

NORDSTROM INC
Form DEF 14A
April 17, 2003

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. __)

Filed by the Registrant [X]

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Check the appropriate box:

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Nordstrom, Inc.

(Name of Registrant as Specified In Its Charter)

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[NORDSTROM LOGO]

April 17, 2003

Dear Shareholders:

On behalf of the Board of Directors and management, I cordially invite you to attend the Annual Meeting of Shareholders on Tuesday, May 20, 2003, at 11:00 a.m., Pacific Daylight Time, to be held in the John W. Nordstrom Room, Downtown Seattle Nordstrom, 1617 Sixth Avenue, 5th Floor, Seattle, Washington, 98101-1742.

In addition to the matters described in the Notice of Annual Meeting and Proxy Statement, there will be a report on the progress of the Company and an opportunity to ask questions of general interest to you as a Shareholder.

YOUR VOTE IS VERY IMPORTANT. I encourage you to sign and return the enclosed Proxy in the envelope provided so that your shares will be represented and voted at the Annual Meeting even if you cannot attend. **If you hold shares in more than one account, you must vote each proxy or voting instruction card you receive to ensure that all shares you own are voted.** You may change your vote by voting in person at the meeting or by submitting another proxy that is dated later. For all methods of voting, the last vote cast will supercede all previous votes.

I hope you will be able to join us. We look forward to seeing you in Seattle.

Sincerely yours,

-s- BLAKE W. NORDSTROM

Blake W. Nordstrom
President

**Nordstrom, Inc 1617
Sixth Avenue Seattle,
Washington 98101-1742**

**Notice of Annual
Meeting of
Shareholders**

To the Shareholders of
Nordstrom, Inc.:

The Annual Meeting of Shareholders of Nordstrom, Inc. will be held on Tuesday, May 20, 2003, at 11:00 a.m., Pacific Daylight Time, in the John W. Nordstrom Room, Downtown Seattle Nordstrom, 1617 Sixth Avenue, 5th Floor, Seattle, Washington, 98101-1742 for the following purposes:

1. To elect ten directors to hold office until the next Annual Meeting of Shareholders and until their successors are duly elected and qualified;
2. To ratify the appointment of auditors;
3. To vote on a Shareholder proposal regarding expensing stock options, if it is properly presented at the meeting; and
4. To transact such other business as may properly come before the meeting and at any convening or reconvening of the meeting following a postponement or adjournment thereof.

Holders of shares of Common Stock of record at the close of business on March 17, 2003 are entitled to notice of, and to vote on the matters that will be presented, at the meeting.

The Board recommends that Shareholders vote FOR the director nominees named in the accompanying Proxy Statement, FOR Proposal 2 and AGAINST Proposal 3.

Shareholders are cordially invited to attend the meeting in person. Those who are hearing impaired or require other assistance should contact the Corporate Secretary's office at 206-303-2541 regarding your requirements to participate in the meeting.

By order of the Board of Directors,

David L. Mackie
Vice President and Corporate Secretary

Seattle, Washington
April 17, 2003

Whether or not you intend to be present at the meeting, you are encouraged to sign and date the enclosed Proxy and return it promptly in the envelope provided.

Proxy Statement
Approximate Mailing
Date:
April 17, 2003

This Proxy Statement is furnished to the Shareholders of Nordstrom, Inc. in connection with the solicitation of proxies by the Board of Directors for use at the Annual Meeting of Shareholders to be held on May 20, 2003 and at any adjournment or postponement of the meeting. If the enclosed Proxy is executed and returned, it will be voted in accordance with the instructions given, but may be revoked at any time if it has not been exercised by voting in person at the Annual Meeting, submitting another proxy that is dated later, or notifying the Corporate Secretary in writing. If no contrary instruction is indicated on the Proxy, then each Proxy will be voted for Proposals 1 and 2, and, if it is presented, against Proposal 3, and may be voted on such other matters as may properly come before the Annual Meeting.

Only holders of the Company's Common Stock are entitled to vote at the Annual Meeting. There were 135,457,544 shares of Common Stock outstanding as of March 17, 2003, the record date for the Annual Meeting. Shareholders are entitled to one vote for each share of Common Stock held of record at the close of business on March 17, 2003. Under Washington law and the Company's Bylaws, a quorum consisting of a majority of the shares eligible to vote must be represented in person or by proxy to elect directors and to transact any other business that may properly come before the Annual Meeting.

For election of directors, the nominees elected will be those receiving the greatest number of votes cast by the shares entitled to vote, up to the number of directors to be elected. Any action other than a vote for a nominee will have the effect of voting against that nominee. The appointment of auditors will be ratified and the Shareholder proposal will be adopted if the votes cast in favor of the respective action exceed the votes cast against it. Abstentions and nonvotes by brokers will have no effect since such actions do not represent votes cast by Shareholders.

Security Ownership of Certain Beneficial Owners and Management The following table sets forth, as of March 17, 2003 the number of shares of Common Stock held by beneficial owners of more than five percent of the Company's Common Stock, by directors, by the Named Executive Officers shown in the Summary Compensation Table beginning on page 8 and by all directors and executive officers of the Company as a group:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Dodge & Cox One Sansome St., 35th Floor San Francisco, California 94104-4436	18,238,247(a)	13.46%
Elmer and Katharine Nordstrom Family Interests, L.P. c/o 1617 Sixth Avenue Seattle, Washington 98101-1742	10,916,552(b)	8.06%
Bruce A. Nordstrom c/o 1617 Sixth Avenue Seattle, Washington 98101-1742	10,780,141(c)	7.96%
D. Wayne Gittinger 1420 Fifth Avenue, Suite 4100 Seattle, Washington 98101-2338	10,505,960(d)	7.76%
John N. Nordstrom	3,533,753(e)	2.61%
Blake W. Nordstrom	1,180,991(f)	*
Peter E. Nordstrom	1,137,907(g)	*
John A. McMillan	315,171	*
James R. O Neal	122,352(h)	*
Joel T. Stinson	85,101(i)	*
Michael G. Koppel	36,800(j)	*
William D. Ruckelshaus	18,351	*
Alfred E. Osborne, Jr.	13,201(k)	*
Alison A. Winter	11,938(l)	*
Bruce G. Willison	7,839(m)	*
Enrique Hernandez, Jr.	6,273(n)	*
Stephanie M. Shern	1,195	*
Jeanne P. Jackson	1,130	*
Directors and executive officers as a group (32 persons)	40,687,912(o)	29.70%

* Does not exceed 1% of the Company's outstanding Common Stock.

(a) Based on an amended Schedule 13G filed on February 13, 2003 pursuant to the Securities Exchange Act of 1934, as amended (Exchange Act), which indicates that Dodge & Cox has sole investment power with respect to all of these shares, sole voting power with respect to 16,632,347 shares and shared voting power with respect to 376,600 shares.

(b) The general partners of this partnership are the Estate of Katharine J. Nordstrom (John N. Nordstrom, executor), the Elected Marital Trust under the Will of Elmer J. Nordstrom (John N. Nordstrom, trustee), the James F. Nordstrom Interests, L.P. and the John N. Nordstrom Interests, L.P. The general partners of the James F. Nordstrom Interests, L.P. are Sally A. Nordstrom, the James F. Nordstrom Residuary Trust (Sally A. Nordstrom, trustee), J. Daniel Nordstrom and William E. Nordstrom. The general partners of the John N. Nordstrom Interests, L.P. are John N. Nordstrom, Sally B. Nordstrom and James A. Nordstrom. Each of these entities and individuals are deemed to beneficially own the shares held by the Elmer and Katharine Nordstrom Family Interests, L.P. Each of the general partners disclaims

beneficial ownership of the shares held by the Elmer and Katharine Nordstrom Family Interests, L.P. that exceeds the greater of their proportionate interest in their respective profits or capital account of the partnership.

(c) Includes 93,388 shares held by his wife individually and 4,245,280 shares held by trusts of which he is a trustee and beneficiary. Does not include 3,485,564 shares held by trusts of which he is a co-trustee.

(d) Includes 6,946,771 shares held by his wife individually; 1,094 shares held by his wife in the Company's 401(k) Plan; 777,600 shares held by a trust of which his wife is a trustee and beneficiary; and 2,750,760 shares held by a trust of which his wife is the beneficiary.

(e) Includes 161,610 shares held by his wife individually; 4,012 shares held by trusts of which he is the trustee; and 2,780,000 shares held by the John N. Nordstrom Interests, L.P. of which he is a general partner. John N. Nordstrom disclaims beneficial ownership of the shares held by the John N. Nordstrom Interests, L.P. that exceed the greater of his proportionate interest in the profits or capital account of the partnership. Does not include any of the shares held by the Elmer and Katharine Nordstrom Family Interests, L.P. of which he is deemed a beneficial owner.

(f) Includes 183,562 shares held by his wife individually; 22,414 shares held by trusts of which he is a trustee; 5,987 shares held in a custodial account of which he is the custodian; 178,584 shares that may be acquired within 60 days of March 17, 2003 under the 1987 and 1997 Stock Option Plans; and 27,104 shares held by him in the Company's 401(k) Plan.

(g) Includes 150,898 shares that may be acquired within 60 days of March 17, 2003 under the 1987 and 1997 Stock Option Plans and 8,316 shares held by him in the Company's 401(k) Plan. Does not include 28,949 shares held by trusts of which he is the trustee.

(h) Includes 83,360 shares that may be acquired by him and 36,858 shares that may be acquired by his wife within 60 days of March 17, 2003 under the 1987 and 1997 Stock Option Plans; 1,248 shares held by him in the Company's 401(k) Plan; and 882 shares held by his wife in the Company's 401(k) Plan.

(i) Includes 80,640 shares that may be acquired within 60 days of March 17, 2003 under the 1987 and 1997 Stock Option Plans and 1,063 shares held by him in the Company's 401(k) Plan. Mr. Stinson has announced his retirement from the Company effective in May 2003.

(j) Includes 32,686 shares that may be acquired within 60 days of March 17, 2003 under the 1997 Stock Option Plan.

(k) Includes 600 shares held by his wife; 150 shares held by his wife for the benefit of child; and 2,400 shares held by a corporation of which he is the sole shareholder.

(l) Includes 9,000 shares held by a trust of which she and her spouse are trustees and beneficiaries; 100 shares held by her son in an account over which she shares investment power; 100 shares held by her daughter in an account over which she shares investment power; and 100 shares held by her husband in a retirement account over which she shares investment power.

(m) Includes 4,000 shares held by a trust of which he and his spouse are trustees and beneficiaries.

(n) Does not include 100,000 stock appreciation units granted under the Directors Deferred Compensation Plan, each of which is convertible at any time upon his election or when he ceases to be a member of the Board of Directors, into a dollar amount equal to the difference in the value of a share of Common Stock on the date the stock appreciation unit was awarded and the value of a share of Common Stock on the date the stock appreciation unit is converted.

(o) Includes 10,916,552 shares held by the Elmer and Katharine Nordstrom Family Interests, L.P. and 2,780,000 shares held by the John N. Nordstrom Interests, L.P. Also includes 1,536,642 shares that may be acquired within 60 days of March 17, 2003 by the executive officers as a group under the 1987 and 1997 Stock Option Plans, and 61,820 shares held by participating executive officers in the Company's 401(k) Plan.

**Proposal 1:
Election of Directors**

Ten directors will be elected at the Annual Meeting, each to hold office until the next Annual Meeting and until a successor has been duly elected and qualified. Bruce G. Willison, who has served as a director since 1998, is not standing for election. Unless otherwise instructed by the Shareholder, the persons named in the enclosed Proxy intend to vote for the election of the nominees described in this Proxy Statement. All of the nominees are currently directors of the Company. If any nominee becomes unavailable for any reason, or if a vacancy should occur before the election, which events are not anticipated, the Proxy may be voted for a person to be selected by the Board of Directors.

Information related to the director nominees as of March 17, 2003 is set forth below:

Name and Age	Principal Occupation and Business Experience for Past Five Years	Director Since
D. Wayne Gittinger Age 70 (a)(b)	A shareholder in a corporation that is a partner in the law firm of Lane Powell Spears Lubersky LLP	1971
Enrique Hernandez, Jr. Age 47	President and Chief Executive Officer of Inter-Con Security Systems, Inc., a worldwide security and facility support services provider, and Co- Founder and Principal Partner of Interspan Communications, a television broadcasting company serving Spanish-speaking audiences. Mr. Hernandez is also a director of McDonald's Corporation, Wells Fargo & Company and Tribune Company.	1997
Jeanne P. Jackson Age 51	Founder and General Partner of MSP Capital, a consulting and investment firm. Former Chief Executive Officer of Walmart.com, a subsidiary of Wal-Mart Stores, Inc., a discount retailer, and former President and Chief Executive Officer of Banana Republic, a Gap, Inc. brand and retail clothing store chain. Ms. Jackson is also a director of McDonald's Corporation, Nike, Inc. and Williams-Sonoma, Inc.	2002
John A. McMillan Age 71	Retired (formerly Co-Chairman of the Board of Directors of the Company). Mr. McMillan is also a director of Lion, Inc.	1966
Bruce A. Nordstrom Age 69 (b)	Chairman of the Board of Directors of the Company	1966
John N. Nordstrom Age 66 (b)	Retired (formerly Co-Chairman of the Board of Directors of the Company)	1966
Alfred E. Osborne, Jr. Age 58	Director of the Harold Price Center for Entrepreneurial Studies and Associate Professor of Business Economics, The Anderson School at UCLA. Dr. Osborne is also a director of Equity Marketing, Inc., K2, Inc. and First Pacific Advisors New Income, Crescent and Capital Funds, and a trustee of the WM Group of Funds.	1987

Name and Age	Principal Occupation and Business Experience for Past Five Years	Director Since
William D. Ruckelshaus Age 70	A Strategic Director of Madrona Venture Group, an investment firm. Mr. Ruckelshaus is also a director of Cummins Engine Company, Pharmacia Corporation, Solutia Inc. and Weyerhaeuser Company. He was also a director of the Company from 1978 to 1983.	1985
Stephanie M. Shern Age 55	Former Vice Chair and Global Director of Retail and Consumer Products for Ernst & Young LLP, former Management Committee member of Ernst & Young LLP, and former Vice Chair of Marketing for Ernst & Young LLP. Mrs. Shern is also a director of GameStop Corp., Galyan's Trading Co., Inc., Nextel Communications, Inc. and The Scotts Company.	2002
Alison A. Winter Age 56	President for Northeast Personal Financial Services with The Northern Trust Corporation. Formerly President for Midwest Personal Financial Services and prior to that President and Chief Executive Officer of the Northern Trust of California.	2001

(a) D. Wayne Gittinger is a shareholder in a corporation that is a partner in the law firm of Lane Powell Spears Lubersky LLP, which rendered legal services to the Company during the fiscal year ended January 31, 2003.

(b) Bruce A. Nordstrom is a brother-in-law of D. Wayne Gittinger and a cousin of John N. Nordstrom. Mr. Bruce A. Nordstrom's sons are Blake W. Nordstrom, the President of the Company, and Erik B. Nordstrom and Peter E. Nordstrom, each of whom is an Executive Vice President of the Company.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE **FOR** EACH OF THE NOMINEES LISTED IN THE ABOVE TABLE.

Board of Directors and Board Committees

The Board of Directors maintains an Audit Committee, a Compensation and Stock Option Committee, a Corporate Governance and Nominating Committee and a Finance Committee. During the past year, the Board of Directors held five meetings and Committees of the Board of Directors held a total of 22 meetings. Overall attendance at such meetings was 97%. Each director attended more than 75% of the aggregate of all meetings of the Board of Directors and the Committees on which he or she served during the year.

Audit Committee. Current members of the Audit Committee are Enrique Hernandez, Jr., Chair, Jeanne P. Jackson, Alfred E. Osborne, Jr., William D. Ruckelshaus, Stephanie M. Shern and Alison A. Winter, each of whom has been determined by the Board of Directors to be an independent director as defined under proposed rules of the New York Stock Exchange. The Audit Committee has at least one audit committee financial expert as that term is defined by Securities and Exchange Commission rules. That individual is Stephanie M. Shern. Mrs. Shern currently serves on the audit committees of three public companies, including the Company's Audit Committee, and is expected to be appointed to serve on a fourth such committee in the next month. The Board of Directors has determined that this simultaneous service does not impair her ability to effectively serve on the Audit Committee.

During the past year there were four regularly scheduled meetings of the Audit Committee and six others conducted via teleconference. The primary

function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibility by reviewing and appraising the following:

- the accounting, auditing and financial reporting processes of the Company;
- the management of business and financial risk and the internal controls environment;
- the Company's compliance with legal and regulatory requirements;
- the effectiveness and efficiency of operations;
- the integrity of the Company's financial statements;
- reports resulting from the performance of audits by the independent auditor and the internal auditor;
- the qualifications, independence and performance of the Company's independent auditors; and
- the performance of the Company's internal audit function.

The Committee meets periodically with the independent auditors, management and the internal auditors to review accounting, auditing, internal accounting controls, financial reporting matters and compliance with laws and regulations. The Committee also meets privately with each of the independent auditors, the Chief Financial Officer and the internal auditors.

Compensation and Stock Option Committee. Current members of the Compensation and Stock Option Committee are William D. Ruckelshaus, Chair, Enrique Hernandez, Jr., Jeanne P. Jackson, Alfred E. Osborne, Jr., Bruce G. Willison and Alison A. Winter, each of whom has been determined by the Board of Directors to be an independent director as defined under proposed rules of the New York Stock Exchange. During the past year there were four meetings of the Compensation and Stock Option Committee. The Committee is responsible, subject to the approval of the Board of Directors when applicable, for the following:

- evaluating annually the Company's goals and objectives relative to the President's compensation and evaluating the President's performance in light of these goals and objectives;
- conducting annual performance evaluations of the Company's executive officers;
- establishing guidelines for a compensation strategy for executives and measuring the performance of the executive officers against these guidelines;
- reviewing and making recommendations to the Board of Directors respecting cash and equity-based compensation plans; and
- reviewing and approving any benefit plans, retirement and deferred compensation or other perquisites offered to executive officers.

Corporate Governance and Nominating Committee. Current members of the Corporate Governance and Nominating Committee are Alfred E. Osborne, Jr., Chair, D. Wayne Gittinger, Enrique Hernandez, Jr. and William D. Ruckel-

shaus. During the past year the Corporate Governance and Nominating Committee held four meetings. The Committee is responsible for:

reviewing and recommending individuals to the Board of Directors for nomination as members of the Board of Directors and its Committees;

reviewing possible conflicts of interest of Board members and the Company's executive officers;

developing and recommending to the Board of Directors corporate governance guidelines applicable to the Company; and

reviewing and administering the Company's Code of Business Conduct and Ethics.

The Committee will consider recommendations by Shareholders for vacancies on the Board of Directors. Suggestions may be submitted to the Corporate Secretary.

Finance Committee. Current members of the Finance Committee are Alison A. Winter, Chair, D. Wayne Gittinger, John A. McMillan, John N. Nordstrom, Alfred E. Osborne, Jr. and Bruce G. Willison. During the past year the Finance Committee held four meetings. The Committee is primarily responsible for:

assisting the Board of Directors in fulfilling its oversight responsibilities with respect to the Company's capital structure, financial policies, capital investments, business and financial planning and related matters; and

reviewing the Company's tax strategies, banking relationships, borrowing facilities and cash management, and relationships with rating agencies.

Compensation of Directors

Directors are paid a yearly retainer of \$45,000, a fee of \$1,500 for each Board of Directors meeting attended (\$500 for telephonic participation), and a fee of \$1,000 for each Board Committee meeting attended (\$500 for telephonic participation). Directors also receive an annual award of Company Common Stock having a value of \$45,000 and are reimbursed for reasonable travel expenses incurred in connection with the performance of their duties as directors. All directors and their immediate families are also eligible to participate in the Company's merchandise discount program.

In addition, (i) the Audit Committee Chair and members are paid a yearly retainer of \$5,000 and \$2,500, respectively; (ii) the Compensation and Stock Option Committee Chair and members are paid a yearly retainer of \$5,000 and \$2,500, respectively; (iii) the Corporate Governance and Nominating Committee Chair and members are paid a yearly retainer of \$3,000 and \$1,500, respectively; and (iv) the Finance Committee Chair and members are paid a yearly retainer of \$3,000 and \$1,500, respectively.

Enrique Hernandez, Jr. serves as outside lead director. For such services, Mr. Hernandez was granted 37,500 Nordstrom stock appreciation units on January 22, 2003 under the Directors Deferred Compensation Plan. Each such stock appreciation unit is convertible at any time upon his election or when he ceases to be a member of the Board of Directors, into a dollar amount equal to the difference in the value of a share of Common Stock on the date the stock appreciation unit was awarded and the value of a share of Common Stock on the date the stock appreciation unit is converted. Mr. Hernandez also may use a Company airplane up to four times a year for domestic travel, but is responsible for all income taxes associated with this benefit.

**Compensation of
Executive Officers in
the Year Ended
January 31, 2003**

Summary Compensation Table

The following table summarizes compensation paid or accrued by the Company for services rendered by the President and the four other most highly compensated executive officers (Named Executive Officers) for the periods indicated:

Name and Principal Position	Fiscal Year(a)	Annual Compensation			Long-Term Compensation		
		Salary	Bonus	Other Annual Compensation(b)	Value of Performance Shares(c)	Number of Stock Options	All Other Compensation(d)
Blake W. Nordstrom President	2002	\$683,333	\$975,000	\$0	\$300,009	53,233	\$10,931
	2001	\$580,000	\$0	\$1,491	\$299,250	81,579	\$31,108
	2000(e)	\$433,333	\$0	\$2,822	\$139,995	19,765	\$25,097
Joel T. Stinson Executive Vice President	2002	\$416,667	\$493,920	\$0	\$199,989	35,489	\$26,109
	2001	\$393,333	\$185,000	\$0	\$174,572	41,447	\$42,354
	2000	\$306,220	\$24,420	\$2,849	\$89,378	12,618	\$25,027
James R. O Neal Executive Vice President	2002	\$325,000	\$418,716	\$102,501	\$162,507	28,835	\$187,736
	2001	\$319,583	\$34,320	\$116,531	\$86,450	20,526	\$187,987
	2000	\$300,833	\$26,995	\$8,875	\$104,996	14,824	\$24,226
Michael G. Koppel Executive Vice President	2002	\$345,833	\$350,700	\$459	\$162,507	28,835	\$25,215
	2001(f)	\$294,792	\$78,300	\$2,486	\$156,608	48,487	\$23,249
	2000	\$238,333	\$115,337	\$13,372	\$65,004	9,176	\$42,116
Peter E. Nordstrom Executive Vice President	2002	\$370,833	\$264,600	\$0	\$175,009	31,053	\$25,738
	2001	\$344,167	\$0	\$0	\$174,572	41,447	\$34,776
	2000	\$329,167	\$18,913	\$632	\$104,996	14,824	\$24,986

(a) The fiscal year of the Company ended January 31, 2003.

(b) Other Annual Compensation includes amounts reimbursed for the payment of taxes resulting from the receipt of relocation, financial planning or medical benefits.

(c) These amounts represent performance share units granted to the Named Executive Officers on February 22, 2000, February 27, 2001 and February 25, 2002 (valued as of those dates, respectively). The performance share units vest on January 31, approximately three years following the date of grant to the extent that the Company's total shareholder return exceeds that of the Company's comparator group during the respective three-year period. As of January 31, 2003 the performance share units granted on February 22, 2000 were forfeited because the applicable vesting goals were not met. The remaining performance share units (assuming full vesting) would be valued as follows as of January 31, 2003:

Blake W. Nordstrom: \$621,929

Joel T. Stinson: \$385,019

James R. O Neal: \$247,103

Michael G. Koppel: \$336,874

Peter E. Nordstrom: \$362,807

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(d) All Other Compensation for the fiscal year ended January 31, 2003, includes the following:

Profit Sharing Plan benefit: Blake W. Nordstrom: \$1,965; Joel T. Stinson: \$1,965; James R. O Neal: \$1,965; Michael G. Koppel: \$1,310; Peter E. Nordstrom: \$1,965.

401(k) Plan benefit: Blake W. Nordstrom: \$8,000; Joel T. Stinson: \$8,000; James R. O Neal: \$8,000; Michael G. Koppel: \$8,000; Peter E. Nordstrom: \$8,000.

Premiums on excess term life insurance: Blake W. Nordstrom: \$966; Joel T. Stinson: \$868; James R. O Neal: \$464; Michael G. Koppel: \$629; Peter E. Nordstrom: \$497.

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Auto allowance: Blake W. Nordstrom: \$0; Joel T. Stinson: \$15,276; James R. O Neal: \$15,276; Michael G. Koppel: \$15,276; Peter E. Nordstrom: \$15,276. The Company has discontinued the auto allowance.

Relocation Expenses: James R. O Neal: \$162,031 for relocation from Virginia to Washington in 2002 and \$163,473 for relocation from California to Virginia in 2001.

(e) Blake W. Nordstrom has served as President since August 31, 2000. Prior to that date he served as an Executive Vice President.

(f) Michael G. Koppel has served as an Executive Vice President since May 16, 2001. Prior to that date he served as a Vice President.

Option Grants in the Fiscal Year Ended January 31, 2003

The following table sets forth information concerning option grants during the fiscal year ended January 31, 2003 to the Named Executive Officers:

Name	Number of Options Granted(a)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price Per Share	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Terms	
					5%	10%
Blake W. Nordstrom	53,233	2.20%	\$25.36	02/25/2012	\$849,001	\$2,151,535
Joel T. Stinson	35,489	1.47%	\$25.36	02/25/2012	\$566,006	\$1,434,370
James R. O Neal	28,835	1.19%	\$25.36	02/25/2012	\$459,883	\$1,165,433
Michael G. Koppel	28,835	1.19%	\$25.36	02/25/2012	\$459,883	\$1,165,433
Peter E. Nordstrom	31,053	1.28%	\$25.36	02/25/2012	\$495,257	\$1,255,079

(a) Options were granted at the fair market value of the Company's Common Stock on February 25, 2002, the date of the grant. To the extent not already exercisable, options generally become exercisable upon a sale of the Company or substantially all of its assets. These options vest and become exercisable in four equal annual installments beginning one year from the date of grant.

Option Exercises and Year End Value Table

The following table sets forth information concerning option exercises and the value of options held at January 31, 2003, by the Named Executive Officers:

Name	Number of Shares Acquired on Exercise	Dollar Value Realized(a)	Number of Unexercised Options Held at January 31, 2003		Dollar Value of Unexercised, In-The-Money Options held at January 31, 2003(a)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Blake W. Nordstrom	5,778	\$25,997	131,409	170,069	\$109	\$0
Joel T. Stinson	0	\$0	56,581	82,827	\$0	\$0
James R. O Neal	0	\$0	64,434	64,036	\$23	\$0
Michael G. Koppel	0	\$0	19,393	78,982	\$583	\$1,750
Peter E. Nordstrom	2,200	\$3,135	120,536	115,321	\$11,900	\$0

(a) Dollar value is based on the market value of the Company's Common Stock on the date of exercise or at January 31, 2003, as the case may be, minus the exercise price.

Pension Plan Table

The following table estimates annual benefits under the Supplemental Executive Retirement Plan (SERP) payable to each of the Named Executive Officers upon retirement. The estimates are based on average annual compensation and years of service without reduction for Company matching contributions under the Profit Sharing and 401(k) Plan.
