

NORDSTROM INC
Form DEF 14A
March 26, 2015
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. __)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §.240.14a-12

NORDSTROM, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

1617 Sixth Avenue, Seattle, Washington 98101-1707

March 26, 2015

Dear Shareholder,

We are pleased to invite you to join the Nordstrom Board of Directors and leadership team at the 2015 Annual Meeting of Shareholders in our hometown of Seattle. The meeting will take place on Tuesday, May 5, 2015 at 11:00 a.m. Pacific Daylight Time in the John W. Nordstrom Room at 1617 Sixth Avenue, 5th floor, in the downtown Seattle Nordstrom. If you are unable to be with us in person, please join the meeting live online at *investor.nordstrom.com*.

Our strategy is driven by the changing expectations of our customers. As our business evolves with the customer, the way we create value is evolving, too. Over the last several years we have accelerated our investments to support our strategy and to position the Company for continued growth. We are confident we have in place a highly capable management team as well as a diverse group of directors who are well qualified to oversee the success of the business and to represent all shareholders.

Since its founding, our Company's leaders, employees and Board have always sought to achieve the highest ethical standards in every aspect of our business including a commitment to strong corporate governance and financial integrity. We will continue to take a long-term view of our business, including new and existing governance practices and policies guided by our own rigorous Code of Conduct that reflects our commitment to all of our stakeholders. Doing what's right for our customers, employees and shareholders is the cornerstone of our Company that has served us well over the years and will continue to do so in the future.

In addition to this Proxy Statement, we encourage you to view our online Company Review at *nordstrom.com/companyreview* and read our 2014 Annual Report. There you will find a more complete picture of our performance and how we are working to increase shareholder value by improving the customer experience.

Finally, we encourage you to vote — regardless of the size of your share holdings. Every vote is important and your participation helps us do a better job of listening and acting on what matters to you as a shareholder. You can cast your vote online, by telephone, or by using a printed proxy card as outlined in this document.

On behalf of all of us at Nordstrom, we want to thank you for your continued support and ownership of the Company.

Sincerely,

Enrique Hernandez, Jr. Blake W. Nordstrom

Chairman of the Board President

Peter E. Nordstrom

Executive Vice President

Erik B. Nordstrom

Executive Vice President

and President – Merchandising and President – Nordstrom.com

NORDSTROM, INC. - 2015 Proxy Statement III

Table of Contents

<u>NOTICE OF ANNUAL MEETING OF SHAREHOLDERS</u>	<u>7</u>
<u>PROXY SUMMARY</u>	<u>8</u>
<u>FREQUENTLY ASKED QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING</u>	<u>11</u>
<u>CORPORATE GOVERNANCE</u>	<u>15</u>
<u>Our Corporate Governance Framework</u>	<u>15</u>
<u>Board Responsibilities, Leadership Structure and Role in Risk Oversight</u>	<u>15</u>
<u>Director Independence</u>	<u>16</u>
<u>Chairman of the Board and Presiding Director</u>	<u>16</u>
<u>Director Elections</u>	<u>17</u>
<u>Management Succession Planning</u>	<u>17</u>
<u>Communications with Directors</u>	<u>17</u>
<u>Board Committees and Charters</u>	<u>18</u>
<u>Board Meetings and Attendance</u>	<u>20</u>
<u>Attendance at the Annual Meeting of Shareholders</u>	<u>20</u>
<u>Director Compensation</u>	<u>20</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>21</u>
<u>Codes of Business Conduct and Ethics and Other Policies</u>	<u>22</u>
<u>Corporate Social Responsibility</u>	<u>22</u>
<u>Website Access to Corporate Governance Documents</u>	<u>22</u>
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	<u>23</u>
<u>AUDIT COMMITTEE REPORT</u>	<u>29</u>
<u>PROPOSAL 2 RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>30</u>
<u>EXECUTIVE OFFICERS</u>	<u>31</u>

[Back to Contents](#)

<u>COMPENSATION OF EXECUTIVE OFFICERS</u>	<u>32</u>
<u>Compensation Discussion and Analysis</u>	<u>32</u>
<u>Compensation Committee Report</u>	<u>41</u>
<u>Summary Compensation Table</u>	<u>42</u>
<u>Grants of Plan-Based Awards in Fiscal Year 2014</u>	<u>45</u>
<u>Outstanding Equity Awards at Fiscal Year-End 2014</u>	<u>47</u>
<u>Option Exercises and Stock Vested in Fiscal Year 2014</u>	<u>50</u>
<u>Pension Benefits</u>	<u>50</u>
<u>Fiscal Year 2014 Pension Benefits Table</u>	<u>51</u>
<u>Nonqualified Deferred Compensation</u>	<u>51</u>
<u>Fiscal Year 2014 Nonqualified Deferred Compensation Table</u>	<u>52</u>
<u>Potential Payments Upon Termination or Change in Control</u>	<u>52</u>
<u>PROPOSAL 3 ADVISORY VOTE REGARDING EXECUTIVE COMPENSATION:</u>	<u>57</u>
<u>SAY-ON-PAY PROPOSAL</u>	
<u>EQUITY COMPENSATION PLANS</u>	<u>58</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>59</u>
<u>Beneficial Ownership Table</u>	<u>59</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>61</u>
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	<u>62</u>
<u>Review and Approval Process</u>	<u>62</u>
<u>Related Party Transactions</u>	<u>62</u>
<u>OTHER MATTERS</u>	<u>63</u>
<u>2016 ANNUAL MEETING OF SHAREHOLDERS INFORMATION</u>	<u>64</u>
<u>Requirements and Deadlines for Submission of Proxy Proposals, Nomination of Directors and Other Business of Shareholders</u>	<u>64</u>
<u>APPENDIX A RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES</u>	<u>A-1</u>

[Back to Contents](#)

1617 Sixth Avenue, Seattle, Washington 98101-1707

**Notice of Annual Meeting
of Shareholders**

Tuesday, May 5, 2015

11:00 a.m. Pacific Daylight Time

John W. Nordstrom Room, Downtown Seattle Nordstrom, 1617 Sixth Avenue, 5th Floor, Seattle, WA 98101

The 2015 Annual Meeting of Shareholders (the “Annual Meeting”) of Nordstrom, Inc. (the “Company”) will be held for the following purposes:

1. To elect 13 Directors identified in the accompanying Proxy Statement to serve until the 2016 Annual Meeting of Shareholders;
2. To ratify the appointment of Deloitte & Touche LLP (“Deloitte”) as the Company’s Independent Registered Public Accounting Firm to serve for the 2015 fiscal year;
3. To conduct an advisory vote regarding the compensation of our Named Executive Officers; and
4. To transact any other business that may properly come before the Annual Meeting and any adjournment or postponement thereof.

You are eligible to vote if you were a shareholder of record at the close of business on March 2, 2015 (the “record date”). There were 190,405,729 shares of Common Stock issued and outstanding as of March 2, 2015.

Shareholders are invited to attend the Annual Meeting in person. Those who are hearing impaired or require other assistance should contact the Company at 206-303-3033 so that we may facilitate your participation at the Annual Meeting.

YOUR VOTE IS VERY IMPORTANT. Whether or not you intend to be present at the Annual Meeting, you are encouraged to vote.

Seattle, Washington

March 26, 2015

By order of the Board of Directors,

Robert B. Sari

Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2015 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 5, 2015

The accompanying Proxy Statement and the 2014 Annual Report on Form 10-K are available at *investor.nordstrom.com*

NORDSTROM, INC. - 2015 Proxy Statement 7

[Back to Contents](#)

PROXY SUMMARY

This summary highlights information described in more detail elsewhere in this Proxy Statement. It does not contain all of the information you should consider, and you should read the entire Proxy Statement carefully before voting. Page references are provided to help you find further information.

2015 Annual Meeting of Shareholders

Date and Time:	May 5, 2015 11:00 a.m. Pacific Daylight Time	Meeting Webcast:	<i>investor.nordstrom.com</i> , select Webcasts and Presentations and follow the instructions given. The webcast will be archived and available for one year following the Annual Meeting.
Place:	John W. Nordstrom Room Downtown Seattle Nordstrom 1617 Sixth Avenue, 5 th Floor Seattle, WA 98101-1707		

Eligibility to Vote

You can vote if you were a shareholder of record at the close of business on March 2, 2015.

How to Cast Your Vote (page 12)

You can vote by any of the following methods:

Internet (*www.proxyvote.com*), until 11:59 p.m. Eastern Daylight Time on May 4, 2015;

Telephone, if you requested printed materials, by using the toll-free number listed on your proxy card until 11:59 p.m. Eastern Daylight Time on May 4, 2015;

Mail, by completing, signing and returning your proxy or voting instruction card on or before May 4, 2015; or

In person, if you are a shareholder of record, by voting your shares at the Annual Meeting. If your shares are held in the name of a broker, nominee or other intermediary, you must obtain a proxy, executed in your favor, to bring to the meeting.

Voting Matters (page 11)

	Board Vote Recommendation FOR each Director Nominee	Page Reference (for more detail)
1. Election of Directors		23
2. Ratification of Appointment of Independent Registered Public Accounting Firm	FOR	30
3. Advisory Vote Regarding Executive Compensation	FOR	57

Board Nominees (page 24)

Name	Age	Director Since	Occupation	Committee Memberships	Other Public Company Boards
Shellye L. Archambeau*	52	2015	Chief Executive Officer of MetricStream, Inc.	Audit, Technology	Verizon, Inc.
Phyllis J. Campbell*	63	2004	Chairman of the Pacific Northwest Region of JPMorgan Chase & Co.	Audit, Finance	Alaska Air Group, Inc.
Michelle M. Ebanks*	53	2011	President of Essence Communications	Finance, Technology	
Enrique Hernandez, Jr.*	59	1997	President and Chief Executive Officer of Inter-Con Security Systems, Inc.	Compensation, Corporate Governance and Nominating	McDonald's Corporation, Wells Fargo & Company, Chevron Corporation
Robert G. Miller*	70	2005	Chief Executive Officer of Albertsons LLC	Audit, Finance (Chair)	
Blake W. Nordstrom	54	2005	President of Nordstrom, Inc.	N/A	
Erik B. Nordstrom	51	2006	Executive Vice President and President – Nordstrom.com	N/A	
Peter E. Nordstrom	53	2006	Executive Vice President and President – Merchandising	N/A	
Philip G. Satre*	65	2006	Retired Chief Executive Officer of Harrah's Entertainment, Inc.	Compensation, Corporate Governance and Nominating (Chair)	International Game Technology
Brad D. Smith*	50	2013	President and Chief Executive Officer of Intuit, Inc.	Audit, Technology	Intuit, Inc.
B. Kevin Turner*	49	2010	Chief Operating Officer of Microsoft Corporation	Compensation, Technology (Chair)	
Robert D. Walter*	69	2008	Founder and Retired Chairman and Chief Executive Officer of Cardinal Health, Inc.	Compensation (Chair), Corporate Governance and Nominating	American Express Company, YUM! Brands, Inc.
Alison A. Winter*	68	2001	Chief Executive Officer of Braintree Holdings, LLC	Audit (Chair), Corporate Governance and	

Nominating

**Independent Director.*

NORDSTROM, INC. - 2015 Proxy Statement 8

[Back to Contents](#)

Governance of the Company (page 15)

- 10 of 13 Directors are independent.
- Independent Directors meet regularly in executive session.
- The roles of President and Chairman of the Board are separate.
- Only independent Directors are Committee members.
- Director elections have a majority voting standard, and all Directors are elected annually.
- The Board has stock ownership guidelines for Directors and Executive Officers.
- Board, Committee and Director performance evaluations are conducted annually.
- The Board and its Committees are responsible for risk oversight.
- President and management succession planning is one of the Board's highest priorities.

Business Highlights

We consider 2014 a defining year in our Company's history. Over the past 12 months, we successfully entered Canada, expanded our Nordstrom Rack business through store growth and the launch of Nordstromrack.com, and acquired Trunk Club. These milestones are the outcome of our strategy to serve customers on their terms and to deliver the Nordstrom experience they expect. Several years ago, we began to accelerate growth in multiple channels to evolve the personalized customer experience that merges the richness of stores with the convenience of online. In 2014, we delivered tangible results in executing this strategy and some of these highlights are shown below. We look forward to the opportunities ahead as we continue our commitment to a best-in-class customer experience through service, product and capabilities across all channels at Nordstrom.

Achieved a new record for total net sales at over \$13 billion, a 7.8% increase over our previous high last year.

Generated earnings of \$720M reflecting consistent execution and ongoing investments to drive growth.

Delivered a 4.0% increase in comparable sales, with Nordstrom.com achieving 23% growth.

During the course of the year, we made significant progress in these areas:

Edgar Filing: NORDSTROM INC - Form DEF 14A

- Nearly 4 million customers acquired through Nordstrom Rack, representing our largest source of new customers.
- 5 consecutive years of 20%+ growth in Nordstrom.com sales, representing 15% of total Company net sales in 2014.
- Successful entry into Canada with our first full-line store in Calgary, Alberta.
- 2 U.S. store openings in The Woodlands, Texas and Jacksonville, Florida and 27 new Nordstrom Rack stores.
- Launch of Nordstromrack.com enabled through a seamless integration with HauteLook.
- Acquisition of Trunk Club, a high-growth business offering a new approach to personalized service.
- Over 10 million followers on our social media channels every day.
- 1 million new members added to Nordstrom Rewards program in each of the last three years.
- ...continuing to serve each customer in an exceptional way.

For more information, please see our Annual Report on Form 10-K or visit nordstrom.com/companyreview.

[Back to Contents](#)

Executive Compensation Highlights - Paying For Performance

In accordance with our pay-for-performance philosophy, the compensation program for our Named Executive Officers is straightforward in design and includes four primary elements: base salary, performance-based bonus, long-term incentives and benefits. Within these elements, we emphasize variable pay over fixed pay, with 80% of target compensation linked to our financial or market results. The program also balances the importance of these executives achieving both critical short-term objectives and long-term strategic priorities.

Our Variable Pay Reflects Company Performance

Under our pay-for-performance design, payouts to the Named Executive Officers in fiscal year 2014 were closely aligned with results for their variable pay components:

Performance-based bonuses paid out at approximately 83% of target Earnings Before Interest and Income Taxes (“EBIT”), as our Incentive ROIC achievement of 13.6% exceeded the established threshold of 12.5% and Incentive EBIT results of \$1,391 million exceeded the minimum performance milestone. These outcomes reflected total sales growth of 7.8% adding just under \$1 billion to our top line, partially offset by lower than expected gross profit performance. See page 37 to learn more about the performance-based bonus pay element including Incentive ROIC and Incentive EBIT results for 2014.

Performance share units granted under the long-term incentive plan paid out at 75% as our Total Shareholder Return (“TSR”) of approximately 19% over the 2012-2014 fiscal year performance cycle outpaced more than half of our retail peers, surpassing the minimum threshold of greater than 50th percentile rank. See page 38 to learn more about the long-term incentive pay element and results for 2014.

Payouts for these variable compensation elements in prior years have been closely aligned with Company results as well. The following graphs show performance-based payouts to President Blake Nordstrom relative to EBIT and TSR for fiscal year 2014 and the four prior years. This pattern of pay for performance is consistent for the Named Executive Officers during these periods.

Annual EBIT Results are used to determine bonus payout and, as in 2014, may reflect related adjustments under the Executive Management Bonus Plan. Beginning in 2013, Blake Nordstrom's target bonus opportunity was increased resulting in a higher payout for similar levels of performance. See page 37 to learn more about performance-based bonus including Incentive ROIC and Incentive EBIT.

3-Year TSR Results reflect payout when performance surpasses the minimum threshold relative to our peers. See page 38 to learn more about long-term incentive pay.

Based on these and other outcomes, the Committee believes that total direct compensation for our Named Executive Officers reflects our pay-for-performance objective, is well-aligned with shareholder interests and compares favorably relative to our peers.

For more information on executive compensation, please see the Compensation Discussion and Analysis starting on page 32.

[Back to Contents](#)

FREQUENTLY ASKED QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

1. Why am I receiving these materials?

The Company has made these materials available to you on the Internet or, upon your request, delivered printed versions of these materials to you by mail, because you were a shareholder of Nordstrom, Inc. as of March 2, 2015, the record date, and were entitled to receive notice of the 2015 Annual Meeting of Shareholders and to vote on matters that will be presented at the Annual Meeting.

2. What items will be voted on at the Annual Meeting?

Shareholders will vote on the following matters at the Annual Meeting:		Board Recommendation:	Page Reference (for more detail)
Proposal 1	To elect the 13 nominees to the Board of Directors (the “Board”) named in this Proxy Statement	FOR each Director Nominee	23
Proposal 2	To ratify the appointment of Deloitte & Touche as our Independent Registered Public Accounting Firm	FOR	30
Proposal 3	To conduct an advisory vote regarding the compensation of our Named Executive Officers	FOR	57
Other	Such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof		

3. How can I view the webcast? Where is the Annual Meeting being held?

You can view the live webcast of the Annual Meeting at *investor.nordstrom.com*. Select Webcasts and Presentations and follow the instructions given. If you would like to attend the Annual Meeting in person, it is being held in the John W. Nordstrom Room, which is located in the Downtown Seattle Nordstrom, 1617 Sixth Avenue, 5th Floor, Seattle, Washington, 98101-1707.

4. Why did I receive a Notice instead of a full set of proxy materials? How can I access the proxy materials online?

We are furnishing proxy materials to our shareholders primarily via the Internet as many of our shareholders prefer that method. By doing so, we increase the convenience of our proxy materials and reduce the environmental impact of our Annual Meeting, as well as save costs. On March 26, 2015, we mailed a Notice of Internet Availability of Proxy Materials (the “Notice”) to our shareholders who had not previously requested printed materials. The Notice contains instructions about how to access our proxy materials and vote online. If you would like to receive a paper copy of our

proxy materials, please follow the instructions included in the Notice. If you have previously chosen to receive our proxy materials electronically, you will receive access to these materials via email unless you elect otherwise.

5. What is a proxy and what is the purpose of this Proxy Statement?

If you designate another person to vote your stock, that other person is called a proxy. If you designate someone as your proxy in a written document, that document is also called a proxy or a proxy card. If you vote online or complete the proxy card enclosed with the materials sent by mail to give us your proxy, you will have designated Blake W. Nordstrom, our President, and Robert B. Sari, an Executive Vice President and our General Counsel and Secretary, as your proxies to vote your shares as you have directed. This Proxy Statement provides information about the matters to be voted on by shareholders at the Annual Meeting, along with other information regarding the governance of Nordstrom, including our Board Committee structure and executive compensation.

[Back to Contents](#)

6. What is the difference between a shareholder of record and a street name shareholder?

Many Nordstrom shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own names. As summarized below, there are some distinctions between shares held as a shareholder of record and those held in street name.

Shareholders of record: If your shares are registered directly in your name with Nordstrom's transfer agent, Computershare, you are considered the "shareholder of record" or a "registered shareholder," and the Notice or proxy materials are being sent directly to you by the Company. As the shareholder of record, you have the right to grant your voting proxy directly to Nordstrom or to vote in person at the Annual Meeting.

Street name shareholders: If your shares are held in a stock brokerage account or by a bank, trustee or nominee, you are considered the beneficial owner of shares held in "street name," and the Notice or proxy materials are being forwarded to you by your broker, bank or other holder of record who is considered the shareholder of record. As the street name shareholder you have the right to direct your broker, bank or other holder of record on how to vote your shares and you are invited to attend the Annual Meeting. Your broker, bank, trustee or nominee is obligated to provide you with a voting instruction form for you to use.

7. How do I cast my vote?

We encourage you to vote on the Internet or by telephone. It is convenient, and it saves us significant postage and processing costs. In addition, when you vote on the Internet or by telephone, your vote is recorded immediately and there is no risk that postal delays will cause your vote to arrive late and therefore not be counted. The method by which you vote your proxy will not limit your right to vote at the Annual Meeting if you decide to attend in person.

Shareholders of record: The Internet and telephone voting procedures are designed to verify that you are a shareholder of record by using a control number and allowing you to confirm that your voting instructions have been properly recorded. Internet and telephone voting for shareholders of record are available 24 hours a day and will close at 11:59 p.m. Eastern Daylight Time on May 4, 2015.

Voting on the Internet. You may vote on the Internet by using the voting portal found at www.proxyvote.com. You can then confirm that your instructions have been properly recorded.

Voting by Telephone. If you request printed materials, you may vote by telephone using the toll-free number listed on your proxy card. Voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

Voting by Mail. If you request printed materials, you may vote by signing, dating and returning your proxy card.

Voting in Person. You may vote your shares at the Annual Meeting.

Street name shareholders: You may vote by the method explained on the proxy card or the information you receive from the bank, broker or other record holder. If you are a street name shareholder, you must obtain a proxy, executed in your favor, from the bank, broker or other holder of record to be able to vote in person at the Annual Meeting.

Shareholders holding shares invested in the Company's 401(k) Plan: If you participate in the Company's 401(k) Plan, the number of shares of Common Stock in your account as of the record date are reflected on your proxy notice and may be voted as described above for shareholders of record. However, if your vote on those shares is not received by 11:59 p.m. Eastern Daylight Time on April 30, 2015, then the Nordstrom, Inc. Retirement Committee will vote those shares in the same proportion as all other 401(k) Plan shares that have been voted.

Shareholders holding shares purchased through the Company's Employee Stock Purchase Plan: If you hold Common Stock that you acquired through the Company's Employee Stock Purchase Plan, you are the beneficial owner of those shares and your shares may be voted as described above for street name shareholders.

8. What does it mean if I receive more than one Notice or package of proxy materials?

This means that you have multiple accounts holding Nordstrom shares. These may include: accounts with our transfer agent, Computershare; shares held in the Nordstrom 401(k) Plan or purchased through the Employee Stock Purchase Plan; and accounts with a broker, bank or other holder of record. Please vote all Notices, voting instruction forms and proxy cards that you receive to ensure that all of your shares are voted.

9. What is a quorum and what is the voting requirement to approve each of the proposals?

We will have a quorum and will be able to conduct the business of the Annual Meeting if at least 95,202,865 shares, a majority of the outstanding shares of Common Stock as of the record date, are present at the Annual Meeting, either in person or by proxy. Your shares will be counted toward the number needed for a quorum if you: (i) vote on the Internet or by telephone; (ii) submit a valid proxy card or voting instruction form; or (iii) in the case of a shareholder of record, attend the Annual Meeting and vote your shares in person.

[Back to Contents](#)

To elect directors and adopt the other proposals, the following votes are required:

Proposal	Vote Required	Discretionary Voting Allowed?
Election of Directors	Majority of Votes Cast	No
Ratification of the Appointment of Independent Registered Public Accounting Firm	Majority of Votes Cast	Yes
Advisory Vote Regarding Executive Compensation	Majority of Votes Cast	No

Under Washington corporation law and our Articles of Incorporation and Bylaws, the approval of any corporate action taken at a shareholder meeting is based on votes cast. “Votes cast” means votes actually cast “for” or “against” a particular proposal, whether by proxy or in person. Broker nonvotes (broker nonvotes and discretionary voting are explained in the answer to Question 12) and abstentions are not considered “votes cast” and have no effect on the proposals.

Election of Directors; Majority Vote Policy: In the election of Directors, the Company has adopted a majority voting standard as described in more detail on page 17 under Director Elections. Because this is an uncontested election, an incumbent director nominee will be elected if the votes cast “for” the nominee’s election exceed the votes cast “against” the nominee. If a director nominee does not receive the requisite votes, that Director’s term will end on the date on which an individual is selected by the Board to fill the position held by such Director or ninety (90) days after the date the election results are determined, whichever occurs first. You may vote “for,” “against” or “abstain” with respect to the election of each nominee.

Ratification of the Appointment of Independent Registered Public Accounting Firm: Under the Company’s Bylaws, the votes cast “for” must exceed the votes cast “against” to ratify the appointment of Deloitte as the Company’s independent registered public accounting firm for the fiscal year ending January 30, 2016. You may vote “for,” “against” or “abstain” on this proposal.

Advisory Vote Regarding Executive Compensation: The votes cast “for” must exceed the votes cast “against” to approve, on an advisory basis, the Company’s executive compensation program. You may vote “for,” “against” or “abstain” on this proposal.

10. Can I change my mind after I vote?

Yes, if you vote by proxy, you may revoke that proxy at any time before it is voted at the Annual Meeting. You may do this by:

- voting again on the Internet or by telephone prior to the Annual Meeting;
-

signing another proxy card with a later date and mailing it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717, prior to the Annual Meeting; or

- attending the Annual Meeting in person and delivering your proxy or casting a ballot.

11. What if I do not return my proxy card or voting instruction form or do not provide voting instructions?

Shareholders of record: If you are a registered shareholder and do not vote by Internet or phone or return your voted proxy card, your shares will not be voted. If you submit your proxy card with an unclear voting designation or no voting designation at all, your shares will be voted for the ratification of Deloitte, but not on any of the other proposals.

Street name shareholders: If you are a beneficial owner whose shares are held by a broker, your broker has discretionary voting authority under New York Stock Exchange (“NYSE”) rules to vote your shares for the ratification of Deloitte even if the broker does not receive voting instructions from you. However, your broker does not have discretionary authority to vote on the election of Directors, the advisory vote regarding executive compensation or on any shareholder proposal without instructions from you, in which case a broker nonvote will occur. Since shares that constitute broker nonvotes will not be included in vote totals and have no effect on the outcome of the election of Directors or the advisory vote regarding executive compensation, it is important that you instruct your broker on how to vote your shares.

Shareholders with shares invested in the Company’s 401(k) Plan: If your vote of shares held through the Company’s 401(k) Plan is not received by 11:59 p.m. Eastern Daylight Time on April 30, 2015, then the Company’s Retirement Committee will vote your shares in the same proportion as shares that have been voted in the 401(k) Plan. If you submit your proxy card with an unclear voting designation or no voting designation at all, your shares will be voted by the Retirement Committee “FOR” all proposals. If any additional proposals are properly presented at the Annual Meeting and any adjournment thereof, the Retirement Committee will vote on the additional proposals in accordance with its discretion.

12. Will abstentions or broker nonvotes affect the voting results?

If you abstain from voting on a proposal, or if a broker or bank indicates it does not have discretionary authority to vote on a proposal, the shares will be counted for the purpose of determining if a quorum is present, but will have no effect on the other proposals to be considered at the Annual Meeting since these actions do not represent votes cast by shareholders.

[Back to Contents](#)

13. Who will count the vote?

Broadridge Investor Communication Services (“Broadridge”) was appointed by the Board to tabulate the vote and act as Inspector of Election. Information about Broadridge is available at *broadridge.com*. Proxies and ballots that identify the votes of individual shareholders are kept confidential from the Company’s management and Directors. Only Broadridge, as the proxy tabulator and the Inspector of Election, has access to the ballots, proxy forms and voting instructions. Broadridge will disclose information taken from the ballots, proxy forms and voting instructions only in the event of a proxy contest or as otherwise required by law.

14. Where can I find the voting results of the Annual Meeting?

We intend to announce preliminary voting results at the Annual Meeting and publish final results on a current report on Form 8-K within four business days of the Annual Meeting. The Form 8-K will be available online under the “SEC Filings” tab at *investor.nordstrom.com*.

15. Who will bear the cost of this proxy solicitation?

Nordstrom will bear the cost of this proxy solicitation, including reimbursing banks and brokers for reasonable expenses of sending out proxy materials to street name shareholders.

16. What if I have additional questions that are not addressed here?

You may call Nordstrom Investor Relations at 206-303-3200, e-mail Investor Relations at *invrelations@nordstrom.com*, or call the Corporate Secretary’s Office at 206-303-2542.

[Back to Contents](#)

CORPORATE GOVERNANCE

Our Corporate Governance Framework

Since its founding, our Company's leaders and employees have always sought to maintain the highest ethical standards in every aspect of our business. Our corporate governance framework is designed to support this tradition of integrity, trust and unyielding commitment to do the right thing, which has served our customers and shareholders well over the years. We continue to strengthen existing governance practices and develop new policies that make us a better company. Our corporate governance framework, more fully discussed on the following pages, includes the following highlights:

Board Responsibilities, Leadership Structure and Role in Risk Oversight

The Board oversees, counsels and directs management in the long-term interests of the Company and our shareholders. The Board's responsibilities include:

- selecting and evaluating the performance of the President, President -Nordstrom.com and President - Merchandising;
- planning for succession with respect to the position of the President and monitoring management's succession planning for other senior executives;
- reviewing and approving our major financial objectives and strategic and operational plans and other significant actions;
- monitoring the conduct of our business and the assessment of our business risks to evaluate whether the business is being properly managed; and
- overseeing the processes for maintaining our integrity with regard to our financial statements and other public disclosures, and compliance with laws and our ethics.

At this time, the Board believes that different people should hold the positions of Chairman of the Board and President, as this may strengthen corporate governance and aid in the Board's oversight of management. Currently, Enrique Hernandez, Jr. serves as Chairman of the Board and Blake Nordstrom serves as President. The President, President - Nordstrom. com and President - Merchandising are responsible for day-to-day leadership and performance of the Company, while the Chairman of the Board provides guidance to these Presidents and presides over the full

Board. The duties of our Chairman of the Board are more fully described in the Chairman of the Board and Presiding Director section on page 16. The Board believes that this leadership structure also aids in the Board's oversight of risk and strengthens risk management.

NORDSTROM, INC. - 2015 Proxy Statement 15

[Back to Contents](#)

The full Board has primary responsibility for oversight of risk management, and has assigned to the Board's standing Committees the specific focus of the risks inherent in their respective areas of oversight. The full Board:

- considers and reviews the Company's risk appetite, which is the amount of risk the organization is willing and able to accept;
- oversees management's implementation of an appropriate system to manage risks (i.e., to identify, assess, mitigate, monitor, and communicate these risks) and monitors improvements in this process as the business environment changes;
- provides risk oversight through the Board's committee structure and processes; and
- manages directly certain risks, in particular, the risks associated with the Company's strategic direction, which are reviewed at an annual strategy planning meeting and periodically throughout the year.

The Company has a comprehensive, structured approach to managing risks, which are identified, assessed, prioritized and managed at all levels within the Company through an enterprise risk management process which is aligned with the Company's strategy. Under this framework, management is responsible for assessing and managing the Company's exposure to risks. Management regularly reports on risks to the relevant Committee or the Board. The Board and its Committees discuss the various risks confronting the Company throughout the year, particularly when reviewing operating and strategic plans and when considering specific actions for approval. The risks are classified into four major categories: Strategic, Compliance, Operational and Financial, and mapped for the appropriate management and Board (and Committee) oversight.

Through the risk oversight process, the Board: (i) obtains an understanding of the risks inherent in the Company's strategy and management's execution of the strategy within the agreed risk appetite; (ii) accesses useful information from internal and external sources about the critical assumptions underlying the strategy; (iii) is alert for possible dysfunctional behavior within the organization which might lead to excessive risk taking; (iv) provides input to executive management regarding critical risk issues on a timely basis; and (v) encourages open communication and appropriate escalation of reporting of risk throughout the enterprise, striving to ensure that risk management is part of the corporate culture. The Board's leadership structure and the collective knowledge and experience of its members promotes a broad perspective, open dialogue and useful insights regarding risk, thereby increasing the effectiveness of the Board's role in risk oversight.

Director Independence

A Director is considered independent when our Board affirmatively determines that he or she has no material relationship with the Company, other than as a Director. Our Board makes this determination in accordance with the standards set forth in our Corporate Governance Guidelines, which are consistent with the listing standards of the NYSE and Securities and Exchange Commission ("SEC") rules. In making this determination, the Board considers existing relationships between the Company and Directors, whether directly or as a partner, shareholder or officer of

an organization that has a relationship with the Company. The Board has affirmatively determined that the following Director nominees are independent within the meaning of the listing standards of the NYSE and the Company's Corporate Governance Guidelines, and that none of these Director nominees have a material relationship with the Company other than as a Director.

Shellye L. Archambeau
Phyllis J. Campbell
Michelle M. Ebanks
Enrique Hernandez, Jr.
Robert G. Miller
Philip G. Satre
Brad D. Smith
B. Kevin Turner
Robert D. Walter
Alison A. Winter

Chairman of the Board and Presiding Director

The Company has a Chairman of the Board who is also an independent Director and who serves as the Presiding Director within the meaning of the listing standards of the NYSE. Currently, Enrique Hernandez, Jr. serves as the Company's Chairman of the Board.

The Chairman of the Board is appointed annually by the Board. As described in the Company's Bylaws, Corporate Governance Guidelines and Charter of the Corporate Governance and Nominating Committee, the Chairman of the Board:

- presides at meetings of the Board;
- assists in establishing the agenda for each Board and Board Committee meeting;
- serves as the Presiding Director to lead regular executive sessions of the Board in which only independent Directors participate;
- calls special meetings of the Board and/or the shareholders;
- provides input and support to the Chair of the Corporate Governance and Nominating Committee on nominees to fill vacant Board seats and the selection of Committee Chairs and membership on Board Committees;
- advises the President, President - Nordstrom.com and President -Merchandising, and other members of the Executive Team, on such matters as strategic direction, corporate governance and overall risk assessment; and

- performs other duties that the Board may from time to time delegate to assist the Board in the fulfillment of its responsibilities.

NORDSTROM, INC. - 2015 Proxy Statement 16

[Back to Contents](#)

Director Elections

The Company's Bylaws provide that, in an uncontested election, a Director nominee will be elected if the number of votes cast for the nominee's election exceeds the number of votes cast against the nominee's election. An incumbent Director nominee who fails to receive the requisite votes for election will continue to serve as a Director until the earlier of: (i) 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 to fill the position held by such Director. In any election which is a contested election (meaning that the number of director nominees exceeds the number of directors to be elected), the standard for election of directors is 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.

Management Succession Planning

The Board and management believe that one of their primary responsibilities is to ensure that the Company has the appropriate leadership capability to effectively deliver upon its business commitments. The Company's management is actively engaged and involved in leadership development, having regular discussions of the leadership capabilities of the organization and the attraction, development and retention of critical talent to promote future success. In addition to the Company's regular review of leadership capabilities, the Board annually conducts a detailed review of the talent strategies for the entire organization and reviews succession plans for senior leadership positions, including that of the President. The Board reviews high-potential employees, evaluates plans to develop their management and leadership capabilities and sanctions the strategies used to deploy these individuals most effectively. In addition to the annual review, succession is regularly discussed in executive sessions of the Board and in Board Committee meetings, as applicable. Directors become familiar with potential successors for key leadership positions through various means, including the comprehensive annual talent and succession review, Board meeting presentations and less formal interactions throughout the course of the year.

Our entire Board, with the oversight of our Corporate Governance and Nominating Committee, is responsible for implementing succession procedures for the President. We believe that the Board, led by our Chairman, should collaborate with the President on the critical aspects of the succession planning process, including establishing selection criteria, identifying and evaluating candidates and making management succession decisions. The Board has procedures in place to respond to an unexpected vacancy in the President's position, including a detailed review of the succession plan annually by the Corporate Governance and Nominating Committee. It is the Board's practice to be prepared for a planned or unplanned change in leadership in order to ensure the stability of the Company.

Communications with Directors

Shareholders and other interested parties may communicate with Directors by contacting the Corporate Secretary's Office at:

Telephone: 206-303-2542

Internet: *board@nordstrom.com*

Mail: Nordstrom, Inc.
1700 Seventh Avenue
Seattle, Washington 98101-4407
Attn. Corporate Secretary

The Secretary will relay the question or message to the specific Director with whom the shareholder or interested party wishes to communicate. If no specific Director is requested, the Secretary will relay the question or message to the Chairman of the Board. Certain items that are unrelated to the duties and responsibilities of the Board, such as business solicitations, advertisements, junk mail and other mass mailings will not be relayed to Directors.

The Audit Committee has established procedures to respond to possible concerns about ethics and accounting-related practices. To report your concerns, you may use the Company's confidential Whistleblower Hotline at:

Telephone: 1-888-832-8358

Internet: *ethicspoint.com*

Your concerns will be investigated and communicated to the Audit Committee, as necessary.

NORDSTROM, INC. - 2015 Proxy Statement 17

[Back to Contents](#)**Board Committees and Charters**

The Board has a standing Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, Finance Committee and Technology Committee. Each Committee has a Board-approved Charter which is reviewed annually by the respective Committee. Recommended changes, if any, are submitted to the Corporate Governance and Nominating Committee and the Board for approval. The Board makes Committee and Committee Chair assignments annually at its meeting immediately following the Annual Meeting of Shareholders, although further changes to Committee assignments may be made from time to time as deemed appropriate by the Board. The Board has determined that the Chairs and all Committee members are independent under the applicable NYSE rules. Committee Charters and current Committee membership are posted on our website at *investor.nordstrom.com* and may be viewed by selecting Corporate Governance. The Chairs and members of the Committees as of the date of this Proxy Statement are identified in the following table.

Director	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Finance Committee	Technology Committee
Shellye L. Archambeau					
Phyllis J. Campbell					
Michelle M. Ebanks					
Enrique Hernandez, Jr.					
Robert G. Miller					
Philip G. Satre					
Brad D. Smith					
B. Kevin Turner					
Robert D. Walter					
Alison A. Winter					
<i>Chair</i>					

Audit Committee

As more fully described in its Charter, the primary responsibility of the Audit Committee is to assist the Board in fulfilling its oversight responsibility by reviewing and appraising:

- the integrity of the Company's financial statements;
- 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 and ethics programs as established by management
- and the Board, which shall be in conjunction with any recommendations by the Corporate Governance and Nominating Committee with respect to the corporate governance standards;
- the reports resulting from the performance of audits by the independent auditor and the internal audit team;
- the qualifications, independence and performance of the Company's independent auditors; and
- the performance of the Company's internal audit team.

The Audit Committee meets regularly with the independent registered public accounting firm and management, including the Vice President – Internal Audit, to review accounting, auditing and financial reporting processes, enterprise risk management, and compliance with laws and regulations. The Audit Committee also meets privately and separately with the independent registered public accounting firm, the Executive Vice President and Chief Financial Officer and the Vice President – Internal Audit.

In addition to meeting the independence requirement for audit committee members, each current member of the Audit Committee also meets the financial literacy and experience requirements contained in the corporate governance listing standards of the NYSE. The Board has determined that all Audit Committee members qualify as “audit committee financial experts” under the regulations of the SEC. Although all members of the Audit Committee meet the current regulatory requirements for accounting or related financial management expertise and the Board has determined that each of them qualifies as an “audit committee financial expert,” members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not technical experts in auditing or accounting.

[Back to Contents](#)

Compensation Committee

As more fully described in its Charter, the primary responsibilities of the Compensation Committee are to:

- approve an overall compensation philosophy for the Company's Executive Officers in light of the Company's goals and objectives. The Executive Officers are referenced on page 31 and include the Named Executive Officers shown in the Compensation Discussion and Analysis on page 32 and other business unit presidents and Company executives over major organizational functions reporting to the President or other senior executives;
- select performance measures aligned with the Company's business strategy;
- review and approve the Company's executive cash and equity-based compensation plans;
- review and approve any benefit plans, retirement and deferred compensation or other perquisites offered to the Executive Officers and other eligible employees; and
- review the Company's compensation practices so that they do not encourage imprudent risk taking.

The Committee has the sole authority to retain such consultants and advisors as it may deem appropriate and to approve related fees and other retention terms. The Committee has retained Semler Brossy Consulting Group, LLC, an independent compensation consulting firm, to advise the Committee on executive compensation and benefit matters. Semler Brossy reports directly to the Committee, provides services only as directed by the Committee or other Committees of the Board and has no other relationship with the Company. During 2014, all fees paid to Semler Brossy for services were related exclusively to executive or Director compensation. The Compensation Committee has assessed the independence of Semler Brossy pursuant to NYSE rules and determined that Semler Brossy is independent and its work for the Compensation Committee does not raise any conflict of interest.

A consultant from Semler Brossy attends Committee meetings in person or by phone and supports the Committee by providing independent expertise on market practices and trends in executive compensation within the general industry and the peer group defined for such purposes. Additionally, the consultant provides advice regarding the composition of the Company's peer group and management's analysis of peer group practices for base salary, performance-based bonus, long-term incentives and other compensation elements, including advice on management's proposed levels of executive compensation. Semler Brossy also advises the Committee on compensation program design including incentive structure, stock ownership guidelines, regulatory requirements related to executive compensation, plans submitted to shareholders for approval, governance responsibilities, and such other matters as assigned by the Committee from time to time as necessary to carry out its responsibilities under its Charter.

Corporate Governance and Nominating Committee

As more fully described in its Charter, the primary responsibilities of the Corporate Governance and Nominating Committee are to:

- review and recommend individuals to the Board for nomination as members of the Board and its Committees;
- review possible conflicts of interest of Board members and the Company's Executive Officers;
- develop and review the Company's Corporate Governance Guidelines;
- review and consider revisions to the corporate governance standards contained in the Company's Codes of Business Conduct and Ethics;
- review and recommend approval of the policies and practices of the Company in the area of corporate governance;
- review the Committee's new director orientation program and continuing director education programs;
- produce and provide to the Board an annual performance evaluation of the Board, the Directors, Committee Chairs and each Committee of the Board;
- establish succession procedures in the case of an emergency or the retirement of the President;
- recommend to the Board the form and amount of director compensation; and
- review the overall performance of the Presidents on an annual basis.

Finance Committee

As more fully described in its Charter, the primary responsibilities of the Finance Committee are to:

- assist the Board in fulfilling its oversight responsibilities with respect to the Company's capital structure, financial policies, capital investments, business and financial planning and related matters;
- review and appraise the Company's tax strategies and the implications of actual or proposed tax law changes;
- review and appraise the Company's dividend payment and share repurchase strategies, banking relationships and borrowing facilities and cash management; and
- monitor the rating assigned by rating agencies to the Company's long-term debt.

Additionally, in conjunction with the Technology Committee, the Committee makes recommendations to the Board with respect to investments in technology.

[Back to Contents](#)

Technology Committee

As more fully described in its Charter, the primary responsibilities of the Technology Committee are to:

- assist the Board in its oversight with respect to the Company's technology strategy;
- review and appraise the Company's technology acquisition and development process to assure ongoing business growth;
- review and appraise the Company's data management and automation processes, and measurement and tracking systems; and
- review and appraise the Company's policies and safeguards for information technology and data security.

Additionally, in conjunction with the Finance Committee, the Committee makes recommendations to the Board with respect to investments in technology.

Board Meetings and Attendance

The Board held six meetings during the past fiscal year, one of which was devoted principally to Company strategy. During the past fiscal year, the Audit Committee held eleven meetings, the Compensation Committee held five meetings, the Corporate Governance and Nominating Committee held four meetings, the Finance Committee held four meetings and the Technology Committee held three meetings. Each Director attended at least 75% of the aggregate of all meetings of the Board and the Committees on which he or she served during the year and overall attendance at the meetings, on a combined basis, was 97%. Independent members of the Board met at each quarterly meeting of the Board in executive session without management present.

Attendance at the Annual Meeting of Shareholders

Although all members of the Board are expected to attend each Annual Meeting of Shareholders, the Company has not adopted a formal policy on Board member attendance. All Directors attended the 2014 Annual Meeting of Shareholders, and all Director nominees have indicated their intent to attend the Annual Meeting. Shareholders are encouraged to direct any questions that they may have to the Directors or management at that time.

Director Compensation

The Company's pay-for-performance philosophy for Director compensation reflects the Board's belief that payment of a majority of the Director fees in the form of Common Stock aligns the interests of Directors with the interests of the Company's shareholders and enhances Director compensation when the Company performs well. The Board believes that the Director fees paid by the Company should be competitive with other companies of similar characteristics.

Employee Directors of the Company are not paid any fees for serving as members of the Board or any Board Committee. Nonemployee Director compensation consists of the following elements:

Annual Compensation Elements for 2014	Amount (\$)^(a)
Cash Retainer	85,000
Chairman of the Board Retainer	200,000
Audit Committee Chair Retainer	20,000
Compensation Committee Chair Retainer	20,000
Corporate Governance and Nominating Committee Chair Retainer	15,000
Finance Committee Chair Retainer	15,000
Technology Committee Chair Retainer	15,000
Audit Committee Liaison to Nordstrom fsb Board Retainer	20,000
Director Equity Grant of Common Stock Award having a value of	140,000
Chairman of the Board Equity Grant of Common Stock having a value of	250,000
<i>(a) Directors may elect to take some or all of their cash retainer fees in Common Stock.</i>	

Under the Director Stock Ownership Guidelines, Directors are currently required to own Common Stock having a value of at least \$425,000 by their fifth anniversary of joining the Board. As of March 2, 2015, each Director nominated for election at the Annual Meeting had either satisfied these ownership guidelines or had time remaining to do so.

[Back to Contents](#)**Director Summary Compensation Table**

During the fiscal year ended January 31, 2015, nonemployee Directors of the Company received the following compensation for their services:

Name	Fees Earned or Paid in Cash	Stock Awards	All Other Compensation	Total
	(\$)(a)(b)	(\$)(b)(c)	(\$)(d)	(\$)
Shellye L. Archambeau ⁽¹⁾	—	—	—	—
Phyllis J. Campbell	85,000	139,966	7,876	232,842
Michelle M. Ebanks	85,000	139,966	4,130	229,096
Enrique Hernandez, Jr.	285,000	389,926	5,445	680,371
Robert G. Miller	100,000	139,966	8,127	248,093
Philip G. Satre	100,000	139,966	2,303	242,269
Brad D. Smith	85,000	139,966	316	225,282
B. Kevin Turner	99,984	139,966	24,603	264,553
Robert D. Walter	105,000	139,966	6,154	251,120
Alison A. Winter	125,000	139,966	1,833	266,799

(1) Ms. Archambeau joined the Board of Directors in February 2015, following the end of the fiscal year.

(a) Fees Earned or Paid in Cash

The amounts reported reflect the cash fees paid to each nonemployee Director, whether or not such fees were deferred or taken as Common Stock. In addition to the \$85,000 annual retainer, Mr. Hernandez received \$200,000 for service as Chairman of the Board; Mr. Miller and Mr. Satre each received \$15,000 for service as the Finance Committee Chair and Corporate Governance and Nominating Committee Chair, respectively. Mr. Turner received \$15,000 for service as the Technology Committee Chair and elected to take his cash fees in Common Stock. Mr. Walter received \$20,000 for service as the Compensation Committee Chair, and Ms. Winter received \$20,000 for service as the Audit Committee Chair and \$20,000 for service as Audit Committee Liaison.

(b) Deferred Compensation Program

Nonemployee Directors may elect to defer all or a part of their cash retainers and stock awards under the Nordstrom Directors Deferred Compensation Plan (“Directors Plan”). Directors are required to make advance elections to defer the receipt of fees or stock awards, and all deferral elections generally are irrevocable. Directors are also required to make advance elections about the form and timing of distribution of their deferred cash fees or stock awards.

Cash deferrals may be directed among 19 deemed investment alternatives and gains and losses for cash deferrals are posted to the Director's account daily based on their investment elections. In addition, plan participants are offered a fixed rate option of 5%, which is not subsidized by the Company, but rather is a rate based on guaranteed contractual returns from a third-party insurance company provider. Deferred stock awards are credited to the Director's account as units. Each unit in the Directors Plan is equal in value to the price of one share of Common Stock. Each deferred unit is credited with dividends, in the form of additional units, to the same extent as a share of Common Stock.

During the fiscal year ended January 31, 2015, Mr. Walter deferred 100% of his stock award into the Directors Plan.

(c) Stock Award

The amounts reported reflect the grant date fair value associated with each Director's stock awards. Fractional shares are not awarded or paid in cash. In recognition of the significant time and attention in performing the duties required of the position, our Chairman of the Board is annually awarded, on the date of the Company's Annual Meeting, an additional stock award having a value of \$250,000.

(d) All Other Compensation

All Directors, their spouses and eligible children may participate in the Company's merchandise discount program. The program provides discounts ranging from 20% for eligible nonmanagement employees up to 33% for eligible management and high-performing nonmanagement employees and Directors. A 40% discount is available at certain times of the year on specified merchandise. These discounts vary somewhat by source and type of merchandise or service. During the fiscal year ended January 31, 2015, All Other Compensation consisted only of merchandise discounts.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended January 31, 2015, no member of the Compensation Committee was an employee, officer or former officer of the Company or any of its subsidiaries, and no Executive Officer of the Company served on the board of directors or compensation committee of any entity that has one or more directors, or compensation committee of any entity that has one or more Executive Officers, serving as a member of the Company's Board or Compensation Committee.

[Back to Contents](#)

Codes of Business Conduct and Ethics and Other Policies

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees, including our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions.

We have also adopted a Directors' Code of Business Conduct and Ethics that applies to all of our Directors. A grant of a waiver from a provision of the codes requiring disclosure under applicable SEC rules, if any, will be disclosed on our website at *investor.nordstrom.com* under Corporate Governance.

We have a policy that prohibits Directors and Executive Officers (as well as other key insiders and their immediate family members) from engaging in hedging or short sale transactions with respect to the Company's Common Stock. We also have a policy with respect to pledging of Common Stock, which subjects Directors and Executive Officers to a preclearance requirement and restrictions, including that pledged shares may not be counted toward the Company's stock ownership guidelines. As a group, our Executive Officers, in the aggregate, have less than 0.5% of the Company's outstanding shares pledged to third parties and are compliant with our policy.

Corporate Social Responsibility

Our goal is to operate our business with the utmost integrity and serve our customers, employees and shareholders in a way that is deserving of their support and trust. Social responsibility is something we take pride in ensuring every day. We actively pursue solutions to reduce our environmental impact, contribute to the communities we serve, and respect the rights of workers who create our products. We believe that both transparency and collaboration are key to progress in all of these areas. As such, we will continue to work with and learn from interested parties. More information can be found on this and other subjects at *nordstrom.com* under Nordstrom Cares.

Website Access to Corporate Governance Documents

The Charters for each of the standing Committees of the Board, the Company's Corporate Governance Guidelines, the Employee Code of Business Conduct and Ethics, and the Directors' Code of Business Conduct and Ethics, as well as all Company filings made with the SEC, may be accessed through our website at *investor.nordstrom.com*, under Corporate Governance and SEC Filings

[Back to Contents](#)

PROPOSAL 1 ELECTION OF DIRECTORS

The Board recommends a vote FOR each nominee.

Thirteen nominees, recommended by the Company's Board of Directors, will be elected at the Annual Meeting, each to hold office until the 2016 Annual Meeting of Shareholders and until their successors have been duly elected and qualified. All of the nominees, who are listed in this Proposal 1, are currently Directors of the Company.

Director Qualifications and Experience

The Board, acting through the Corporate Governance and Nominating Committee, seeks a Board that, as a whole, possesses the experience, skills, backgrounds and qualifications appropriate to function effectively in light of the Company's current and evolving business circumstances. The Committee reviews the size of the Board, the tenure of our Directors and their skills, backgrounds and experiences in determining the slate of nominees and whether to seek one or more new candidates. The Committee seeks directors with established records of significant accomplishments in business and areas relevant to our strategies. With respect to the nomination of continuing Directors for re-election, the individual's prior contributions to the Board are also considered.

All of our Directors bring to our Board a wealth of executive leadership experience derived from their service as executives and, in most cases, chief executive officers of large corporations. As a group, they also bring extensive board experience. The process undertaken by the Committee in recommending qualified director candidates is described in the Director Nominating Process below.

Director Nominating Process

The Corporate Governance and Nominating Committee is responsible for identifying and recommending to the Board the nominees to stand for election as directors at each Annual Meeting of Shareholders or, if applicable, at a special meeting of shareholders.

In nominating director candidates, the Committee considers such factors as it deems appropriate, including whether there are any evolving needs of the Board with respect to a particular field, skill or experience. These factors may include judgment, skill, experience with businesses and other organizations, the candidate's experience relative to the experience of other members of the Board and the extent to which the candidate would be a desirable addition to the Board and any Committees of the Board. In addition to these factors, the Committee may also consider a director

candidate's diversity of background during the evaluation and selection process of director candidates. In this context, diversity is broadly construed to mean varied skills, backgrounds and experiences, which include gender and ethnicity, as well as other differentiating characteristics, all in the context of the requirements and needs of the Board at that point in time. The Committee, however, does not have a formal policy regarding how diversity of background should be applied in identifying or evaluating director candidates, and, depending on the current needs of the Board, the Committee may weigh certain factors more or less heavily. The goal of the Committee is to assist the Board in attracting competent individuals with the requisite management, financial and other expertise who will act as directors in the best interests of the Company and its shareholders.

The Committee will consider the qualifications of director candidates recommended by shareholders, and evaluate each of them using the same criteria the Committee uses for incumbent candidates. Shareholders who wish to submit nominees for election as directors should follow the procedures described on page 64.

No director candidates were recommended by our shareholders for election at the Annual Meeting.

[Back to Contents](#)

Our Director Nominees

Information related to the Director nominees as of March 26, 2015 is set forth below, including age, and the particular experience, qualifications, attributes or skills that led the Board to conclude that the person should serve as a Director for the Company.

Shellye L. Archambeau

Director since 2015

Age 52

Specific qualifications, experience, skills and expertise:

- Operating and senior management experience, including experience as a chief executive officer
- Core business, management and enterprise risk skills
- Expertise in e-commerce, marketing and emerging technologies
- Public company director and committee experience

Chief Executive Officer of MetricStream, Inc., a global provider of governance, risk, compliance and quality management solutions to corporations across diverse industries, since 2002. Prior to joining MetricStream, Ms. Archambeau was Chief Marketing Officer and Executive Vice President of Sales for Loudcloud, Inc., a provider of Internet infrastructure services, from 2001 to 2002; Chief Marketing Officer of NorthPoint Communications from 2000 to 2001; and President of Blockbuster Inc.'s e-commerce division from 1999 to 2000. Before joining Blockbuster, Ms. Archambeau held domestic and international executive positions during a 15-year career at IBM. Ms. Archambeau has been a director of Verizon, Inc. since December 2013. She served as a director of Arbitron, Inc. from 2005 to 2013.

Ms. Archambeau brings to the Board, among other skills and qualifications, leadership experience in technology, e-commerce, digital media and communications, as well as financial and accounting skills. Her technology and international experience uniquely positions her to advise the Board and senior management on global operations and on technology innovations to elevate the customer experience.

Phyllis J. Campbell

Director since 2004

Age 63

Specific qualifications, experience, skills and expertise:

- Operating and senior management experience, including in the financial sector and its retail applications
- Core business, management and leadership skills
- Expertise in accounting, risk management and marketing
- Public company director and committee experience

Chairman of the Pacific Northwest Region of JPMorgan Chase & Co., a global financial services firm, since 2009. President and Chief Executive Officer of The Seattle Foundation, a community-based philanthropic organization, from 2003 to 2009. President and Chief Executive Officer of US Bank of Washington, a division of US Bancorp, from 1993 to 2001. Ms. Campbell held various other management positions of increasing responsibility with US Bank of Washington from 1989 to 1993. Ms. Campbell has been a director of Alaska Air Group, Inc. since 2002 and Lead Independent Director since 2010. She served as a director of Puget Energy, Inc. from 1999 to 2009 and as a director of its subsidiary, Puget Sound Energy, Inc. from 1993 to 2009.

Ms. Campbell brings to the Board her extensive experience in the financial sector and her senior leadership skills developed in her executive role with a national bank and prior role as chief executive officer of a large philanthropic organization, as well as her public company board experience.

Michelle M. Ebanks

Director since 2011

Age 53

Specific qualifications, experience, skills and expertise:

- Operating and senior management experience at a global media and communications company
- Core business, management and leadership skills
- Expertise in media, publishing and communications

- Authority on marketing to multicultural audiences

President of Essence Communications, a media and communications company and subsidiary of Time Inc., since 2005, and Group Publisher since 2001. Prior to that, Ms. Ebanks served as Senior Vice President and Chief Operating Officer of Time and Essence Magazines Partnership from 1999 to 2001. Ms. Ebanks was General Manager of Time, Inc.'s Money Magazine from 1998 to 1999 and Financial Director from 1996 to 1998. From 1985 to 1996, Ms. Ebanks held a number of management and financial positions of increasing responsibility with Condé Nast Publications, including Corporate Business Manager from 1993 to 1996.

Ms. Ebanks brings to the Board her key executive management, finance and operations experience in the media and communications arena, and a unique perspective on marketing to multicultural audiences.

NORDSTROM, INC. - 2015 Proxy Statement 24

[Back to Contents](#)

Enrique Hernandez, Jr.

Director since 1997

Age 59

Specific qualifications, experience, skills and expertise:

- Operating and senior management experience, including experience as chief executive officer of a regulated global corporation
- Core business, management and leadership skills, and legal expertise
- Expertise in communication and consumer marketing
- Public company director and committee experience, including experience as chairman of the board

President and Chief Executive Officer of Inter-Con Security Systems, Inc., a worldwide security and facility support services provider, since 1986 and Executive Vice President and Assistant General Counsel from 1984 to 1986. Prior to joining Inter-Con Security Systems, Mr. Hernandez, who is a licensed attorney, practiced law with the firm of Brobeck, Phleger & Harrison in Los Angeles. Mr. Hernandez has been a director of McDonald's Corporation since 1996, Wells Fargo & Company since 2003 and Chevron Corporation since 2008. Mr. Hernandez served as a director of the Tribune Company from 2001 to 2007.

Mr. Hernandez brings to the Board executive, operational, executive compensation and legal experience with a regulated business with a large number of employees in the United States and abroad, as well as key marketing skills, experience in corporate governance matters and working with diverse boards of directors, management oversight, risk assessment and expertise in responding to complex financial, operational and strategic challenges.

Robert G. Miller

Director since 2005

Age 70

Specific qualifications, experience, skills and expertise:

- Operating and senior management experience, including experience as a chief executive officer of a national retail business

- Core business, management and leadership skills
- Financial, investment and strategic expertise
- Public company director and committee experience, including experience as chairman of the board

Chief Executive Officer of Albertsons LLC, a retail grocery chain, since 2006. Prior to joining Albertsons, Mr. Miller was Chief Executive Officer of Rite Aid Corporation, a retail pharmacy chain, from 1999 to 2003, and Chairman of the Board from 1999 to 2007. Mr. Miller was Vice Chairman and Chief Operating Officer of The Kroger Co., a grocery supermarket company, during 1999, Vice Chairman of the Board and Chief Executive Officer of Fred Meyer, Inc., a grocery supermarket company, from 1998 to 1999 and Chairman of the Board and Chief Executive Officer of Fred Meyer, Inc. from 1991 to 1998. He served as a director of SuperValu, Inc. from March 2013 to December 2013, Rite Aid Corporation from 1999 to 2011, and Harrah's Entertainment, Inc. from 1999 to 2008.

Mr. Miller's experiences at Fred Meyer, Rite Aid and Albertsons, which operate multi-store retail businesses in a highly competitive marketplace, provide him with financial, accounting, strategic and operational skills and experience acquiring and divesting assets. Mr. Miller's extensive experience in the consumer products and retail industries enables him to provide insights that are invaluable to the Board. Further, Mr. Miller's broad board experience at SuperValu, Rite Aid, Kroger, Fred Meyer and Harrah's has provided him key skills in working with directors, understanding board processes and functions, responding to complex financial, operational and strategic challenges and overseeing management.

Blake W. Nordstrom

Director since 2005^(a)

Age 54

Specific qualifications, experience, skills and expertise:

- Unique perspective and retail insights into the business, including competitive and financial positioning, senior leadership and strategic opportunities and challenges
- Operating, business and senior management experience at a national retail corporation
- Financial expertise
- Core business, management and leadership skills

President of Nordstrom, Inc. since August 2000. Mr. Nordstrom previously served as Executive Vice President and President of Nordstrom Rack from February 2000 to August 2000, and as Co-President of the Company from 1995 to

February 2000. Mr. Nordstrom has held various other management and sales positions of increasing responsibility since joining the Company in 1975. He served as a director of the Federal Reserve Bank of San Francisco, Seattle Branch, from 2004 to 2006 and as a director of the Federal Reserve Bank of San Francisco from 2007 to 2012. Mr. Nordstrom served as a director of Whole Foods, Inc. from 2011 to 2012.

Mr. Nordstrom's positions of increasing responsibility with the Company over more than 35 years, including diverse executive and operational roles, give him a customer-centric perspective in retailing and supporting the business of the Company.

Blake, Erik and Peter Nordstrom are brothers, great grandsons of the Company's founder and the second cousins (a) of James F. Nordstrom, Jr., an Executive Vice President of the Company. Erik and Peter Nordstrom's biographical information is on the following page.

NORDSTROM, INC. - 2015 Proxy Statement 25

[Back to Contents](#)

Erik B. Nordstrom

Director since 2006

Age 51

Specific qualifications, experience, skills and expertise:

- Unique retail insights into the business of the Company, including competitive positioning and strategic opportunities and challenges
- Operating and senior management experience at a national retail corporation
- Core business, management and leadership skills
- Store and e-commerce management and retail expertise

Executive Vice President and President – Nordstrom.com since May 2014. From February 2006 to May 2014, Mr. Nordstrom was Executive Vice President and President – Stores of Nordstrom, Inc. From August 2000 to February 2006, Mr. Nordstrom served as Executive Vice President – Full-Line Stores. Mr. Nordstrom previously served as Executive Vice President and Northwest General Manager from February 2000 to August 2000, and as Co-President of the Company from 1995 to February 2000. He has held various other management and sales positions of increasing responsibility since joining the Company in 1979.

Mr. Nordstrom's positions of increasing responsibility with the Company over more than 35 years, including executive and operational roles, give him a customer-centric perspective in retailing and supporting the business of the Company.

Peter E. Nordstrom

Director since 2006

Age 53

Specific qualifications, experience, skills and expertise:

- Unique retail insights into the business of the Company, including competitive merchandising and strategic opportunities and challenges

- Operating and senior management experience at a national retail corporation
- Core business, management and leadership skills
- Merchandising and retail expertise

Executive Vice President and President – Merchandising of Nordstrom, Inc. since February 2006. From September 2000 to February 2006, Mr. Nordstrom served as Executive Vice President and President – Full-Line Stores. Mr. Nordstrom previously served as Executive Vice President and Director of Full-Line Store Merchandise Strategy from February 2000 to September 2000, and as Co-President of the Company from 1995 to 2000. He has held various other management and sales positions of increasing responsibility since joining the Company in 1978.

Mr. Nordstrom's positions of increasing responsibility with the Company over more than 35 years, including executive and operational roles, give him a customer-centric perspective in retailing and supporting the business of the Company.

Philip G. Satre

Director since 2006

Age 65

Specific qualifications, experience, skills and expertise:

- Operating and senior management experience, including experience as chief executive officer of a highly regulated corporation
- Core business, management and leadership skills, and legal expertise
- Expertise in customer loyalty and service programs, and complex financial, operational and strategic matters
- Public company director and committee experience, including experience as chairman of the board

Retired Chief Executive Officer of Harrah's Entertainment, Inc., a provider of branded casino entertainment, from 1994 to 2003 and a director of Harrah's from 1988 to 2005, serving as Chairman of the Board from 1997 to 2005. Mr. Satre held various other positions of increasing responsibility with Harrah's beginning in 1980, when he joined the company as Vice President, General Counsel and Secretary, until his retirement in 2005. Prior to joining Harrah's, Mr. Satre practiced law in Reno, Nevada. He has been a director of International Game Technology since January 2009 and its Chairman since December 2009. Mr. Satre served as a director of NV Energy from 2005 through 2013, Rite Aid Corporation from 2005 to 2011 and Tabcorp Holdings, Ltd. (Australia) from 2000 to 2007.

Mr. Satre's roles at Harrah's Entertainment provide him legal experience, senior leadership skills as chief executive officer and experience overseeing customer loyalty and service programs. Further, Mr. Satre's substantial board experience at International Game Technology, Rite Aid, NV Energy, Tabcorp and his role as Chairman of Harrah's Entertainment, which under his leadership became one of the world's largest casino gaming companies, provide him with extensive experience responding to complex financial, operational and strategic challenges, experience with corporate governance matters and key skills in working with directors, understanding board processes and functions, assessing risk and overseeing management.

[Back to Contents](#)

Brad D. Smith

Director since 2013

Age 50

Specific qualifications, experience, skills and expertise:

- Operating and senior management experience, including experience as a chief executive officer
- Core business, management and leadership skills
- Expertise in online worldwide sales and global operations
- Merchandising, branding and information technology expertise

President and Chief Executive Officer of Intuit, Inc., a global provider of business and financial management solutions since 2008. Mr. Smith has served on Intuit's board of directors since 2008. Mr. Smith joined Intuit in 2003 and served as Senior Vice President and General Manager, Small Business division from 2006 to 2007, Senior Vice President and General Manager, QuickBooks from 2005 to 2006, Senior Vice President and General Manager, Consumer Tax Group from 2004 to 2005 and as Vice President and General Manager of Intuit's Accountant Central and Developer Network from 2003 to 2004. Before joining Intuit, Mr. Smith was Senior Vice President of Marketing and Business Development of ADP, where he held several executive positions from 1996 to 2003. Mr. Smith served on the board of directors of Yahoo! Inc. from 2010 until 2013.

Mr. Smith brings to the Board digital expertise, brand marketing, innovation and entrepreneurial experience, as well as financial and accounting skills, from his position at Intuit. He provides unique insights related to technology innovation and marketing of products and services to broad audiences throughout the world. Mr. Smith's service on the boards of Yahoo! and Intuit provide him with experience in corporate governance matters and key skills in working with directors, understanding board processes and functions, assessing risk and overseeing management.

B. Kevin Turner

Director since 2010

Age 49

Specific qualifications, experience, skills and expertise:

- Operating and senior management experience, including experience as a chief executive officer of a global corporation
- Core business, management and leadership skills
- Expertise in online worldwide sales and global operations
- Merchandising, branding and information technology expertise

Chief Operating Officer of Microsoft Corporation, a worldwide software, services and solutions provider, since 2005. In his capacity as Chief Operating Officer, Mr. Turner's areas of responsibility include global/worldwide sales, marketing, services, operations, customer service and support, worldwide licensing and pricing, corporate public relations, corporate information technology, worldwide partner channel management and the retail stores division. Mr. Turner served as Chief Executive Officer and President of Sam's Club, a Wal-Mart subsidiary corporation from 2002 to 2005. Between 1985 and 2002, Mr. Turner held a number of positions of increasing responsibility with Wal-Mart Stores, Inc., including Executive Vice President and Global Chief Information Officer from 2001 to 2002.

Mr. Turner's experience at Microsoft and Wal-Mart have provided him with strategic and operational leadership skills and expertise in online worldwide sales, global operations, supply chain, merchandising, branding, marketing, information technology and public relations.

Robert D. Walter

Director since 2008

Age 69

Specific qualifications, experience, skills and expertise:

- Operating and senior management experience, including experience as chief executive officer of a global corporation
- Core business, management and leadership skills
- Executive compensation, financial, and strategic expertise
- Public company director and committee experience, including experience as chairman of the board

Founder and retired Chairman and CEO of Cardinal Health, Inc., a health care services company. Mr. Walter retired from Cardinal Health in June 2008. Prior to his retirement, he served as Executive Director from November 2007 to June 2008; Executive Chairman of the Board from April 2006 to November 2007; and Chairman and Chief Executive Officer from 1971 to April 2006. Mr. Walter has been a director of American Express Company since 2002 and YUM! Brands, Inc. since 2008. He served as a director of Cardinal Health (and its predecessors) from 1971 to

November 2008.

Mr. Walter's roles at Cardinal Health, which under his leadership grew from a small regional business to become one of the largest distributors of pharmaceuticals, health and beauty products and hospital supplies in the United States, provide him executive, operational, accounting and executive compensation experience, leadership and strategic skills and significant experience acquiring and developing businesses and building management teams. Further, Mr. Walter's proven financial and business acumen and significant board experience at American Express and YUM! Brands give him background and experience working with directors, overseeing management and assessing risk.

NORDSTROM, INC. - 2015 Proxy Statement 27

[Back to Contents](#)

Alison A. Winter

Director since 2001

Age 68

Specific qualifications, experience, skills and expertise:

- Operating and senior management experience, including experience as chief executive officer of a private banking service firm
- Core business, management and leadership skills
- Expertise in the financial sector and its retail applications
- Financial expertise and unique understanding in the area of technology and the consumer

Chief Executive Officer of Braintree Holdings, LLC, a private investments and consulting services firm, which she founded in 2003. Ms. Winter served as a senior advisor and consultant to Northern Trust Corporation, a provider of banking and trust services for individuals, institutions and corporations, from 2007 to 2010. Ms. Winter, who is a Chartered Financial Analyst, was Northern Trust Corporation's Founding President and Chief Executive Officer for Personal Financial Services – Northeast from 2003 to 2006, Co-President, Personal Financial Services from 2002 to 2003 and a member of the Management Committee from 2002 to 2006. She held various other positions of increasing responsibility with Northern Trust Corporation beginning in 1971 when she joined the company.

Ms. Winter's roles at Northern Trust, which is a consumer- and business-facing financial service company, have provided her significant executive and operational experience, leadership skills, an understanding of the consumer and financial experience.

NORDSTROM, INC. - 2015 Proxy Statement 28

[Back to Contents](#)

AUDIT COMMITTEE REPORT

The following Report of the Company's Audit Committee of the Board (the "Audit Committee") does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference.

The Audit Committee operates under a written Charter adopted by the Board. The Charter contains a detailed description of the scope of the Audit Committee's responsibilities and how they will be carried out. The Audit Committee's Charter is available on our website at *investor.nordstrom.com*, under Corporate Governance.

The Board determined that each member of the Audit Committee is independent from the Company as such term is defined in Sections 303.01(B)(2)(a) and (3) of the NYSE's listing standards at all times during the fiscal year and that each member was an "audit committee financial expert" within the meaning of Item 407 of Regulation S-K under the Securities Exchange Act of 1934.

The Audit Committee serves in an oversight capacity and is not part of the Company's managerial or operational decision-making process. As part of its responsibilities for oversight of the Company's Enterprise Risk Management process, the Audit Committee reviews and discusses Company policies and processes with respect to risk assessment and risk management, including discussions of individual risk areas. Management is responsible for the Company's internal controls and the financial reporting process. Deloitte, the Company's independent registered public accounting firm, reports to the Company's Audit Committee, and is responsible for performing an integrated audit of the Company's consolidated financial statements and internal control over financial reporting in accordance with auditing standards generally accepted in the United States of America.

Deloitte and the Company's internal auditors have full access to the Audit Committee. The auditors meet with the Audit Committee at each of the Audit Committee's regularly scheduled meetings, with and without management being present, to discuss appropriate matters. The Audit Committee has the sole authority to engage, evaluate and terminate the Company's independent auditors. The Audit Committee also pre-approves all auditing services, internal control-related services and permitted nonaudit services to be performed by the Company's independent auditors.

The Audit Committee recommended to the Board that the audited consolidated financial statements for the fiscal year ended January 31, 2015 be included in the Company's Annual Report on Form 10-K for such fiscal year, based on the following actions by the Committee:

- review and discussion of the Company's audited consolidated financial statements with management;

- review of the unaudited interim financial statements and Forms 10-Q prepared each quarter by the Company;
- review of the Company's Disclosure Committee practices and the certifications prepared each quarter in accordance with Sections 302 and 906 of the Sarbanes-Oxley Act of 2002;
- discussions with management regarding the critical accounting estimates on which the financial statements are based, as well as its evaluation of alternative accounting treatments;
- receipt of management representations that the Company's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America;
- discussions with management, the internal auditors, and Deloitte regarding management's assessment of the
- effectiveness of the Company's internal control over financial reporting and Deloitte's evaluation of the Company's internal control over financial reporting;
- discussions with legal counsel and management regarding contingent liabilities;
- receipt of the written disclosures and letter from Deloitte required by the Public Company Accounting Oversight Board Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence; and
- discussions with Deloitte regarding their independence, the audited consolidated financial statements, the matters
- required to be discussed by *Statement on Auditing Standards ("SAS") No. 61 Communication with Audit Committees*, as amended, and other matters, including Rule 2-07 of SEC Regulation S-X.

AUDIT COMMITTEE

Shellye L. Archambeau
Phyllis J. Campbell
Robert G. Miller
Brad D. Smith
Alison A. Winter, *Chair*

[Back to Contents](#)**PROPOSAL 2** RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board recommends a vote FOR this proposal.

The Audit Committee, consistent with NYSE and SEC rules, has appointed Deloitte to be the Company's independent registered public accounting firm for the fiscal year ending January 30, 2016. Deloitte and its predecessors have served as the Company's independent registered public accounting firm for over forty years, including the fiscal year ended January 31, 2015.

As a matter of good corporate practice to provide shareholders an avenue to express their views on this matter, the Board has determined to seek shareholder ratification of Deloitte's appointment at this time. If the shareholders do not ratify the appointment of Deloitte, the Board will reconsider the appointment of the independent registered public accounting firm. A representative of Deloitte will be present at the Annual Meeting, will have the opportunity to make a statement if he or she so desires, and will be available to respond to questions.

Audit Fees

The following table summarizes fees billed or expected to be billed to the Company by Deloitte in connection with services for the fiscal years ended January 31, 2015 and February 1, 2014:

Type of Fee	Fiscal Year Ended January 31, 2015		Fiscal Year Ended February 1, 2014	
	(\$)	(%)	(\$)	(%)
Audit Fees ^(a)	2,510,000	81	2,265,000	88
Audit-Related Fees ^(b)	519,000	17	261,000	10
Tax Fees ^(c)	50,000	2	45,000	2
TOTAL	3,079,000	100	2,571,000	100

(a) Audit Fees

Audit Fees primarily include services for (i) auditing the consolidated financial statements of the Company and the separate financial statements of one of the Company's wholly-owned subsidiaries, Nordstrom fsb; (ii) reviewing the interim financial information of the Company included in its Form 10-Qs; (iii) auditing the Company's 401(k) Plan; and (iv) auditing the Company's internal control over financial reporting. Substantially all of Deloitte's work on these audits was performed by full-time, regular employees and partners of Deloitte and its affiliates.

(b) Audit-Related Fees

Audit-Related Fees are fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and internal control over financial reporting. The increase in audit-related fees for the fiscal year ended January 31, 2015 was primarily due to the acquisition of Trunk Club and the potential transaction related to our credit card receivables. Also included are accounting research tool subscription fees of \$2,847 for each of the fiscal years ended January 31, 2015 and February 1, 2014.

(c) Tax Fees

Tax Fees include various tax planning projects and miscellaneous compliance matters.

Pre-Approval Policy

Consistent with SEC policies regarding auditor independence, the services performed by Deloitte for the fiscal years ended January 31, 2015 and February 1, 2014 were pre-approved in accordance with the pre-approval policy and procedures adopted by the Audit Committee. This policy is periodically reviewed and updated. It describes the permitted audit, audit-related, tax and other services that Deloitte may perform. Normally, pre-approval is provided at regularly scheduled Audit Committee meetings. However, the authority to grant specific pre-approval between meetings, as necessary, has been assigned to the Chair of the Audit Committee. The Chair is responsible for updating the Audit Committee at the next regularly scheduled meeting of any services that were pre-approved between meetings.

The Audit Committee approves fees up to a specified amount associated with each proposed service. Providing for fees up to a specified amount for a service incorporates appropriate oversight and control of the Deloitte relationship, while permitting the Company to receive immediate assistance from Deloitte when time is of the essence.

The Committee also reviews on a regular basis:

- a listing of approved services since its last review;
- a report summarizing the year-to-date services provided by Deloitte, including fees paid for those services; and
- a projection for the current fiscal year of estimated fees.

The policy prohibits the Company from engaging the independent registered public accountants for services billed on a contingent fee basis and from hiring current or former employees of the independent auditor who have not satisfied the statutory cooling-off period for certain positions.

NORDSTROM, INC. - 2015 Proxy Statement 30

[Back to Contents](#)

EXECUTIVE OFFICERS

The Executive Officers of the Company are appointed annually by the Board following each year's Annual Meeting of Shareholders and serve at the discretion of the Board. In addition to Blake Nordstrom, Erik Nordstrom and Peter Nordstrom, whose biographical information is provided under Election of Directors on pages 25 and 26, the following are the other Executive Officers of the Company.

Brian K. Dennehy

Employee since 2013

Age 49

Brian K. Dennehy was named Chief Marketing Officer upon joining the Company in January 2013, and was named Executive Vice President in February 2013. Prior to joining the Company, Mr. Dennehy served as Chief Marketing Officer of Silicon Valley Bank Financial Group from March 2011 until December 2012. From 2001 to 2011, Mr. Dennehy was employed at Intuit, Inc., serving as Vice President of Business Intelligence, Data and Analytics from 2009 to 2011, Vice President of Marketing, Small Business Division from 2005 to 2009, as well as other positions in management from 2001 to 2005.

James A. Howell

Employee since 2007

Age 49

James A. Howell was named Executive Vice President – Finance and Treasurer in November 2014. From 2007 to 2014, he served as Vice President – Finance. Mr. Howell also functions as the Company's Principal Accounting Officer. From July 2003 to August 2007, Mr. Howell was employed at Blockbuster Inc., most recently as Senior Vice President and Corporate Controller. From 2002 to 2003, Mr. Howell worked for CAE SimuFlite, Inc., a provider of training for the civil aviation industry, after spending 12 years with PricewaterhouseCoopers serving clients in both the retail and financial services industries.

Michael G. Koppel

Employee since 1999

Age 58

Michael G. Koppel was named Executive Vice President and Chief Financial Officer in May 2001. From 1999 to 2001, he served as Vice President, Corporate Controller and Principal Accounting Officer. Mr. Koppel previously served as Chief Operating Officer of CML Group, a specialty retail holding company, and as Chief Financial Officer of Lids Corporation, a specialty retailer from 1997 through 1998. Prior to that, Mr. Koppel spent 13 years with the May Department Stores Company in a variety of financial and operating roles.

Daniel F. Little

Employee since 2002

Age 53

Daniel F. Little was named Executive Vice President and Chief Information Officer in February 2014. From 2003 to 2014, he served as Executive Vice President and Chief Administrative Officer and from July 2002 until March 2003, he served as Vice President – Supply Chain Strategy. Prior to joining the Company in July 2002, Mr. Little held various positions with Colgate-Palmolive from April 1993 through June 2002, most recently as Manufacturing General Manager for Personal Care Products in Europe.

James F. Nordstrom, Jr.

Employee since 1986

Age 42

James F. Nordstrom, Jr. was named Executive Vice President and President – Stores in May 2014. From 2005 to 2014, he served as Executive Vice President and President – Nordstrom Direct. He previously served as Corporate Merchandise Manager – Children’s Shoes, from May 2002 to February 2005, and as a project manager for the design and implementation of the Company’s inventory management system from 1999 to May 2002. Mr. Nordstrom is a great-grandson of the Company founder.

Robert B. Sari

Employee since 2009

Age 58

Robert B. Sari was named Executive Vice President, General Counsel and Secretary upon joining the Company in April 2009. Prior to joining the Company, he served as Executive Vice President, General Counsel and Secretary of Rite Aid Corporation since October 2005. Mr. Sari also served as Rite Aid’s Senior Vice President, General Counsel and Secretary from 2002 to 2005 and as Senior Vice President, Deputy General Counsel and Secretary from 2000 to 2002. Mr. Sari served in other roles for Rite Aid beginning in 1997.

Geevy S. K. Thomas

Employee since 1983

Age 50

Geevy S. K. Thomas was named Executive Vice President and President – Nordstrom Rack, in February 2010. He previously served as Executive Vice President and South Regional Manager from November 2001 to February 2010, as Executive Vice President and General Merchandise Manager – Full-Line Stores from February 2001 to November 2001, and as Executive Vice President – Full-Line Stores and Director of Merchandising Strategy from February 2000 to February 2001. Prior to February 2000, Mr. Thomas held various merchandise strategy, store and regional

management positions with the Company.

Kenneth J. Worzel

Employee since 2010

Age 50

Kenneth J. Worzel was named Executive Vice President – Strategy and Development upon joining the Company in March 2010. Prior to joining the Company, he was a partner with McKinsey & Company, a global management consulting firm, from 2009 to 2010. While at McKinsey, Mr. Worzel provided the Company and other clients with management strategy and organizational services. Prior to joining McKinsey, Mr. Worzel was a managing partner at Marakon Associates, an international strategy consulting firm, from 1992 to 2008. As a partner at Marakon Associates, Mr. Worzel provided consulting services to the Company from 1997 to 2008.

NORDSTROM, INC. - 2015 Proxy Statement 31

[Back to Contents](#)

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

This section describes our executive compensation program and the compensation decisions made for our fiscal year 2014 Named Executive Officers:

Blake W. Nordstrom	President
Peter E. Nordstrom	Executive Vice President and President – Merchandising
Erik B. Nordstrom	Executive Vice President and President – Nordstrom.com
Michael G. Koppel	Executive Vice President and Chief Financial Officer
Kenneth J. Worzel	Executive Vice President – Strategy and Development

2014 Snapshot

We Enhanced the Customer Experience through Investments for Growth

We consider 2014 a defining year in our Company's history. Over the past 12 months, we successfully entered Canada, expanded our Nordstrom Rack business through store growth and the launch of Nordstromrack.com, and acquired Trunk Club. These milestones are the outcome of our strategy to serve customers on their terms and to deliver the Nordstrom experience they expect. Several years ago, we began to accelerate growth in multiple channels to evolve the personalized customer experience that merges the richness of stores with the convenience of online. In 2014, we delivered tangible results in executing this strategy and some of these highlights are shown below. We look forward to the opportunities ahead as we continue our commitment to a best-in-class customer experience through service, product and capabilities across all channels at Nordstrom.

Shareholders Support our Compensation Program

Our shareholders approved our Board's recommendation to hold Say-on-Pay advisory votes on an annual basis so that we may communicate frequently and openly about the compensation of our Named Executive Officers. Each year, shareholders demonstrate strong support for our fundamental objective of pay for performance as we continue to apply these guiding principles:

- **Motivate and reward** our people to achieve meaningful results that support our strategic goals and shareholder interests, while avoiding encouragement of excessive risk taking;
- **Attract and keep** the best talent through programs that reflect our values and consider, but are not dictated by, market practice;
- **Ensure the cost** of our programs best serve a balance of employee and shareholder business interests;
- **Keep things simple** to promote understanding for our employees and transparency for our shareholders; and
- **Be attuned to** trends and new ideas to support our programs and diverse workforce.

2014 Highlights Reflect Dynamics of Our Business Model

Achieved a new record for total net sales at over \$13 billion, a 7.8% increase over our previous high last year.

Generated earnings of \$720M reflecting consistent execution and ongoing investments to drive growth.

Delivered a 4.0% increase in comparable sales, with Nordstrom.com achieving 23% growth.

		2013	2014
Measures and results used for bonus payout	• Incentive Return on Invested Capital (“Incentive ROIC”)	13.8%	13.6%
	• Incentive Earnings Before Interest and Income Taxes (“Incentive EBIT”)	\$1,376M	\$1,391M

See page 37 and Appendix A to learn more about the performance-based bonus pay element including Incentive ROIC and Incentive EBIT results for 2014.

[Back to Contents](#)

We Emphasize Variable Pay and Balance Short- and Long-Term Incentives

In accordance with our pay-for-performance philosophy, the compensation program for our Named Executive Officers is straightforward in design and includes four primary elements: base salary, performance-based bonus, long-term incentives and benefits. Within these elements, we emphasize variable pay over fixed pay, with 80% of target compensation linked to our financial or market results. The program also balances the importance of these executives achieving both critical short-term objectives and long-term strategic priorities.

Our Variable Pay Reflects Company Performance

Under our pay-for-performance design, payouts to the Named Executive Officers in fiscal year 2014 were closely aligned with results for their variable pay components:

- **Performance-based bonuses** paid out at approximately 83% of target Earnings Before Interest and Income Taxes (“EBIT”), as our Incentive ROIC achievement of 13.6% exceeded the established threshold of 12.5% and Incentive EBIT results of \$1,391 million exceeded the minimum performance milestone. Results reflected total sales growth of 7.8% adding just under \$1 billion to our top line, partially offset by lower than expected gross profit performance. See page 37 to learn more about the performance-based bonus pay element including Incentive ROIC and Incentive EBIT results for 2014.
- **Performance share units granted under the long-term incentive plan** paid out at 75% as our total shareholder return (“TSR”) of approximately 19% over the 2012-2014 fiscal year performance cycle outpaced more than half of our retail peers, surpassing the minimum threshold of greater than 50th percentile rank. See page 38 to learn more about the long-term incentive pay element and results for 2014.

Payouts for these variable compensation elements in prior years have been closely aligned with Company results as well. The following graphs show performance-based payouts to President Blake Nordstrom relative to EBIT and TSR for fiscal year 2014 and the four prior years. This pattern of pay for performance is consistent for the Named Executive Officers during these periods.

Annual EBIT Results are used to determine bonus payout and, as in 2014, may reflect related adjustments under the Executive Management Bonus Plan. Beginning in 2013, Blake Nordstrom’s target bonus opportunity was increased resulting in a higher payout for similar levels of performance. See page 37 to

3-Year TSR Results reflect payout when performance surpasses the minimum threshold relative to our peers. See page 38 to learn more

learn more about the performance-based bonus pay element including Incentive ROIC and Incentive EBIT.

about the long-term incentive pay element.

The Compensation Committee reviews these results and other analyses to ensure the Named Executive Officers' aggregate compensation aligns with shareholder interests. Based on these and other outcomes, the Committee believes that total direct compensation for our Named Executive Officers reflects our pay-for-performance objective, is well-aligned with shareholder interests and compares favorably relative to our peers.

NORDSTROM, INC. - 2015 Proxy Statement 33

[Back to Contents](#)

Effective Corporate Governance Reinforces Our Compensation Program

Our executive compensation philosophy is reflected in governance practices that support the needs of our business, drive performance and align with our shareholders' long-term interests. Below is a summary of what we do and don't do in that regard.

WHAT WE DO

Pay for performance: Our compensation program for Named Executive Officers emphasizes variable pay over fixed pay, with 80% of their collective target compensation linked to our financial or market results.

Receive strong shareholder support: Each year since 2011, we have received 94% or more of the votes cast in favor of our Say-on-Pay proposal.

Retain meaningful stock ownership guidelines: Our expectations for ownership align executives' interests with those of our shareholders, and the Named Executive Officers have exceeded their targets.

Mitigate undue risk: We have caps on potential bonus payments, a clawback policy on performance-based compensation, and active and engaged oversight and risk management systems, including those related to compensation-related risk.

Engage an independent compensation consulting firm: The Compensation Committee's consultant does not provide any other services to the Company.

Apply conservative post employment and change in control provisions: Executive officers are subject to provisions in the same manner as those for our broader employee population.

Limit accelerated vesting: Our equity plan provides for accelerated vesting of equity awards after a change in control only if an executive is involuntarily terminated, a provision referred to as a "double trigger."

Restrict pledging activity: All Executive Officers are subject to pre-clearance requirements and restrictions.

WHAT WE DON'T DO

Provide employment agreements.

Offer separation benefits to Named Executive Officers who are Nordstrom family members.

Offer special perquisites to our Named Executive Officers.

Maintain separate change in control agreements.

Gross up excise taxes upon change in control.

Gross up taxes, except selected relocation expenses.

Reprice underwater stock options.

Allow grants below 100% fair market value.

Pay dividends on unearned performance share units.

Permit hedging or short-sale transactions.

Count pledged shares towards stock ownership targets.

NORDSTROM, INC. - 2015 Proxy Statement 34

[Back to Contents](#)

Context for Understanding Our Compensation Program and Decisions

This section provides background on the roles involved in determining compensation for our Named Executive Officers, our use of market data and the companies selected for our peer group.

Our Roles in Determining Compensation are Well Defined

Compensation Committee

Our Compensation Committee oversees the development and delivery of our guiding principles and compensation plans for the Named Executive Officers and other executives as described in the Committee Charter on our website at *investor.nordstrom.com*.

As part of that oversight, the Committee ensures the Named Executive Officers' aggregate compensation aligns with shareholder interests by reviewing analyses that can include:

- **Cash alignment** to evaluate the year-over-year change in payout relative to the year-over-year growth in EBIT.
- **Relative pay and performance** to compare the percentile rankings of our total direct compensation (base salary + performance-based bonus + long-term incentives) with financial performance metrics of our peer group.
- **Pay productivity** to assess EBIT generated per dollar of total direct compensation compared to our peer group when adjusted for size.

Compensation Committee Consultant

The Committee's independent executive compensation consulting firm, Semler Brossy Consulting Group, LLC, is retained by, and reports directly to, the Committee. A consultant from that firm attends the Committee meetings and supports the Committee's role by providing independent expertise on market practices, compensation program design and related subjects as described on page 19. Semler Brossy provides services only as directed by the Committee and has no other relationship with the Company. There were no fees paid to Semler Brossy for services that were not related exclusively to executive or Director compensation during fiscal year 2014.

Management

Our President provides input to the Committee on the level and design of compensation elements for the Named Executive Officers and other Executive Officers. Our Executive Vice President and Chief Financial Officer and Executive Vice President – Human Resources join the President in Compensation Committee meetings to provide perspective and expertise relevant to the agenda. Management supports the Committee’s activity by providing analyses and recommendations developed internally or with the assistance of external consulting firms other than the Committee’s consulting firm. During fiscal year 2014, technical guidance to management on executive compensation matters came primarily from the professional services firm Towers Watson.

Market Data Provides a Reference Point for Compensation

The Committee believes that knowledge of market practices, particularly those of our peers listed on the following page, is helpful in assessing the design and targeted level of our executive compensation package. In reviewing peer group information, the Committee uses a customized survey prepared by external consultants, monitors general market movement for executive pay and references proxy statements for specific roles.

During the year, the Committee also reviews general information from other published and private surveys to keep current on trends and practices while recognizing the differences across company philosophies and plan designs.

When the Committee reviews market data, they consider the 50th percentile (median) of our peer group as a reference point, rather than a policy, for positioning target total direct compensation. Target opportunities for individual pay elements vary by executive role based on scope of responsibilities and expected contributions.

Blake, Peter and Erik Nordstrom’s target total direct compensation for 2014 was somewhat below our peer group median. Michael Koppel and Kenneth Worzel’s target total direct compensation was within a competitive range of our peer group median. Actual pay for the Named Executive Officers can exceed our established targets or peer group actual pay through the variable compensation elements when pre-determined performance milestones are achieved.

Peer Group Companies Represent Our Business

Each year, the Committee reviews the appropriateness of our peer group for comparison on pay and related practices. While the companies represent prominent brands and specialty retailers that are relevant to Nordstrom, they may not always have a direct match to our product offerings or annual revenue. However, the peer group companies meet the following selection criteria:

- **collective representation of our primary business areas** including our Nordstrom full-line and Rack stores, online business and private label products;
- **some overlap with our industry group** as defined by institutional shareholders and shareholder service organizations;
- **general compatibility with our compensation strategy** through a competitive offering of the primary pay elements of base salary, performance-based bonus and long-term incentives; and
- **subject to similar market pressures** with a track record of sustainability.

NORDSTROM, INC. - 2015 Proxy Statement 35

[Back to Contents](#)

Our peer group for fiscal year 2014 was as follows:

Abercrombie & Fitch Co.	Kohl's Corporation	Starbucks Corporation
Bed Bath & Beyond, Inc.	L. Brands, Inc.	Tiffany & Co.
Coach, Inc.	Macy's, Inc.	The TJX Companies, Inc.
Dillard's, Inc.	Neiman Marcus, Inc.	Urban Outfitters, Inc.
Foot Locker, Inc.	Nike, Inc.	VF Corporation
Gap, Inc.	Ralph Lauren Corporation	Williams-Sonoma, Inc.
J.C. Penney Company, Inc.	Ross Stores, Inc.	

Each Element of Compensation Has its Own Purpose

Our compensation program for Named Executive Officers is made up of four primary elements outlined below. Each element has its own purpose based on our fundamental premise of pay for performance and our guiding principles. Learn more about these elements where noted.

Compensation Element	Purpose	2014 Changes in Element Features or Potential Value
Base Salary (Page 37)	Reflect scope of the role and individual performance through base-line cash compensation.	Base salary: We increased pay for Michael Koppel and Kenneth Worzel to reward performance and maintain market competitiveness.
Performance-Based Bonus (Page 37)	Motivate and reward contributions to annual operating performance and long-term business strategy with cash that varies based on results.	None
Long-Term Incentives (Page 38)	Promote alignment of executive decisions with Company goals and shareholder interests through stock options, performance share units and restricted stock units where value varies with Company stock performance.	Performance share units: We changed the peer group from selected retail companies to the S&P 500 to create a broader market against which to measure our performance. We also provided the opportunity for vesting when relative performance of TSR exceeds peers in both up and down markets. Equity mix: We introduced restricted stock units to improve the relevancy of our total compensation package and balance our objectives for awarding value through both absolute and relative stock performance.
Benefits (Page 39)	Enhance total compensation with meaningful and competitive broad-based, leadership and retirement benefits that support healthy lifestyles and contribute to financial security.	401(k) match and profit sharing: In 2014, the Plan design was updated to replace the profit sharing portion with a new profit-based 401(k) matching contribution which takes effect in 2015. Supplemental Executive Retirement Plan: The annual benefit awarded upon retirement was capped at \$700,000.

Only Base Pay Element Values Changed for 2014

On an annual basis, the Compensation Committee reviews base salary, performance-based bonus target opportunity and long-term incentive grant value for each of the Named Executive Officers in consideration of the upcoming fiscal year. Committee decisions for fiscal year 2014 are summarized below. The Committee believes these elements and the overall compensation program are meeting the expectations for our pay-for-performance philosophy and guiding principles.

Name	Base Salary		Performance-Based Annual Cash Bonus (Target Opportunity as % of Base Salary)		Long-Term Incentives Annual Grant (Grant Value as % of Base Salary)	
	(\$)					
	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014
Blake W. Nordstrom	725,000	same	200	same	250	same
Peter E. Nordstrom	725,000	same	200	same	250	same
Erik B. Nordstrom	725,000	same	200	same	250	same
Michael G. Koppel	720,000	748,800	90	same	175	same
Kenneth J. Worzel	520,000	540,800	80	same	150	same

[Back to Contents](#)

About Our Compensation Elements, What We Paid in 2014 and Why

Base Salary

The Committee begins its annual review of base salary for the Named Executive Officers through discussion with the President on the previous year's expectations and achievements of each executive, their pay history and pay equity with other internal roles. The Committee then references our pay levels to similar roles in peer companies to ensure they are within a competitive range of peer group median.

Named Executive Officers do not necessarily receive increases in base salary every year. When they do, the changes are effective April 1st following their annual performance review, which includes a discussion about individual results against defined expectations.

For 2014, Michael Koppel and Kenneth Worzel received increases in base pay to acknowledge their performance and maintain market competitiveness.

Performance-Based Annual Cash Bonus

The opportunity for annual performance-based cash awards under our shareholder-approved Executive Management Bonus Plan is designed to focus the Named Executive Officers on the alignment between annual operating performance and long-term business strategy. In support of our guiding principles, the performance-based bonus awards pay out only when pre-determined performance milestones are achieved. The Committee establishes the following criteria in developing the annual bonus arrangements:

Target bonus opportunity: In determining the target percentage of base salary shown on page 36, the Committee

- takes into account the mix of pay elements, market pay information for similar roles within our peer group and the internal relationship between roles within the Company.

In support of our pay-for-performance philosophy, the maximum bonus payout, which is associated with superior performance, is 2.5 times an executive's target bonus opportunity. This maximum is higher than is common among our retail peers because we believe it is important to continue encouraging and paying rewards when we achieve truly superior results.

Performance measures: The Committee establishes the performance measures to focus executives on the most

- important annual and long-term strategic goals. For fiscal year 2014, the Named Executive Officers all had the following measures:

ROIC to ensure our overall performance aligns directly with shareholder returns over the long term. The measure is expressed as a threshold that must be met before any payout can be made on EBIT results to ensure our executives are rewarded after earnings generate a meaningful return for our shareholders.

EBIT to emphasize the importance of earnings improvement and its role in driving shareholder value. Each executive's performance-based bonus was weighted 100% on this measure, subject to the ROIC threshold.

Performance measure milestones: The Committee defines financial milestones for ROIC (as a threshold) and EBIT (as a range) that relate to varying percentages of bonus payout. The difficulty level in achieving the milestones reflects the Committee's belief that there should be a balance between executive pay opportunity, reinvestment in the Company and return to shareholders.

In accordance with our bonus plan, ROIC and EBIT achievement used to determine bonus payout may differ from ROIC and EBIT reported in our financial statements due to the exclusion of certain one-time gains or losses. In this situation, we refer to the measure achievements as Incentive ROIC and Incentive EBIT. This is the case for 2014 where achievements reflect nonoperating related adjustments not included in the financial plan.

The ROIC threshold was set at a level consistent with the minimum EBIT performance to ensure that an appropriate return on our invested capital was achieved before any bonus was paid out. The 2014 Incentive ROIC achievement of 13.6% exceeded the established threshold of 12.5%.

The minimum EBIT performance was established at a likely, but not certain, level of attainment and was based on growth assumptions for sales and earnings. The minimum performance ensures no payout is earned until a defined level of EBIT is achieved. The target performance represents stretch results relative to growth in the annual operating plan, our historical performance trends, market conditions and current external projections for the Company. The superior performance indicates breakthrough results and considers earlier periods of strong earnings growth. The 2014 Incentive EBIT achievement of \$1,391 million exceeded the minimum performance milestone of \$1,322 million required for payout.

The 2014 achievements in Incentive ROIC and Incentive EBIT resulted in a bonus payout of 83% of each executive's target bonus opportunity. These results reflected total sales growth of 7.8% adding just under \$1 billion to our top line, partially offset by lower than expected gross profit performance. The fiscal year 2014 EBIT performance milestones, Incentive EBIT achievement and related bonus payout levels are shown below. Incentive ROIC and Incentive EBIT are not measures of financial performance under Generally Accepted Accounting Principles ("GAAP") and should be considered in addition to, and not a substitute for, return on assets, net earnings, total assets and other financial measures prepared in accordance with GAAP. See Appendix A for a reconciliation of GAAP and non-GAAP financial measures.

[Back to Contents](#)

The bonus payout calculation for each Named Executive Officer is shown below. The payout amounts are also shown in the Summary Compensation Table on page 42 in column (e) “Non-Equity Incentive Plan Compensation.” The range of possible payouts for fiscal year 2014 performance under the Executive Management Bonus Plan is shown in the Grants of Plan-Based Awards in Fiscal Year 2014 table, column (b), on pages 45 and 46.

Name	Target Bonus Opportunity (%)	Base Salary (\$)	Target Bonus Payout (\$)	Payout of Target Bonus Opportunity (%)	Bonus Payout (\$)
Blake W. Nordstrom	200	x 725,000	= 1,450,000 x		= 1,197,990
Peter E. Nordstrom	200	x 725,000	= 1,450,000 x		= 1,197,990
Erik B. Nordstrom	200	x 725,000	= 1,450,000 x	82.62%	= 1,197,990
Michael G. Koppel	90	x 748,800	= 673,920 x		= 556,793
Kenneth J. Worzel	80	x 540,800	= 432,640 x		= 357,447

Long-Term Incentives

Annual grants of equity under the shareholder-approved 2010 Equity Incentive Plan provide the Named Executive Officers with an incentive to create shareholder value and receive financial rewards. The long-term incentive value that determines the size of the annual grant to Named Executive Officers is expressed as a percentage of base salary as shown on page 36.

In establishing the long-term incentive value at grant for each Named Executive Officer, the Committee considers the mix of pay elements, market pay information for similar roles within our peer group, our annual share usage and dilution, and internal equity of grant size by role. The grant value of the equity awarded to Named Executive Officers in the fiscal year 2014 annual grant consisted of 50% stock options, 25% performance share units and 25% restricted stock units. In addition to the 2014 annual grant, Kenneth Worzel received a grant of restricted stock units to recognize his contributions to strategic priorities across the Company as reported on page 46.

The Committee typically approves grants of equity awards on an annual basis during the February Compensation Committee meeting, which is scheduled at least a year in advance. Scheduling decisions are made without regard to anticipated earnings or other major announcements by the Company. The February meeting occurs after performance results are known which allows the Committee to align compensation elements with our performance and business goals.

Stock Options, Performance Share Units and Restricted Stock Units Create the Right Balance

The Committee believes the relationship between our equity vehicles represents the right balance of absolute and relative performance.

Stock options provide motivation for creating increased value while aligning management and shareholder interests in our growth. The options vest and become exercisable in four equal annual installments beginning one year from the date of grant and have a 10-year term. None of our equity incentive plans permit repricing, grant prices below 100% of the fair market value of Common Stock on the date of grant or cash dividend payments on options.

Performance share units focus the executives on relative performance compared to companies in Standard & Poor's 500. The units are earned after a three-year performance cycle only when the Company's growth in TSR outperforms more than 50% of the companies identified for that grant. The Committee believes relative TSR is a meaningful measure for performance share units as it aligns with shareholder interests and complements the measures established for executives under the performance-based bonus plan.

For purposes of determining the TSR percentile rank, the share price of our Common Stock and the share prices of the companies in the peer group are based on a 30 trading-day closing price average that is established both prior to the beginning of the performance cycle and prior to the end of the performance cycle. These parameters recognize the importance of relative performance while balancing against volatility within the peer group.

In keeping with our pay-for-performance philosophy, our approach to performance share units requires a high standard of performance before any payout may be earned. Given the potential leverage that we offer through the performance-based bonus plan and the value that could be realized from stock options and restricted stock units, the Committee believes this is the appropriate way to balance rewards.

The performance share units are earned on the last day of the three-year cycle if performance criteria have been met, and become vested when the results have been certified by the Compensation Committee. The Named Executive Officers may elect to defer their vested units into the Executive Deferred Compensation Plan described on page 51.

Restricted stock units were added to the equity mix in our annual grant beginning in 2014. This change improved the relevancy of our compensation package and complemented our objectives for balancing award value through both absolute and relative stock performance. The units vest in four equal annual installments beginning one year from the date of grant.

2012 Performance Share Units Paid Out at 75%

Performance share units for the 2012-2014 fiscal year performance cycle were granted based on the vesting schedule shown below. At the end of the performance cycle, our total shareholder return of 18.78% outpaced more than half of our retail peers, meeting the minimum threshold of greater than 50th percentile, which is required for payout. The value realized on vesting is shown in the Option Exercises and Stock Vested in Fiscal Year 2014 table on page 50.

Required Percentile % of Granted Performance Share Units

Rank for Vesting Paid Out at Vesting

>90 th	175
>80 th	150
>75 th	125
>65 th	100
>50 th	75
≤50 th	0

NORDSTROM, INC. - 2015 Proxy Statement 38

[Back to Contents](#)

At the time of grant in 2012, our peer group for performance share units included the companies listed below. Talbots was removed from the peer group in 2012 after they were taken private. Saks was removed from the peer group in 2013 after they were acquired.

Abercrombie & Fitch Co.	Macy's, Inc.
ANN, INC.	Saks Incorporated
Chico's FAS, Inc.	Sears Holdings Corporation
Coach, Inc.	The Talbots, Inc.
Dillard's, Inc.	Target Corporation
Gap, Inc.	Tiffany & Co.
J.C. Penney Company, Inc.	The TJX Companies, Inc.
Kohl's Corporation	Urban Outfitters, Inc.
L. Brands, Inc.	VF Corporation

2014 Performance Share Units are Still in Cycle

The 3-year performance cycle for the 2014 performance share units runs February 2, 2014 through January 28, 2017. The related vesting schedule is the same as shown on page 38 and the peer group is comprised of companies in the Standard & Poor's 500 as of the first day of the performance cycle.

Stock Ownership Guidelines Align Executives and Shareholders

Ownership of Common Stock by our Named Executive Officers is encouraged by management and the Board to align executives' interests with those of our shareholders. As a result, stock ownership guidelines were formally established in 2004. Ownership shares are made up of all forms of Common Stock including vested performance share units that are either deferred or paid out in Common Stock, and unvested and vested restricted stock units. Ownership shares do not include unvested or vested stock options, unvested performance share units or pledged shares.

The Named Executive Officers have an annual share target defined as base salary on each April 1 multiplied by their ownership multiple of base salary divided by the 52-week average closing stock price set each April 1. The ownership multiples of base salary depend on the executive's role in the Company and are shown below. The Committee has assigned these particular multiples to match or exceed market practice, and to represent a significant portion of the overall compensation package to reinforce the alignment of management's decision making with shareholder interests.

Position	Multiple of Base Salary Used to Establish Ownership Target
President	10x

Executive Vice President and President – Merchandising 10x
 Executive Vice President and President – Nordstrom.com 10x
 Executive Vice President and Chief Financial Officer 4x
 Executive Vice President – Strategy and Development 3x

Under our guidelines, Named Executive Officers and other select executives are required to arrange for stock transactions in accordance with an SEC Rule 10b5-1 trading plan. These plans predetermine the timing, number of shares and price at which an executive may buy or sell Company shares. These executives must also achieve and retain a minimum holding of 100% of their ownership targets before they may sell Nordstrom stock.

The Committee regularly reviews stock ownership status for the Named Executive Officers. All of the Named Executive Officers have exceeded their ownership targets.

Benefits

Nordstrom offers the Named Executive Officers a comprehensive program of broad-based, leadership and retirement benefits. Their purpose varies by benefit, but in general enhances total compensation with meaningful and competitive offerings that support healthy lifestyles and contribute to financial security. These benefits are regularly reviewed for consistency with our guiding principles, organizational culture and market practices. Additional information on 2014 benefits is provided as noted below.

	Benefit	Where to Learn More
Broad-Based	Company contribution to medical, dental and vision coverage; short- and long-term disability; life insurance; adoption assistance; and employee referral assistance. Employee access to accident insurance, health savings account and flexible spending accounts. Employee Stock Purchase Plan. Merchandise discount.	For merchandise discount, see All Other Compensation in Fiscal Year 2014, page 43.
Leadership	•Salary continuance; long-term disability coverage; life insurance •Executive Deferred Compensation Plan •Leadership Separation Plan	For life insurance, see All Other Compensation in Fiscal Year 2014, page 43. See Nonqualified Deferred Compensation on page 51. See Potential Payments Upon Termination or Change in Control at Fiscal Year-End 2014 on page 56.
Retirement	•401(k) match and profit sharing (modified in 2014) •Retiree health care (closed to new entrants in 2013)	See All Other Compensation in Fiscal Year 2014 on page 44. See Potential Payments Upon Termination or Change in Control at Fiscal Year-End 2014 on page 56.

- Supplemental Executive Retirement Plan (closed to new entrants in 2012) See Pension Benefits on page 50.

Changes for 2015

Each year, the Committee reviews the design of our total compensation elements and makes changes as needed to improve alignment with our guiding principles. There are no planned changes for 2015 other than the update to the 401(k) Plan outlined on page 36.

NORDSTROM, INC. - 2015 Proxy Statement 39

[Back to Contents](#)

Additional Information

Compensation Risk Assessment Supports Integrity of the Pay Program

The Compensation Committee oversees an extensive review of the Company's pay-for-performance philosophy, the composition and balance of elements in the compensation package and the alignment of plans with shareholder interests to ensure these practices do not pose a material adverse risk to the organization.

The review is conducted every other year as underlying programs and practices are generally consistent over time. The last review, for fiscal year 2014, concluded with the following perspectives:

The goals of the Company's compensation programs are to attract and retain the best talent and to motivate and reward our people in ways that are aligned with the long-term interests of our shareholders. This has been a

- long-standing objective of our pay-for-performance philosophy. We believe that the strong alignment of our employee compensation plans with performance has served our stakeholders, and in particular, our shareholders, well. The strength of this alignment is regularly reviewed and monitored by the Committee.

As a fashion specialty retailer, the Company's compensation-related risks are generally more straightforward than

- other business sectors. We have systems in place to identify, monitor and control risks, making it difficult for a single individual or a group of individuals to expose the Company to material risk.

Our compensation program rewards both short- and long-term performance. Company results are team oriented

- rather than individually focused and tied to measurable factors that are both transparent to shareholders and drivers of their returns.

The compensation program balances the importance of achieving critical short-term objectives with a focus on

- realizing long-term strategic priorities. Strong stock ownership guidelines are in place for Company leaders, and mechanisms, such as an executive clawback policy, exist to address inappropriate rewards.

The Committee is actively engaged in establishing compensation plans, monitoring these plans during the year and using discretion in making rewards, as necessary.

The Company has active and engaged oversight systems in place. The entire Board is aware of the compensation

- program, as established and approved by the Committee. The Audit Committee and the full Board closely monitor and certify the performance that drives employee rewards through detailed and transparent financial reporting, which is in place to provide strong, timely insight into the performance of the Company.

As a result of this review, the Committee believes that the Company's compensation plans do not encourage risk taking that is reasonably likely to have a material adverse effect on the Company.

Executive Compensation Clawback Policy Applies to Performance-Based Pay

In February 2008, the Board adopted a formal executive compensation clawback policy that applies to any performance-based bonus, equity, equity equivalent or other incentive compensation awarded to an Executive Officer, beginning in that fiscal year. Under that policy, in the event of a material restatement of the Company's financial results, the Board will review the circumstances that caused the restatement and consider accountability to determine whether an Executive Officer was negligent or engaged in misconduct. If so, and the amount or vesting of an award would have been less had the financial statements been correct, the Board will seek to recover compensation from the Executive Officer as it deems appropriate. This policy is in addition to any requirements which might be imposed pursuant to applicable law.

Termination and Change in Control Provisions are Committee Directed

Under our Leadership Separation Plan, the eligible Named Executive Officers receive severance benefits upon involuntary termination of employment by the Company, other than for cause, to assist in the transition from active employment. Separation benefits are described in the Potential Payments Upon Termination or Change in Control section on page 56.

As described in the same section, the Named Executive Officers are generally not entitled to any payment or accelerated benefit in connection with a change in control of the Company. However, the Named Executive Officers are entitled to accelerated vesting of equity if they experience a qualifying termination within 12 months following a change in control.

Tax and Accounting Considerations Underlie the Compensation Elements

The Committee recognizes the tax and regulatory factors that can influence the structure of executive compensation programs, including:

Section 162(m) of the Internal Revenue Code which disallows a tax deduction to public corporations for compensation over \$1 million paid to any Named Executive Officer except the Chief Financial Officer, who is not subject to Section 162(m). The statute exempts qualifying performance-based compensation from the deduction limit if certain requirements are met.

The Company's shareholder-approved 2004 and 2010 Equity Incentive Plans and Executive Management Bonus Plan are intended to comply with those requirements. In some years, there may be limited circumstances, such as an element within a new hire package, that do not allow for deductibility.

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification 718, Stock Compensation (“ASC 718”), where stock options, performance share units and restricted stock units are accounted for based on their grant date fair value (see Note 1: Nature of Operations and Summary of Significant Accounting Policies and Note 13: Stock-based Compensation of the Company’s Form 10-K filed with the SEC on March 16, 2015). The Committee regularly considers the accounting implications of our equity-based awards, including the variable accounting treatment of the performance share units.

Section 409A of the Internal Revenue Code, the limitations of which primarily relate to the deferral and payment of benefits under the Executive Deferred Compensation Plan and Supplemental Executive Retirement Plan. The Committee continues to consider the impact of Section 409A and in general, the evolving tax and regulatory landscape in which its compensation decisions are made.

NORDSTROM, INC. - 2015 Proxy Statement 40

[Back to Contents](#)

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this Proxy Statement. As a result, the Committee believes the Compensation Discussion and Analysis represents the intent and actions of the Committee with regard to executive compensation and has recommended to the Board that it be included in this Proxy Statement for filing with the SEC.

COMPENSATION COMMITTEE

Enrique Hernandez, Jr.
Philip G. Satre
B. Kevin Turner
Robert D. Walter, *Chair*

NORDSTROM, INC. - 2015 Proxy Statement 41

[Back to Contents](#)**Summary Compensation Table**

The following table summarizes the total compensation paid or accrued by the Company for services provided by the Named Executive Officers for fiscal years ended January 31, 2015, February 1, 2014 and February 2, 2013.

Name and Principal Position	Fiscal Year	Salary (\$)(a)	Bonus (\$)(b)	Stock Awards (\$)(c)	Option Awards (\$)(d)	Non-Equity Incentive Plan Compensation (\$)(e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(f)	All Other Compensation (\$)(g)	Total (\$)
Blake W. Nordstrom President	2014	722,986	—	906,152	906,481	1,197,990	—	55,630	3,789,239
	2013	718,958	—	438,099	1,312,779	921,330	—	43,526	3,434,692
	2012	709,722	—	340,081	1,049,992	892,080	879,469	47,362	3,918,706
Michael G. Koppel Executive Vice President and Chief Financial Officer	2014	742,000	—	629,974	630,155	556,793	1,916,126	30,609	4,505,657
	2013	710,750	—	295,749	886,115	411,739	737,203	28,151	3,069,707
	2012	671,250	—	218,624	674,985	458,784	822,197	45,042	2,890,882
Peter E. Nordstrom Executive Vice President and President – Merchandising	2014	722,986	—	906,152	906,481	1,197,990	318,071	40,137	4,091,817
	2013	718,958	—	438,099	1,312,779	921,330	—	34,115	3,425,281
	2012	700,972	—	315,790	974,994	892,080	822,290	41,165	3,747,291
Erik B. Nordstrom Executive Vice President and President – Nordstrom.com	2014	722,986	—	906,152	906,481	1,197,990	864,701	51,386	4,649,696
	2013	718,958	—	438,099	1,312,779	921,330	—	49,425	3,440,591
	2012	700,972	—	315,790	974,994	892,080	761,226	56,144	3,701,206
Kenneth J. Worzel Executive Vice President – Strategy and Development	2014	535,889	—	1,389,848	390,088	357,447	453,928	30,549	3,157,749
	2013	—	—	—	—	—	—	—	—
	2012	—	—	—	—	—	—	—	—

(a) Salary

The amounts shown represent base salary earned during the fiscal year. These numbers vary somewhat from the annual base salaries disclosed on page 36 due to the fact that our fiscal year ends on the Saturday nearest to January 31 and salary increases are effective April 1 of each year. The 2014 base salaries for the Named Executive Officers were \$725,000, \$748,800, \$725,000, \$725,000 and \$540,800, respectively.

Kenneth Worzel elected to defer \$5,000 of his base salary earned during calendar year 2014 into the Executive Deferred Compensation Plan. Due to the timing of our fiscal year end, \$217 of this was attributed to fiscal year 2013, and the remaining \$4,783 was attributed to fiscal year 2014, as reported in the Fiscal Year 2014 Nonqualified Deferred Compensation Table on page 52.

Each of the Named Executive Officers contributed a portion of their base salary earned during fiscal year 2014 to the 401(k) component of the 401(k) Plan & Profit Sharing.

Kenneth Worzel was not a Named Executive Officer prior to fiscal year 2014, so no amounts are reported for fiscal years 2013 or 2012 in this column or others in the Summary Compensation Table.

(b) Bonus

No amounts are reported because the Company does not pay discretionary or guaranteed bonuses to the Named Executive Officers. As described on page 37, all bonuses are performance based, and for that reason, are required to be reported in column (e), "Non-Equity Incentive Plan Compensation."

(c) Stock Awards

The amounts reported reflect the grant date fair value of performance share units and restricted stock units granted during the fiscal year under the 2010 Equity Incentive Plan. This is not the value received.

The value the Named Executive Officers may receive from their performance share units will depend on whether the performance criteria is met and the market price of Nordstrom stock at the end of the performance cycle. The amounts reported were calculated in accordance with FASB Accounting Standards Codification 718, *Stock Compensation* ("ASC 718"). The amounts shown were calculated by multiplying the number of performance share units awarded by the closing price of Common Stock on the date of grant. See column (c) of the Grants of Plan-Based Awards in Fiscal Year 2014 table on pages 45 and 46 for the number of performance share units granted in fiscal year 2014.

The value the Named Executive Officers may receive from their restricted stock units will depend on whether the time-based vesting criteria is met and the market price of Nordstrom stock on the vesting date. The amounts reported were calculated in accordance with ASC 718. The amounts shown were calculated by multiplying the number of restricted stock units granted by the closing price of Common Stock on the date of grant. See column (d) of the Grants of Plan-Based Awards in Fiscal Year 2014 table on pages 45 and 46 for the number of restricted stock units granted in fiscal year 2014.

NORDSTROM, INC. - 2015 Proxy Statement 42

[Back to Contents](#)

(d) Option Awards

The amounts reported reflect the grant date fair value of stock options granted during the fiscal year under the 2010 Equity Incentive Plan. This is not the value received. The Named Executive Officers will only realize value from stock options if the market price of Nordstrom stock is higher than the exercise price of the options at the time of exercise. The amounts reported are calculated in accordance with ASC 718. See column (e) of the Grants of Plan-Based Awards in Fiscal Year 2014 table on pages 45 and 46 for the number of stock options granted in fiscal year 2014.

Assumptions used in the calculation of these amounts for fiscal years 2014, 2013 and 2012 are included in Note 13: Stock-based Compensation of the Company's Form 10-K filed with the SEC on March 16, 2015.

(e) Non-Equity Incentive Plan Compensation

The amounts reported reflect the annual performance-based cash awards under the Executive Management Bonus Plan, as described on page 37. The amounts of the cash awards for fiscal year 2014, approved by the Compensation Committee at its February 13, 2015 meeting, were paid in March 2015. None of the Named Executive Officers elected to defer their cash awards for fiscal year 2014 into the Executive Deferred Compensation Plan.

(f) Change in Pension Value and Nonqualified Deferred Compensation Earnings

The amounts reported reflect the change in actuarial present value from fiscal year-end 2013 to fiscal year-end 2014 of each Named Executive Officer's benefit under the Supplemental Executive Retirement Plan. The present value of the benefit is affected by current earnings, credited years of service, the executive's age, time until retirement, the age of the executive's spouse or life partner as the potential beneficiary and economic assumptions (discount rate and mortality table used to determine the present value of the benefit). Because these factors vary by individual, the present value of the benefit increased for all of the Named Executive Officers except Blake Nordstrom.

The present value of Blake Nordstrom's benefit decreased over last year as a result of the \$700,000 annual benefit cap added to the Supplemental Executive Retirement Plan in 2014. The net decrease of \$225,873 is not reported in the table in accordance with SEC guidance. See the Pension Benefits section beginning on page 50 for more information about the Supplemental Executive Retirement Plan.

The present value of Peter and Erik Nordstrom's benefits was also reduced as a result of the \$700,000 annual benefit cap. However, due to the economic assumptions, their net present values increased, as reported in the table.

The amounts reported were calculated using the same discount rate and mortality table assumptions as those used in the Company's financial statements to calculate the Company's obligations under the Plan. Assumptions used in the calculation of these amounts are included in Note 7: Postretirement Benefits of the Company's Form 10-K filed with the SEC on March 16, 2015.

Michael Koppel and Kenneth Worzel had account balances in the Executive Deferred Compensation Plan in fiscal year 2014, as shown on page 52. Neither received any above-market-rate or preferential earnings on their deferred compensation, so no amounts for these types of earnings are included in the table.

(g) All Other Compensation

A detailed description of all other compensation paid to the Named Executive Officers is shown in the table below.

All Other Compensation in Fiscal Year 2014

The following table shows each component of "All Other Compensation" for fiscal year 2014, reported in column (g) of the Summary Compensation Table on page 42, calculated at the aggregate incremental cost to the Company.

Name	Leadership	Broad-Based	Broad-Based			Total
	Benefits Premium on Life Insurance	Benefits Merchandise Discount	Retirement Benefits 401(k) Plan Match	Profit Sharing	Other Personal Use of Company Aircraft	
	\$(a)	\$(b)	\$(c)	\$(d)	\$(e)	\$(f)
Blake W. Nordstrom	370	39,907	10,400	4,953	—	55,630
Michael G. Koppel	379	14,877	10,400	4,953	—	30,609
Peter E. Nordstrom	370	18,051	10,400	4,953	6,363	40,137
Erik B. Nordstrom	370	35,663	10,400	4,953	—	51,386
Kenneth J. Worzel	274	14,922	10,400	4,953	—	30,549

(a) Premium on Life Insurance

The Company provides life insurance to the Named Executive Officers in an amount equal to approximately 1.25 times their base salary. The amounts reported are the annual Company-paid premiums.

(b)Merchandise Discount

The Company provides a merchandise discount to the Named Executive Officers of 33% for purchases at Nordstrom full-line stores and Nordstrom.com and 20% for purchases at Nordstrom Rack stores,

NORDSTROM, INC. - 2015 Proxy Statement 43

[Back to Contents](#)

Nordstromrack.com, HauteLook and our restaurants. A 40% discount is available at certain times of the year on specified merchandise. The merchandise discount provided to the Named Executive Officers is the same as for all other eligible management and high-performing nonmanagement employees of the Company. The amounts reported are the total discounts the Named Executive Officers received on their Nordstrom purchases during the fiscal year.

(c) 401(k) Plan Company Match

The Company offers a matching contribution on employee 401(k) contributions under the 401(k) Plan & Profit Sharing to the Named Executive Officers. The executives may defer up to 16% of their eligible pay (i.e., base salary, performance-based bonus and other taxable wages) into the Plan, subject to Internal Revenue Code limits.

Although the matching contribution is discretionary and subject to change, the Company currently matches the executive's contributions for the Plan year, dollar for dollar, up to 4% of eligible pay. The 2014 calendar year compensation limit for eligible pay was \$260,000, as set by the IRS. The maximum Company contribution for each of the Named Executive Officers was \$10,400 (4% x \$260,000), as reported on page 43.

Contributions under the Plan may be directed to any of 13 custom target retirement date funds or to any of 9 individual investment alternatives, including Company Stock. The Plan also offers a self-directed brokerage option.

(d) Profit Sharing

The Board has discretion to make an annual Profit Sharing contribution to the 401(k) Plan & Profit Sharing based on a formula that reflects overall Company performance as measured by Earnings Before Interest and Income Taxes (EBIT). Although the contribution is discretionary, the target annual Profit Sharing contribution is 1%, 2% or 3% of a participant's eligible pay (i.e., base salary, performance-based bonus and other taxable wages), depending on the participant's length of service with the Company. The 2014 calendar year compensation limit for eligible pay was \$260,000, as set by the IRS. As a result of the Company's performance in fiscal year 2014, the contribution for all eligible employees was below target at 63.5%. The 2014 contribution for each of the Named Executive Officers was \$4,953 (3% x \$260,000 x 63.5%), as reported on page 43.

(e) Personal Use of Company Aircraft

The Company owns two aircraft which it uses for business purposes. On rare occasions, a Named Executive Officer's guest accompanies the executive on a business trip on the Company's aircraft as an additional passenger. Only the direct variable costs (i.e., costs the Company incurs solely as a result of the passenger being on the aircraft) are included in determining the aggregate incremental cost to the Company. When travel does not meet the IRS standard for business travel, the cost of the travel is imputed as income to the executive, which is the Company's practice to

fully disclose. The Company does not reimburse the Named Executive Officers for taxes incurred as a result of the imputed income.

In fiscal year 2014, Peter Nordstrom was accompanied by a family member on two business trips. The costs reported are the total direct variable costs associated with the family member's travel which include the tax deduction the Company was not able to take as a result of the nondeductible portion of the aircraft operating costs.

NORDSTROM, INC. - 2015 Proxy Statement 44

[Back to Contents](#)**Grants of Plan-Based Awards in Fiscal Year 2014**

The following table discloses the potential range of payouts for:

- non-equity incentive plan awards granted in fiscal year 2014. These awards are performance-based cash bonuses granted under the Executive Management Bonus Plan, as described on page 37; and
- equity incentive plan awards granted in fiscal year 2014. These awards are performance share units granted under the 2010 Equity Incentive Plan, as described on page 38.

The table also discloses:

- the grant date fair value of performance share units granted under the 2010 Equity Incentive Plan in fiscal year 2014;
- the number, price and grant date fair value of stock options granted under the 2010 Equity Incentive Plan in fiscal year 2014, as described on page 38; and
- the number and grant date fair value of restricted stock units granted under the 2010 Equity Incentive Plan in fiscal year 2014, as described on page 38.

Name and Award	Grant Date (a)	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (b)			Estimated Future Payouts Under Equity Incentive Plan Awards (c)			All Other Stock Awards: Number of Shares of Stock or Units (#)(d)	All Other Option Awards: Number of Securities Underlying Options (#)(e)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Blake W. Nordstrom Executive Management Bonus Performance Share Unit Award	3/3/2014	2/26/2014	362,500	1,450,000	3,625,000					
Stock Option Award	3/3/2014	2/26/2014				5,551.50	7,402.00	12,953.50		56,726

Restricted Stock Unit Award	3/3/2014	2/26/2014								7,402
Michael G. Koppel										
Executive Management Bonus			168,480	673,920	1,684,800					
Performance Share Unit Award	3/3/2014	2/26/2014				3,859.50	5,146.00	9,005.50		
Stock Option Award	3/3/2014	2/26/2014								39,434
Restricted Stock Unit Award	3/3/2014	2/26/2014								5,146
Peter E. Nordstrom										
Executive Management Bonus			362,500	1,450,000	3,625,000					
Performance Share Unit Award	3/3/2014	2/26/2014				5,551.50	7,402.00	12,953.50		
Stock Option Award	3/3/2014	2/26/2014								56,726
Restricted Stock Unit Award	3/3/2014	2/26/2014								7,402

[Back to Contents](#)

Name and Award	Grant Date (a)	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (b)			Estimated Future Payouts Under Equity Incentive Plan Awards (c)			All Other Stock Awards: Number of Shares of Stock or Units (d)	All Other Option Awards: Number of Underlying Securities Options (e)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Erik B. Nordstrom										
Executive Management Bonus			362,500	1,450,000	3,625,000					
Performance Share Unit Award	3/3/2014	2/26/2014				5,551.50	7,402.00	12,953.50		
Stock Option Award	3/3/2014	2/26/2014								56,726
Restricted Stock Unit Award	3/3/2014	2/26/2014							7,402	
Kenneth J. Worzel										
Executive Management Bonus			108,160	432,640	1,081,600					
Performance Share Unit Award	3/3/2014	2/26/2014				2,388.75	3,185.00	5,573.75		
Stock Option Award	3/3/2014	2/26/2014								24,411
Restricted Stock Unit Award	3/3/2014	2/26/2014							3,185	
Restricted Stock Unit Award	8/25/2014	6/25/2014							14,334	

(a) Grant Date

The grant date is the first open-window trading day that falls on or after the Compensation Committee's approval of the grant.

(b) Estimated Future Payouts Under Non-Equity Incentive Plan Awards

The amounts shown report the range of possible cash payouts for fiscal year 2014 associated with established levels of performance under the Executive Management Bonus Plan. The amounts shown in the “Threshold,” “Target” and “Maximum” columns reflect the payout opportunity associated with established levels of performance, as discussed on page 37. For there to be any payout, the minimum performance milestone must be achieved.

Although the column heading refers to future payouts, the performance-based bonuses have already been earned and paid to the Named Executive Officers. These cash payments are reported in the Summary Compensation Table on page 42, in column (e), “Non-Equity Incentive Plan Compensation.”

(c) Estimated Future Payouts Under Equity Incentive Plan Awards

The numbers shown report the range of potential performance share unit payouts for the three-year performance cycle of the 2014 grant, beginning February 2, 2014 and ending January 28, 2017. Payouts are shown in units at 75%, 100% and 175% of the number of performance share units granted. If the threshold level of performance is not met, no payout will be earned.

(d) All Other Stock Awards: Number of Shares of Stock or Units

The numbers shown report the number of restricted stock units granted to the Named Executive Officers in fiscal year 2014 under the 2010 Equity Incentive Plan. These restricted stock units vest in four equal annual installments beginning one year from the date of grant. For more information about long-term incentive grant practices, see page 38.

[Back to Contents](#)

(e) All Other Option Awards: Number of Securities Underlying Options

The numbers shown report the number of stock options granted to the Named Executive Officers in fiscal year 2014 under the 2010 Equity Incentive Plan. These stock options vest and become exercisable in four equal annual installments beginning one year from the date of grant. For more information about long-term incentive grant practices, see page 38.

Under the 2010 Equity Incentive Plan, the Compensation Committee may grant different types of equity, including stock options, stock appreciation rights, unrestricted shares, restricted shares, restricted stock units and performance share units. In fiscal year 2014, the Named Executive Officers were granted stock options, restricted stock units and performance share units.

(f) Exercise or Base Price of Option Awards

The exercise price of the stock options granted in fiscal year 2014 of \$61.21 was the fair market value at the closing price of Common Stock on the grant date, March 3, 2014.

(g) Grant Date Fair Value of Stock and Option Awards

The grant date fair value of the performance share units, stock options and restricted stock units is calculated in accordance with ASC 718.

The reported value for performance share units was calculated by multiplying the number of performance share units granted by the closing price of Common Stock on March 3, 2014, the date of grant, which was \$61.21. This is not the value received. The value the Named Executive Officers may receive will depend on whether the performance criteria is met and the market price of Nordstrom stock at the end of the performance cycle.

The reported value for stock options was calculated by multiplying the number of options awarded by the fair value of an option for the fiscal year 2014 grant, which was \$15.98. The Named Executive Officers will only realize value from the stock options if the market price of Nordstrom shares is higher than the grant price of \$61.21 at the time of exercise. The actual value received by the Named Executive Officers will be the difference between the stock price at that future exercise date and the grant price of \$61.21.

The reported value for restricted stock units granted on March 3, 2014 was calculated by multiplying the number of restricted stock units by the price of Common Stock on the date of grant, which was \$61.21. The reported value for restricted stock units granted on August 25, 2014 was calculated by multiplying the number of restricted stock units by the price of Common stock on the date of grant, which was \$69.76. This is not the value received. The value the Named Executive Officers may receive will depend on whether the time-based vesting criteria is met and the market price of Nordstrom stock at the time of any vesting.

Outstanding Equity Awards at Fiscal Year-End 2014

The table on the following page provides information on the current holdings of stock options and stock awards by the Named Executive Officers as of the fiscal year ended January 31, 2015. The table includes vested but unexercised stock options, unvested stock options, unvested restricted stock units and performance share units with time remaining in their three-year performance cycles. The vesting schedule for outstanding stock options and restricted stock units and additional information about the outstanding performance share units is shown on page 49. Information about the amount of Common Stock beneficially owned by the Named Executive Officers is shown in the Beneficial Ownership Table on page 59.

[Back to Contents](#)

Option Awards							Stock Awards					
Name	Grant Date	Exer- cisable	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised	Option	Exercise Price (\$)	Option Expiration Date	Have Not Vested (#)(b)	Market Value of Shares or Units of Stock That	Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested \$(d)
											Have Not Vested \$(c)	
Blake W. Nordstrom	2/22/2006	49,048	—			40.27	2/22/2016					
	3/1/2007	40,011	—			53.63	3/1/2017					
	2/28/2008	51,847	—			38.02	2/27/2018					
	2/27/2009	118,828	—			13.47	2/27/2019					
	2/26/2010	78,046	—			36.94	2/26/2020					
	2/25/2011	52,522	17,508			45.49	2/25/2021					
	2/22/2012	34,314	34,315			52.63	2/22/2022					
	3/4/2013	23,243	69,730			53.82	3/4/2023					
	3/3/2014	—	56,726			61.21	3/3/2024					
	3/3/2014							7,114	542,087			
											23,113.50	1,761,249
Michael G. Koppel	2/22/2006	28,728	—			40.27	2/22/2016					
	3/1/2007	25,150	—			53.63	3/1/2017					
	2/28/2008	35,553	—			38.02	2/27/2018					
	2/27/2009	81,482	—			13.47	2/27/2019					
	2/26/2010	40,138	—			36.94	2/26/2020					
	2/25/2011	29,825	9,942			45.49	2/25/2021					
	2/22/2012	22,059	22,059			52.63	2/22/2022					
	3/4/2013	15,689	47,067			53.82	3/4/2023					
	3/3/2014	—	39,434			61.21	3/3/2024					
	3/3/2014							4,945	376,809			
											15,864.25	1,208,856
Peter E. Nordstrom	2/22/2006	31,531	—			40.27	2/22/2016					
	3/1/2007	28,007	—			53.63	3/1/2017					
	2/28/2008	48,144	—			38.02	2/27/2018					
	2/27/2009	110,340	—			13.47	2/27/2019					
	2/26/2010	72,472	—			36.94	2/26/2020					
	2/25/2011	48,771	16,257			45.49	2/25/2021					
	2/22/2012	31,863	31,864			52.63	2/22/2022					
	3/4/2013	23,243	69,730			53.82	3/4/2023					
	3/3/2014	—	56,726			61.21	3/3/2024					

Edgar Filing: NORDSTROM INC - Form DEF 14A

	3/3/2014			7,402	564,032				
						23,113.50	1,761,249		
Erik B.	2/22/2006	31,531	—	40.27	2/22/2016				
Nordstrom	3/1/2007	28,007	—	53.63	3/1/2017				
	2/28/2008	48,144	—	38.02	2/27/2018				
	2/27/2009	110,340	—	13.47	2/27/2019				
	2/26/2010	72,472	—	36.94	2/26/2020				
	2/25/2011	148,771	16,257	45.49	2/25/2021				
	2/22/2012	31,863	31,864	52.63	2/22/2022				
	3/4/2013	23,243	69,730	53.82	3/4/2023				
	3/3/2014	—	56,726	61.21	3/3/2024				
	3/3/2014					7,402	564,032		
								23,113.50	1,761,249
Kenneth J.	3/23/2010	52,981	—	41.46	3/23/2020				
Worzel	2/25/2011	22,509	7,504	45.49	2/25/2021				
	2/22/2012	15,257	15,258	52.63	2/22/2022				
	3/4/2013	9,463	28,390	53.82	3/4/2023				
	3/3/2014	—	24,411	61.21	3/3/2024				
	3/3/2014					3,185	242,697		
	8/25/2014					14,334	1,092,251		
								9,710.00	739,902

NORDSTROM, INC. - 2015 Proxy Statement 48

[Back to Contents](#)**(a) Number of Securities Underlying Unexercised Options: Unexercisable**

The following table shows the grant date, vesting schedule and expiration date for all unvested stock options as of the fiscal year ended January 31, 2015. All stock option grants have a four-year vesting schedule of 25% per year and a 10-year term.

Grant Date	Vesting Schedule	Expiration Date
2/25/2011	25% per year with a remaining vesting date of 2/25/2015	2/25/2021
2/22/2012	25% per year with remaining vesting dates of 2/22/2015 and 2/22/2016	2/22/2022
3/4/2013	25% per year with remaining vesting dates of 3/4/2015, 3/4/2016 and 3/4/2017	3/4/2023
3/3/2014	25% per year with vesting dates of 3/3/2015, 3/3/2016, 3/3/2017 and 3/3/2018	3/3/2024

(b) Number of Shares or Units of Stock That Have Not Vested

The following table shows the grant date and vesting schedule for all unvested restricted stock units as of the fiscal year ended January 31, 2015. All restricted stock unit grants have a four-year vesting schedule of 25% per year.

Grant Date	Vesting Schedule
3/3/2014	25% per year with vesting dates of 3/3/2015, 3/3/2016, 3/3/2017 and 3/3/2018
8/25/2014	25% per year with vesting dates of 8/25/2015, 8/25/2016, 8/25/2017 and 8/25/2018

(c) Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested

The numbers reported are the outstanding performance share units granted in fiscal years 2013 and 2014. Both of these grants have time remaining in their three-year performance cycles. If the performance cycles for these grants had ended as of the close of fiscal year 2014, 100% of the number of performance share units granted in 2013 and 150% of the number granted in 2014 would have been earned.

As required to be disclosed, the number of estimated shares reported for the 2013 and 2014 grants is based on achieving the next higher performance measure which pays out at 125% of the number of units granted for the 2013 grant and 175% of the number of units granted for the 2014 grant, as shown in the performance share unit vesting schedule on the bottom of page 38. See the Outstanding Equity Awards: Performance Share Units table below for detailed information about these awards.

(d) Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested

The amounts reported relate to the outstanding performance share units granted in fiscal years 2013 and 2014. Both of these grants have time remaining in their three-year performance cycles. If the performance cycles for these grants had ended as of the close of fiscal year 2014, 100% of the number of performance share units granted in 2013 and 150% of the number granted in 2014 would have been earned.

As required to be disclosed, the payout values reported are based on achieving the next higher performance measure which pays out at 125% of the number of units granted for the 2013 grant and 175% of the number of units granted for the 2014 grant. The value of estimated payouts has been calculated using the closing price of Common Stock on January 30, 2015, the last market trading day of the fiscal year, of \$76.20. The payout does not include estimated dividend amounts as the Company does not pay dividends on unvested performance share units. See the Outstanding Equity Awards: Performance Share Units table below for detailed information about these awards.

Outstanding Equity Awards: Performance Share Units

The following table shows the detail for the outstanding performance share units that were granted in fiscal years 2013 and 2014 under the 2010 Equity Incentive Plan. The number and value of these outstanding performance share units are shown in columns (c) and (d) of the Outstanding Equity Awards at Fiscal Year-End 2014 table on page 48. These 2013 and 2014 performance share unit grants have one and two years remaining in their three-year performance cycles, respectively. More information about performance share units and long-term incentive grant practices is provided on page 38.

Name	Three Year Performance Cycle (a)	Estimated Shares (at 125% of the Number Granted for the 2013 Grant and 175% of the Number Granted for the 2014 Grant) (#)	Value of Estimated Payout (\$)
Blake W. Nordstrom	2/3/2013 – 1/30/2016	10,160.00	774,192
	2/2/2014 – 1/28/2017	12,953.50	987,057
Michael G. Koppel	2/3/2013 – 1/30/2016	6,858.75	522,637
	2/2/2014 – 1/28/2017	9,005.50	686,219
Peter E. Nordstrom	2/3/2013 – 1/30/2016	10,160.00	774,192
	2/2/2014 – 1/28/2017	12,953.50	987,057
Erik B. Nordstrom	2/3/2013 – 1/30/2016	10,160.00	774,192
	2/2/2014 – 1/28/2017	12,953.50	987,057
Kenneth J. Worzel	2/3/2013 – 1/30/2016	4,136.25	315,182
	2/2/2014 – 1/28/2017	5,573.75	424,720

(a) Performance Cycle

The performance share units are earned on the last day of the three-year performance cycle if performance criteria have been met, and become vested when the results have been certified by the Compensation Committee.

NORDSTROM, INC. - 2015 Proxy Statement 49

[Back to Contents](#)**Option Exercises and Stock Vested in Fiscal Year 2014**

The following table provides information for the Named Executive Officers on:

- the number of shares of Common Stock acquired and value realized from stock option exercises in fiscal year 2014; and
- the number of shares of Common Stock acquired and value realized from performance share units and restricted stock units that vested with respect to fiscal year 2014.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise \$(a)	Number of Shares Acquired on Vesting (#)(b)	Value Realized on Vesting \$(c)
Blake W. Nordstrom	67,502	2,969,413	5,275.50	401,601
Michael G. Koppel	37,126	1,344,764	3,407.25	259,359
Peter E. Nordstrom	40,984	1,508,666	4,631.25	352,901
Erik B. Nordstrom	40,984	1,483,391	4,631.25	352,901
Kenneth J. Worzel	—	—	2,217.00	176,052

(a) Value Realized on Exercise

The amount realized equals the aggregate difference between the fair market value of Common Stock on the dates of exercise and the grant prices, multiplied by the number of shares acquired on exercise.

(b) Number of Shares Acquired on Vesting

The performance share units granted in 2012 vested at 75% of target based on Nordstrom total shareholder return relative to other companies in our peer group, as described on page 38. Therefore, the number of shares acquired on vesting is equal to 75% of the number of shares granted. The numbers reported for Blake Nordstrom and Michael Koppel include 288 and 201 shares, respectively, which vested on an accelerated basis in 2014 solely to satisfy Social Security, Medicare or income tax withholding obligations of retirement-eligible employees with respect to their restricted stock unit awards.

(c) Value Realized on Vesting

Vested performance share units are paid in shares of Common Stock or cash at the election of the executives prior to the end of the performance cycle. In accordance with the requirements of Internal Revenue Code Section 409A, executives may also elect to defer their vested performance share units into the Executive Deferred Compensation Plan. All of the executives except Kenneth Worzel elected to receive 100% of their 2014 payouts in cash. Kenneth Worzel elected to defer 100% of his payout into the Executive Deferred Compensation Plan.

The amount realized from the vested performance share units for all of the Named Executive Officers except Kenneth Worzel was equal to the number of shares of Common Stock available for acquisition, multiplied by \$76.20, the closing price of Common Stock on January 30, 2015, the last market trading day of the three-year performance cycle. For Kenneth Worzel, the amount realized from the vested performance share units was equal to the number of shares of Common Stock available for deferral, multiplied by \$79.41, the closing price of Common Stock on February 13, 2015, the vesting date.

The amount realized for Blake Nordstrom and Michael Koppel includes the number of shares of Common Stock withheld on vesting of restricted stock units to satisfy tax withholding obligations as described previously, multiplied by \$74.84, the closing price of Common Stock on December 16, 2014, the vesting date.

Pension Benefits

The Company's original Supplemental Executive Retirement Plan ("SERP") was introduced in the 1980s. Over the years, the plan design changed to better meet the current purpose of encouraging designated executives to stay with Nordstrom throughout their careers and rewarding their significant and sustained contribution to the Company's success by adding to their financial security upon retirement. The SERP was closed to new entrants, beginning in 2012.

The Named Executive Officers are eligible for the SERP and are entitled to receive the full retirement benefit at age 58. The full benefit is equal to 1.6% multiplied by final average pay and the executive's years of credited service, up to a maximum of 25 years. An Executive may retire early and receive a reduced benefit if he or she is between the ages of 53 and 57 with at least 10 years of credited service and the Board approves the early retirement. The early retirement benefit is reduced 10% for each year that the retirement age is less than 58. The annual SERP benefit is capped at \$700,000.

Final average pay is the average base salary and annual performance-based cash bonus of the highest 36 months over the longer of:

- the most recent five years of service; or

- the entire period of service after the executive's 53^d birthday.

There is no offset or reduction in the Named Executive Officers' SERP benefit for Social Security or other Company retirement benefits such as the 401(k) Plan & Profit Sharing.

The annual SERP benefit is paid upon retirement for the remaining life of the executive with a 50% annuity paid to a surviving spouse or life partner after the executive's death. A surviving spouse or life partner also receives a 50% survivor benefit if the executive dies before retiring. The amount of this survivor benefit depends on the executive's age and years of credited service at the time of death.

NORDSTROM, INC. - 2015 Proxy Statement 50

[Back to Contents](#)

The SERP provides that no benefit will be paid to an executive whose employment is terminated for cause, which includes competitive behavior against the Company, as determined by the Compensation Committee in the exercise of its discretion in accordance with the Plan. The Compensation Committee also has discretion to discontinue payment of benefits under the SERP if the retired executive is found to have engaged in misconduct or in competitive behavior against the Company.

Information about payment of the SERP benefit related to change in control is provided in footnote (b) to the Potential Payments Upon Termination or Change in Control at Fiscal Year-End 2014 table on page 55.

Because the SERP is a nonqualified deferred compensation plan, the Company is not obligated to fund it. However, the Company does set aside funds to assist in the payment of future benefit obligations. If the Company were to become insolvent, participants would be unsecured general creditors, and there is no guarantee that funds would be available to pay all creditors in full. See Note 7: Postretirement Benefits of the Company's Form 10-K filed with the SEC on March 16, 2015 for a discussion of the benefit obligation.

Fiscal Year 2014 Pension Benefits Table

The following table shows the present value of accumulated SERP benefits payable to each of the Named Executive Officers, based on the number of years of service credited under the Plan to each Named Executive Officer and actuarial assumptions consistent with those used in the Company's financial statements to calculate the Company's obligations under the Plan. See Note 7: Postretirement Benefits of the Company's Form 10-K filed with the SEC on March 16, 2015 for a discussion of the benefit obligation and assumptions used.

Name	Plan Name	Age (a)	Number of Years Credited Service (#)(b)	Present Value of Accumulated Benefit \$(c)	Payments During Last Fiscal Year (\$)
Blake W. Nordstrom	Supplemental Executive Retirement Plan	54	25	11,429,781	—
Michael G. Koppel	Supplemental Executive Retirement Plan	58	25	10,046,265	—
Peter E. Nordstrom	Supplemental Executive Retirement Plan	52	25	10,835,456	—
Erik B. Nordstrom	Supplemental Executive Retirement Plan	51	25	10,247,956	—
Kenneth J. Worzel	Supplemental Executive Retirement Plan	50	5	1,062,011	—

(a) Age

Age is as of January 31, 2015, the last day of the fiscal year.

(b) Number of Years Credited Service

Although Blake, Peter and Erik Nordstrom each have 35 or more years of service, the number of years of credited service under the SERP is capped at 25. Prior to 2006, the Compensation Committee selectively awarded additional years of service to executives hired mid-career so that they could earn the full 25 years of service by the time they reached the retirement age of 58. Michael Koppel received these additional years and has earned the equivalent of 25 years of service. Ten of Michael Koppel's 25 years are additional years of service.

(c) Present Value of Accumulated Benefit

The amounts shown are based on a retirement age of 58. Peter and Erik Nordstrom and Kenneth Worzel are not currently entitled to receive any benefits, should they leave the Company, because such amounts are not vested and the executives are not the minimum retirement age of 53. Blake Nordstrom has met the minimum retirement age of 53 with at least 10 years of service and would be eligible for early retirement with prior approval from the Board. If the Board approved early retirement, he would be entitled to receive a reduced SERP benefit with a present value as of the end of the fiscal year of \$8,358,000. Michael Koppel has met the normal retirement age of 58 and would be entitled to receive a full SERP benefit with a present value as of the end of the fiscal year of \$10,046,265, as shown above. These amounts are reported in the Potential Payments Upon Termination or Change of Control at Fiscal Year-End 2014 table on page 53.

Nonqualified Deferred Compensation

The Company offers participation in the Executive Deferred Compensation Plan ("EDCP") to designated leadership-level employees, including the Named Executive Officers, who meet a minimum compensation threshold. Under this Plan, a participant may defer up to 100% of base salary in excess of \$50,000, up to 100% of an annual performance-based bonus and up to 100% of any vested performance share units, less applicable payroll taxes.

Deferral elections generally are irrevocable and are made in compliance with Section 409A of the Internal Revenue Code. If a participant's EDCP deferrals cause a reduction in the Company's 401(k) match or Profit Sharing contribution, the Company may deposit a make-up contribution into the participant's EDCP account. No other Company contributions or matches are made for the Named Executive Officers. The participating Named Executive Officers did not receive make-up contributions in the fiscal year ended January 31, 2015 because the Company's contributions to their 401(k) Plan & Profit Sharing were not reduced due to any deferrals into the EDCP.

Plan participants may direct their cash deferrals to any of 19 deemed investment alternatives, priced and valued similar to retail mutual funds, and may change their investment allocations among these investment alternatives daily. In addition, plan participants are offered a fixed rate option of 5%, which is not subsidized by the Company, but rather is a rate based on guaranteed contractual returns from a third-party insurance company provider. Gains and losses for cash deferrals are credited to participant accounts daily, based on their investment elections. The deemed investment alternatives for cash do not include Common Stock. Vested performance share units that are deferred into the EDCP remain as stock units until distribution.

NORDSTROM, INC. - 2015 Proxy Statement 51

[Back to Contents](#)**Fiscal Year 2014 Nonqualified Deferred Compensation Table**

The following table discloses information on nonqualified deferred compensation for the Named Executive Officers under the Company's EDCP for the fiscal year ended January 31, 2015. The Company's SERP is also a nonqualified plan. Information regarding benefits payable to Named Executive Officers under the SERP is provided on pages 50 and 51.

Name	Executive Contributions in Last Fiscal Year (\$)(a)	Registrant Contributions in Last Fiscal Year (\$)	Aggregate Earnings in Last Fiscal Year (\$)(b)	Aggregate Withdrawals / Distributions (\$)	Aggregate Balance at Last Fiscal Year-End (\$)(c)
Blake W. Nordstrom	—	—	—	—	—
Michael G. Koppel	—	—	617,395	—	3,474,091
Peter E. Nordstrom	—	—	—	—	—
Erik B. Nordstrom	—	—	—	—	—
Kenneth J. Worzel	9,783	—	74,226	—	477,654

(a) Executive Contributions in Last Fiscal Year

Kenneth Worzel elected to defer \$5,000 of his base salary earned during calendar year 2014 into the EDCP. Due to the timing of our fiscal year end, \$217 of this was attributed to fiscal year 2013, and the remaining \$4,783 was attributed to fiscal year 2014. He also elected to defer \$5,000 of his annual performance-based cash bonus earned in fiscal year 2013 and paid in 2014 into the EDCP.

(b) Aggregate Earnings in Last Fiscal Year

The amounts include the total interest or other earnings accrued on the entire EDCP account balances, including deferred performance share units.

(c) Aggregate Balance at Last Fiscal Year-End

The amounts shown are the total EDCP balances, including earnings on deferrals, as of January 31, 2015. Amounts for Michael Koppel, excluding earnings on deferrals, have been previously disclosed in the Summary Compensation Table in our prior Proxy Statements.

Potential Payments Upon Termination or Change in Control

The information on the following pages describes and quantifies certain amounts that would become payable under existing compensation plans if the Named Executive Officers' employment had terminated on January 31, 2015, the last day of the fiscal year. The amounts are based on each executive's compensation and years of service as of that date and, if applicable, based on the closing price of Common Stock on January 30, 2015, the last market trading day of the fiscal year, of \$76.20. The estimates are based on all relevant plans effective at the end of the fiscal year and information available at that time. Actual values would reflect specific circumstances at the time of any termination, the plans and provisions effective if and when a termination event occurs and any other applicable factors.

Employment Agreements

The Company does not have employment agreements with any Nordstrom employees, including the Named Executive Officers. The Company maintains a leadership separation plan to provide a broad group of leadership employees an appropriate level of severance benefits in the event of separation of service under certain circumstances. Except as described on the following pages, there are no agreements, arrangements or plans that entitle the Named Executive Officers to enhanced benefits upon termination of their employment.

[Back to Contents](#)**Potential Payments Upon Termination or Change in Control at Fiscal Year-End 2014**

The following table shows various termination scenarios and payments that would be triggered under the Company's compensation plans.

Name and Potential Payment	Death (\$)	Disability (\$)	Retirement (\$)	Termination without Cause (\$)	Change in Control (\$)
Blake W. Nordstrom					
Continued or Accelerated Vesting of Equity Awards ^(a)	4,994,361	4,994,361	4,994,361	4,994,361	—
Vested SERP Benefit ^(b)	4,103,484	—	8,358,000	8,358,000	—
Executive Deferred Compensation Plan Survivor Benefit ^(c)	—	—	—	—	—
Life Insurance Proceeds ^(d)	906,000	—	—	—	—
Retiree Health Care Benefit ^(e)	200,972	436,621	436,621	436,621	—
Separation Benefit ^(f)	—	—	—	—	—
Executive Management Bonus ^(g)	—	—	—	—	—
Total Value of Incremental Benefits	10,204,817	5,430,982	13,788,982	13,788,982	—
Michael G. Koppel					
Continued or Accelerated Vesting of Equity Awards ^(a)	3,321,336	3,321,336	3,321,336	3,321,336	—
Vested SERP Benefit ^(b)	4,973,504	10,046,265	10,046,265	10,046,265	—
Executive Deferred Compensation Plan Survivor Benefit ^(c)	2,026,920	—	—	—	—
Life Insurance Proceeds ^(d)	936,000	—	—	—	—
Retiree Health Care Benefit ^(e)	157,313	325,925	325,925	325,925	—
Separation Benefit ^(f)	—	—	—	223,244	—
Executive Management Bonus ^(g)	—	—	—	—	—
Total Value of Incremental Benefits	11,415,073	13,693,526	13,693,526	13,916,770	—
Peter E. Nordstrom					
Continued or Accelerated Vesting of Equity Awards ^(a)	4,920,118	4,920,118	—	—	—
Vested SERP Benefit ^(b)	3,516,660	—	—	—	—
Executive Deferred Compensation Plan Survivor Benefit ^(c)	—	—	—	—	—
Life Insurance Proceeds ^(d)	906,000	—	—	—	—
Retiree Health Care Benefit ^(e)	—	—	—	—	—
Separation Benefit ^(f)	—	—	—	—	—
Executive Management Bonus ^(g)	—	—	—	—	—
Total Value of Incremental Benefits	9,342,778	4,920,118	—	—	—
Erik B. Nordstrom					
Continued or Accelerated Vesting of Equity Awards ^(a)	4,920,118	4,920,118	—	—	—
Vested SERP Benefit ^(b)	3,184,038	—	—	—	—
Executive Deferred Compensation Plan Survivor Benefit ^(c)	—	—	—	—	—
Life Insurance Proceeds ^(d)	906,000	—	—	—	—
Retiree Health Care Benefit ^(e)	—	—	—	—	—
Separation Benefit ^(f)	—	—	—	—	—

Executive Management Bonus ^(g)	—	—	—	—	—
Total Value of Incremental Benefits	9,010,156	4,920,118	—	—	—
Kenneth J. Worzel					
Continued or Accelerated Vesting of Equity Awards ^(a)	3,215,761	3,215,761	—	—	—
Vested SERP Benefit ^(b)	344,500	—	—	—	—
Executive Deferred Compensation Plan Survivor Benefit ^(c)	—	—	—	—	—
Life Insurance Proceeds ^(d)	677,000	—	—	—	—
Retiree Health Care Benefit ^(e)	—	—	—	—	—
Separation Benefit ^(f)	—	—	—	286,726	—
Executive Management Bonus ^(g)	—	—	—	—	—
Total Value of Incremental Benefits	4,237,261	3,215,761	—	286,726	—

NORDSTROM, INC. - 2015 Proxy Statement 53

[Back to Contents](#)

(a) Continued or Accelerated Vesting of Equity Awards

As of the end of fiscal year 2014, the Named Executive Officers had outstanding equity awards under the 2004 and 2010 Equity Incentive Plans. Treatment of the awards under various termination scenarios is described below.

Stock Options

Death or Disability

Beginning with the 2009 stock option grant, the stock option agreements under the Company's Equity Incentive Plans provide that if a participant's employment is terminated by reason of death or disability, stock options granted more than six months prior to the termination event will immediately vest and may be exercised during the period ending four years after termination, provided the 10-year term of the grant has not expired.

The amounts shown in the table for the Death and Disability termination scenarios include the values, as of the end of fiscal year 2014, of unvested stock options that would immediately vest and be exercisable during the period ending four years after termination.

Beginning with the 2008 stock option grant, if, during the term of any outstanding grant, the executive engages in any business competitive with the Company or divulges or improperly uses any confidential or proprietary information of the Company, then the post-separation vesting and exercise rights will cease immediately and all outstanding vested and unvested options under such grants will be automatically forfeited.

Retirement or Termination without Cause

The stock option agreements under the 2004 and 2010 Equity Incentive Plans provide that if a participant's employment is terminated by reason of retirement, stock options granted more than six months prior to termination will continue to vest and may be exercised during the period ending four years after termination, provided the 10-year term of the grant has not expired.

The amounts shown in the table for the Retirement and Termination without Cause termination scenarios for Blake Nordstrom and Michael Koppel include the values, as of the end of fiscal year 2014, of unvested stock options that would continue to vest and be exercisable during the period ending four years after termination. These executives

qualify for this continued vesting upon retirement as of the end of the fiscal year since they have each reached the previous minimum retirement age of 53 with at least 10 years of service. Beginning with the 2014 stock option grant, executives who had not already met the previous age and years of service requirement must be age 55 with at least 10 years of service to be eligible for this benefit upon separation.

Beginning with the 2008 stock option grant, if, during the term of any outstanding grant, the executive engages in any business competitive with the Company or divulges or improperly uses any confidential or proprietary information of the Company, then the post-separation vesting and exercise rights will cease immediately and all outstanding vested and unvested options under such grants will be automatically forfeited.

Change in Control

Although the Named Executive Officers are not entitled to any payment or accelerated benefit upon a change in control with respect to their awards under the 2004 Equity Incentive Plan, the terms of that Plan provide the Compensation Committee with discretion to determine, at the time of granting stock options or thereafter, that stock options will become immediately exercisable in the event of a change in control of the Company. Under the 2010 Equity Incentive Plan, accelerated vesting will generally occur in the event that the executive experiences a qualifying termination within 12 months following a change in control of the Company, unless the Compensation Committee acts to prevent acceleration or the award is of a type which would continue in effect notwithstanding the occurrence of the change in control. Generally, a change in control occurs upon:

- the merger or consolidation of the Company with or into another entity;
 - the sale, transfer or other disposition of all or substantially all the Company's assets;
 - a change in composition of 50% or more of the Board; or
- any transaction as a result of which any person is the "beneficial owner" of securities of the Company representing at least 25% of the total voting power of the Company's outstanding voting securities.

Performance Share Units

Death, Disability, Retirement or Termination without Cause

The 2013 and 2014 performance share unit agreements under the 2010 Equity Incentive Plan provide that if the participant's employment is terminated before the end of a performance cycle by reason of death, disability or retirement, the participant, or participant's beneficiary, will be entitled to a prorated payment, based on the period of time the executive worked during the performance cycle, with respect to any performance share units granted more

than six months prior to termination that were earned during the performance cycle.

Blake Nordstrom and Michael Koppel qualify for this prorated payment upon retirement as of the end of the fiscal year since they have each reached the previous minimum retirement age of 53 with at least 10 years of service. Beginning with the 2014 performance share unit grant, executives who had not already met the previous age and years of service requirement must be age 55 with at least 10 years of service to be eligible for this benefit upon separation.

Both the 2013 and 2014 grants have time remaining in their three-year performance cycles. If the performance cycles for these grants had ended as of the close of fiscal year 2014, 100% of the number granted in 2013 and 150% of the number granted in 2014 would have been earned. Therefore, the amounts in the table are based on a payout at 100% of the prorated number for the 2013 grant and 150% of the prorated number for the 2014 grant.

If, during the term of any outstanding performance cycle, the executive engages in any business competitive with the Company or divulges or improperly uses any confidential or proprietary information of the Company, then all outstanding vested but not settled and any unvested portions of the performance share unit awards will be automatically forfeited.

Change in Control

The Named Executive Officers are not entitled to any payment or accelerated benefit upon a change in control with respect to their performance share units. However, a Named Executive Officer will generally be entitled to accelerated vesting if the executive experiences a qualifying termination within 12 months following a change in control of the Company, unless the Compensation Committee acts to prevent acceleration or the award is of a type which would continue in effect notwithstanding the occurrence of the change in control.

Restricted Stock Units

Death or Disability

The 2014 restricted stock unit award agreement under the 2010 Equity Incentive Plan provides that if a participant's employment is terminated by reason of death or disability, restricted stock units granted more than six months prior to the termination event will immediately vest.

[Back to Contents](#)

The amounts shown in the table for the Death and Disability termination scenarios include the values, as of the end of fiscal year 2014, of unvested restricted stock units that would immediately vest.

If, during the term of any outstanding grant, the executive engages in any business competitive with the Company or divulges or improperly uses any confidential or proprietary information of the Company, then any unvested units and any Common Stock delivered on vesting under such grants will be automatically forfeited.

Retirement or Termination without Cause

The 2014 restricted stock unit award agreement under the 2010 Equity Incentive Plan provides that if a participant's employment is terminated by reason of retirement, restricted stock units granted more than six months prior to termination will continue to vest.

The amounts shown in the table for the Retirement and Termination without Cause termination scenarios for Blake Nordstrom and Michael Koppel include the values, as of the end of fiscal year 2014, of unvested restricted stock units that would continue to vest after termination. These executives qualify for this continued vesting upon retirement as of the end of the fiscal year since they had each reached the previous minimum retirement age of 53 with at least 10 years of service at the time of the 2014 grant. Beginning with the 2014 restricted stock unit grant, executives who had not already met the previous age and years of service requirement must be age 55 with at least 10 years of service to be eligible for this benefit upon separation.

If, during the term of any outstanding grant, the executive engages in any business competitive with the Company or divulges or improperly uses any confidential or proprietary information of the Company, then any unvested units and any Common Stock delivered on vesting under such grants will be automatically forfeited.

Change in Control

Under the 2010 Equity Incentive Plan, the Named Executive Officers are not entitled to any payment or accelerated benefit upon a change in control with respect to their restricted stock units. However, a Named Executive Officer will generally be entitled to accelerated vesting if the executive experiences a qualifying termination within 12 months following a change in control of the Company, unless the Compensation Committee acts to prevent acceleration or the award is of a type which would continue in effect notwithstanding the occurrence of the change in control.

(b) Vested SERP Benefit

The annual SERP benefit is paid upon retirement for the remaining life of the executive with a 50% survivor annuity paid to the surviving spouse or life partner for the remainder of their life after the executive's death, as described in the Pension Benefits section on page 50.

Death

The amounts shown for the Death termination scenario are the present value of the 50% survivor annuity, payable in semi-monthly installments to the spouse or life partner of the executive, assuming the payments would begin on the date on which the executive would have attained minimum retirement age of 53, or the executive's actual age, if older, and would continue for the remaining lifetime of the spouse or life partner. There would be no immediate payment of the benefit if the date of death preceded the executive's earliest retirement age of 53.

Disability

The amount shown for the Disability termination scenario for Michael Koppel is the present value of his SERP benefit since he has reached normal retirement age as defined in the Plan.

Retirement or Termination without Cause

The amounts shown in the table for the Retirement and Termination without Cause termination scenarios for Blake Nordstrom and Michael Koppel are the present values of their SERP benefits, reduced for early commencement for Blake Nordstrom, payable in semi-monthly installments, assuming the payments would begin as of the last day of fiscal year 2014. Blake Nordstrom has met the minimum retirement age of 53 with at least 10 years of service and would be eligible for early retirement with prior approval from the Board. If the Board approved early retirement, he would be entitled to a reduced SERP benefit, as described in the Pension Benefits section on page 50.

Change in Control

No benefits are paid solely due to a change in control, although a change in control triggers immediate vesting and an obligation for the Company to fully fund accrued benefits through a trust. If an executive was separated from the Company after a change in control, a deferred annuity would be payable upon the executive reaching retirement age. If the separation occurred before the executive's retirement age of 58, the benefit would be paid as a reduced early retirement benefit at age 53, or the executive's actual age, if older. In this case, the requirement for Board approval of

the early retirement is waived. Assuming the earliest retirement age without benefit reduction for age or service, the present value of this benefit at fiscal year end would be as shown in the Fiscal Year 2014 Pension Benefits Table on page 51, column (c), "Present Value of Accumulated Benefit."

The Compensation Committee has discretion to discontinue payment of benefits under the SERP if the retired executive is found to have engaged in misconduct or in competitive behavior against the Company.

(c) Executive Deferred Compensation Plan Survivor Benefit

Under the EDCP, if a participant dies while employed by the Company, the beneficiary receives the participant's undistributed account balance plus two times any deferrals, excluding any earnings on the deferrals, made by the participant through December 31, 2007. The pre-retirement death benefit is paid in a lump sum.

The amount shown is the death benefit equal to two times Michael Koppel's deferrals made through December 31, 2007. The amount does not include Michael Koppel's undistributed account balance of \$3,474,091. His beneficiary is entitled to receive this account balance in the event of his death, but the amount is not shown in this table as it is already shown in the Fiscal Year 2014 Nonqualified Deferred Compensation Table on page 52, column (c), "Aggregate Balance at Last Fiscal Year-End."

(d) Life Insurance Proceeds

The Company provides life insurance for the Named Executive Officers of approximately 1.25 times annual base salary.

The amounts reported in the table represent the life insurance proceeds that would be payable if the Named Executive Officers had died as of the last day of the fiscal year. The premiums paid for the Company-provided life insurance are included in column (a) in the All Other Compensation in Fiscal Year 2014 table on page 43.

[Back to Contents](#)

(e) Retiree Health Care Benefit

The Company provides continued health care coverage for the Named Executive Officers if they separate from the Company after age 53 (or age 55 as described below) with at least 10 years of service. These benefits include medical, behavioral health/substance abuse, vision, prescription drug and dental coverage. The Named Executive Officers and their spouses or life partners and eligible dependents would be covered under the retiree health plan, and the executive and the Company would continue to share in the cost of the insurance premium. Coverage and cost sharing would continue for the surviving spouse or life partners and eligible dependents after the executive's death. Effective November 1, 2013, the retiree health plan was closed to new entrants. Effective March 1, 2014, executives who had not already met the current age and years of service requirement, or did not meet the requirement in 2014, must be age 55 with at least 10 years of service to be eligible for this benefit upon separation.

Death, Disability, Retirement or Termination without Cause

The amounts in the table for Blake Nordstrom and Michael Koppel are the present value of the health care cost that would be payable by the Company if they had separated on the last day of the fiscal year. Blake Nordstrom and Michael Koppel have met the minimum retirement age of 53 with at least 10 years of service and would be eligible for retirement. Assumptions used in determining these amounts include a discount rate of 3.75% and the RP2014 White Collar, Fully Generational Mortality Table.

An executive who is terminated for cause, as determined by the Company in the exercise of its discretion in accordance with the Plan, is not eligible to receive the Retiree Health Care benefit.

(f) Separation Benefit

Under the Leadership Separation Plan, Michael Koppel and Kenneth Worzel are eligible to receive benefits upon involuntary termination of employment by the Company, other than for cause, as determined by the Company in the exercise of its discretion in accordance with the Plan. The benefits for eligible employees are based on leadership level and years of service, and include:

- lump sum cash payment for severance: one month of base salary per year of service, with a minimum of 6 months up to a maximum of 12 months. This is reduced by an amount equal to the participant's gross monthly SERP benefit multiplied by the number of months used to calculate the severance payment;

- lump sum cash payment for health coverage: the cost of the Company-paid portion of the employee's currently elected health coverage for 12 months, unless the employee is eligible for and elects the Retiree Health Care benefit, as described in footnote (e) above; and

•up to six months of outplacement services.

The potential separation benefits for the Named Executive Officers are shown below.

Name	Separation	Company-Paid	Cost of	Total
	Payment	Portion of	Outplacement	Separation
	(\$)	Medical	Services	Benefit
	(\$)	Benefits	(\$)	(\$)
Blake W. Nordstrom	—	—	—	—
Michael G. Koppel	219,044	—	4,200	223,244
Peter E. Nordstrom	—	—	—	—
Erik B. Nordstrom	—	—	—	—
Kenneth J. Worzel	270,400	12,126	4,200	286,726

Michael Koppel's estimated separation payment shown above is reduced by an amount equal to his estimated gross monthly SERP benefit multiplied by the number of months used to calculate his separation payment. No amount is included for the Company-paid portion of medical benefits as it is assumed he would elect the Company's Retiree Health Care benefit.

Under the Leadership Separation Plan, the Company may provide the executive with additional separation benefits, in cash or in kind, to assist the executive in the transition from active employee status. To receive any benefits under the Leadership Separation Plan, the Named Executive Officer must sign a release in which the executive agrees, among other things, not to disclose to anyone at any time any confidential information acquired during employment with the Company, and not to publish any statement, or instigate, assist or participate in the making or publication of any statement which is disparaging or detrimental in any way to the Company.

(g) Executive Management Bonus

The performance period under the Executive Management Bonus Plan is the fiscal year. Therefore, a termination event that occurred on the last day of the fiscal year would not result in any additional or accelerated benefits under this Plan. However, if an employee died, became disabled or retired during the fiscal year, the Compensation Committee would have the sole discretion to determine what amounts, if any, an executive would remain eligible to receive as a performance-based bonus award.

[Back to Contents](#)

PROPOSAL 3 ADVISORY VOTE REGARDING EXECUTIVE COMPENSATION: SAY-ON-PAY PROPOSAL

The Board recommends a vote FOR this proposal.

The Company is providing shareholders with an advisory (nonbinding) vote on the compensation program of our Named Executive Officers as disclosed in this Proxy Statement. At the 2014 Annual Meeting of Shareholders, 94% of the votes cast were in favor of our Say-on-Pay proposal.

At the 2011 Annual Meeting, over 93% of the votes cast approved our Board's recommendation to hold advisory votes on an annual basis. The Compensation Committee recognizes this support of the compensation program for our Named Executive Officers and continues to apply the same guiding principles which underlie our pay-for-performance philosophy.

Compensation Program Highlights

As described in the Compensation Discussion and Analysis beginning on page 32, our Named Executive Officers are rewarded when defined performance milestones are achieved and when value is created for our shareholders. Our Compensation Committee and Board believe that our compensation program is effective in implementing our executive compensation philosophy and establishing a solid link between compensation and shareholder interests. Highlights of our compensation program include the following:

- We deliver the majority of compensation through a pay-for-performance framework where incentives are based on achieving results. Eighty percent of the value of the targeted compensation package for our Named Executive Officers is weighted toward pay-for-performance and variable compensation to reinforce our philosophy of compensating our executives when they and the Company are successful in ways that support shareholder interests.

- Each year, the Compensation Committee establishes the performance-based bonus measures that focus executives on the most important Company objectives. In 2014, Named Executive Officers each had the following measures:

- Return on Invested Capital ("ROIC") to ensure our overall performance aligns directly with shareholder returns over the long term. The measure is expressed as a threshold that must be met before any payout can be made on EBIT results to ensure our executives are rewarded after earnings generate a meaningful return for our shareholders.

- Earnings Before Interest and Income Taxes ("EBIT") to emphasize the importance of earnings improvement and its role in driving shareholder value. Each Named Executive Officer's performance-based bonus was weighted 100% on this measure, subject to the ROIC threshold.

Edgar Filing: NORDSTROM INC - Form DEF 14A

The Committee references the 50th percentile of our retail peer group when assessing the Named Executive Officers' targeted level of total direct compensation (base salary + performance-based bonus + long-term incentives). The market information is considered a reference point rather than policy for reviewing competitiveness.

- We maintain meaningful executive stock ownership guidelines so that our executives' interests, as shareholders, are aligned with our broader shareholder base.
- We have an executive compensation clawback policy that applies to performance-based compensation.
- Our Compensation Committee has retained and directs an independent compensation consultant.
- We do not have employment agreements with our executives.
- We do not provide tax gross-ups, except those related to relocation expenses when an executive must move to assume Company responsibilities.
- We do not allow stock option grant repricing or backdating, nor do we grant options below 100% of fair market value.
- We have a derivative and hedging policy that prohibits Directors and Executive Officers (as well as other key insiders and their immediate families) from engaging in hedging transactions with respect to any equity securities of the Company held by them.
- We have restrictions on pledging of Company stock.

Shareholder Support

We are asking our shareholders to indicate their support for our Named Executive Officers' compensation as described in this Proxy Statement.

This proposal gives our shareholders the opportunity to express their views on the compensation of our Named Executive Officers. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our Named Executive Officers and the philosophy, policies and practices described in this Proxy Statement. Accordingly, we will ask our shareholders to vote "FOR" the following resolution at the 2015 Annual Meeting:

"RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of the Company's Named Executive Officers, as disclosed in the Compensation Discussion and Analysis, the compensation tables and the related narrative disclosure in this Proxy Statement."

Our Board has adopted a policy of annual Say-on-Pay advisory votes. As an advisory vote, this proposal is not binding on the Company. However, our Compensation Committee and Board value the opinions of our shareholders and will

consider the outcome of the vote when making future compensation decisions regarding the Company's Named Executive Officers.

NORDSTROM, INC. - 2015 Proxy Statement 57

[Back to Contents](#)**EQUITY COMPENSATION PLANS**

The following table provides information as of the fiscal year ended January 31, 2015 about Common Stock that may be issued upon the exercise of options and rights that have been or may be granted to employees and members of the Board under all of the Company's existing equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (2) (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities to be issued as reflected in column (1)) (3)
Equity compensation plans approved by the Company's shareholders ^(a)	13,391,997 ^(b)	47	20,505,509 ^(c)
Equity compensation plans not approved by the Company's shareholders	—	—	—
TOTAL	13,391,997	47	20,505,509

^(a) Consist of the 2004 and 2010 Equity Incentive Plans, the Employee Stock Purchase Plan and the 2002 Nonemployee Director Stock Incentive Plan.

^(b) Includes 115,518 of deferred Director awards and 142,264 related to deferred performance share units.

^(c) Includes 16,743,126 shares from the 2010 Equity Incentive Plan, 3,257,832 shares from the Employee Stock Purchase Plan and 504,551 shares from the 2002 Nonemployee Director Stock Incentive Plan.

[Back to Contents](#)**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Beneficial Ownership Table**

The following table shows the amount of Common Stock beneficially owned (unless otherwise indicated) by holders of more than 5% of the outstanding shares of Common Stock, by our Directors, the Named Executive Officers, and by all Directors and Executive Officers of the Company as a group. Except as otherwise noted, all information is as of March 2, 2015.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (#)	Percent of Ownership (%)
Bruce A. Nordstrom (a) 1617 Sixth Avenue Seattle, Washington 98101-1707	26,018,098	13.66
Anne E. Gittinger (b) 1617 Sixth Avenue Seattle, Washington 98101-1707	15,403,966	8.09
Blake W. Nordstrom (c)	3,179,467	1.67
Peter E. Nordstrom (d)	3,147,028	1.65
Erik B. Nordstrom (e)	3,056,101	1.60
Michael G. Koppel (f)	396,797	*
Kenneth G. Worzel (g)	157,879	*
Enrique Hernandez, Jr. (h)	87,572	*
Robert D. Walter (i)	73,268	*
Alison A. Winter (j)	43,402	*
Philip G. Satre (k)	39,848	*
Phyllis J. Campbell (l)	30,631	*
Robert G. Miller (m)	26,012	*
B. Kevin Turner (n)	16,268	*
Michelle M. Ebanks (o)	13,293	*
Brad D. Smith (p)	4,693	*
Shellye L. Archambeau (q)	440	*
Directors and Executive Officers as a group (21 persons) (r)	11,658,236	6.04
Other >5% Security Holders		
The Vanguard Group (s) 100 Vanguard Blvd. Malvern, PA 19355	10,575,924	5.55

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

(a) Bruce A. Nordstrom

Amount and nature of beneficial ownership includes:

- 8,029,044 shares owned by him directly;
 - 1,778 nonvoting deferred stock units. The stock units are convertible into Common Stock and payable upon the occurrence of certain events;
 - 251,776 shares owned by his wife individually;
 - 11,490,560 shares held by trusts of which he is a trustee and beneficiary; and
 - 6,244,940 shares held by trusts of which he is a co-trustee and for which he has shared voting and dispositive power.
- Mr. Nordstrom is a contingent remainderman with respect to these trusts, but disclaims any beneficial ownership with respect to the shares of Common Stock held in the trusts.

(b) Anne E. Gittinger

Amount and nature of beneficial ownership includes:

- 13,844,098 shares owned by her directly;
- 4,668 shares held by her in the Company's 401(k) Plan; and
- 1,555,200 shares held by a trust of which she is a trustee and beneficiary.

Does not include:

- 5,501,520 shares held by a trust of which she is the beneficiary, but over which she holds no voting or investment power and which are reported as beneficially owned by her brother, Bruce A. Nordstrom.

[Back to Contents](#)

(c) Blake W. Nordstrom

Amount and nature of beneficial ownership includes:

- 1,973,801 shares owned by him directly, of which 1,778 shares are restricted stock units which vest within 60 days after March 2, 2015 and 250,000 shares are pledged as collateral for loans and are in compliance with the Company's policy regarding pledging;
- 78,547 shares held by him in the Company's 401(k) Plan;
- 519,948 shares that may be acquired by him through stock options exercisable within 60 days after March 2, 2015;
- 377,256 shares owned by his wife individually;
- 32,424 shares held by trusts of which he is a trustee; and
- 197,491 shares held by trusts of which he is the trustee, for which he has sole voting and dispositive power and for which he disclaims beneficial ownership.

(d) Peter E. Nordstrom

Amount and nature of beneficial ownership includes:

- 2,166,928 shares owned by him directly, of which 1,850 shares are restricted stock units which vest within 60 days after March 2, 2015 and 230,000 shares are pledged as collateral for loans and are in compliance with the Company's policy regarding pledging;
- 26,137 shares held by him in the Company's 401(k) Plan;
- 463,984 shares that may be acquired by him through stock options exercisable within 60 days after March 2, 2015;
- 166,063 shares owned by his wife individually;
- 370 shares held by his wife in the Company's 401(k) Plan & Profit Sharing;
- 48,320 shares held by trusts of which he is the trustee; and
- 275,226 shares held by trusts of which he is the trustee, for which he has sole voting and dispositive power and for which he disclaims beneficial ownership.

(e) Erik B. Nordstrom

Amount and nature of beneficial ownership includes:

- 2,252,118 shares owned by him directly, of which 1,850 shares are restricted stock units which vest within 60 days after March 2, 2015 and 457,582 shares are pledged as collateral for loans and are in compliance with the Company's policy regarding pledging;
- 20,119 shares held by him in the Company's 401(k) Plan;
- 463,984 shares that may be acquired by him through stock options exercisable within 60 days after March 2, 2015;
- 42,276 shares owned by his wife individually;
- 84,816 shares held by trusts of which he is the trustee; and
- 192,788 shares held by trusts of which he is the trustee, for which he has sole voting and dispositive power and for which he disclaims beneficial ownership.

(f) Michael G. Koppel

Amount and nature of beneficial ownership includes:

- 39,829 shares owned by him directly, of which 1,236 shares are restricted stock units which vest within 60 days after March 2, 2015;
- 25,629 nonvoting stock units held under the Company's Executive Deferred Compensation Plan;
- 6,197 shares held by him in the Company's 401(k) Plan; and
- 325,142 shares that may be acquired by him through stock options exercisable within 60 days after March 2, 2015.

(g) Kenneth J. Worzel

Amount and nature of beneficial ownership includes:

•

19,843 shares owned by him directly, of which 796 shares are restricted stock units which vest within 60 days after March 2, 2015;

- 4,716 nonvoting stock units held under the Company's Executive Deferred Compensation Plan;
- 2,412 shares held by him in the Company's 401(k) Plan; and
- 130,908 shares that may be acquired by him through stock options exercisable within 60 days after March 2, 2015.

(h) Enrique Hernandez, Jr.

Amount and nature of beneficial ownership includes:

- 20,027 shares owned by him directly; and
- 67,545 nonvoting deferred stock units. The stock units are convertible into Common Stock and payable upon the occurrence of certain events, including his retirement from the Board.

(i) Robert D. Walter

Amount and nature of beneficial ownership includes:

- 54,926 shares owned by him directly; and
- 18,342 nonvoting deferred stock units. The stock units are convertible into Common Stock and payable upon the occurrence of certain events, including his retirement from the Board.

(j) Alison A. Winter

Amount and nature of beneficial ownership includes:

- 30,194 shares owned by her directly;
- 9,410 shares held by a trust, of which she and her husband are trustees and beneficiaries;
- 1,799 shares held by her son in an account, over which she shares investment power;

- 1,799 shares held by her daughter in an account, over which she shares investment power; and
- 200 shares held by her husband in a retirement account, over which she shares investment power.

(k) Philip G. Satre

Amount and nature of beneficial ownership includes:

- 15,087 nonvoting deferred stock units. The stock units are convertible into Common Stock and payable upon the occurrence of certain events, including his retirement from the Board; and
- 24,761 shares held by a family trust, of which he is a trustee and beneficiary.

(l) Phyllis J. Campbell

Amount and nature of beneficial ownership includes:

- 20,037 shares owned by her directly; and
- 10,594 nonvoting deferred stock units. The stock units are convertible into Common Stock and payable upon the occurrence of certain events, including her retirement from the Board.

[Back to Contents](#)

(m) Robert G. Miller

Amount and nature of beneficial ownership includes:

26,012 shares owned by him directly.

(n) B. Kevin Turner

Amount and nature of beneficial ownership includes:

16,268 shares owned by him directly.

(o) Michelle M. Ebanks

Amount and nature of beneficial ownership includes:

13,293 shares owned by her directly.

(p) Brad D. Smith

Amount and nature of beneficial ownership includes:

4,693 shares held by a family trust, of which he is a trustee and beneficiary.

(q) Shellye L. Archambeau

Amount and nature of beneficial ownership includes:

440 shares owned by her directly.

(r) Directors and Executive Officers as a group (21 persons)

Collectively, the combined amount and nature of beneficial ownership for the Directors and all Executive Officers include:

- 7,277,096 shares owned directly, of which 11,194 shares are restricted stock units which vest within 60 days after March 2, 2015;
- 1,632,079 shares owned by spouses and trusts of which the respective Director or Executive Officer is a trustee, or a trustee and beneficiary;
- 111,569 nonvoting stock units held by participating Directors under the Directors Deferred Compensation Plan;
- 53,972 nonvoting stock units held by participating Executive Officers under the Company's Executive Deferred Compensation Plan;
- 168,279 shares held by participating Executive Officers and their eligible spouses in the Company's 401(k) Plan; and
- 2,415,241 shares that may be acquired by the Executive Officers as a group through stock options exercisable within 60 days after March 2, 2015.

(s) The Vanguard Group

Pursuant to a Schedule 13G filing made with the SEC, as of December 31, 2014, the aggregate amount beneficially owned by The Vanguard Group includes:

- 10,345,077 shares for which it has sole power to vote or to dispose or to direct disposition; and
- 230,847 shares for which it has shared power to dispose or to direct disposition.

Section 16(a) Beneficial Ownership Reporting Compliance

Based upon a review of reports filed with the SEC and written representations that no other reports were required, the Company believes that during the fiscal year ended January 31, 2015 all of our Directors, Executive Officers and

owners of in excess of 10% of Common Stock complied with the filing requirements of Section 16(a) of the Exchange Act, except that Brian K. Dennehy filed one report on Form 4 late relating to a grant of restricted stock units.

NORDSTROM, INC. - 2015 Proxy Statement 61

[Back to Contents](#)

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review and Approval Process

We maintain policies and procedures regarding the identification, review and approval of related party transactions. In compliance with SEC rules, the Corporate Governance and Nominating Committee reviews and approves or disapproves any transaction in which: (1) the amount involved exceeds \$120,000, (2) the Company or any of its subsidiaries is a participant, and (3) a related party (a Director or Executive Officer of the Company, any nominee for director, any greater than 5% shareholders and any immediate family member of such persons) has a direct or indirect material interest. When considering a transaction, the Committee will review all relevant factors including the Company's rationale for entering into a related party transaction, alternatives to the transaction, whether the transaction is on terms at least as fair to the Company as would be the case if the transaction were entered with a third party, and the potential of an actual or apparent conflict of interest. After reviewing the information, the Committee will approve or ratify the transaction only if the Committee determines that the transaction is reasonable and fair to the Company.

Related Party Transactions

The following section describes all Related Party transactions reviewed and approved by the Corporate Governance and Nominating Committee under the policy described above.

Aircraft Dry Lease. During the fiscal year ended January 31, 2015, the Company leased aircraft from JBW Aircraft Leasing Company, Inc. ("JBW"). The shareholders of JBW during the fiscal year were John N. Nordstrom (a retired Director and Co-Chairman of the Company), Bruce A. Nordstrom (a retired Director and Co-Chairman of the Company, father of Executive Officers Blake, Peter and Erik Nordstrom and a beneficial owner of more than 5% of Common Stock) and Anne E. Gittinger (a beneficial owner of more than 5% of Common Stock). The lease arrangement is a "dry" lease, meaning that the Company pays an hourly market rate for use and provides or obtains its own fuel, crew and maintenance while using the leased aircraft. The dry lease rates were developed by a leading independent aircraft research company based on a survey of competitive rates.

During the fiscal year, the Company used the JBW aircraft a total of 96.7 hours and paid JBW \$267,441.

Rent and Maintenance, Pilot and Administrative Services. During the fiscal year ended January 31, 2015, the parties listed in the following table paid the Company for maintenance services, pilot services, management fees, and other miscellaneous fees related to the operation and maintenance of those parties' personal aircraft. In addition, JBW paid the Company for hangar rent as shown in the following table. In each case, the payments exceeded the estimated cost to the Company of providing those services and were based on a survey conducted by a leading independent

aircraft research company in October 2013 of competitive market rates for maintenance services, pilot services, management fees and hangar rent. Included on the JBW line item for Pilot Services for use of JBW's aircraft is \$3,246 paid by Blake Nordstrom and \$7,047 paid by Erik Nordstrom, who are not shareholders of JBW.

Party/Aircraft	Amounts Paid		
	to the Company for Maintenance, Pilot and Administrative Services (\$)	Amounts Paid to the Company for Hangar Rent (\$)	Amounts Paid to the Company for Miscellaneous Costs (\$)
JBW	300,463	64,281	73,489
M&B Beaver, LLC Owned by Blake W. Nordstrom (President of the Company) and his wife	118,787	—	4,249
JD Plane, LLC Owned by James F. Nordstrom, Jr. (an Executive Vice President of the Company) and J. Daniel Nordstrom (brother of James F. Nordstrom, Jr.)	44,880	—	4,425
TB Plane, LLC Owned by Sally A. Nordstrom (mother of James F. Nordstrom, Jr.)	24,806	—	2,356

[Back to Contents](#)

Property Sublease. The Company leases a parcel of land from King County, Washington at the King County International Airport and operates its flight department from that location. The size of the Company's flight department is such that the Company does not require access to or use of the entire parcel, and is able to sublease a portion of the property to Hangar Three LLC ("LLC") without affecting the Company's flight operations. LLC is owned by Blake W. Nordstrom, James F. Nordstrom, Jr. and John N. Nordstrom. LLC constructed a hangar for storage of the owners' personal aircraft on the subleased property. All architectural, project management and construction costs for the hangar, utilities and landscaping improvements were borne by LLC and not by the Company. Upon expiration or termination of the sublease, the hangar improvements will be surrendered to the Company. The material terms of the sublease are as follows:

- The current sublease carries a term through July 2020, with the Company having the right to terminate it at any time upon 90 days' notice to LLC, and payment to LLC of the unamortized portion of the construction cost of the hangar.

- LLC pays the Company a monthly base rent and estimated real estate tax in the form of reimbursement to the Company of its pro rata share of ground rent paid by the Company under the primary lease with King County, currently \$9,808 per month.

- LLC also pays the Company additional rent in the form of reimbursement to the Company of its pro rata share of maintenance costs of the common areas, currently \$900 per month, plus a monthly management fee of \$135.

- LLC paid a one-time security deposit in August 2007 in the amount of \$10,463, plus an additional sum of \$6,069 was paid in August 2009 to increase the security deposit amount to the required two times the current base rent.

- In total, LLC paid the Company rent of \$130,082 during the fiscal year ended January 31, 2015.

OTHER MATTERS

The Board knows of no other matters that will be presented at the 2015 Annual Meeting of Shareholders. However, if any other matters are properly presented at the Annual Meeting or any convening or reconvening of the Annual Meeting upon an adjournment or postponement of the Annual Meeting, it is the intention of the persons named as proxies to vote in accordance with their best judgment.

[Back to Contents](#)

2016 ANNUAL MEETING OF SHAREHOLDERS INFORMATION

Requirements and Deadlines for Submission of Proxy Proposals, Nomination of Directors and Other Business of Shareholders

If a shareholder wants us to include a shareholder proposal in our Proxy Statement for the 2016 Annual Meeting of Shareholders pursuant to SEC Rule 14a-8 promulgated under the Securities Exchange Act of 1934, our Secretary must receive the proposal at our principal executive offices no later than November 26, 2015. Any such proposal must comply with all the requirements of Rule 14a-8.

Under our Bylaws, shareholders must follow certain procedures to nominate a person for election as a director at an annual or special meeting, or to introduce an item of business at an annual meeting. Under these advance-notice procedures, shareholders must submit the proposed nominee or item of business by delivering a notice to the Secretary of the company at our principal executive offices. We must receive notice as follows:

We must receive notice of a shareholder's intention to introduce a nomination or proposed item of business for an annual meeting not less than 90 days nor more than 120 days before the first anniversary of the prior year's meeting. Assuming that the 2015 Annual Meeting of Shareholders is held on schedule, we must receive notice pertaining to the 2016 Annual Meeting of Shareholders no earlier than January 6, 2016 and no later than February 5, 2016.

However, if we hold the 2016 Annual Meeting of Shareholders on a date that is not within 30 days before or after such anniversary date, we must receive the notice no later than ten days after the earlier of the date we first provide notice of the meeting to shareholders or announce it publicly.

If we hold a special meeting to elect directors, we must receive a shareholder's notice of intention to introduce a nomination no later than ten days following the day on which notice of the annual meeting was mailed to shareholders.

Our Bylaws provide that notice of a proposed nomination must include certain information about the shareholder and the nominee, as well as a written consent of the proposed nominee to serve if elected. A notice of a proposed item of business must include a description of and the reasons for bringing the proposed business to the meeting, any material interest of the shareholder in the business, and certain other information about the shareholder. Any notice (other than a proposal pursuant to Rule 14a-8) that is received after the times specified herein for proposed items of business will be considered untimely under Rule 14a-4c under the Securities Exchange Act of 1934. The persons named in the proxy for the meeting may exercise their discretionary voting power with respect to all such matters, including voting against them. All director nominations and shareholder proposals, other than shareholder proposals made pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, must comply with the requirements of the Company's Bylaws. You may obtain a copy of the Company's Bylaws at no cost from the Company's Secretary or online at investor.nordstrom.com under Corporate Governance. The contact information for the Company's Secretary is on page 14.

NORDSTROM, INC. - 2015 Proxy Statement 64

[Back to Contents](#)**Appendix A** Reconciliation of GAAP and Non-GAAP Financial Measures**Incentive Return on Invested Capital (“Incentive ROIC”)**

We define Incentive ROIC as follows:

$$\text{ROIC} = \frac{\text{Net Operating Profit After Tax}}{\text{Average Invested Capital}}$$

We believe that Incentive ROIC is a useful financial measure for investors in evaluating the efficiency and effectiveness of our use of capital and believe Incentive ROIC is an important component of shareholders’ return over the long term. In addition, we incorporate Incentive ROIC in our executive incentive compensation measures.

Incentive ROIC is not a measure of financial performance under generally accepted accounting principles (“GAAP”) and should be considered in addition to, and not as a substitute for, return on assets, net earnings, total assets or other financial measures prepared in accordance with GAAP. Our method of determining non-GAAP financial measures may differ from other companies’ methods and therefore may not be comparable to those used by other companies. The financial measure calculated under GAAP which is most directly comparable to Incentive ROIC is return on assets. The following is a reconciliation of the components of Incentive ROIC and return on assets:

	12 fiscal months ended	
	January 31, 2015	February 1, 2014
<i>(\$ in millions)</i>		
Net earnings	\$720	\$734
Add: income tax expense	465	455
Add: interest expense	139	162
Earnings before interest and income tax expense	1,324	1,351
Add: nonoperating related adjustments	68	27
Incentive ROIC earnings before interest and income tax expense ^(a)	1,392	1,378
Add: rent expense	137	125
Less: estimated depreciation on capitalized operating leases ^(b)	(74)	(67)
Net operating profit	1,455	1,436
Less: estimated income tax expense ^(c)	(561)	(550)
Net operating profit after tax	\$894	\$886
Average total assets ^(d)	\$8,860	\$8,398
Less: average non-interest-bearing current liabilities ^(e)	(2,730)	(2,430)
Less: average deferred property incentives ^(d)	(502)	(489)
Add: average estimated asset base of capitalized operating leases ^(f)	1,058	929

Less: nonoperating related adjustments	(100)	—
Average invested capital	\$6,586	\$6,408
Return on assets	8.1%	8.7%
Incentive ROIC	13.6%	13.8%

(a) *Calculation of earnings before interest and income tax expense (“EBIT”) for Incentive ROIC excludes interest income, while the calculation of Incentive EBIT for performance-based bonuses includes interest income.*

(b) *Capitalized operating leases is our best estimate of the asset base we would record for our leases that are classified as operating if they had met the criteria for a capital lease or we had purchased the property. Asset base is calculated as described in footnote (e) below.*

(c) *Based upon our adjusted effective tax rate after nonoperating related adjustments multiplied by the net operating profit for the 12 fiscal months ended January 31, 2015 and February 1, 2014.*

(d) *Based upon the trailing 12-month average.*

(e) *Based upon the trailing 12-month average for accounts payable, accrued salaries, wages and related benefits, and other current liabilities.*

(f) *Based upon the trailing 12-month average of the monthly asset base. The asset base for each month is calculated as the trailing 12 months rent expense multiplied by eight. The multiple of eight times rent expense is a commonly used method of estimating the asset base we would record for our capitalized operating leases described in footnote (a).*

[Back to Contents](#)

