

# NORDSTROM

## Nordstrom Reports Third Quarter Earnings Per Share Increase Of 75

November 19, 2002

SEATTLE, Nov. 19 /PRNewswire-FirstCall/ -- Nordstrom, Inc. (NYSE: JWN) today reported net earnings of \$18.4 million, or \$0.14 per diluted share, for the third quarter ending October 31, 2002. For the third quarter of 2001, net earnings and earnings per share were \$10.5 million and \$0.08, respectively. The third quarter improvement in sales was in-line with company guidance. However, its gross profit, although markedly higher than last year, was less than anticipated, while selling and distribution expenses were slightly higher than anticipated.

(Photo: <http://www.newscom.com/cgi-bin/prnh/20001011/NORDLOGO> )

Net sales for the third quarter of 2002 increased 6.8 percent, to \$1.3 billion, compared to sales of \$1.2 billion in the same period in 2001. On a calendar basis, same-store sales increased 2.6 percent.

"We continue to make progress with our top-line," said President Blake Nordstrom. "Comp-store sales is an important measure and we are encouraged that it has been positive for six consecutive months. Our efforts are focused on maintaining this momentum while achieving sustained improvement in operating performance."

Year-to-date net earnings and earnings per share for the nine-month period ended October 31, 2002, were \$30.2 million and \$0.22, respectively, compared to net earnings and earnings per share of \$73.9 million and \$0.55 for the same period in 2001. Excluding \$71.0 million (net of tax) in non-recurring and impairment charges, 2002 year-to-date net earnings and earnings per share for the period were \$101.2 million and \$0.75, respectively.

Year-to-date net sales of \$4.2 billion increased 5.5 percent from the same period in 2001. On a calendar basis, year-to-date same-store sales increased 1.2 percent.

Nordstrom opened four full-line stores during the third quarter of 2002

- Dulles, Va.; St. Louis, Mo.; Coral Gables, Fla.; and Orlando, Fla. The company also opened one Rack store in Long Beach, Calif. and one Faconnable boutique in Coral Gables, Fla. The eighth and final full-line store planned for this fiscal year opened on November 1 in Las Vegas, Nev. Gross square footage for the year increased approximately 8.0 percent, from 17,048,000 to 18,428,000.

For the fourth quarter of 2002, the Company anticipates diluted earnings per share in the range of \$0.40 to \$0.44, versus \$0.38 in the prior year. This reflects low single-digit comparable-store sales growth and moderate improvement in merchandise margins partially offset by a moderate increase in selling, general and administrative expenses on a percent to sales basis. For the fiscal year ending January 31, 2003, the Company is lowering its prior earnings per share guidance of \$1.20 - \$1.24 to \$1.15 - \$1.19, excluding non-recurring and impairment charges. The range of guidance reflects the Company's belief in its ability to continue its year-over-year progress in the fourth quarter.

Nordstrom, Inc. is one of the nation's leading fashion specialty retailers, with 143 US stores located in 27 states. Founded in 1901 as a shoe store in Seattle, Nordstrom today operates 88 full-line stores, 48 Nordstrom Racks, five U.S. Faconnable boutiques, one freestanding shoe store, and one clearance store. Nordstrom also operates 23 international Faconnable boutiques, primarily in Europe. Additionally, Nordstrom Direct serves customers through its online presence at <http://www.nordstrom.com> and through its direct mail catalogs.

Certain statements in this news release contain "forward-looking" information (as defined in the Private Securities Litigation Reform Act of 1995) that involves risks and uncertainties, including anticipated earnings, store openings and distribution channels, planned capital expenditures, and trends in company operations. Actual future results and trends may differ materially from historical results or current expectations depending upon factors including, but not limited to, the company's ability to predict fashion trends, consumer apparel buying patterns, the company's ability to control costs, weather conditions, hazards of nature such as earthquakes and floods, trends in personal bankruptcies and bad debt write-offs, employee relations, the company's ability to continue its expansion plans, and the impact of economic and competitive market forces, including the impact of terrorist activity on the company, its customers and the industry.

Our SEC reports may contain other information on these and other factors that could affect our financial results and cause actual results to differ materially from any forward-looking information we may provide.

### NORDSTROM, INC. CONSOLIDATED STATEMENTS OF EARNINGS - 3rd Quarter

(unaudited; amounts in thousands, except per share data and percentages)

	3 months ended 10/31/02	% of sales (except as indicated)	3 months ended 10/31/01	% of sales (except as indicated)
Net sales(A)	\$1,323,201	100.0	\$1,239,241	100.0
Cost of sales and related buying				

& occupancy	(873,847)	(66.1)	(836,961)	(67.5)
Gross profit	449,354	33.9	402,280	32.5
Selling, general and administrative expenses	(433,228)	(32.7)	(399,568)	(32.3)
Operating income	16,126	1.2	2,712	0.2
Interest expense, net	(20,832)	(1.5)	(17,934)	(1.4)
Service charge income and other, net	35,006	2.6	32,317	2.6
Earnings before income taxes	30,300	2.3	17,095	1.4
Income tax expense	(11,873)	(39.2)(B)	(6,600)	(38.6)(B)
Net earnings	\$18,427	1.4	\$10,495	0.8
Earnings per share				
Basic	\$0.14		\$0.08	
Diluted	\$0.14		\$0.08	

#### ADDITIONAL DATA

Average number of shares outstanding

Basic	135,208	134,149
Diluted	135,766	134,209

2002 sales increase/(decrease) presented on a 4-5-4 basis (compared to prior-year period)

	3 months ended		3 months ended		
	Aug	Sept	Oct	10/31/02	10/31/01
Total sales	3.9%	6.6%	12.8%	7.8%	(4.7%)
Same-store sales					
Full-Line stores	(0.8%)	0.5%	8.7%	2.6%	(9.1%)
Rack & other	6.9%	11.8%	17.1%	11.8%	(10.4%)
Total	0.2%	1.7%	9.6%	3.7%	(9.3%)

(A) Nordstrom reports year-to-date financial results on a calendar basis.

The Company reports monthly sales according to the 4-5-4 Retail Calendar.

Total sales for year-to-date 2002 and 2001 were \$4,237.2 million and \$4,007.4 million, respectively, on a 4-5-4 Retail Calendar basis.

(B) Percent of earnings before income taxes.

#### NORDSTROM, INC. CONSOLIDATED STATEMENTS OF EARNINGS - Year-to-Date

(unaudited; amounts in thousands, except per share data and percentages)

	9 months ended		9 months ended		
	10/31/02	% of sales (except as indicated)	10/31/01	% of sales (except as indicated)	
Net sales(A)	\$4,224,490	100.0	\$4,003,040	100.0	
Cost of sales and related buying & occupancy	(2,802,409)	(66.3)	(2,676,299)	(66.9)	
Gross profit	1,422,081	33.7	1,326,741	33.1	
Selling, general and administrative expenses	(1,314,788)	(31.1)	(1,253,715)	(31.3)	
Operating income	107,293	2.6	73,026	1.8	
Interest expense, net	(60,486)	(1.4)	(56,717)	(1.4)	

Minority interest purchase and reintegration costs	(53,168)	(1.3)	--	--
Service charge income and other, net	103,651	2.4	104,840	2.6
Earnings before income taxes and cumulative effect of accounting change	97,290	2.3	121,149	3.0
Income tax expense	(53,741)	(55.2)(B)	(47,200)	(39.0)(B)
Earnings before cumulative effect of accounting change	43,549	1.0	73,949	1.8
Cumulative effect of accounting change (net of \$8,541 tax)	(13,359)	(0.3)	--	--
Net earnings	\$30,190	0.7	\$73,949	1.8
Earnings per share				
Basic	\$0.22	\$0.55		
Diluted	\$0.22	\$0.55		
Diluted earnings per share excluding non-recurring charges and accounting change	\$0.75(C)		\$0.55	

#### ADDITIONAL DATA

Average number of shares outstanding

Basic	134,995	134,006
Diluted	135,719	134,170

2002 sales increase/(decrease) presented on a 4-5-4 basis (compared to prior-year period)

	9 months ended 10/31/02	9 months ended 10/31/01
Total sales	5.7%	3.9%
Same-store sales		
Full-Line stores	0.6%	(1.9%)
Rack & other	7.4%	(5.9%)
Total	1.3%	(2.3%)

(A) Nordstrom reports year-to-date financial results on a calendar basis.

The Company reports monthly sales according to the 4-5-4 Retail Calendar.

Total sales for year-to-date 2002 and 2001 were \$4,237.2 million and \$4,007.4 million, respectively, on a 4-5-4 Retail Calendar basis.

(B) Percent of earnings before income taxes.

(C) Net earnings excluding non-recurring charges and accounting change is comprised of net earnings of \$30,190, the cumulative effect of accounting change of \$13,359 (net of tax), the minority interest purchase and reintegration costs of \$48,184 (net of tax), and the write-down of an IT investment in a supply chain tool of \$9,498 (net of tax).

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