A shareholder, shareholder's agent, or a shareholder's attorney may inspect the shareholder list, at the shareholder's expense, beginning ten (10) days prior to the shareholders' meeting and continuing through the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held during regular business hours. The shareholder list shall be kept open for inspection at the time and place of such meeting or any adjournment.

Section 8. Quorum and Adjourned Meetings. Unless the Articles of Incorporation or applicable law provide otherwise, a majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. Once a share is represented at a meeting, other than to object to holding the meeting or transacting business, it is deemed to be present for the remainder of the meeting and any adjournment thereof unless a new record date is set or is required to be set for the adjourned meeting. A majority of the shares represented at a meeting, even if less than a quorum, may adjourn the meeting from time to time without further notice. The Non-Executive Chairman, or the President if there is not then a Non-Executive Chairman, may recess or adjourn the meeting from time to time without further notice. At a reconvened meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting. Business may continue to be conducted at a duly organized meeting and at any adjournment of such meeting (unless a new record date is or must be set for the adjourned meeting), notwithstanding the withdrawal of enough shares from either meeting to leave less than a quorum.

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

Section 10. Voting of Shares. Every shareholder of record shall have the right at every shareholders' meeting to one vote for every share standing in the shareholder's name on the books of the corporation. A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the

shares so transferred. If a quorum exists, action on a matter, other than election of directors, is approved by the shareholders if the votes cast favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation or applicable law require a greater number of affirmative votes. Notwithstanding the foregoing, shares of the corporation may not be voted if they are owned, directly or indirectly, by another corporation and the corporation owns, directly or indirectly, a majority of shares of the other corporation entitled to vote for directors of the other corporation.

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

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

Section 12.1. Procedure for Nomination by Shareholders. To be timely, a shareholder's notice must be given to the Secretary of this corporation in proper form and must be delivered to or mailed and received at the principal executive offices of the corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after the anniversary date, or no annual meeting was held in the immediately preceding year, notice by the shareholder in order to be timely must be so received no later than the close of business on the tenth (10th) day following the day on which the notice of the annual meeting date was mailed to shareholders.

To be in the proper form, a shareholder's notice must be in written form and must set forth (a) as to each person whom the shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the proposed nominee, (ii) the principal occupation or employment of the proposed nominee, (iii) (A) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by the proposed nominee and any affiliates or associates of such person, (B) the name of each nominee holder of shares of all stock of the corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of

stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the corporation, (iv) as an appendix, a completed and signed questionnaire, representation and agreement required by Section 12.3 of this Article II and (v) any other information relating to the proposed nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder and (b) as to the shareholder giving the notice, and the beneficial owner, if any, on whose behalf the nomination is being made, (i) the name and record address of the shareholder giving the notice and the name and principal place of business of such beneficial owner, (ii) (A) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of all stock of the corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the corporation, (iii) a reasonably detailed description of (A) all agreements, arrangements or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and each proposed nominee, or any affiliates or associates of such proposed nominee, (B) all agreements, arrangements or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and any other person or persons (including their names) pursuant to which the nomination(s) are being made by such person, or otherwise relating to the corporation or their ownership of capital stock of the corporation, and (C) any material interest of such person, or any affiliates or associates of such person, in such nomination, including any anticipated benefit therefrom to such person, or any affiliates or associates of such person, (iv) a representation that the shareholder intends to appear in person or by proxy at the meeting to nominate the person named in its notice, (v) a representation whether the shareholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock required to elect the nominee and/or solicit proxies from shareholders in support of the nomination, (vi) any performance related fees (other than an asset based fee) that such shareholder is entitled to based on any increase or decrease in the price or value of shares of any class or series of this corporation, and (vii) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. The notice must be accompanied by a written consent of each proposed nominee to be named as a nominee and to serve as a director if elected. The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee.

A shareholder providing notice of any nomination proposed to be made at an annual meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 12 of this Article II shall be true and correct as of the record date for determining the shareholders entitled to receive notice of the annual meeting, and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive

offices of the corporation not later than five (5) business days after the record date for determining the shareholders entitled to receive notice of such annual meeting.

Section 12.2. Compliance with Procedures. If the chairman of the annual meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairman shall declare to the meeting that the nomination was defective and the defective nomination shall be disregarded. Notwithstanding anything to the contrary in these Bylaws, unless otherwise required by law, (i) no person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures (including providing the required information) set forth in this Section 12, whether such proposed nominee is to be included in the corporation's proxy statement or presented to shareholders by means of an independently financed proxy solicitation and (ii) if the shareholder (or a qualified representative) giving the notice does not appear at the meeting to present the nomination such nomination may be disregarded, notwithstanding that proxies in respect to such nomination may have been received by the corporation.

Section 12.3. Submission of Questionnaire; Representation and Agreement. To be eligible to be a shareholder nominee for election or reelection as a director of the corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 12.1 of this Article II) to the Secretary of the corporation at the principal executive offices of the corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided to such person by the Secretary upon written request) and a written representation and agreement (in the form provided to such person by the Secretary upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding (whether written or oral) with and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the corporation, with such person's fiduciary duties under applicable law, (ii) is not and will not become a party to any agreement, arrangement or understanding (whether written or oral) with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the corporation, and will comply with, applicable law and all applicable publicly disclosed corporate governance, conflict of interest, corporate opportunities, code of conduct and ethics, confidentiality and stock ownership and trading policies and guidelines of the corporation and (iv) if elected as a director of the corporation, will act in the best interests of the corporation and its shareholders and not in the interests of individual constituencies.

Section 13. Business at Shareholder Meetings. At any annual or special meeting of shareholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual or special meeting of shareholders, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (c) otherwise properly brought before the annual or special meeting by any shareholder who is a shareholder of record on the date of the giving of the written notice required by this Section 13 and on the record date for determination of shareholders entitled to vote at the meeting. This Section 13 shall be the exclusive means for a shareholder to submit business before a meeting of shareholders (other than the nomination of a person for election as a director, which is governed by Section 12 of Article II of these Bylaws).

Without qualification, for business to be properly brought before an annual or special meeting of shareholders by a shareholder (other than the nomination of a person for election as a director, which is

governed by Section 12 of Article II of these Bylaws), the shareholder intending to propose the business must timely comply with the notice procedures and the form of notice set forth in this Section 13.

For the written notice to be timely for purposes of an annual meeting, a shareholder's notice must be given to the Secretary of the corporation in proper form and must be delivered to the Secretary or mailed and received at the principal executive offices of the corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after the anniversary date, notice by the shareholder in order to be timely must be so received no later than the close of business on the tenth (10th) day following the day on which the notice of the annual meeting date was mailed to shareholders. In no event shall any adjournment or postponement of an annual meeting or a public announcement thereof commence a new time period (or extend any time period) for the giving of a shareholder's notice.

For the written notice to be timely for purposes of a special meeting, a shareholder's notice must be given to the Secretary of the corporation in proper form and must be delivered to the Secretary or mailed and received at the principal executive offices of the corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the date of such special meeting of shareholders; provided, however, that if the first public announcement of the date of such special meeting is less than one hundred (100) days prior to the date of such special meeting, the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting. In no event shall any adjournment or postponement of a special meeting or a public announcement thereof commence a new time period (or extend any time period) for the giving of a shareholder's notice.

To be in proper form, a shareholder's notice must be in written form and must set forth (a) as to each matter the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting and the proposed text of any proposal regarding such business (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend these Bylaws, the text of the proposed amendment), and the reasons for conducting the business at the meeting, (b) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is being made, (i) the name and record address of the shareholder giving the notice and the name and principal place of business of such beneficial owner, (ii) (A) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of all stock of the corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the corporation, (iii) a reasonably detailed description of all agreements, arrangements or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and any other person or persons (including their names) in connection with or relating to (A) the corporation or (B) the proposal, including any material interest in, or anticipated benefit from, the proposal to such person, or any affiliates or associates of such person, (iv) any performance related fees (other than an asset based fee) that such person is entitled to based on any increase or decrease in the price or value of shares of any class or series of the corporation, (v) a representation that the shareholder intends to appear in person or by proxy at the meeting to bring such business before the meeting, (vi) a

representation whether the shareholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding shares required to approve the proposal and/or otherwise solicit proxies from shareholders in support of the proposal. and (vii) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies by such person with respect to the proposed business to be brought by such person before the meeting pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder.

A shareholder providing notice of business proposed to be brought before an annual or special meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 13 of this Article II shall be true and correct as of the record date for determining the shareholders entitled to receive notice of the annual or special meeting, and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the corporation not later than five (5) business days after the record date for determining the shareholders entitled to receive notice of such annual or special meeting.

Notwithstanding anything to the contrary in these Bylaws: (a) no business shall be conducted at any annual or special meeting of shareholders except in accordance with the procedures set forth in this Section 13 of this Article II, (other than the nomination of a person for election as a director, which is governed by Section 12 of Article II of these Bylaws) and (b) unless otherwise required by law, if a shareholder intending to propose business at an annual or special meeting of shareholders does not comply with the procedures (including providing the required information) set forth in this Section 13 or if such shareholder (or a qualified representative) does not appear at the meeting to present the proposed business, such business shall not be transacted, notwithstanding that proxies in respect of such business may have been received by the corporation. If the chairman of the meeting determines that business was not properly brought before the meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and the business shall not be transacted.

The requirements of this Section 13 shall apply to any business to be brought before a meeting by a shareholder (other than the nomination of a person for election as a director, which is governed by Section 12 of Article II of these Bylaws) whether such business is to be included in this corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or presented to shareholders by means of an independently financed proxy solicitation. The requirements of this Section 13 are intended to provide this corporation with notice of a shareholder's intention to bring business before an annual or special meeting of shareholders and shall in no event be construed as imposing upon any shareholder the requirement to seek approval from the corporation as a condition precedent to bringing any such business before an annual or special meeting of shareholders.

Section 14. Exclusive Forum. Unless the corporation consents in writing to the selection of an alternative forum, the state and federal courts in King County, Washington shall be the sole and exclusive forums for (i) any derivative action or proceeding brought on behalf of the corporation, (ii) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee or agent of the corporation to the corporation or the corporation's shareholders, (iii) any action asserting a claim arising pursuant to any provision of the Washington Business Corporation Act, the articles of incorporation or the bylaws of the corporation or (iv) any action asserting a claim governed by the internal affairs doctrine.

ARTICLE III **Board of Directors**

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

appoint a Non-Executive Chairman of the Board of Directors; and, if a Non-Executive Chairman has been appointed, the Non-Executive Chairman shall, when present, preside at all meetings of the Board of Directors and shall have such other powers as the Board of Directors may prescribe.

Section 2. Election. In any election of directors which is not a contested election (hereinafter an "uncontested election"), each vote entitled to be cast may be voted for, voted against or, to the extent afforded as a specific voting choice, withheld for, one or more nominees for director up to that number of nominees that is equal to the number of directors to be elected but without cumulating the votes, or a shareholder may indicate an abstention for one or more nominees for director. Votes cast for, against and/or withheld as to a nominee for director shall be deemed to be votes cast in an uncontested election. A nominee for director in an uncontested election shall be elected to the Board of Directors if the votes cast for such nominee's election exceed the other votes cast in connection with such nominee's election at a meeting at which a quorum is present.

In any election which is a contested election, the nominees receiving a plurality of the votes cast by holders of shares entitled to vote in the election at a meeting at which a quorum is present will be elected. A "contested election" means an election of directors of the corporation in which the number of nominees for any election of directors nominated by (i) the Board of Directors, or (ii) any shareholder pursuant to Article II, Section 12 of these Bylaws, or (iii) a combination of nominees by the Board of Directors and any shareholder pursuant to Article II, Section 12 of these Bylaws, exceed the number of directors to be elected.

Shares otherwise present at a meeting but for which there is an abstention or as to which no authority or direction to vote in the election is given or specified, are not deemed to be votes cast in the election.

The foregoing provisions on election of directors do not apply to vacancies and newly created directorships filled by a vote of the Board of Directors under Article III, Section 9 of these Bylaws.

Section 3. Number, Tenure and Qualifications. The Board of Directors shall consist of not less than nine (9) nor more than twelve (12) directors, with the specific number to be determined from time to time by resolution of the Board of Directors. No decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director. Each director shall hold office until the next annual meeting of shareholders and until his successors shall have been elected and qualified. Notwithstanding the foregoing, a nominee for director in an uncontested election who does not receive the requisite votes for election, but who was a director at the time of the election, shall continue to serve as a director for a term that shall terminate on the date that is the earlier of: (i) ninety (90) days from the date on which the voting results of the election are determined, or (ii) the date on which an individual is selected by the Board of Directors to fill the office held by such director, which selection shall be deemed to constitute the filling of a vacancy by the Board of Directors. Directors need not be residents of the state of Washington or shareholders of the corporation.

Section 4. Regular Meeting. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after and at the same place as, the annual meeting of shareholders. Regular meetings of the Board of Directors shall be held at such place and on such day and hour as shall from time to time be fixed by the Non-Executive Chairman of the Board of Directors, the President (or any Co-President) or the Board of Directors. No other notice of regular meeting of the Board of Directors shall be necessary.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Non-Executive Chairman of the Board of Directors, the President (or any Co-President) or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the state of Washington, as the place for holding any special meeting of the Board of Directors called by them.

Section 6. Notice. Notice of any special meeting shall be given at least one (1) day previously thereto, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate under the circumstances, by either oral or written notice. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 7. Quorum. A majority of the number of directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 8. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 9. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. A vacancy on the Board of Directors created by reason of an increase in the number of directors may be filled by election by the Board of Directors for a term of the office continuing only until the next election of directors by the shareholders.

Section 10. Compensation. By resolution of the Board of Directors, each director may be paid his or her expenses, if any, of attendance at each meeting of the Board of Directors and at each meeting of a committee of the Board of Directors and may be paid a stated fee as director, a fixed sum for attendance at each such meeting, or both. The corporation may also pay such other expenses of each director incurred in connection with his or her role as a director at the request of the corporation. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 11. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 12. Committees. The Board of Directors, by resolution adopted by the greater of a majority of the Board of Directors then in office and the number of directors required to take action in accordance these Bylaws, may create standing or temporary committees, including an Executive Committee, and appoint members from its own number and invest such committees with such powers as it may see fit, subject to such conditions as may be prescribed by the Board of Directors, the Articles of Incorporation, these Bylaws and applicable law. Each committee must have two or more members, who shall serve at the pleasure of the Board of Directors.

Section 12.1. Authority of Committees. Except for the executive committee which, when the Board of Directors is not in session, shall have and may exercise all of the authority of the Board of Directors except to the extent, if any, that such authority shall be limited by the resolutions appointing the executive committee, each committee shall have and may exercise all of the authority of the Board of Directors to the extent provided in the resolution of the Board of Directors creating the committee and any subsequent resolutions adopted in like manner, except that no such committee shall have the authority to: (1) authorize

or approve a distribution except according to a general formula or method prescribed by the Board of Directors, (2) approve or propose to shareholders sections or actions required by the Washington Business Corporation Act to be approved by shareholders, (3) fill vacancies on the Board or any committee thereof, (4) amend the Articles of Incorporation pursuant to RCW 23B.10.020, (5) adopt, amend or repeal Bylaws, (6) approve a plan of merger not requiring shareholder approval, or (7) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares except that the Board may authorize a committee or a senior executive officer of the corporation to do so within limits specifically prescribed by the Board.

Section 12.2. Removal. The Board of Directors may remove any member of any committee elected or appointed by it but only by the affirmative vote of the greater of a majority of the directors then in office and the number of directors required to take action in accordance with these Bylaws.

Section 12.3. Minutes of Meetings. All committees shall keep regular minutes of their meetings and shall cause them to be recorded in books kept for that purpose.

Section 13. Meetings by Conference Telephone. Members of the Board of Directors or members of a committee of directors may participate in their respective meetings by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time; participation in a meeting by such means shall constitute presence in person at such meeting.

ARTICLE IV

Special Measures Applying to Both Shareholder and Director Meetings

Section 1. Actions Without Meeting

(a) Any corporate action required or permitted by the Articles of Incorporation, Bylaws, or the laws under which the corporation is formed, to be voted upon or approved at a duly called meeting of the directors or committee of directors may be accomplished without a meeting if one or more unanimous consents of the directors setting forth the actions so taken, shall be signed, either before or after the action taken, by all the directors or committee members as the case may be. The consents shall be set forth either (i) in an executed written record or (ii) if the Board of Directors has designated an address, location, or system to which the consents may be electronically transmitted and the consent is electronically transmitted to the designated address, location, or system, in an executed electronically transmitted record. Action taken by unanimous consent of the directors or a committee of the Board of Directors is effective when the last director or committee member signs the consent, unless the consent specifies a later effective date.

(b) Any corporate action required or permitted by the Articles of Incorporation, Bylaws, or the laws under which the corporation is formed, to be voted upon or approved at a duly called meeting of the shareholders may be accomplished without a meeting if one or more unanimous written consents of the shareholders, setting forth the actions so taken, shall be signed, either before or after the action taken, by all the shareholders, as the case may be. Action taken by unanimous written consent of the shareholders is effective when all consents are in possession of the corporation, unless the consent specifies a later effective date.

Section 2. Written or Oral Notice. Oral notice may be communicated in person, or by telephone, wire or wireless equipment, which does not transmit a facsimile of the notice. Oral notice is effective when

communicated. Written notice may be transmitted by mail, hand, facsimile, commercial overnight courier or e-mail. Written notice is effective (a) when mailed, if mailed with first class postage prepaid (x) to the shareholder's address shown in the corporation's current record of shareholders and (y) to the director's address as provided by such director, (b) when delivered personally by hand (with written confirmation of receipt), (c) when sent by facsimile (x) to the shareholder's facsimile number shown in the corporation's current record of shareholders (with written confirmation of transmission) and (y) to the director's facsimile number as provided by such director (with written confirmation of transmission), (d) one (1) business day following the day sent by commercial overnight courier (x) to the shareholder's address shown in the corporation's current record of shareholders (with written confirmation of receipt) and (y) to the director's address as provided by such director (with written confirmation of receipt) or (e) when sent by e-mail (x) to the shareholder's e-mail address shown in the corporation's current record of shareholders (with written confirmation of transmission) and (y) to the director's e-mail address as provided by such director (with written confirmation of transmission). In addition, notice may be given in any manner not inconsistent with the foregoing provisions and applicable law.

ARTICLE V

Officers

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

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

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

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

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

Section 6. The Vice President. In the absence of the President and all Co-Presidents, or in the event of their death, inability or refusal to act, the Executive Vice President, if one is designated and otherwise

the Vice Presidents in the order designated at the time of their election or in the absence of any designation, then in the order of their election, shall perform the duties of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to the Vice President by the President or any Co-President, or by the Board of Directors.

Section 7. The Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents and the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholders; (e) sign with the President or a Co-President, or with a Vice President, certificates for shares of the corporation, or contracts, deeds or mortgages the issuance or execution of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation subject to the authority delegated to a transfer agent or registrar if appointed; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or any Co-President, or by the Board of Directors.

Section 8. The Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for monies due and payable to the corporation from any source whatsoever and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VII of these Bylaws; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the President or any Co-President, or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 9. Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries, when authorized by the Board of Directors, may sign with the President or a Co-President, or with a Vice President, certificates for shares of the corporation or contracts, deeds or mortgages, the issuance or execution of which shall have been authorized by a resolution of the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or any Co-President, or by the Board of Directors.

Section 10. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board may delegate to the President of the corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE VI

Contracts, Loans, Checks and Deposits

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

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

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

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

ARTICLE VII

Certificates for Shares and Their Transfer

Section 1. Certificates for Shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board of Directors; provided that any shares of the corporation may be uncertificated shares, whether upon original issuance, re-issuance or subsequent transfer. Notwithstanding the foregoing, each holder of uncertificated shares shall be entitled, upon request, to a certificate representing such shares. Shares represented by certificates shall be signed by the President (or any Co-President) or a Vice President and by the Secretary or an Assistant Secretary and sealed with the corporate seal or a facsimile thereof. The signatures of such officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or one of its employees. If any officer who signed a certificate, either manually or in facsimile, no longer holds such office when the certificate is issued, the certificate is nevertheless valid. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation or registered by a registrar. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate, or, upon request, evidence of the equivalent uncertificated shares, shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors may prescribe. Upon receipt of proper transfer instructions from the holder of uncertificated shares, the corporation shall cancel such uncertificated shares and issue new equivalent uncertificated shares, or, upon such holder's request, certificated shares, to the person entitled thereto, and record the transaction upon its books. Except as otherwise provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificated shares, shall be identical.

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

ARTICLE VIII

Fiscal Year

The corporation shall operate on a 52/53-week fiscal year ending on the Saturday closest to January 31st.

ARTICLE IX

Dividends

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

ARTICLE X

Corporate Seal

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

ARTICLE XI

Indemnification of Directors, Officers and Others

Section 1. **Right to Indemnification.** Each person (including a person's personal representative) who was or is made a party or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or by or in the right of the corporation, or otherwise (hereinafter a "proceeding") by reason of the fact that he or she (or a person of whom he or she is a personal representative) is or was a director or officer of the corporation or an officer of a division of the corporation, or, while serving as a director or officer of the corporation or an officer of a division of the corporation, is or was acting at the request of the corporation as a director, officer, partner, trustee, employee, agent or in any other relationship or capacity whatsoever, of any other foreign or domestic corporation, partnership, joint venture, employee benefit plan or trust or other trust, enterprise or other private or governmental entity, agency, board, commission, body or other unit whatsoever (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action or inaction in an official capacity as a director, officer, partner, trustee, employee, agent or in any other relationship or capacity whatsoever, shall be indemnified and held harmless by the corporation against all expenses, liabilities and losses (including but not limited to attorneys' fees, judgments, claims, fines, ERISA and other excise and other taxes and penalties and other adverse effects and amounts paid in settlement), reasonably incurred or suffered by the indemnitee; provided, however, that except as provided in Section 2 of this Article with respect to suits relating to rights to indemnification, the corporation shall indemnify any indemnitee in connection with a proceeding (or part thereof) initiated by the indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation.

No indemnification shall be provided to any indemnitee for acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law, or from or on account of conduct of an indemnitee finally adjudged to be in violation of RCW 23B.08.310, or from or on account of any transaction with respect to which it was finally adjudged that such indemnitee personally received a benefit in money, property, or services to which the person was not legally entitled. Notwithstanding the foregoing, if Section 23B.08.560 or any successor provision of the Washington Business Corporation Act is hereafter amended, the restrictions on indemnification set forth in this Section shall be as set forth in such amended statutory provision.

The right to indemnification granted in this Article is a contract right and includes the right to payment by, and the right to receive reimbursement from, the corporation of all expenses as they are incurred in connection with any proceeding in advance of its final disposition (hereinafter an "advance of expenses"); provided, however, that an advance of expenses received by an indemnitee in his or her capacity as a director or officer of the corporation, as an officer of a division of the corporation, or, acting at the request of the corporation, as director or officer of any other foreign or domestic corporation, partnership, joint venture, employee benefit plan or trust or other trust, enterprise or other private or governmental entity, agency, board,

commission, body or other unit whatsoever (and not in any other capacity in which service was or is rendered by such indemnitee unless such service was authorized by the Board of Directors) shall be made only upon (i) receipt by the corporation of a written undertaking (hereinafter an "undertaking") by or on behalf of such indemnitee, to repay advances of expenses if and to the extent it shall ultimately be determined by order of a court having jurisdiction (which determination shall become final upon expiration of all rights to appeal), hereinafter a "final adjudication", that the indemnitee is not entitled to be indemnified for such expenses under this Article, (ii) receipt by the corporation of written affirmation by the indemnitee of his or her good faith belief that he or she has met the standard of conduct applicable (if any) under the Washington Business Corporation Act necessary for indemnification by the corporation under this Article, and (iii) a determination of the Board of Directors, in its good faith belief, that the indemnitee has met the standard of conduct applicable (if any) under the Washington Business Corporation Act necessary for indemnification by the corporation under this Article.

Section 2. Right of Indemnitee to Bring Suit. If any claim for indemnification under Section 1 of this Article is not paid in full by the corporation within sixty (60) days after a written claim has been received by the corporation, except in the case of a claim for an advance of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If the indemnitee is successful in whole or in part in any such suit, or in any suit in which the corporation seeks to recover an advance of expenses, the corporation shall also pay to the indemnitee all the indemnitee's expenses in connection with such suit. The indemnitee shall be presumed to be entitled to indemnification under this Article upon the corporation's receipt of indemnitee's written claim (and in any suits relating to rights to indemnification where the required undertaking and affirmation have been received by the corporation) and thereafter the corporation shall have the burden of proof to overcome that presumption. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or shareholders) to have made a determination prior to other commencement of such suit that the indemnitee is entitled to indemnification, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or shareholders) that the indemnitee is not entitled to indemnification, shall be a defense to the suit or create a presumption that the indemnitee is not so entitled. It shall be a defense to a claim for an amount of indemnification under this Article (other than a claim for advances of expenses prior to final disposition of a proceeding where the required undertaking and affirmation have been received by the corporation) that the claimant has not met the standards of conduct applicable (if any) under the Washington Business Corporation Act to entitle the claimant to the amount claimed, but the corporation shall have the burden of proving such defense. If requested by the indemnitee, determination of the right to indemnity and amount of indemnity shall be made by final adjudication (as defined above) and such final adjudication shall supersede any determination made in accordance with RCW 23B.08.550.

Section 3. Non-Exclusivity of Rights. The rights to indemnification (including, but not limited to, payment, reimbursement and advances of expenses) granted in this Article shall not be exclusive of any other powers or obligations of the corporation or of any other rights which any person may have or hereafter acquire under any statute, the common law, the corporation's Articles of Incorporation or Bylaws, agreement, vote of shareholders or disinterested directors, or otherwise. Notwithstanding any amendment to or repeal of this Article XI, the rights to indemnification for an indemnitee under this Article XI shall vest at the time the indemnitee first becomes a director, officer, partner, trustee, employee, agent or in any other relationship or capacity whatsoever and no repeal or amendment of, or adoption of any provision inconsistent with this Article XI shall adversely affect any rights to indemnification granted to an indemnitee pursuant hereto existing at, arising out of, or related to any acts or omissions of such indemnitee occurring prior to such amendment or repeal.

Section 4. Insurance, Contracts and Funding. The corporation may purchase and maintain insurance, at its expense, to protect itself and any person (including a person's personal representative) who is or was a director, officer, employee or agent of the corporation or who is or was a director, officer, partner,

trustee, employee, agent, or in any other relationship or capacity whatsoever, of any other foreign or domestic corporation, partnership, joint venture, employee benefit plan or trust or other trust, enterprise or other private or governmental entity, agency, board, commission, body or other unit whatsoever, against any expense, liability or loss, whether or not the power to indemnify such person against such expense, liability or loss is now or hereafter granted to the corporation under the Washington Business Corporation Act. The corporation may enter into contracts granting indemnity, to any such person whether or not in furtherance of the provisions of this Article and may create trust funds, grant security interests and use other means (including, without limitation, letters of credit) to secure and ensure the payment of indemnification amounts.

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

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

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

Section 8. Successors and Assigns. All obligations of the corporation to indemnify (including, but not limited to, payment, reimbursement and advances of expenses) any indemnitee: (i) shall be binding upon all successors and assigns of the corporation (including any transferee of all or substantially all of its assets and any successor by merger or otherwise by operation of law), (ii) shall be binding on and inure to the benefit of the spouse, heirs, personal representatives and estate of the indemnitee, and (iii) shall continue as to any indemnitee who has ceased to be a director, officer, partner, trustee, employee or agent (or other relationship or capacity).

ARTICLE XII

Books and Records

Section 1. Books of Accounts, Minutes and Share Register. The corporation shall keep as permanent records minutes of all meetings of its shareholders and Board of Directors, a record of all actions taken by the shareholders or Board of Directors without a meeting and a record of all actions taken by a committee of the Board of Directors exercising the authority of the Board of Directors on behalf of the corporation. The corporation shall maintain appropriate accounting records. The corporation or its agent shall maintain a record of its shareholders, in a form that permits preparation of a list of the names and addresses of all shareholders, in alphabetical order showing the number and class of shares held by each. The corporation shall keep a copy of the following records at its principal office: the Articles or Restated Articles of Incorporation and all amendments currently in effect; the Bylaws or Restated Bylaws and all amendments currently in effect; the minutes of all shareholders' meetings and records of all actions taken by shareholders without a meeting, for the past three years; its financial statements for the past three years,

including balance sheets showing in reasonable detail the financial condition of the corporation as of the close of each fiscal year and an income statement showing the results of its operations during each fiscal year prepared on the basis of generally accepted accounting principles or, if not, prepared on a basis explained therein; all written communications to shareholders generally within the past three years; a list of the names and business addresses of its current directors and officers; and its most recent annual report delivered to the Secretary of State of the State of Washington.

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

ARTICLE XIII
Amendment of Bylaws

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

Nonqualified Stock Option Award Agreement

A NONQUALIFIED STOCK OPTION AWARD (hereinafter the "Option") for the number of shares of Nordstrom Common Stock ("Common Stock"), as noted in the Nonqualified Stock Option Award Notice (the "Notice"), of Nordstrom, Inc., a Washington Corporation (the "Company"), is hereby granted to the Recipient ("Optionee") on the date set forth in the Notice, subject to the terms and conditions of this Award Agreement. The Option is also subject to the terms, definitions and provisions of the Nordstrom, Inc. 2010 Equity Incentive Plan (the "Plan"), adopted by the Board of Directors of the Company (the "Board") and approved by the Company's shareholders, which is incorporated in this Award Agreement. To the extent inconsistent with this Award Agreement, the terms of the Plan shall govern. Terms not defined herein shall have the meanings as set forth in the Plan. The Compensation Committee of the Board (the "Compensation Committee") has the discretionary authority to construe and interpret the Plan and this Award Agreement. All decisions of the Compensation Committee upon any question arising under the Plan or under this Award Agreement shall be final and binding on all parties. The Option is subject to the following terms and conditions:

1. OPTION EXERCISE PRICE

The Option exercise price is one hundred percent (100%) of the fair market value of a share of Common Stock as determined by the closing price of Common Stock on the New York Stock Exchange on the date of grant. For this purpose, the date of grant is indicated in the Notice.

2. VESTING AND EXERCISING OF OPTION

Except as set forth in Section 5, the Option shall vest and be exercisable pursuant to the terms of the vesting schedule set forth in the Notice. The certificate(s) or shares of Common Stock as to which the Option shall be exercised shall be registered in the name of the person(s) exercising the Option unless another person is specified. An Option hereunder may not at any time be exercised for a fractional number of shares.

(a) Method of Exercise. The Option shall be exercisable (only to the extent vested) by a written notice in a form prescribed by the Company that shall:

- (i) state the election to exercise the Option, the number of shares, the total option exercise price, and the name and address of the Optionee;
- (ii) be signed by the person entitled to exercise the Option; and
- (iii) be in writing and delivered to Nordstrom Leadership Benefits (either directly or through a broker).

(b) Payment upon Exercise. Payment of the option exercise price for any shares with respect to which an Option is being exercised shall be by:

- (i) check or bank wire transfer, or
- (ii) giving an irrevocable direction for a broker approved by the Company to sell all or part of the Option shares and to deliver to the Company from the sale proceeds an amount sufficient to pay the option exercise price and any amount required to be withheld to meet the Company's minimum statutory withholding requirements, including the employee's share of payroll taxes. (The balance of the sale proceeds, if any, will be delivered to the Optionee.)

(c) Restrictions on Exercise. The Option may not be exercised if the issuance of the shares upon such exercise would constitute a violation of any applicable federal or state securities or other law or valid regulation, or the Company's Insider Trading Policy. As a condition to the exercise of the Option, the Company may require the person exercising the Option to make any representation and warranty to the Company as the Company's counsel advises and as may be required by the Company or by any applicable law or regulation.

3. ACCEPTANCE OF OPTION AND TERMS

Although the Company may or may not require the Optionee's signature upon accepting the grant, the Optionee remains subject to the terms and conditions of this Award Agreement. The Optionee agrees to comply with any and all legal requirements and Company policies related to this Option or shares of Company Common Stock which may be acquired upon exercise of this Option. The Optionee acknowledges receipt of a copy of the Plan in connection with the acceptance of the Award.

4. NONTRANSFERABILITY OF OPTION

The Option may not be sold, pledged, assigned or transferred in any manner except in the event of the Optionee's death. In the event of the Optionee's death, the Options may be transferred to the person indicated on a valid beneficiary form, as designated by the Company, or if no designated beneficiary form is available, then to the person to whom the Optionee's rights have passed by will or the laws of descent and distribution. Except as set forth in Section 5, the Option may be exercised during the lifetime of the Optionee only by the Optionee or by the guardian or legal representative of the Optionee. The terms of this Award Agreement shall be binding upon the executors, administrators, heirs and successors of the Optionee.

5. SEPARATION OF EMPLOYMENT

Except as set forth in this section, a vested Option may only be exercised while the Optionee is an employee of the Company or one of its subsidiaries (the "Employer"). If an Optionee's employment is terminated, the Optionee or his or her legal representative shall have the right to exercise the Option after such termination as follows:

- (a) If the Optionee dies while employed by the Employer, the Option shall immediately vest and may be exercised during the period ending four years after the Optionee's death. The recipient named on the beneficiary form, as designated by the Company, may exercise such rights. If no valid beneficiary form exists, then the person to whom the Optionee's rights have passed by will or the laws of descent and distribution may exercise such rights. In no event may the Option be exercised more than 10 years from the date of grant.
- (b) If the Optionee is separated due to his or her disability, as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Optionee provides Nordstrom Leadership Benefits with reasonable documentation of the Optionee's disability, the Option shall immediately vest as of the date of such separation and may be exercised during the period ending four years after separation. In no event may the Option be exercised more than 10 years from the date of grant.
- (c) If the Optionee terminates employment after having met any of the requirements set forth below, and the Option was granted at least six months prior to the termination date, the Option shall continue to vest in accordance with the terms of the Notice and may be exercised during the period ending four years after separation notwithstanding such termination of employment:
 - (i) the Optionee was born on or before March 3, 1956 and the Optionee was eligible for and received a grant under the Plan in 2014; or
 - (ii) the Optionee has attained age 55 with 10 continuous years of service to the Employer from the most recent hire date with the Employer; or
 - (iii) the Optionee has attained age 65.

In no event may the Option be exercised more than 10 years from the date of grant. If the Option was granted less than six months prior to the termination date, such Option shall be forfeited as of the date of termination.

- (d) Notwithstanding subparagraphs (a), (b) and (c) of this section, the Optionee shall immediately forfeit any unvested and vested Options represented by this Award and any shares of Common Stock or proceeds from the sale of such shares of Common Stock, and the post-separation vesting and exercise rights of the Option set forth above shall cease immediately, if: (i) he or she is terminated by the Company or any of its subsidiaries for: embezzlement, theft of funds, fraud, violation of rules, regulations or policies, or any intentional harmful act or acts; or (ii) he or she at any time during the term of this Award directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, shareholder, corporate officer, director or in any other capacity, with respect to the Company or any of its subsidiaries, engages or assists any third party in engaging in any competitive business, divulges any confidential or proprietary information to a third party who is not authorized to receive the confidential or proprietary information, or improperly uses any confidential or proprietary information.
- (e) If the Optionee is separated for any reason other than those set forth in subparagraphs (a), (b), (c) and (d) above, the Optionee (or Optionee's beneficiary) may exercise his or her Option, to the extent vested as of the date of his or her separation, within 100 days after separation. In no event may the Option be exercised more than 10 years from the date of grant. Any unvested options will be forfeited as of the date of separation.

6. TERM OF OPTION

The Option may not be exercised more than 10 years from the date of grant of the Option, and the vested portion of such Option may be exercised during such term only in accordance with the Plan and the terms of the Option.

7. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

The Option shall be adjusted pursuant to the Plan, in such manner, to such extent (if any) and at such time as the Compensation Committee deems appropriate in the circumstances, to reflect any stock dividend, stock split, split up, extraordinary cash dividend, any combination or exchange of shares or other Strategic Transaction.

8. ADDITIONAL OPTIONS

The Compensation Committee may or may not grant the Optionee additional Options in the future. Nothing in this Option or any future grant should be construed as suggesting that additional grants to the Optionee will be forthcoming.

9. LEAVES OF ABSENCE

For purposes of this Award Agreement, the Optionee's service does not terminate due to a military leave, a medical leave or another bona fide leave of absence if the leave was approved by the Employer in writing and if continued crediting of service is required by the terms of the leave or by applicable law. But, service terminates when the approved leave ends unless the Optionee immediately returns to active work.

If the Optionee goes on a leave of absence approved by the Employer, then the vesting schedule specified in the Notice may be adjusted in accordance with the Employer's leave of absence policy or the terms of the leave.

10. TAX WITHHOLDING

In the event that the Company determines that it is required to withhold any tax as a result of the exercise of the Option, the Optionee, as a condition to the exercise of their Option, shall make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements.

11. INDEPENDENT TAX ADVICE

The tax consequences to the Optionee of receiving the Option or disposing of the shares of Common Stock which may be issuable upon the exercise of the Option is complicated and will depend, in part, on the Optionee's specific tax situation. The Optionee is advised to consult with an independent tax advisor for a full understanding of the specific tax consequences of receiving the Option or disposing of the shares of Common Stock which may be received upon exercise of the Option.

12. RIGHTS AS A SHAREHOLDER

Neither the Optionee nor the Optionee's beneficiary or representative shall have any rights as a shareholder with respect to any Common Stock subject to the Option, unless and until (i) the Optionee or the Optionee's beneficiary or representative becomes entitled to receive such Common Stock by filing a notice of exercise and paying the option exercise price pursuant to the Option, and (ii) the Optionee or Optionee's beneficiary or representative has satisfied any other requirement imposed by applicable law or the Plan.

13. NO RETENTION RIGHTS

Nothing in this Award Agreement or in the Plan shall give the Optionee the right to be retained by the Employer as an employee or in any capacity. The Employer reserves the right to terminate the Optionee's service at any time, with or without cause.

14. CLAWBACK POLICY

The Option, and any proceeds (Common Stock or cash) received in connection with the exercise of the Option or subsequent sale of such issued Common Stock, shall be subject to the Clawback Policy adopted by the Company's Board, as amended from time to time.

In the event the Clawback Policy is deemed unenforceable with respect to the Option, or with respect to the proceeds received in connection with the exercise of the Option or subsequent sale of Common Stock issued pursuant to the Option, then the Option grant subject to this Award Agreement shall be deemed unenforceable due to lack of adequate consideration.

15. ENTIRE AGREEMENT

The Notice, this Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

Nonqualified Stock Option Award Agreement

Supplemental Award

A NONQUALIFIED STOCK OPTION AWARD (hereinafter the "Option") for the number of shares of Nordstrom Common Stock ("Common Stock"), as noted in the Nonqualified Stock Option Award Notice (the "Notice"), of Nordstrom, Inc., a Washington Corporation (the "Company"), is hereby granted to the Recipient ("Optionee") on the date set forth in the Notice, subject to the terms and conditions of this Award Agreement. The Option is also subject to the terms, definitions and provisions of the Nordstrom, Inc. 2010 Equity Incentive Plan (the "Plan"), adopted by the Board of Directors of the Company (the "Board") and approved by the Company's shareholders, which is incorporated in this Award Agreement. To the extent inconsistent with this Award Agreement, the terms of the Plan shall govern. Terms not defined herein shall have the meanings as set forth in the Plan. The Compensation Committee of the Board (the "Compensation Committee") has the discretionary authority to construe and interpret the Plan and this Award Agreement. All decisions of the Compensation Committee upon any question arising under the Plan or under this Award Agreement shall be final and binding on all parties. The Option is subject to the following terms and conditions:

1. OPTION EXERCISE PRICE

The Option exercise price is one hundred percent (100%) of the fair market value of a share of Common Stock as determined by the closing price of Common Stock on the New York Stock Exchange on the date of grant. For this purpose, the date of grant is indicated in the Notice.

2. VESTING AND EXERCISING OF OPTION

Except as set forth in Section 5, the Option shall vest and be exercisable pursuant to the terms of the vesting schedule set forth in the Notice. The certificate(s) or shares of Common Stock as to which the Option shall be exercised shall be registered in the name of the person(s) exercising the Option unless another person is specified. An Option hereunder may not at any time be exercised for a fractional number of shares.

- (a) Method of Exercise. The Option shall be exercisable (only to the extent vested) by a written notice in a form prescribed by the Company that shall:
 - (i) state the election to exercise the Option, the number of shares, the total option exercise price, and the name and address of the Optionee;
 - (ii) be signed by the person entitled to exercise the Option; and
 - (iii) be in writing and delivered to Nordstrom Leadership Benefits (either directly or through a broker).
- (b) Payment upon Exercise. Payment of the option exercise price for any shares with respect to which an Option is being exercised shall be by:
 - (i) check or bank wire transfer, or
 - (ii) giving an irrevocable direction for a broker approved by the Company to sell all or part of the Option shares and to deliver to the Company from the sale proceeds an amount sufficient to pay the option exercise price and any amount required to be withheld to meet the Company's minimum statutory withholding requirements, including the employee's share of payroll taxes. (The balance of the sale proceeds, if any, will be delivered to the Optionee.)
- (c) Restrictions on Exercise. The Option may not be exercised if the issuance of the shares upon such exercise would constitute a violation of any applicable federal or state securities or other law or valid regulation, or the Company's Insider Trading Policy. As a condition to the exercise of the Option, the Company may require the person exercising the Option to make any representation and warranty to the Company as the Company's counsel advises and as may be required by the Company or by any applicable law or regulation.

3. ACCEPTANCE OF OPTION AND TERMS

Although the Company may or may not require the Optionee's signature upon accepting the grant, the Optionee remains subject to the terms and conditions of this Award Agreement. The Optionee agrees to comply with any and all legal requirements and Company policies related to this Option or shares of Company Common Stock which may be acquired upon exercise of this Option. The Optionee acknowledges receipt of a copy of the Plan in connection with the acceptance of the Award.

4. NONTRANSFERABILITY OF OPTION

The Option may not be sold, pledged, assigned or transferred in any manner except in the event of the Optionee's death. In the event of the Optionee's death, the Options may be transferred to the person indicated on a valid beneficiary form, as designated by the Company, or if no designated beneficiary form is available, then to the person to whom the Optionee's rights have passed by will or the laws of descent and distribution. Except as set forth in Section 5, the Option may be exercised during the lifetime of the Optionee only by the Optionee or by the guardian or legal representative of the Optionee. The terms of this Award Agreement shall be binding upon the executors, administrators, heirs and successors of the Optionee

5. SEPARATION OF EMPLOYMENT

Except as set forth in this section, a vested Option may only be exercised while the Optionee is an employee of the Company or one of its subsidiaries (the "Employer"). If an Optionee's employment is terminated, the Optionee or his or her legal representative shall have the right to exercise the Option after such termination as follows:

- (a) If the Optionee dies while employed by the Employer, a prorated number of Options shall immediately vest based on a number of full months the Optionee was employed during the term of this Award Agreement and may be exercised during the period ending four years after the Optionee's death. The recipient named on the beneficiary form, as designated by the Company, may exercise such rights. If no valid beneficiary form exists, then the person to whom the Optionee's rights have passed by will or the laws of descent and distribution may exercise such rights. In no event may the Option be exercised more than 10 years from the date of grant. If the Option was granted less than one month prior to death, such Option shall be forfeited as of the date of death.
- (b) If the Optionee is separated due to his or her disability, as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Optionee provides Nordstrom Leadership Benefits with reasonable documentation of the Optionee's disability, a prorated number of Options shall immediately vest as of the date of such separation, based on a number of full months the Optionee was employed during the term of this Award Agreement, and may be exercised during the period ending four years after separation. In no event may the Option be exercised more than 10 years from the date of grant. If the Option was granted less than one month prior to separation due to the Optionee's disability, such Option shall be forfeited as of the date of separation.
- (c) Notwithstanding subparagraphs (a) and (b) of this section, the Optionee shall immediately forfeit any unvested and vested Options represented by this Award and any shares of Common Stock or proceeds from the sale of such shares of Common Stock, and the post-separation vesting and exercise rights of the Option set forth above shall cease immediately, if: (i) he or she is terminated by the Company or any of its subsidiaries for: embezzlement, theft of funds, fraud, violation of rules, regulations or policies, or any intentional harmful act or acts; or (ii) he or she at any time during the term of this Award directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, shareholder, corporate officer, director or in any other capacity, with respect to the Company or any of its subsidiaries, engages or assists any third party in engaging in any competitive business, divulges any confidential or proprietary information to a third party who is not authorized to receive the confidential or proprietary information, or improperly uses any confidential or proprietary information.
- (d) If the Optionee is separated for any reason other than those set forth in subparagraphs (a), (b) and (c) above, the Optionee (or Optionee's beneficiary) may exercise his or her Option, to the extent vested as of the date of his or her separation, within 100 days after separation. In no event may the Option be exercised more than 10 years from the date of grant. Any unvested options will be forfeited as of the date of separation.

6. TERM OF OPTION

The Option may not be exercised more than 10 years from the date of grant of the Option, and the vested portion of such Option may be exercised during such term only in accordance with the Plan and the terms of the Option.

7. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

The Option shall be adjusted pursuant to the Plan, in such manner, to such extent (if any) and at such time as the Compensation Committee deems appropriate in the circumstances, to reflect any stock dividend, stock split, split up, extraordinary cash dividend, any combination or exchange of shares or other Strategic Transaction.

8. ADDITIONAL OPTIONS

The Compensation Committee may or may not grant the Optionee additional Options in the future. Nothing in this Option or any future grant should be construed as suggesting that additional grants to the Optionee will be forthcoming.

9. LEAVES OF ABSENCE

For purposes of this Award Agreement, the Optionee's service does not terminate due to a military leave, a medical leave or another bona fide leave of absence if the leave was approved by the Employer in writing and if continued crediting of service is required by the terms of the leave or by applicable law. But, service terminates when the approved leave ends unless the Optionee immediately returns to active work.

If the Optionee goes on a leave of absence approved by the Employer, then the vesting schedule specified in the Notice may be adjusted in accordance with the Employer's leave of absence policy or the terms of the leave.

10. TAX WITHHOLDING

In the event that the Company determines that it is required to withhold any tax as a result of the exercise of the Option, the Optionee, as a condition to the exercise of their Option, shall make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements.

11. INDEPENDENT TAX ADVICE

The tax consequences to the Optionee of receiving the Option or disposing of the shares of Common Stock which may be issuable upon the exercise of the Option is complicated and will depend, in part, on the Optionee's specific tax situation. The Optionee is advised to consult with an independent tax advisor for a full understanding of the specific tax consequences of receiving the Option or disposing of the shares of Common Stock which may be received upon exercise of the Option.

12. RIGHTS AS A SHAREHOLDER

Neither the Optionee nor the Optionee's beneficiary or representative shall have any rights as a shareholder with respect to any Common Stock subject to the Option, unless and until (i) the Optionee or the Optionee's beneficiary or representative becomes entitled to receive such Common Stock by filing a notice of exercise and paying the option exercise price pursuant to the Option, and (ii) the Optionee or Optionee's beneficiary or representative has satisfied any other requirement imposed by applicable law or the Plan.

13. NO RETENTION RIGHTS

Nothing in this Award Agreement or in the Plan shall give the Optionee the right to be retained by the Employer as an employee or in any capacity. The Employer reserves the right to terminate the Optionee's service at any time, with or without cause.

14. CLAWBACK POLICY

The Option, and any proceeds (Common Stock or cash) received in connection with the exercise of the Option or subsequent sale of such issued Common Stock, shall be subject to the Clawback Policy adopted by the Company's Board, as amended from time to time.

In the event the Clawback Policy is deemed unenforceable with respect to the Option, or with respect to the proceeds received in connection with the exercise of the Option or subsequent sale of Common Stock issued pursuant to the Option, then the Option grant subject to this Award Agreement shall be deemed unenforceable due to lack of adequate consideration.

15. ENTIRE AGREEMENT

The Notice, this Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

Restricted Stock Unit Award Agreement

AN AWARD (“Award”) OF RESTRICTED STOCK UNITS (“Units”), representing a number of shares of Nordstrom Common Stock (“Common Stock”) as noted in the Restricted Stock Unit Award Notice (the “Notice”), of Nordstrom, Inc., a Washington Corporation (the “Company”), is hereby granted to the Recipient (“Unit holder”) on the date set forth in the Notice, subject to the terms and conditions of this Award Agreement. The Units are also subject to the terms, definitions and provisions of the Nordstrom, Inc. 2010 Equity Incentive Plan (the “Plan”), adopted by the Board of Directors of the Company (the “Board”) and approved by the Company’s shareholders, which is incorporated in this Award Agreement. To the extent inconsistent with this Award Agreement, the terms of the Plan shall govern. Terms not defined herein shall have the meanings as set forth in the Plan. The Compensation Committee of the Board (the “Compensation Committee”) has the discretionary authority to construe and interpret the Plan and this Award Agreement. All decisions of the Compensation Committee upon any question arising under the Plan or under this Award Agreement shall be final and binding on all parties. The Units are subject to the following terms and conditions:

1. VESTING AND CONVERSION OF UNITS

Unless otherwise specified within this Award Agreement, the Units will vest and automatically convert into Common Stock according to the applicable terms set forth in the Notice. For the avoidance of doubt, only Common Stock shall be deliverable upon the vesting of the Units, not cash. The Company shall not be required to issue fractional shares of Common Stock upon conversion of the Units into Common Stock. The delivery of Common Stock on vesting of the Units is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), together with regulatory guidance issued thereunder, and shall occur as soon as practicable after the applicable vesting date.

2. ACCEPTANCE OF UNITS AND TERMS

Whether or not the Company requires the Unit holder to accept the Award, if the Unit holder takes no action to accept the Award, the Unit holder is deemed to have accepted the Award and will be subject to the terms and conditions of this Award Agreement. The Unit holder agrees to comply with any and all legal requirements and Company policies related to the resale or disposition of any Awards under this Award Agreement. The Unit holder acknowledges receipt of a copy of the Plan in connection with the acceptance of the Award.

3. NONTRANSFERABILITY OF UNITS

The Units may not be sold, pledged, assigned or transferred in any manner except in the event of the Unit holder’s death. In the event of the Unit holder’s death, the Units may be transferred to the person indicated on a valid beneficiary form, as designated by the Company, or if no designated beneficiary form is available, then to the person to whom the Unit holder’s rights have passed by will or the laws of descent and distribution. Except as set forth in Section 4, Common Stock may be delivered in respect of the Units during the lifetime of the Unit holder only to the Unit holder or to the guardian or legal representative of the Unit holder. The terms of the Award Agreement shall be binding on the executors, administrators, heirs and successors of the Unit holder.

4. SEPARATION OF EMPLOYMENT

Except as set forth in this section, the Units will vest, and shares of Common Stock will be delivered in respect of the Units, only if the Unit holder is an employee of the Company or one of its subsidiaries (the “Employer”) on the vesting date. If the Unit holder’s employment with the Employer is terminated, the Units will vest only as follows:

- (a) If the Unit holder dies while employed by the Employer, any Units represented by the Award shall immediately vest as of the date of the Unit holder’s death and be delivered as Common Stock promptly thereafter. Shares shall be issued in the name of the person identified on the Unit holder’s beneficiary form, as designated by the Company. If no valid beneficiary form exists, then the Common Stock delivered pursuant to the preceding sentence shall be issued in the name of the person to whom the Unit holder’s rights under this Award Agreement have passed by will or the laws of descent and distribution.
- (b) If the Unit holder is separated due to his or her disability, as defined in Section 22(e)(3) of the Code and the Unit holder provides Nordstrom Leadership Benefits with reasonable documentation of his or her disability, any Units represented by this Award shall immediately vest as of the date of such separation and be delivered as Common Stock promptly thereafter.
- (c) If the Unit holder terminates employment after having met any of the requirements set forth below, and the Units were granted at least six months prior to the termination date, the Units shall continue to vest in accordance with the terms of the Notice notwithstanding such termination of employment:
 - (i) the Unit holder was born on or before March 3, 1956 and the Unit holder was eligible for and received a grant under the Plan in 2014; or
 - (ii) the Unit holder has attained age 55 with 10 continuous years of service to the Employer from the most recent hire date with the Employer; or
 - (iii) the Unit holder has attained age 65.

If the Units were granted less than six months prior to termination, the Units shall be forfeited as of the date of termination.

- (d) Notwithstanding subparagraphs (a), (b) and (c) of this section, a Unit holder shall immediately forfeit any unvested and unsettled Units represented by this Award and any shares of Common Stock or proceeds from the sale of such shares of Common Stock, and the post-separation vesting of Units and settlement rights set forth above shall cease immediately, if: (i) he or she is terminated by the Company or any of its subsidiaries for: embezzlement, theft of funds, fraud, violation of rules, regulations or policies, or any intentional harmful act or acts; or (ii) he or she at any time during the term of this Award directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, shareholder, corporate officer, director or in any other capacity, with respect to the Company or any of its subsidiaries, engages or assists any third party in engaging in any competitive business, divulges any confidential or proprietary information to a third party who is not authorized to receive the confidential or proprietary information, or improperly uses any confidential or proprietary information.
- (e) If the Unit holder is separated for any reason other than those set forth in subparagraphs (a), (b), (c) or (d) above, then all Units represented by this Award shall be forfeited as of the date of the Unit holder's separation.

1. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

The Units shall be adjusted pursuant to the Plan, in such manner, to such extent (if any) and at such time as the Compensation Committee deems appropriate and equitable in the circumstances, to reflect any stock dividend, stock split, split up, extraordinary cash dividend, any combination or exchange of shares or other Strategic Transaction.

2. NO DIVIDEND RIGHTS

Except to the extent required pursuant to Section 5 of this Award Agreement, ownership of Units shall not entitle the Unit holder to receive any dividends declared with respect to Common Stock.

3. ADDITIONAL UNITS

The Compensation Committee may or may not grant the Unit holder additional Units in the future. Nothing in this Award Agreement or any future agreement should be construed as suggesting that additional awards to the Unit holder will be forthcoming.

4. LEAVES OF ABSENCE

For purposes of this Award Agreement, the Unit holder's service does not terminate due to a military leave, a medical leave or another bona fide leave of absence if the leave was approved by the Employer in writing and if continued crediting of service is required by the terms of the leave or by applicable law. But, service terminates when the approved leave ends, unless the Unit holder immediately returns to active work.

5. TAX WITHHOLDING

No stock certificates will be distributed to the Unit holder unless the Unit holder has made acceptable arrangements to pay any withholding taxes that may be due as a result of the settlement of this Award. These arrangements may include withholding shares of Common Stock that otherwise would be distributed when the Units are settled. The fair market value of the shares required to cover withholding will be applied to the withholding of taxes prior to the Unit holder receiving the remaining shares.

If the Unit holder becomes retirement eligible, as outlined in Section 4 subparagraph (c), during the vesting life of the Units, then the Company retains the right to withhold that number of shares required to cover the Social Security, Medicare, and any other applicable taxes due in the calendar year in which the Unit holder becomes retirement eligible.

6. INDEPENDENT TAX ADVICE

The tax consequences to the Unit holder of receiving the Units or disposing of the shares of Common Stock which may be issuable upon vesting and conversion of the Units is complicated and will depend, in part, on the Unit holder's specific tax situation. The Unit holder is advised to consult with an independent tax advisor for a full understanding of the specific tax consequences of receiving or disposing of the Units or the shares of Common Stock that may be received upon vesting and conversion of the Units.

7. RIGHTS AS A SHAREHOLDER

Neither the Unit holder nor the Unit holder's beneficiary or representative shall have any rights as a shareholder with respect to any Common Stock which may be issuable upon vesting and conversion of the Units, unless and until the Units vest and Common Stock has been issued and any other requirements imposed by applicable law or the Plan have been satisfied.

8. NO RETENTION RIGHTS

Nothing in this Award Agreement or in the Plan shall give the Unit holder the right to be retained by the Employer as an employee or in any other capacity. The Employer reserves the right to terminate the Unit holder's service at any time, with or without cause.

9. CLAWBACK POLICY

The Units, and any Common Stock delivered upon vesting of the Units and the proceeds from any sale of such Common Stock, shall be subject to the Clawback Policy adopted by the Board, as amended from time to time.

In the event the Clawback Policy is deemed unenforceable with respect to the Units or with respect to the Common Stock deliverable or delivered upon vesting of the Units, then the Award of Units subject to this Award Agreement shall be deemed unenforceable due to lack of adequate consideration.

10. ENTIRE AGREEMENT

The Notice, this Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

This Award Agreement may not be modified or amended, except for a unilateral amendment by the Company that does not materially adversely affect the rights of the Unit holder under this Award Agreement. No party to this Award Agreement may unilaterally waive any provision hereof, except in writing. Any such modification, amendment or waiver signed by, or binding upon, the Unit holder, shall be valid and binding upon any and all persons or entities who may, at any time, have or claim any rights under or pursuant to this Award Agreement.

11. CHOICE OF LAW

This Award Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington without regard to principles of conflicts of laws, as such laws are applied to contracts entered into and performed in such State.

12. SEVERABILITY

If any provision of this Award Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable any other severable provision of this Award Agreement, and this Award Agreement shall be carried out as if such invalid or unenforceable provision were not contained herein.

13. CODE SECTION 409A

The Company reserves the right, to the extent the Company deems reasonable or necessary in its sole discretion, to unilaterally amend or modify this Award Agreement as may be necessary to ensure that all vesting or delivery of Common Stock provided under this Award Agreement is made in a manner that complies with Section 409A of the Code, together with regulatory guidance issued thereunder. Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any additional tax or penalty on any Unit holder under Section 409A of the Code and neither the Company nor the Committee will have any liability to any Unit holder for such tax or penalty.

Performance Share Unit Award Agreement

AN AWARD (“AWARD”) FOR PERFORMANCE SHARE UNITS (“UNITS”), representing a number of shares of Nordstrom Common Stock (“Common Stock”) as noted in the Performance Share Unit Award Notice (the “Notice”), of Nordstrom, Inc., a Washington Corporation (the “Company”), is hereby granted to the Recipient (“Unit holder”) on the date set forth in the Notice, subject to the terms and conditions of this Award Agreement. The Units are also subject to the terms, definitions and provisions of the Nordstrom, Inc. 2010 Equity Incentive Plan (the “Plan”), adopted by the Board of Directors of the Company (the “Board”) and approved by the Company’s shareholders, which is incorporated in this Award Agreement. To the extent inconsistent with this Award Agreement, the terms of the Plan shall govern. Terms not defined herein shall have the meanings as set forth in the Plan. The Compensation Committee of the Board (the “Compensation Committee”) has the discretionary authority to construe and interpret the Plan and this Award Agreement. All decisions of the Compensation Committee upon any question arising under the Plan or under this Award Agreement shall be final and binding on all parties. The Units are subject to the following terms and conditions:

1. VESTING AND SETTLEMENT OF UNITS

Units shall vest and be settled in accordance with the provisions of the Plan as follows:

(a) Vesting

Each Unit is equal in value to one share of Common Stock. Except as set forth in Section 4, Units shall vest at the applicable earned percentage when the Compensation Committee certifies the Company’s achievement of the Performance Goals set forth in the Notice.

Free Cash Flow Growth shall mean the average percent change in Free Cash Flow at the end of each fiscal year in the Performance Cycle from Free Cash Flow at the end of the previous fiscal year. Free Cash Flow shall be calculated in the same manner as reported externally, as the sum of net cash provided by operating activities and change in book overdrafts less capital expenditures, where net cash provided by operating activities is calculated in accordance with GAAP, subject at all times to adjustment pursuant to Section 6 and the Plan.

EBIT Margin % shall mean the average Earnings Before Interest and Income Taxes expressed as a percent of Net Sales for each fiscal year in the Performance Cycle, where each percent is weighted by Net Sales for the fiscal year divided by Net Sales for all fiscal years in the Performance Cycle. EBIT and Net Sales shall be calculated in accordance with GAAP, subject at all times to adjustment pursuant to Section 6 and the Plan.

Market Share shall mean Net Sales divided by Fashion Market Sales for the last year in the Performance Cycle, where Net Sales is calculated in accordance with GAAP, subject at all times to adjustment pursuant to Section 6 and the Plan, and Fashion Market Sales is sourced from National Product Diary (“NPD”) and based on prior quarter’s twelve months results.

(b) Settlement

Vested Units shall be settled and automatically converted into Common Stock, unless the Unit holder has elected to defer all or a portion of the Units into the Deferred Compensation Plan (“DCP”) in accordance with its rules. For the avoidance of doubt, only Common Stock shall be deliverable upon the vesting of the Units. No fractional shares of Common Stock will be issued and the number of Units that vest will be rounded down to the next whole number upon conversion of the Units into Common Stock. The delivery of Common Stock on vesting of the Units is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), together with regulatory guidance issued thereunder, and shall occur as soon as practicable after the applicable vesting date.

(c) Withholding Taxes

No stock certificates will be distributed to the Unit holder, or amounts deferred into the DCP, unless the Unit holder has made acceptable arrangements to pay any withholding taxes that may be due as a result of the settlement of this Award. These arrangements may include withholding shares of Common Stock that otherwise would be distributed when the Units are settled. The fair market value of the shares required to cover withholding will be applied to the withholding of taxes prior to the Unit holder receiving the remaining shares.

(d) Restrictions on Resale

The Unit holder agrees not to sell any shares of Common Stock at a time when applicable laws or Company policies prohibit a sale. This restriction will apply as long as the Unit holder is an employee, director or affiliate of the Company.

2. ACCEPTANCE OF UNITS AND TERMS

Although the Company may or may not require the Unit holder’s signature upon accepting the Award, the Unit holder remains subject to the terms and conditions of this Award Agreement. The Unit holder agrees to comply with any and all legal requirements and Company policies related to the resale or disposition of any Awards under this Award Agreement. The Unit holder acknowledges receipt of a copy of the Plan in connection with the Award.

3. NONTRANSFERABILITY OF UNITS

The Units may not be sold, pledged, assigned or transferred in any manner except in the event of the Unit holder’s death. In the event of the Unit holder’s death, the Units may be transferred to the person indicated on a valid beneficiary form, as designated by the Company,

or if no designated beneficiary form is available, then to the person to whom the Unit holder's rights have passed by will or the laws of descent and distribution. Except as set forth in Section 4, the Units may be settled during the lifetime of the Unit holder only by the Unit holder or by the guardian or legal representative of the Unit holder. The terms of the Award Agreement shall be binding upon the executors, administrators, heirs and successors of the Unit holder.

4. SEPARATION OF EMPLOYMENT

If the Unit holder is not an employee of the Company or one of its subsidiaries (the "Employer") on the vesting date, all Units are forfeited except as set forth in this section. If the Unit holder's employment with the Employer is terminated, the Units shall vest only as follows:

- (a) If the Unit holder dies while employed by the Employer, a prorated number of Units represented by the Award shall immediately vest at a one-hundred percent (100%) payout percentage, based on the number of full months the Unit holder was employed during the term of this Award Agreement, as of the date of the Unit holder's death and be delivered in Common Stock promptly thereafter to the person named on the Unit holder's beneficiary form, as designated by the Company. If no valid beneficiary form exists, then the Common Stock delivered pursuant to the preceding sentence shall be issued to the person to whom the Unit holder's rights have passed by will or the laws of descent and distribution. If the Units were granted less than one month prior to death, the Units shall be forfeited as of the date of death with no rights to a prorated distribution at settlement.
- (b) If the Unit holder is separated due to his or her disability, as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Unit holder provides Nordstrom Leadership Benefits with reasonable documentation of his or her disability, a prorated number of Units represented by the Award shall immediately vest at a one-hundred percent (100%) payout percentage, based on the number of full months the Unit holder was employed during the term of this Award Agreement, as of the date of such separation and be delivered in Common Stock promptly thereafter. If the Units were granted less than one month prior to separation due to the Unit holder's disability, the Units shall be forfeited as of the date of separation with no rights to a prorated distribution at settlement.
- (c) If the Unit holder terminates employment after having met any of the requirements set forth below, and the Units were granted at least six months prior to the termination date, the Unit holder shall be entitled to a prorated distribution, based on the number of full months the Unit holder was employed, with respect to vested Units during the term of this Award:
 - (i) the Unit holder was born on or before March 3, 1956 and was eligible for and received a grant under the Plan in 2014; or
 - (ii) the Unit holder has attained age 55 with 10 continuous years of service to the Employer from the most recent hire date with the Employer; or
 - (iii) the Unit holder has attained age 65.

If the Units were granted less than six months prior to termination, such Units shall be forfeited as of the date of termination with no rights to a prorated distribution at settlement.

- (d) Notwithstanding subparagraphs (a), (b) and (c) of this section, a Unit holder shall immediately forfeit any unvested and unsettled Units represented by this Award and any shares of Common Stock or proceeds from the sale of such shares of Common Stock, and the post-separation proration of Units and settlement rights set forth above shall cease immediately, if: (i) he or she is terminated by the Company or any of its subsidiaries for embezzlement, theft of funds, fraud, violation of rules, regulations or policies, or any intentional harmful act or acts; or (ii) he or she directly or indirectly at any time during the term of this Award, either as an employee, employer, consultant, agent, principal, partner, shareholder, corporate officer, director or in any other capacity, with respect to the Company or any of its subsidiaries, engages or assists any third party in engaging in any competitive business, divulges any confidential or proprietary information to a third party who is not authorized to receive the confidential or proprietary information, or improperly uses any confidential or proprietary information.
- (e) Except as otherwise provided in the Plan with respect to a Change in Control, if the Unit holder is separated for any reason other than those set forth in subparagraphs (a), (b), (c) and (d) above, Units, to the extent not vested and settled as of the date of his or her separation, shall be forfeited as of that date.

5. TERM OF UNITS

Units not certified by the Compensation Committee as having vested as of the end of the Performance Cycle for which the Units were awarded shall be forfeited.

6. ADJUSTMENTS TO PERFORMANCE GOALS

The Performance Goals may be subject to the following adjustments as determined by the Compensation Committee: extraordinary, unusual or non-recurring items of gain or loss; gains or losses on the disposition of a business, a segment of a business, or significant assets outside the ordinary course of business; changes in tax or accounting standards, principles, regulations or laws; the effect of a merger or acquisition, including all financial results derived therefrom during the period from the merger or acquisition date through the end of the Performance Cycle in which the merger or acquisition occurred; gains or losses due to non-cash adjustments which relate to the valuation of long-term assets rather than current-year performance (including but not necessarily limited to gain or loss recognized for store closures, lease terminations, pension adjustments and mark to market adjustments); the impact of other similar occurrences outside of the Company's core, on-going business activities (including but not necessarily limited to litigation or tax reserves, financing activities, foreign exchange rate fluctuations and restructuring charges); material impacts of non-operational tax items (e.g., reorganizations, settlements, method changes); and adjustments to total market sales that impact the 3-year results.

7. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

The Units shall be adjusted pursuant to the Plan, in such manner, to such extent (if any) and at such time as the Compensation Committee deems appropriate and equitable in the circumstances, to reflect any stock dividend, stock split, split up, extraordinary cash dividend, any combination or exchange of shares or other Strategic Transaction.

8. NO DIVIDEND RIGHTS

Except to the extent required pursuant to Section 7 of this Award Agreement or under the terms of the DCP (for any Units deferred under that plan), ownership of Units shall not entitle the Unit holder to receive any dividends declared with respect to Common Stock.

9. ADDITIONAL UNITS

The Compensation Committee may or may not grant the Unit holder additional Units in the future. Nothing in this Award or any future Award Agreement should be construed as suggesting that additional Units to the Unit holder will be forthcoming.

10. LEAVES OF ABSENCE

For purposes of this Award, the Unit holder's service does not terminate due to a military leave, a medical leave or another bona fide leave of absence if the leave was approved by the Employer in writing and if continued crediting of service is required by the terms of the leave or by applicable law. But, service terminates when the approved leave ends unless the Unit holder immediately returns to active work.

11. INDEPENDENT TAX ADVICE

The tax consequences to the Unit holder of receiving the Units or disposing of the shares of Common Stock which may be issuable upon vesting and conversion of the Units are complicated and will depend, in part, on the Unit holder's specific tax situation. The Unit holder is advised to consult with an independent tax advisor for a full understanding of the specific tax consequences of receiving or disposing of the Units or the shares of Common Stock that may be received upon vesting and conversion of the Units.

12. RIGHTS AS A SHAREHOLDER

Neither the Unit holder nor the Unit holder's beneficiary or representative shall have any rights as a shareholder with respect to any Common Stock subject to these Units, unless and until the Units vest and are settled in Common Stock.

13. NO RETENTION RIGHTS

Nothing in this Award Agreement or in the Plan shall give the Unit holder the right to be retained by the Employer as an employee or in any capacity. The Employer reserves the right to terminate the Unit holder's service at any time, with or without cause.

14. CLAWBACK POLICY

The Units, and any proceeds (Common Stock or cash) received in connection with the settlement of the Units or subsequent sale of such issued Common Stock, shall be subject to the Clawback Policy adopted by the Company's Board, as amended from time to time.

In the event the Clawback Policy is deemed unenforceable with respect to the Units, or with respect to the proceeds received in connection with the settlement of the Units or subsequent sale of such issued Common Stock, then the award of Units subject to this agreement shall be deemed unenforceable due to lack of adequate consideration.

15. DEFERRAL OF UNITS

A Unit holder may elect to defer all or a portion of the Units into the DCP in accordance with its terms. Upon deferral, the vested Units (and their subsequent settlement and payment) shall be governed by the terms and conditions of the DCP, as that plan may be amended from time to time by the Company.

16. ENTIRE AGREEMENT

The Notice, this Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

This Award Agreement may not be modified or amended, except for a unilateral amendment by the Company that does not materially adversely affect the rights of the Unit holder under this Award Agreement. No party to this Award Agreement may unilaterally waive any provision hereof, except in writing. Any such modification, amendment or waiver signed by, or binding upon, the Unit holder, shall be valid and binding upon any and all persons or entities who may, at any time, have or claim any rights under or pursuant to this Award Agreement.

17. CHOICE OF LAW

This Award Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington, without regard to principles of conflicts of laws, as such laws are applied to contracts entered into and performed in such State.

18. SEVERABILITY

If any provision of this Award Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable any other severable provision of this Award Agreement, and this Award Agreement shall be carried out as if such invalid or unenforceable provision were not contained herein.

19. CODE SECTION 409A

The Company reserves the right, to the extent the Company deems reasonable or necessary in its sole discretion, to unilaterally amend or modify this Award Agreement as may be necessary to ensure that all vesting or delivery of compensation provided under this Award Agreement is made in a manner that complies with Section 409A of the Code, together with regulatory guidance issued thereunder. Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any additional tax or penalty on any Unit holder under Section 409A of the Code and neither the Company nor the Committee will have any liability to any Unit holder for such tax or penalty.

NORDSTROM

ISSUE RELEASE:

Wednesday, February 27 at 1:30 p.m. PST

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Nordstrom Board of Directors Approves Quarterly Dividend

SEATTLE - February 27, 2019 - Nordstrom, Inc. (NYSE: JWN) announced today that its board of directors approved a quarterly dividend of 37 cents per share payable on March 26, 2019, to shareholders of record at the close of business on March 11, 2019.

ABOUT NORDSTROM

Nordstrom, Inc. is a leading fashion retailer based in the U.S. Founded in 1901 as a shoe store in Seattle, today Nordstrom operates 379 stores in 40 states, including 121 full-line stores in the United States, Canada and Puerto Rico; 244 Nordstrom Rack stores; three Jeffrey boutiques; two clearance stores; six Trunk Club clubhouses; and three Nordstrom Local service concepts. Additionally, customers are served online through Nordstrom.com, Nordstromrack.com, HauteLook and TrunkClub.com. Nordstrom, Inc.'s common stock is publicly traded on the NYSE under the symbol JWN.

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