
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended May 5, 2007

OR

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

For the transition period from _____ to _____

Commission file number 001-15059

NORDSTROM, INC.

(Exact name of Registrant as specified in its charter)

Washington

(State or other jurisdiction of incorporation or organization)

91-0515058

(IRS employer Identification No.)

1617 Sixth Avenue, Seattle, Washington

(Address of principal executive offices)

98101

(Zip code)

206-628-2111

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

Common stock outstanding as of June 1, 2007: 252,200,138 shares of common stock.

NORDSTROM, INC. AND SUBSIDIARIES
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

NORDSTROM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Amounts in thousands except per share amounts and percentages)
(Unaudited)

	Quarter Ended	
	May 5, 2007	April 29, 2006
Net sales	\$ 1,953,872	\$ 1,787,223
Cost of sales and related buying and occupancy costs	(1,214,752)	(1,123,003)
Gross profit	739,120	664,220
Selling, general and administrative expenses	(534,014)	(494,220)
Operating income	205,106	170,000
Interest expense, net	(7,212)	(10,751)
Other income including finance charges, net	55,851	53,838
Earnings before income tax expense	253,745	213,087
Income tax expense	(96,948)	(81,856)
Net earnings	\$ 156,797	\$ 131,231
Earnings per basic share	\$ 0.61	\$ 0.49
Earnings per diluted share	\$ 0.60	\$ 0.48
Basic shares	257,948	267,490
Diluted shares	262,731	272,831
(% of Net Sales)	Quarter Ended	
	May 5, 2007	April 29, 2006
Net sales	100.0%	100.0%
Cost of sales and related buying and occupancy costs	(62.2%)	(62.8%)
Gross profit	37.8%	37.2%
Selling, general and administrative expenses	(27.3%)	(27.7%)
Operating income	10.5%	9.5%
Interest expense, net	(0.4%)	(0.6%)
Other income including finance charges, net	2.9%	3.0%
Earnings before income tax expense	13.0%	11.9%
Income tax expense (as a % of earnings before income tax expense)	(38.2%)	(38.4%)
Net earnings	8.0%	7.3%

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

NORDSTROM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)
(Unaudited)

	May 5, 2007	February 3, 2007	April 29, 2006
Assets			
Current assets:			
Cash and cash equivalents	\$ 744,644	\$ 402,559	\$ 261,326
Short-term investments	—	—	30,000
Accounts receivable, net	1,602,527	684,376	619,095
Investment in asset backed securities	—	428,175	565,854
Merchandise inventories	1,105,015	997,289	1,078,750
Current deferred tax assets, net	175,576	169,320	161,001
Prepaid expenses and other	59,764	60,474	56,982
Total current assets	3,687,526	2,742,193	2,773,008
Land, buildings and equipment (net of accumulated depreciation of \$2,854,019, \$2,790,115 and \$2,615,512)	1,790,203	1,757,215	1,748,399
Goodwill	51,714	51,714	51,714
Acquired tradename	84,000	84,000	84,000
Other assets	217,942	186,456	129,518
Total assets	\$5,831,385	\$4,821,578	\$4,786,639
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	\$ 699,678	\$ 576,796	\$ 638,983
Accrued salaries, wages and related benefits	176,965	339,965	174,300
Other current liabilities	411,141	433,487	372,446
Income taxes payable	121,899	76,095	59,978
Current portion of long-term debt	7,768	6,800	306,636
Total current liabilities	1,417,451	1,433,143	1,552,343
Long-term debt, net	1,474,632	623,652	624,949
Deferred property incentives, net	362,741	356,062	361,446
Other liabilities	257,326	240,200	219,477
Shareholders' equity:			
Common stock, no par value: 1,000,000 shares authorized; 258,140, 257,313 and 265,741 shares issued and outstanding	861,764	826,421	733,663
Retained earnings	1,469,743	1,350,680	1,294,351
Accumulated other comprehensive (loss) earnings	(12,272)	(8,580)	410
Total shareholders' equity	2,319,235	2,168,521	2,028,424
Total liabilities and shareholders' equity	\$5,831,385	\$4,821,578	\$4,786,639

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

NORDSTROM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Amounts in thousands except per share amounts)
(Unaudited)

	Common Stock		Unearned Stock Compensation	Retained Earnings	Accumulated Other Comprehensive (Loss) Earnings	Total
	Shares	Amount				
Balance at February 3, 2007	257,313	\$ 826,421	—	\$ 1,350,680	\$ (8,580)	\$ 2,168,521
Cumulative effect adjustment to adopt FIN 48	—	—	—	(2,962)	—	(2,962)
Adjusted Beginning Balance	257,313	\$ 826,421	—	\$ 1,347,718	\$ (8,580)	\$ 2,165,559
Net earnings	—	—	—	156,797	—	156,797
Other comprehensive earnings:						
Foreign currency translation adjustment	—	—	—	—	707	707
Amounts amortized into net periodic benefit cost	—	—	—	—	583	583
Fair value adjustment to investment in asset backed securities, net of tax of \$2,806	—	—	—	—	(4,982)	(4,982)
Comprehensive net earnings	—	—	—	—	—	153,105
Cash dividends paid (\$0.135 per share)	—	—	—	(34,772)	—	(34,772)
Issuance of common stock for:						
Stock option plans	579	17,198	—	—	—	17,198
Employee stock purchase plan	187	8,930	—	—	—	8,930
Other	61	3,668	—	—	—	3,668
Stock-based compensation	—	5,547	—	—	—	5,547
Balance at May 5, 2007	258,140	\$ 861,764	—	\$ 1,469,743	\$ (12,272)	\$ 2,319,235

	Common Stock		Unearned Stock Compensation	Retained Earnings	Accumulated Other Comprehensive Earnings	Total
	Shares	Amount				
Balance at January 28, 2006	269,549	\$ 685,934	\$ (327)	\$ 1,404,366	\$ 2,708	\$ 2,092,681
Net earnings	—	—	—	131,231	—	131,231
Other comprehensive earnings:						
Foreign currency translation adjustment	—	—	—	—	911	911
Fair value adjustment to investment in asset backed securities, net of tax of \$1,956	—	—	—	—	(3,209)	(3,209)
Comprehensive net earnings	—	—	—	—	—	128,933
Cash dividends paid (\$0.105 per share)	—	—	—	(28,326)	—	(28,326)
Issuance of common stock for:						
Stock option plans	1,369	32,067	—	—	—	32,067
Employee stock purchase plan	237	8,499	—	—	—	8,499
Other	9	(1)	327	—	—	326
Stock-based compensation	—	7,164	—	—	—	7,164
Repurchase of common stock	(5,423)	—	—	(212,920)	—	(212,920)
Balance at April 29, 2006	265,741	\$ 733,663	—	\$ 1,294,351	\$ 410	\$ 2,028,424

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

NORDSTROM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Quarter Ended	
	May 5, 2007	April 29, 2006
Operating Activities		
Net earnings	\$ 156,797	\$ 131,231
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of buildings and equipment	69,364	70,425
Amortization of deferred property incentives and other, net	(9,004)	(8,677)
Stock-based compensation expense	6,329	7,336
Deferred income taxes, net	(18,809)	(7,395)
Tax benefit from stock-based payments	7,660	13,538
Excess tax benefit from stock-based payments	(7,387)	(11,617)
Provision for bad debt expense	8,484	2,650
Change in operating assets and liabilities:		
Accounts receivable	(925,721)	17,834
Investment in asset backed securities	420,387	(7,927)
Merchandise inventories	(135,280)	(109,648)
Prepaid expenses	5,062	(1,410)
Other assets	(25,490)	(572)
Accounts payable	92,928	91,905
Accrued salaries, wages and related benefits	(159,926)	(111,343)
Other current liabilities	(23,464)	(34,126)
Income taxes payable	57,221	(21,639)
Deferred property incentives	17,330	3,826
Other liabilities	5,979	4,360
Net cash (used in) provided by operating activities	<u>(457,540)</u>	<u>28,751</u>
Investing Activities		
Capital expenditures	(85,829)	(47,513)
Proceeds from sale of assets	122	18
Purchases of short-term investments	—	(100,000)
Sales of short-term investments	—	124,000
Other, net	4,957	(1,941)
Net cash used in investing activities	<u>(80,750)</u>	<u>(25,436)</u>
Financing Activities		
Proceeds from long-term borrowing	1,000,000	—
Principal payments on long-term debt	(151,141)	(1,124)
Increase (decrease) in cash book overdrafts	42,777	(1,807)
Proceeds from exercise of stock options	9,549	18,657
Proceeds from employee stock purchase plan	8,919	8,370
Excess tax benefit from stock-based payments	7,387	11,617
Cash dividends paid	(34,772)	(28,326)
Repurchase of common stock	—	(212,920)
Other, net	(2,344)	888
Net cash provided by (used in) financing activities	<u>880,375</u>	<u>(204,645)</u>
Net increase (decrease) in cash and cash equivalents	342,085	(201,330)
Cash and cash equivalents at beginning of period	402,559	462,656
Cash and cash equivalents at end of period	<u><u>\$ 744,644</u></u>	<u><u>\$ 261,326</u></u>

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

NORDSTROM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in thousands except per share and per option amounts)
(Unaudited)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated financial statements should be read in conjunction with the Notes to Consolidated Financial Statements contained in our 2006 Annual Report. The same accounting policies are followed for preparing quarterly and annual financial information. All adjustments necessary for the fair presentation of the results of operations, financial position and cash flows have been included and are of a normal, recurring nature.

Our business, like that of other retailers, is subject to seasonal fluctuations. Our Anniversary Sale in July and the holidays in December typically result in higher sales in the second and fourth quarters of our fiscal years. Accordingly, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year.

Accounting Policies

The preparation of our financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates.

Our accounting policies in 2007 are consistent with those discussed in our 2006 Annual Report, with the exception of our adoption of Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48") in the beginning of the first quarter of 2007. Additionally, this quarter, we converted our private label card and co-branded Nordstrom VISA credit card receivables into one on-balance sheet securitization program, which is accounted for as a secured borrowing (on-balance sheet).

Other Income Including Finance Charges, Net

On May 1, 2007, we converted our Nordstrom private label card and co-branded Nordstrom VISA credit card programs into one securitization program. Prior to the transaction, other income including finance charges, net consisted primarily of finance charges and late fees generated by our Nordstrom private label cards and earnings from our investment in asset backed securities and securitization gains and losses, which are both generated from the co-branded Nordstrom VISA credit card program.

After the transaction, other income including finance charges, net consists primarily of finance charges and late fees generated by our combined Nordstrom private label card and co-branded Nordstrom VISA credit card programs.

Securitization of Accounts Receivable and Accounts Receivable

We offer Nordstrom private label cards and co-branded Nordstrom VISA credit cards to our customers. On May 1, 2007, we converted the private label card and co-branded Nordstrom VISA credit card programs into one securitization program, which is accounted for as a secured borrowing (on-balance sheet). When we combined the securitization programs, our investment in asset backed securities was converted from available-for-sale securities to receivables. As of May 5, 2007, the majority of co-branded Nordstrom VISA credit card receivables have been recorded at fair value. Based on past payment patterns, we expect that this receivable portfolio will be repaid within approximately eight months. During that time, we expect to transition the co-branded Nordstrom VISA credit card receivable portfolio to historical cost, net of bad debt allowances, on our balance sheet.

We report our Nordstrom private label card receivables and new co-branded Nordstrom VISA credit card receivables generated after May 1, 2007 at cost, net of an allowance for doubtful accounts. Our allowance for doubtful accounts represents our best estimate of the losses inherent in our customer accounts receivable based on several factors, including historical trends of aging of accounts, write-off experience and expectations of future performance.

NORDSTROM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in thousands except per share and per option amounts)
(Unaudited)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Going forward, we expect that both our Nordstrom private label cards and co-branded Nordstrom VISA credit cards will be accounted for using the same on-balance sheet, historical cost method.

Substantially all of the Nordstrom private label receivables and 90% of the co-branded Nordstrom VISA credit card receivables are securitized. Under the securitization, the receivables are transferred to a third-party trust on a daily basis. The balance of the receivables transferred to the trust fluctuates as new receivables are generated and old receivables are retired (through payments received, charge-offs, or credits for merchandise returns). On May 1, 2007, the trust issued securities that are backed by the receivables. These combined receivables back the Series 2007-1 Notes, the Series 2007-2 Notes, and an unused variable funding note that is discussed in Note 4: Long-term debt.

Under the terms of the trust agreement, we may be required to fund certain amounts upon the occurrence of specific events. Our credit card securitization agreements set a maximum percentage of receivables that can be associated with various receivable categories, such as employee or foreign receivables. As of May 5, 2007 these maximums were not exceeded.

Income Taxes

Effective February 4, 2007, we adopted FASB Interpretation No. ("FIN") 48, *Accounting for Uncertainty in Income Taxes*. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The cumulative effect of adopting FIN 48 has resulted in an increase to our liability for uncertain tax positions of \$2,962. The impact of this adjustment upon adoption was to decrease the beginning balance of retained earnings on the balance sheet and to increase our accruals for uncertain tax positions and related interest by a corresponding amount.

Upon adoption we had approximately \$20,899 of gross unrecognized tax benefits. The total amount of such unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods was \$14,377. Interest and penalties related to income tax matters are classified as a component of income tax expense. Accrued interest and penalties upon adoption were \$1,467.

During 2007, the Company does not expect to recognize a material change in unrecognized tax benefits.

We file income tax returns in the U.S. federal and various state jurisdictions. We also file returns in France and several other foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 2002. Our U.S. federal filings for the years 2002 through 2006 are under routine examination and that process is anticipated to be completed before the end of 2008. Additionally, the U.S. federal tax return for 2007 is under concurrent year processing, and the review should be complete in 2008. We currently have an active examination in France for years 2001 through 2004. A few state jurisdictions have active examinations that include earlier years, but these audits are not considered material.

NORDSTROM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in thousands except per share and per option amounts)
(Unaudited)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**Recent Accounting Pronouncements**

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 will be effective at the beginning of fiscal year 2008. We are assessing the potential financial statement impact of SFAS 157.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 will be effective at the beginning of fiscal year 2008. We are assessing the potential financial statement impact of SFAS 159.

NOTE 2: ACCOUNTS RECEIVABLE

The components of accounts receivable are as follows:

	May 5, 2007	February 3, 2007	April 29, 2006
Trade receivables:			
Restricted trade receivables	\$1,398,825	\$582,281	\$520,440
Unrestricted trade receivables	139,881	43,793	35,554
Allowance for doubtful accounts	(18,975)	(17,475)	(16,056)
Trade receivables, net	1,519,731	608,599	539,938
Other	82,796	75,777	79,157
Accounts receivable, net	\$1,602,527	\$684,376	\$619,095

The following table summarizes the restricted trade receivables:

	May 5, 2007	February 3, 2007	April 29, 2006
Private label card receivables	\$ 559,924	\$582,281	\$520,440
Co-branded Nordstrom VISA credit card receivables	838,901	—	—
Restricted trade receivables	\$1,398,825	\$582,281	\$520,440

As of May 5, 2007, the restricted trade receivables relate to substantially all of our Nordstrom private label card receivables and 90% of the co-branded Nordstrom VISA credit card receivables. These restricted trade receivables back the Series 2007-1 Notes, the Series 2007-2 Notes, and the unused variable funding note discussed in Note 4: Long-term debt. At February 3, 2007 and April 29, 2006, the restricted trade receivables related to our Nordstrom private label card backed the unused variable funding note.

The unrestricted trade receivables consist primarily of the remaining portion of our Nordstrom private label and co-branded Nordstrom VISA credit card receivables, Façonnable wholesale receivables and accrued finance charges not yet allocated to customer accounts.

Other accounts receivable consist primarily of credit card receivables due from third-party financial institutions and vendor rebates, which are believed to be fully realizable as they are collected soon after they are earned.

NORDSTROM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in thousands except per share and per option amounts)
(Unaudited)

NOTE 3: INVESTMENT IN ASSET BACKED SECURITIES – CO-BRANDED NORDSTROM VISA CREDIT CARD RECEIVABLES

Prior to the securitization transaction discussed in Note 1, our co-branded Nordstrom VISA credit card program was treated as an investment in asset backed securities. As previously discussed, as of May 5, 2007, our balance sheet does not include an investment in asset backed securities. The following table represents the components prior to the transaction:

	February 3, 2007	April 29, 2006
Total face value of co-branded Nordstrom VISA credit card principal receivables	\$907,983	\$749,322
Debt securities issued by the VISA Trust:		
Off-balance sheet (sold to third parties):		
2002 Class A & B notes	\$200,000	\$200,000
2004-2 Variable funding notes	350,000	—
	<u>\$550,000</u>	<u>\$200,000</u>
Transferor Interest amount recorded on Nordstrom, Inc.'s balance sheet:		
Investment in asset backed securities at fair value	<u>\$428,175</u>	<u>\$565,854</u>

The following table presents the key assumptions we used to value the investment in asset backed securities prior to the transaction:

	February 3, 2007	April 29, 2006
Weighted average remaining life (in months)	7.5	7.6
Average annual credit losses	5.7%	5.2%
Average gross yield	16.8%	17.3%
Weighted average coupon on issued securities	5.3%	5.5%
Average monthly payment rates	8.0%	7.6%
Discount rate on investment in asset backed securities	7.3% to 11.5%	6.2% to 11.4%

The following table summarizes the income earned by the investment in asset backed securities that is included in other income including finance charges, net on the condensed consolidated statements of earnings prior to the transaction on May 1, 2007:

	Quarter Ended	
	May 5, 2007	April 29, 2006
Interest income	\$21,266	\$18,926
Gain on sales of receivables and other income	4,745	8,395
	<u>\$26,011</u>	<u>\$27,321</u>

Our investment in asset backed securities and the off-balance sheet financing are described in Notes 1 and 3 of our 2006 Annual Report.

NORDSTROM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in thousands except per share and per option amounts)
(Unaudited)

NOTE 4: LONG-TERM DEBT

A summary of long-term debt is as follows:

	<u>May 5, 2007</u>	<u>February 3, 2007</u>	<u>April 29, 2006</u>
Private Label Securitization, 4.82%, due October 2006	—	—	\$ 300,000
Senior notes, 5.625%, due January 2009	\$ 250,000	\$ 250,000	250,000
Series 2007-1 Class A Notes, 4.92%, due April 2010	325,500	—	—
Series 2007-1 Class B Notes, 5.02%, due April 2010	24,500	—	—
Series 2007-2 Class A Notes, one-month LIBOR plus 0.06% per year, due April 2012	453,800	—	—
Series 2007-2 Class B Notes, one-month LIBOR plus 0.18% per year, due April 2012	46,200	—	—
Senior debentures, 6.95%, due March 2028	300,000	300,000	300,000
Mortgage payable, 7.68%, due April 2020	68,944	69,710	71,923
Other	20,181	19,600	22,509
Fair market value of interest rate swap	(6,725)	(8,858)	(12,847)
Total long-term debt	<u>1,482,400</u>	<u>630,452</u>	<u>931,585</u>
Less current portion	<u>(7,768)</u>	<u>(6,800)</u>	<u>(306,636)</u>
Total due beyond one year	<u>\$ 1,474,632</u>	<u>\$ 623,652</u>	<u>\$ 624,949</u>

Both the Series 2007-1 Class A & B Notes and the Series 2007-2 Class A & B Notes are secured by substantially all of the Nordstrom private label card receivables and a 90% interest in the co-branded Nordstrom VISA credit card receivables.

The Series 2007-1 Class A & B Notes increased our required principal payments due in fiscal 2010 by their combined notional amount of \$350,000. The Series 2007-2 Class A & B Notes increased our required principal payments due after five years by their combined notional amount of \$500,000.

To manage our interest rate risk, we have an interest rate swap outstanding recorded in other liabilities. Our swap has a \$250,000 notional amount, expires in January 2009 and is designated as a fully effective fair value hedge. Under the agreement, we receive a fixed rate of 5.63% and pay a variable rate based on LIBOR plus a margin of 2.3% set at six-month intervals (7.67% at May 5, 2007).

During the first quarter of 2007, the company entered into an agreement for a new variable funding facility backed by substantially all of the Nordstrom private label card receivables and a 90% interest in the co-branded Nordstrom VISA credit card receivables with a capacity of \$300,000. As of May 5, 2007, no issuances have been made against the new facility. Borrowings under the facility will incur interest based upon the actual cost of commercial paper plus specified fees ranging from 0.075% to 0.15%. As of May 5, 2007, the facility's interest rate was 5.49%. We pay a commitment fee ranging from 0.10% to 0.125% for the note based on the amount of the commitment. Fee rates decrease if more than \$50,000 is outstanding on the facility. The facility can be cancelled or not renewed if our debt ratings fall below Standard and Poor's BB+ rating or Moody's Ba1 rating. Our current rating by Standard and Poor's is A, five grades above BB+, and by Moody's is Baa1, three grades above Ba1.

In the first quarter of 2007, the Private Label Trust used our existing variable funding facility to issue a total of \$150,000 in Notes. On May 1, 2007, in connection with the issuance of the new Notes discussed above, the Company paid the outstanding balance and terminated this facility.

NORDSTROM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in thousands except per share and per option amounts)
(Unaudited)

NOTE 5: POST-RETIREMENT BENEFITS

The expense components of our Supplemental Executive Retirement Plan, which provides retirement benefits to certain officers and select employees, are as follows:

	Quarter Ended	
	May 5, 2007	April 29, 2006
Participant service cost	\$ 652	\$ 557
Interest cost	1,433	1,308
Amortization of net loss	772	724
Amortization of prior service cost	262	257
Total expense	\$ 3,119	\$ 2,846

NOTE 6: STOCK COMPENSATION PLANS**Stock Options**

As of May 5, 2007, we have options outstanding under three stock option plans (collectively, the "Nordstrom, Inc. Plans"). Options vest over periods ranging from four to eight years, and expire 10 years after the date of grant. During the quarter ended May 5, 2007, 1,586 options were granted, 579 options were exercised, and 154 options were cancelled. During the quarter ended April 29, 2006, 1,939 options were granted, 1,369 options were exercised, and 251 options were cancelled.

We recognize stock-based compensation expense in accordance with Statement No. 123(R), *Share-Based Payment* ("SFAS 123(R)") on a straight-line basis over the requisite service period. The following table summarizes our stock-based compensation expense:

	Quarter Ended	
	May 5, 2007	April 29, 2006
Stock options	\$ 5,070	\$ 6,640
Employee Stock Purchase Plan	533	488
Performance share units	713	114
Other	13	94
Total stock-based compensation expense before income tax benefit	6,329	7,336
Income tax benefit	(2,237)	(2,639)
Total stock-based compensation expense, net of income tax benefit	\$ 4,092	\$ 4,697

The stock-based compensation expense before income tax benefit was recorded in our condensed consolidated statements of earnings as follows:

	Quarter Ended	
	May 5, 2007	April 29, 2006
Cost of sales and related buying and occupancy costs	\$ 2,022	\$ 2,722
Selling, general and administrative expenses	4,307	4,614
Total stock-based compensation expense before income tax benefit	\$ 6,329	\$ 7,336

NORDSTROM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in thousands except per share and per option amounts)
(Unaudited)

NOTE 6: STOCK COMPENSATION PLANS (CONT.)

In the first quarter of fiscal 2007, stock option awards to employees were approved by the Compensation Committee of our Board of Directors and their exercise price was set at the closing price of our common stock on March 1, 2007. The stock option awards provide recipients with the opportunity for financial rewards when our stock price increases. The awards are determined based upon a percentage of the recipients' base salary and the fair value of the stock options, which was estimated using a Binomial Lattice option valuation model. During the quarter ended May 5, 2007, we awarded stock options to 1,193 employees compared to 1,235 employees in the same period in 2006.

We used the following assumptions to estimate the fair value of stock options at grant date:

	First Quarter	
	2007	2006
Risk-free interest rate	4.6% - 4.7%	4.9% - 5.1%
Weighted average expected volatility	35.0%	37.0%
Weighted average expected dividend yield	1.0%	1.0%
Weighted average expected life in years	5.7	5.4

The weighted average fair value per option at the grant date was \$20 and \$16 in the first quarter of 2007 and 2006. The following describes the significant assumptions used to estimate the fair value of options granted:

- **Risk-free interest rate:** The rate represents the yield on U.S. Treasury zero-coupon securities that mature over the 10-year life of the stock options.
- **Expected volatility:** The expected volatility is based on a combination of the historical volatility of our common stock and the implied volatility of exchange traded options for our common stock.
- **Expected dividend yield:** The yield is our forecasted dividend yield for the next 10 years.
- **Expected life in years:** The expected life represents the estimated period of time until option exercise. Based on our historical exercise behavior and taking into consideration the contractual term of the option and our employees' expected exercise and post-vesting employment termination behavior, the expected term of options granted was derived from the output of the Binomial Lattice option valuation model.

Performance Share Units

We grant performance share units to align certain elements of our senior management compensation with our shareholder returns. Performance share units vest after a three-year performance period only when our total shareholder return (growth in stock price and reinvestment of dividends) is positive and outperforms companies in a defined peer group of direct competitors determined by the Compensation Committee of our Board of Directors. The percentage of units that vest depends on our relative position at the end of the performance period and can range from 0% to 125% of the number of units granted. As participants may elect to exchange each unit earned for one share of stock or the cash equivalent, these units are classified as a liability award.

At the end of each period, we record the performance share unit liability based on the vesting factors described above. As of May 5, 2007, February 3, 2007, and April 29, 2006, our liabilities included \$5,397, \$12,653 and \$5,732 for the units. For the quarters ended May 5, 2007 and April 29, 2006, stock-based compensation expense related to performance share units was \$713 and \$114. As of May 5, 2007, the remaining unrecognized stock-based compensation expense related to non-vested performance share units was \$3,443, which is expected to be recognized over a weighted average period of 16 months. At February 3, 2007, 255,467 units were unvested. During the quarter ended May 5, 2007, 50,070 units were granted, 112,496 units vested and no units cancelled, resulting in an ending balance of 193,041 unvested units as of May 5, 2007.

NORDSTROM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in thousands except per share and per option amounts)
(Unaudited)

NOTE 6: STOCK COMPENSATION PLANS (CONT.)

The following table summarizes the information for performance share units that vested during the period:

	Quarter Ended	
	May 5, 2007	April 29, 2006
Number of performance share units vested	112,496	216,865
Total fair value of performance share units vested	\$ 7,970	\$ 11,310
Total amount of performance share units settled for cash	\$ 729	\$ 5,982

NOTE 7: EARNINGS PER SHARE

The computation of earnings per share is as follows:

	Quarter Ended	
	May 5, 2007	April 29, 2006
Net earnings	\$ 156,797	\$ 131,231
Basic shares	257,948	267,490
Dilutive effect of stock options and performance share units	4,783	5,341
Diluted shares	262,731	272,831
Earnings per basic share	\$ 0.61	\$ 0.49
Earnings per diluted share	\$ 0.60	\$ 0.48
Antidilutive stock options and other	1,567	1,896

NORDSTROM, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in thousands except per share and per option amounts)
(Unaudited)

NOTE 8: SEGMENT REPORTING

The following tables set forth the information for our reportable segments and a reconciliation to the consolidated totals:

Quarter ended						
May 5, 2007	Retail					
	Stores	Credit	Direct	Other	Eliminations	Total
Net sales	\$ 1,793,720	—	\$ 139,808	\$ 20,344	—	\$ 1,953,872
Net sales increase (decrease)	8.4%	N/A	27.6%	(12.3%)	N/A	9.3%
Intersegment revenues	—	\$ 130	—	—	\$ (130)	—
Interest expense, net	—	(1,679)	—	(5,533)	—	(7,212)
Other income including finance charges, net	452	50,496	12	4,891	—	55,851
Earnings before income tax expense	285,447	5,707	33,880	(71,289)	—	253,745
Earnings before income tax expense as a percentage of net sales	15.9%	N/A	24.2%	N/A	N/A	13.0%
Total assets	2,438,595	1,572,199	118,232	1,702,359	—	5,831,385

Quarter ended						
April 29, 2006	Retail					
	Stores	Credit	Direct	Other	Eliminations	Total
Net sales	\$ 1,654,424	—	\$ 109,602	\$ 23,197	—	\$ 1,787,223
Net sales increase (decrease)	8.4%	N/A	5.0%	(1.2%)	N/A	8.0%
Intersegment revenues	—	\$ 84	—	—	\$ (84)	—
Interest expense, net	—	(3,521)	—	(7,230)	—	(10,751)
Other income including finance charges, net	170	49,308	5	4,355	—	53,838
Earnings before income tax expense	239,020	20,219	25,376	(71,528)	—	213,087
Earnings before income tax expense as a percentage of net sales	14.4%	N/A	23.2%	N/A	N/A	11.9%
Total assets	2,378,500	1,140,221	90,574	1,177,344	—	4,786,639

As of May 5, 2007 and April 29, 2006, Retail Stores assets included \$8,462 of goodwill, Direct assets included \$15,716 of goodwill and Other assets included \$27,536 of goodwill and \$84,000 of tradename.

The segment information for the quarter ended April 29, 2006 has been adjusted from our 2006 Form 10-Q disclosures to reflect the 2007 view of certain costs between our Credit, Other, and Retail Stores segments, but do not impact the condensed consolidated statement of earnings. These changes include expense related to our merchandise rewards certificate programs, intercompany merchant fee income, and intercompany borrowings.

NOTE 9: SUPPLEMENTARY CASH FLOW INFORMATION

	Quarter Ended	
	May 5, 2007	April 29, 2006
Cash paid during the year for:		
Interest (net of capitalized interest)	\$12,708	\$15,527
Income taxes	\$51,034	\$95,141

NOTE 10: LITIGATION

We are involved in routine claims, proceedings, and litigation arising from the normal course of our business. The results of these claims, proceedings and litigation cannot be predicted with certainty. However, we do not believe any such claim, proceeding or litigation, either alone or in aggregate, will have a material impact on our results of operations, financial position, or cash flows.

Item 2. Management's Discussion And Analysis Of Financial Condition And Results Of Operations (Dollar amounts in millions except per share amounts)

The following discussion should be read in conjunction with the Management's Discussion and Analysis section of our 2006 Annual Report.

RESULTS OF OPERATIONS**Overview**

	First Quarter	
	2007	2006
Net earnings	\$ 157	\$ 131
Net earnings as a percentage of net sales	8.0%	7.3%
Earnings per diluted share	\$ 0.60	\$ 0.48

Continued sales growth, gross profit rate expansion and leverage of selling, general and administrative costs delivered net earnings growth of 19.5% in the first quarter of 2007 compared to the same period last year. Key highlights include:

- Net sales increased 9.3% for the quarter ended May 5, 2007. For our Full-Line stores, the strongest regional performances were in the Midwest and Northwest, and our best performing merchandise divisions included our designer offering across all categories, women's accessories, and women's apparel.
- Gross profit as a percentage of net sales (gross profit rate) increased 66 basis points for the quarter ended May 5, 2007, compared to last year's first quarter result. Sales leverage on fixed costs in buying and occupancy expenses primarily contributed to the gross profit rate expansion, along with improved merchandise margin across all categories.
- For the quarter, sales leverage on expenses resulted in a 32 basis point reduction in selling, general and administrative expenses as a percentage of net sales (SG&A rate). Overall, fixed expense dollars were in-line with plans and sales leverage drove the SG&A rate improvement.

Net Sales

	First Quarter	
	2007	2006
Net sales	\$ 1,954	\$1,787
Net sales increase	9.3%	8.0%
Retail segment net sales increase	8.4%	8.4%
Direct segment net sales increase	27.6%	5.0%
Total company same-store sales increase	9.5%	5.4%

Total net sales for the first quarter increased 9.3% over the same period in the prior year due to same-store sales increases. All channels and major merchandise categories achieved positive same-store sales increases.

Strong regular price sales across all major merchandise categories drove the Full-Line store sales increase, as customers responded favorably to spring merchandise throughout the quarter. Merchandise categories with performance above the Full-Line store average for the quarter were designer apparel, accessories, and women's apparel.

Continued focus on our online business delivered a 27.6% net sales increase for our Direct segment in the first quarter of 2007.

Item 2. Management's Discussion And Analysis Of Financial Condition And Results Of Operations (Cont.) (Dollar amounts in millions except per share amounts)**Gross Profit**

	First Quarter	
	2007	2006
Gross profit	\$ 739	\$ 664
Gross profit rate	37.8%	37.2%

	Quarter Ended	
	May 5, 2007	April 29, 2006
Average inventory per square foot	\$ 53.79	\$ 52.45
Inventory turnover rate (for the most recent four quarters)	5.01	4.77

Compared to the same period last year, our gross profit rate improved 66 basis points for the quarter ended May 5, 2007. Above plan sales leverage on buying and occupancy expense generated rate expansion. In addition, merchandise margin improved versus last year driven by lower markdowns across women's apparel, accessories, and men's apparel along with strong sales through most major categories.

Our four-quarter average inventory turnover rate improved 5.0% to 5.01 at the first quarter of 2007 compared to 4.77 at the first quarter of 2006, indicating continuous progress in improving merchandise planning and execution.

Selling, General and Administrative Expenses (SG&A)

	First Quarter	
	2007	2006
Selling, general and administrative expenses	\$ 534	\$ 494
SG&A rate	27.3%	27.7%

Compared to the same period last year, our SG&A rate improved 32 basis points. Selling labor productivity combined with leverage of non-selling labor drove the improvement over last year. These improvements were partially offset by our enhanced loyalty program, Fashion Rewards, which we launched in April 2007. Existing customers whose 2006 purchases in our stores qualified them for upper-tier status were granted rewards that may be redeemed immediately. Within selling, general and administrative expense, we recorded \$4 of additional loyalty program expense, which impacted our SG&A rate by 20 basis points.

Interest Expense, net

Interest expense, net decreased by \$4 to \$7 for the quarter ended May 5, 2007 compared to the same period in 2006. The decrease is primarily due to lower average debt levels during the quarter.

Other Income Including Finance Charges, net

	First Quarter	
	2007	2006
Other income including finance charges, net	\$ 56	\$ 54
Other income including finance charges, net as a percentage of net sales	2.9%	3.0%

Other income including finance charges, net increased by \$2 to \$56 for the quarter ended May 5, 2007. The increase was primarily due to growth in our co-branded Nordstrom VISA credit card program, partially offset by securitization transaction costs (see Liquidity and Capital Resources on page 19 for further discussion).

Seasonality

Our business, like that of other retailers, is subject to seasonal fluctuations. Our Anniversary Sale in July and the holidays in December typically result in higher sales in the second and fourth quarters of our fiscal years. Accordingly, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year.

Item 2. Management’s Discussion And Analysis Of Financial Condition And Results Of Operations (Cont.) (Dollar amounts in millions except per share amounts)

Return on Invested Capital (ROIC) (Non-GAAP financial measure)

In the past two years, we have incorporated Return on Invested Capital (ROIC) into our key financial metrics, and since 2005 have used it as an executive incentive measure. Historically, overall performance as measured by ROIC correlates directly to shareholders’ return over the long-term. For the 12 months ended May 5, 2007, we improved our ROIC to 21.2% compared to 17.5% for the 12 months ended April 29, 2006. Our ROIC improved primarily from increased earnings before interest and taxes. See our GAAP ROIC reconciliation below. The closest GAAP measure is return on assets, which improved to 14.2% from 11.9% for the last 12 months ended May 5, 2007 compared to the 12 months ended April 29, 2006. As a result of the securitization transaction, which eliminated our off-balance sheet financing, we expect that our ROIC ratio will decrease 1% to 3%.

We define ROIC as follows:

$$\text{ROIC} = \frac{\text{Net Operating Profit after Taxes (NOPAT)}}{\text{Average Invested Capital}}$$

Numerator = NOPAT

Net Earnings
+ Income tax expense
+ Interest expense, net
<hr/>
= EBIT
+ Rent expense
- Estimated depreciation on capitalized operating leases
<hr/>
= Net operating profit
- Estimated income tax expense
<hr/>
= NOPAT

Denominator = Average Invested Capital

Average total assets
- Average non-interest-bearing current liabilities
- Average deferred property incentives
+ Average estimated asset base of capitalized operating leases
<hr/>
= Average invested capital

A reconciliation of our return on assets to ROIC is as follows:

	12 months ended	
	May 5, 2007	April 29, 2006
Net earnings	\$ 703.6	\$ 578.0
Add: income tax expense	442.7	347.3
Add: interest expense, net	39.2	43.4
Earnings before interest and income tax expense	<u>1,185.5</u>	<u>968.7</u>
Add: rent expense	49.7	44.3
Less: estimated depreciation on capitalized operating leases ¹	<u>(26.5)</u>	<u>(23.6)</u>
Net operating profit	<u>1,208.7</u>	<u>989.4</u>
Estimated income tax expense	(466.5)	(371.7)
Net operating profit after tax	<u>742.2</u>	<u>\$ 617.7</u>
Average total assets ²	4,941.7	\$ 4,841.2
Less: average non-interest-bearing current liabilities ³	(1,449.5)	(1,331.6)
Less: average deferred property incentives ²	(357.4)	(363.9)
Add: average estimated asset base of capitalized operating leases ⁴	<u>370.8</u>	<u>379.0</u>
Average invested capital	<u>3,505.6</u>	<u>\$ 3,524.7</u>
Return on Assets	14.2%	11.9%
ROIC	21.2%	17.5%

¹Depreciation based upon estimated asset base of capitalized operating leases as described in Note 4 below.

²Based upon the trailing 12-month average.

³Based upon the trailing 12-month average for accounts payable, accrued salaries, wages and related benefits, other current liabilities and income taxes payable.

⁴Based upon the trailing 12-month average of the monthly asset base which is calculated as the trailing 12 months rent expense multiplied by 8.

Item 2. Management's Discussion And Analysis Of Financial Condition And Results Of Operations (Cont.) (Dollar amounts in millions except per share amounts)

LIQUIDITY AND CAPITAL RESOURCES

In the first three months of 2007, cash increased by \$342, primarily due to the new securitization borrowing. This quarter, we converted our Nordstrom private label card and co-branded Nordstrom VISA credit card receivables into one on-balance sheet securitization program. We borrowed \$850 against this combined portfolio. Also as a result of the transaction, we recorded \$943 of co-branded Nordstrom VISA credit card receivables on our balance sheet and eliminated our investment in asset backed securities.

Operating Activities

Net cash used in operating activities was \$458, compared to net cash provided by operating activities of \$29 in the same period last year. The decrease in cash provided by operating activities of \$487 is primarily due to the increase in accounts receivable as a result of the new on-balance sheet co-branded Nordstrom VISA credit card receivables partially offset by the elimination of investment in asset backed securities.

Investing Activities

Net cash used in investing activities increased by \$55 to \$81, primarily due to an increase in capital expenditures resulting from the timing of our new store openings and remodels.

Financing Activities

Net cash provided by financing activities increased to \$880 in the first quarter of 2007 from \$205 used in the first quarter of 2006, due primarily to cash inflows from the \$850 in Notes issued during the securitization transaction.

In the first quarter of 2007, the Private Label Trust used our existing variable funding facility to issue a total of \$150 in Notes. On May 1, 2007, in connection with the issuance of the new Notes discussed above, the Company paid the outstanding balance and terminated this facility.

During the quarter, we did not repurchase any shares of stock. In May 2006, our Board of Directors authorized \$1,000 of share repurchases. As of May 5, 2007, the unused authorization was \$591. The actual amount and timing of future share repurchases will be subject to market conditions and applicable SEC rules.

Securitization of Accounts Receivable

We offer Nordstrom private label cards and co-branded Nordstrom VISA credit cards to our customers. On May 1, 2007, we converted the Nordstrom private label card and co-branded Nordstrom VISA credit card programs into one securitization program, which is accounted for as a secured borrowing (on-balance sheet). When we combined the securitization programs, our investment in asset backed securities, which was accounted for as available-for-sale securities, was eliminated and we reacquired all of the co-branded Nordstrom VISA credit card receivables previously held off-balance sheet. These reacquired co-branded Nordstrom VISA credit card receivables were recorded at fair value at the date of acquisition. Based on past payment patterns, we expect that these receivables will be repaid within approximately eight months. During that time, we expect to transition the co-branded Nordstrom VISA credit card receivable portfolio to historical cost, net of bad debt allowances, on our balance sheet.

Substantially all of the Nordstrom private label card receivables and 90% of the co-branded Nordstrom VISA credit card receivables are securitized. Under the securitization, the receivables are transferred to a third-party trust on a daily basis. The balance of the receivables transferred to the trust fluctuates as new receivables are generated and old receivables are retired (through payments received, charge-offs, or credits for merchandise returns). On May 1, 2007, the trust issued securities that are backed by the receivables. These combined receivables back the Series 2007-1 Notes, the Series 2007-2 Notes, and an unused variable funding note.

Item 2. Management's Discussion And Analysis Of Financial Condition And Results Of Operations (Cont.) (Dollar amounts in millions except per share amounts)

Contractual Obligations

Our contractual obligations due in 3 to 5 years have been increased by our required principal payments on the Series 2007-1 Notes by their notional amount of \$350. Our contractual obligations due after 5 years have been increased by our required principal payments on the Series 2007-2 Notes by their notional amount of \$500.

Liquidity

We maintain a level of liquidity to allow us to cover our seasonal cash needs and to minimize our need for short-term borrowings. We believe that our operating cash flows, existing cash and available credit facilities are sufficient to finance our cash requirements for the next 12 months.

Over the long term, we manage our cash and capital structure to maximize shareholder return, strengthen our financial position and maintain flexibility for future strategic initiatives. We continuously assess our debt and leverage levels, capital expenditure requirements, principal debt payments, dividend payouts, potential share repurchases, and future investments or acquisitions. We believe our operating cash flows, existing cash and available credit facilities, as well as any potential future borrowing facilities will be sufficient to fund scheduled future payments and potential long-term initiatives.

CRITICAL ACCOUNTING POLICIES

The preparation of our financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. Except for the elimination of our off-balance sheet financing in the first quarter of 2007, our critical accounting policies and methodologies in 2007 are consistent with those discussed in our 2006 Annual Report.

Off-Balance Sheet Financing

On May 1, 2007, we converted the Nordstrom private label card and co-branded Nordstrom VISA credit card programs into one securitization program. After we combined the securitization programs, our investment in the VISA Trust was converted from available-for-sale securities to receivables. As of May 5, 2007, our balance sheet does not include an investment in asset backed securities. Accordingly, we no longer consider off-balance sheet financing to be a critical accounting policy.

RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 will be effective at the beginning of fiscal year 2008. We are assessing the potential financial statement impact of SFAS 157.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 will be effective at the beginning of fiscal year 2008. We are assessing the potential financial statement impact of SFAS 159.

Item 2. Management’s Discussion And Analysis Of Financial Condition And Results Of Operations (Cont.) (Dollar amounts in millions except per share amounts)

FORWARD-LOOKING INFORMATION CAUTIONARY STATEMENT

Certain statements in this Quarterly Report on Form 10-Q contain “forward-looking” statements (as defined in the Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties, including anticipated financial results, use of cash and liquidity, store openings and trends in our operations. Actual future results and trends may differ materially from historical results or current expectations depending upon various factors including, but not limited to:

- our ability to respond to the business environment and fashion trends
- inventory management
- the impact of competitive market forces
- our store growth strategy
- information security and privacy
- leadership development and succession planning
- multi-channel strategy execution
- brand and reputation
- capital efficiency and proper allocation
- human resource regulations
- employment and discrimination laws
- technology strategy
- regulatory compliance
- anti-takeover provisions
- the impact of terrorist activity or war on our customers and the retail industry
- trends in personal bankruptcies and bad debt write-offs
- changes in interest rates
- employee relations
- our ability to control costs
- weather conditions
- hazards of nature

These and other factors could affect our financial results and trends and cause actual results and trends to differ materially from those contained in any forward-looking statements we may provide. As a result, while we believe there is a reasonable basis for the forward-looking statements, you should not place undue reliance on those statements. We undertake no obligation to update or revise any forward-looking statements to reflect subsequent events, new information or future circumstances. This discussion and analysis should be read in conjunction with the Condensed Consolidated Financial Statements.

Item 3. Quantitative And Qualitative Disclosures About Market Risk (Dollar amounts in thousands)

INTEREST RATE RISK

We are exposed to market risk from changes in interest rates. In seeking to minimize risk, we manage exposure through our regular operating and financing activities. We do not use financial instruments for trading or other speculative purposes and are not party to any leveraged financial instruments.

Interest rate exposure is managed through our mix of fixed and variable rate borrowings. Short-term borrowing and investing activities generally bear interest at variable rates, but because they have maturities of three months or less, we believe that the risk of material loss was low, and that the carrying amount approximated fair value.

In the first quarter of 2007, we entered into new debt, as shown in Note 4: Long-term Debt. The principal of the \$325,500 Series 2007-1 Class A Notes with a fixed-rate of 4.92% and the principal of the \$24,500 Series 2007-1 Class B Notes with a fixed-rate of 5.02% is due April 2010. The effect of these Notes decreases the weighted-average interest rate on principal payments for fiscal 2010 to 5.0%. The principal of the \$453,800 Series 2007-2 Class A Notes with a variable-rate of One-Month LIBOR plus 0.06% and the principal of the \$46,200 Series 2007-2 Class B Notes with a variable-rate of One-Month LIBOR plus 0.18% is due April 2012.

There were no changes to our other financial instruments that are sensitive to changes in interest rates, including debt obligations and our interest rate swap. For further information on these items, please refer to Item 7A of our 2006 Annual Report.

FOREIGN CURRENCY EXCHANGE RISK

There were no changes to our instruments subject to foreign currency exchange risk during the first quarter of 2007. For further information on these items, please refer to Item 7A of our 2006 Annual Report.

Item 4. Controls And Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we performed an evaluation under the supervision and with the participation of management, including our President and Chief Financial Officer, of our disclosure controls and procedures [as defined in Rules 13a-15(e) or 15d-15(e) under the Securities and Exchange Act of 1934 (the "Exchange Act")]. Based upon that evaluation, our President and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures are effective in the timely recording, processing, summarizing and reporting of material financial and non-financial information.

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Cosmetics

We were originally named as a defendant along with other department store and specialty retailers in nine separate but virtually identical class action lawsuits filed in various Superior Courts of the State of California in May, June and July 1998 that were consolidated in Marin County Superior Court. In May 2000, plaintiffs filed an amended complaint naming a number of manufacturers of cosmetics and fragrances and two other retailers as additional defendants. Plaintiffs' amended complaint alleged that the retail price of the "prestige" or "Department Store" cosmetics and fragrances sold in department and specialty stores was collusively controlled by the retailer and manufacturer defendants in violation of the Cartwright Act and the California Unfair Competition Act.

Plaintiffs sought treble damages and restitution in an unspecified amount, attorneys' fees and prejudgment interest, on behalf of a class of all California residents who purchased cosmetics and fragrances for personal use from any of the defendants during the four years prior to the filing of the original complaints.

While we believe that the plaintiffs' claims are without merit, we entered into a settlement agreement with the plaintiffs and the other defendants on July 13, 2003 in order to avoid the cost and distraction of protracted litigation. In furtherance of the settlement agreement, the case was re-filed in the United States District Court for the Northern District of California on behalf of a class of all persons who currently reside in the United States and who purchased "Department Store" cosmetics and fragrances from the defendants during the period May 29, 1994 through July 16, 2003. The Court gave preliminary approval to the settlement, and a summary notice of class certification and the terms of the settlement was disseminated to class members. On March 30, 2005, the Court entered a final judgment approving the settlement and dismissing the plaintiffs' claims and the claims of all class members with prejudice, in their entirety. On April 29, 2005, two class members who had objected to the settlement filed notices of appeal from the Court's final judgment to the United States Court of Appeals for the Ninth Circuit. One of the objectors has since dropped her appeal, but the other filed her appeal brief on March 20, 2006. Plaintiffs' and defendants' briefs were filed on May 25, 2006. The remaining objector filed her reply brief on June 14, 2006. The Ninth Circuit heard oral arguments on the appeal on March 14, 2007. It is uncertain how long the Ninth Circuit will take to issue its decision or when the appeal will be resolved. If the District Court's final judgment approving the settlement is affirmed on appeal, or the appeal is dismissed, the defendants will provide class members with certain free products with an estimated retail value of \$175 million and pay the plaintiffs' attorneys' fees, awarded by the Court, of \$24 million. We do not believe the outcome of this matter will have a material adverse effect on our financial condition, results of operations or cash flows.

Other

We are involved in routine claims, proceedings, and litigation arising from the normal course of our business. We do not believe any such claim, proceeding or litigation, either alone or in aggregate, will have a material impact on our financial condition, results of operations, or cash flows.

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Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our 2006 Annual Report. There have been no material changes in our risk factors from those disclosed in our 2006 Annual Report.

Item 6. Exhibits

Exhibits are incorporated herein by reference or are filed with this report as set forth in the Index to Exhibits on pages 26 and 27 hereof.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORDSTROM, INC.
(Registrant)

/s/ Michael G. Koppel

Michael G. Koppel
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: June 8, 2007

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	Exhibit	Method of Filing
4.1	Series 2007-1 Note purchase agreement, dated as of April 25, 2007, by and between Nordstrom Credit Card Master Note Trust II and J.P. Morgan Securities Inc. and Greenwich Capital Markets, Inc., as representative of the initial purchasers.	Incorporated by reference from the Registrant's Form 8-K filed on May 1, 2007, Exhibit 4.1
4.2	Series 2007-2 Note purchase agreement, dated as of April 25, 2007, by and between Nordstrom Credit Card Master Note Trust II and J.P. Morgan Securities Inc. and Greenwich Capital Markets, Inc., as representative of the initial purchasers.	Incorporated by reference from the Registrant's Form 8-K filed on May 1, 2007, Exhibit 4.2
4.3	Amended and Restated Master Indenture, dated as of May 1, 2007, by and between Nordstrom Credit Card Master Note Trust II and Wells Fargo Bank, National Association, as indenture trustee.	Incorporated by reference from the Registrant's Form 8-K filed on May 8, 2007, Exhibit 4.1
4.4	Series 2007-1 Indenture Supplement, dated as of May 1, 2007, by and between Nordstrom Credit Card Master Note Trust II and Wells Fargo Bank, National Association, as indenture trustee.	Incorporated by reference from the Registrant's Form 8-K filed on May 8, 2007, Exhibit 4.2
4.5	Series 2007-2 Indenture Supplement, dated as of May 1, 2007, by and between Nordstrom Credit Card Master Note Trust II and Wells Fargo Bank, National Association, as indenture trustee.	Incorporated by reference from the Registrant's Form 8-K filed on May 8, 2007, Exhibit 4.3
4.6	Note purchase agreement, dated as of May 2, 2007, by and between Nordstrom Credit Card Receivables II LLC, Nordstrom fsb, Nordstrom Credit, Inc., Falcon Asset Securitization Company, LLC and J.P. Morgan Chase Bank, NA.	Filed herewith electronically
4.7	Indenture Supplement, dated as of May 2, 2007, by and between Nordstrom Credit Card Master Note Trust II and Wells Fargo Bank, National Association.	Filed herewith electronically
10.1	Participation Agreement, dated as of May 1, 2007, by and between Nordstrom fsb, a seller and Nordstrom Credit, Inc., as purchaser.	Incorporated by reference from the Registrant's Form 8-K filed on May 8, 2007, Exhibit 99.1
10.2	Servicing Agreement, dated as of May 1, 2007, by and between Nordstrom fsb, and Nordstrom Credit, Inc.	Incorporated by reference from the Registrant's Form 8-K filed on May 8, 2007, Exhibit 99.2
10.3	Amended and Restated Receivables Purchase Agreement, dated as of May 1, 2007, by and between Nordstrom Credit, Inc., as seller and Nordstrom Credit Card Receivables II LLC, as purchaser.	Incorporated by reference from the Registrant's Form 8-K filed on May 8, 2007, Exhibit 99.3
10.4	Amended and Restated Transfer and Servicing Agreement, dated as of May 1, 2007, by and between Nordstrom Credit Card Receivables II LLC, as transferor, Nordstrom fsb, as servicer, Wells Fargo Bank, National Association, as indenture trustee, and Nordstrom Credit Card Master Note Trust II, as issuer.	Incorporated by reference from the Registrant's Form 8-K filed on May 8, 2007, Exhibit 99.4
10.5	Second Amended and Restated Trust Agreement, dated as of May 1, 2007, by and between Nordstrom Credit Card Receivables II LLC, as transferor, and Wilmington Trust Company, as owner trustee.	Incorporated by reference from the Registrant's Form 8-K filed on May 8, 2007, Exhibit 99.5
10.6	Amended and Restated Administration Agreement, dated as of May 1, 2007, by and between Nordstrom Credit Card Master Note Trust II, as issuer, and Nordstrom fsb, as administrator.	Incorporated by reference from the Registrant's Form 8-K filed on May 8, 2007, Exhibit 99.6

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	Exhibit	Method of Filing
31.1	Certification of President required by Section 302(a) of the Sarbanes-Oxley Act of 2002	Filed herewith electronically
31.2	Certification of Chief Financial Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002	Filed herewith electronically
32.1	Certification of President and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith electronically

NOTE PURCHASE AGREEMENT

among

NORDSTROM CREDIT CARD RECEIVABLES II LLC, as Transferor,

NORDSTROM FSB, as Servicer,

NORDSTROM CREDIT, INC.,

FALCON ASSET SECURITIZATION COMPANY LLC, as the Conduit Purchaser,

JPMORGAN CHASE BANK, N.A., as Agent for the Purchasers,

and

JPMORGAN CHASE BANK, N.A., as a Committed Purchaser

dated as of May 2, 2007

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NOTE PURCHASE AGREEMENT (“Note Purchase Agreement”) dated as of May 2, 2007, among Nordstrom Credit Card Receivables II LLC (the “Transferor”), Nordstrom fsb (“Servicer”), Nordstrom Credit, Inc., the Conduit Purchaser, the Agent and the Committed Purchaser named herein.

The parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Certain Defined Terms. Capitalized terms used herein without definition shall have the meanings set forth in the Transfer and Servicing Agreement (as defined below) or the Indenture Supplement (as defined below), as applicable. If a term used herein is defined both in the Transfer and Servicing Agreement and the Indenture Supplement, it shall have the meaning set forth in the Indenture Supplement. Additionally, the following terms shall have the following meanings:

“Accrual Period” means a period of time from and including the first day of a calendar month and ending at the close of business on the last day of such calendar month; provided, however, that the initial Accrual Period hereunder means the period from (and including) the Closing Date to (and including) the last day of the calendar month thereafter.

“Act” means the Securities Act of 1933, as amended.

“Administrative Agent” means JPMorgan Chase Bank in its capacity as administrative agent for the Conduit Purchaser or any other RIC.

“Agent” means JPMorgan Chase Bank in its capacity as agent for the Purchasers, and any successor thereto appointed pursuant to Article X.

“Aggregate Reduction” means any reduction to the Class A Note Maximum Principal Balance pursuant to Section 2.05(a).

“Alternate Rate” means, for any Tranche Period, with respect to any Funding Tranche, an interest rate per annum equal to LIBOR; provided, however, that in the case of,

(i) any Tranche Period on or prior to the first day of which the Agent shall have been notified by the Committed Purchaser or a Liquidity Purchaser that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other Governmental Authority asserts that it is unlawful, for the Committed Purchaser or such Liquidity Purchaser to fund any Funding Tranche (based on LIBOR) set forth above (and the Conduit Purchaser or such Liquidity Purchaser shall not have subsequently notified the Agent that such circumstances no longer exist),

(ii) any Tranche Period of one to (and including) 13 days,

(iii) any Tranche Period relating to a Funding Tranche which is less than \$1,000,000, and

(iv) any Tranche Period with respect to which the Alternate Rate, for any reason, becomes applicable on notice to the Agent of less than three Business Days,

the "Alternate Rate" for each such Tranche Period shall be an interest rate per annum equal to the Prime Rate in effect on each day of such Tranche Period. The "Alternate Rate" for any day on or after the occurrence of a Pay Out Event shall be an interest rate equal to the Default Rate.

"Applicable Indemnifying Party" has the meaning specified in Section 9.02.

"Asset Purchase Agreement" means the Asset Purchase Agreement dated as of the date hereof among the Conduit Purchaser, the Agent and each of the Purchasers signatory thereto, as the same may from time to time be amended, restated, supplemented or otherwise modified.

"Assignment and Acceptance" means an assignment and acceptance agreement entered into by a Purchaser, a permitted assignee and the Agent for such Purchaser, pursuant to which such assignee may become a party to this Note Purchase Agreement.

"Broken Funding Cost" means for any Funding Tranche which: (i) has its outstanding balance reduced without compliance by the Transferor with the notice requirements hereunder, (ii) does not become subject to an Aggregate Reduction following the delivery of any Reduction Notice, or (iii) is assigned to a Liquidity Purchaser or terminated prior to the date on which it was originally scheduled to end, an amount equal to the excess, if any, of (A) the CP Costs or Yield (as applicable) that would have accrued during the remainder of the Tranche Periods or the tranche periods for Commercial Paper determined by the Agent to relate to such Funding Tranche (as applicable) subsequent to the date of such reduction, assignment or termination (or in respect of clause (ii) above, the date such Aggregate Reduction was designated to occur pursuant to the Reduction Notice) of the outstanding balance of such Funding Tranche if such reduction, assignment or termination had not occurred or such Reduction Notice had not been delivered, over (B) the sum of (x) the amount of CP Costs or Yield actually accrued during the remainder of such period, to the extent such Funding Tranche is allocated to another Tranche Period and (y) to the extent such Funding Tranche is not allocated to another Tranche Period, the income, if any, actually received during the remainder of such period by the holder of such Funding Tranche from investing the portion of such Funding Tranche not so allocated. In the event that the amount referred to in clause (B) exceeds the amount referred to in clause (A), the relevant Purchaser or Purchasers agree to pay to Transferor the amount of such excess. The Agent will use reasonable efforts to allocate the Class A Note Principal Balance to tranche periods for Commercial Paper in a manner that will minimize Broken Funding Costs (provided, however, that the selection of such tranche periods shall at all times remain in the control of such Agent).

"Class A Additional Amounts" means all amounts owed by a Nordstrom Party pursuant to Article IX plus any Broken Funding Cost owed to the Purchasers pursuant to Section

4.03 of the Indenture Supplement plus any other amounts due and owing to the Purchasers under the Series Documents.

“Class A Monthly Interest” means, for any Accrual Period, the sum of (a) as to the Conduit Purchaser, the sum of all accrued CP Costs plus all accrued fees specified in the Fee Letter as payable to the Conduit Purchaser or the Agent as provided for herein and in the Fee Letter, respectively and (b) as to the Committed Purchaser or the Liquidity Purchaser (as the case may be) the sum of all accrued Yield plus all accrued fees specified in the Fee Letter as payable to the Committed Purchaser or the Liquidity Purchaser (as the case may be) as provided for herein and in the Fee Letter, respectively; in each case, accrued from the first day through the last day of such Accrual Period as provided for in Section 2.06.

“Class A Note Initial Principal Balance” means \$0.

“Class A Note Initial Purchase Price” has the meaning specified in Section 2.02.

“Class A Note Maximum Principal Balance” \$300,000,000 as such amount may be increased or decreased from time to time in accordance with Section 2.05.

“Class A Note Principal Balance” means, at any time, the Class A Note Principal Balance outstanding at such time; provided, however, that any reduction of the Class A Note Principal Balance shall be restored in the amount of any Collections or other payments received and applied to the Class A Note if at any time the distribution of such Collections or payments are rescinded, returned or refunded for any reason.

“Class A Note Rate” means, with respect to the Due Period related to any Distribution Date, as to the Conduit Purchaser and the Committed Purchaser or the Liquidity Purchaser (as the case may be), respectively, a per annum interest rate which if multiplied by the average daily Class A Note Principal Balance owing to the Purchasers (as applicable) for such Due Period, would produce, on the basis of the actual number of days in such Due Period and a 360 day year, an amount equal to the Class A Monthly Interest owed to the Conduit Purchaser, or the Class A Monthly Interest owed to the Committed Purchaser or the Liquidity Purchaser (as the case may be), respectively, for such Due Period.

“Closing” has the meaning specified in Section 3.01.

“Closing Date” has the meaning specified in Section 3.01.

“Commercial Paper Notes” means short-term promissory notes issued or to be issued by the Conduit Purchaser to fund its investments in accounts receivable or other financial assets.

“Committed Purchaser” means JPMorgan Chase Bank and each of its assigns (with respect to its commitment to make Incremental Fundings) that shall become a party to this Note Purchase Agreement pursuant to Section 11.03.

“Conduit Information” means information provided by the Agent in connection with the transactions described herein and which is confidential or proprietary information,

including, without limitation, information regarding Agents' multi-seller commercial paper conduit and forms of transaction documents together with the pricing, and other economic terms applicable under this Note Purchase Agreement.

“Conduit Purchaser” means Falcon Asset Securitization Company LLC and any of its permitted assigns that is a RIC.

“CP Costs” means, for each day, the sum of (i) discount or yield accrued on Pooled Commercial Paper on such day, plus (ii) any and all accrued commissions in respect of placement agents and Commercial Paper dealers, and issuing and paying agent fees incurred, in respect of such Pooled Commercial Paper for such day, plus (iii) other costs associated with funding small or odd-lot amounts with respect to all receivable purchase facilities which are funded by Pooled Commercial Paper for such day, minus (iv) any accrual of income net of expenses received on such day from investment of collections received under all receivable purchase facilities funded substantially with Pooled Commercial Paper, minus (v) any payment received on such day net of expenses in respect of Broken Funding Costs related to the prepayment of any invested amount of the Conduit Purchaser pursuant to the terms of any receivable purchase facilities funded substantially with Pooled Commercial Paper. In addition to the foregoing costs, if Transferor shall request any Incremental Funding during any period of time determined by the Agent in its sole discretion to result in incrementally higher CP Costs applicable to such Incremental Funding, the increase to the Class A Note Principal Balance associated with any such Incremental Funding shall, during such period, be deemed to be funded by the Conduit Purchaser in a special pool (which may include capital associated with other receivable purchase facilities) for purposes of determining such additional CP Costs applicable only to such special pool and charged each day during such period against such incremental increase.

“Default Rate” means a rate of interest per annum equal to the sum of (i) the Prime Rate plus (ii) 2.00% per annum.

“Due Period” means, with respect to a Distribution Date (i) as to the Conduit Purchaser, the Accrual Period immediately preceding such Distribution Date and (ii) as to a Committed Purchaser or a Liquidity Purchaser, the entire Tranche Period in which such Distribution Date occurs.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

“ERISA Affiliate” means, with respect to any Person, (i) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as such Person; (ii) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with such Person; or (iii) a member of the same affiliated service group (within the meaning of Section 414(n) of the Code) as such Person, any corporation described in clause (i) above or any trade or business described in clause (ii) above.

“Federal Bankruptcy Code” means the bankruptcy code of the United States of America codified in Title 11 of the United States Code.

“Fee Letter” means the agreement dated as of May 2, 2007 among the Transferor and the Agent setting forth certain fees payable by the Transferor in connection with the purchase of the Class A Note by the Agent for the benefit of the Purchasers.

“Funding Tranche” means all or a portion of the outstanding principal balance of the Class A Note (i) designated by the Agent as a Funding Tranche for funding purposes by the Committed Purchaser or the Liquidity Purchaser (as the case may be) as provided for herein or in the Asset Purchase Agreement or (ii) funded by the Conduit Purchaser with Pooled Commercial Paper.

“Governmental Actions” means any and all consents, approvals, permits, orders, authorizations, waivers, exceptions, variances, exemptions or licenses of, or registrations, declarations or filings with, any Governmental Authority required under any Governmental Rules.

“Governmental Authority” means the United States of America, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and having jurisdiction over the applicable Person.

“Governmental Rules” means any and all laws, statutes, codes, rules, regulations, ordinances, orders, writs, decrees and injunctions, of any Governmental Authority and any and all legally binding conditions, standards, prohibitions, requirements and judgments of any Governmental Authority.

“Incremental Funding” means an increase in the Class A Note Principal Balance in accordance with a Principal Balance Increase under Section 4.09 of the Indenture Supplement and the provisions of Section 2.03.

“Incremental Funding Date” means the date on which each Incremental Funding occurs.

“Indemnified Amounts” has the meaning specified in Section 9.01.

“Indemnified Party” has the meaning specified in Section 9.01.

“Indenture” means the Master Indenture as supplemented by the Indenture Supplement thereto.

“Indenture Supplement” means the Series 2007-A Indenture Supplement dated as of May 2, 2007 among the Issuer and the Indenture Trustee, supplementing the Master Indenture and relating to the Series 2007-A Notes, as the same may be amended, modified or supplemented.

“Indenture Trustee” means Wells Fargo Bank, National Association.

“Investment Letter” means a letter in the form of Exhibit C to the Indenture Supplement.

“Issuer” means Nordstrom Credit Card Master Note Trust II.

“JPMorgan Chase Bank” means JPMorgan Chase Bank, N.A., a national banking association.

“LIBOR” means the rate per annum equal to the sum of (i)(a) the applicable British Bankers’ Association Interest Settlement Rate for deposits in U.S. dollars appearing on Reuters Screen FRBD as of 11:00 a.m. (London time) two Business Days prior to the first day of the relevant Tranche Period, and having a maturity equal to such Tranche Period; provided, however, that, (i) if Reuters Screen FRBD is not available to the Agent for any reason, the applicable LIBOR for the relevant Tranche Period shall instead be the applicable British Bankers’ Association Interest Settlement Rate for deposits in U.S. dollars as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Tranche Period, and having a maturity equal to such Tranche Period and (ii) if no such British Bankers’ Association Interest Settlement Rate is available to the Agent, the applicable LIBOR for the relevant Tranche Period shall instead be the rate determined by the Agent to be the rate at which JPMorgan Chase Bank offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Tranche Period, in the approximate amount to be funded at LIBOR and having a maturity equal to such Tranche Period, divided by (b) one minus the maximum aggregate reserve requirement (including all basic, supplemental, marginal or other reserves) which is imposed against the Agent in respect of Eurocurrency liabilities, as defined in Regulation D of the Board of Governors of the Federal Reserve System as in effect from time to time (expressed as a decimal), applicable to such Tranche Period plus (ii) 1.0% per annum. LIBOR shall be rounded, if necessary, to the next higher 1/16 of 1%.

“Liquidity Purchasers” means each of the purchasers party to the Asset Purchase Agreement.

“Master Indenture” means the Amended and Restated Master Indenture, dated as of May 1, 2007, between the Trust, as Issuer, and the Indenture Trustee, as the same may be amended, supplemented, restated or otherwise modified from time to time including, with respect to any Series or Class, the related Indenture Supplement.

“Material Adverse Effect” means a material adverse effect on (i) the financial condition or operations of any of Nordstrom, Inc., Nordstrom Credit, Inc., Nordstrom fsb, or the Transferor, (ii) the ability of any Nordstrom Party to perform its obligations under this Note Purchase Agreement, (iii) the legality, validity or enforceability of this Note Purchase Agreement or any other Series Document, or (iv) the collectibility of the Receivables generally or of any material portion of the Receivables.

“Nordstrom Information” means information provided by any Nordstrom Party to the Conduit Purchaser, the Committed Purchaser or Agent in connection with the transactions

described herein and which is non-public, confidential or proprietary information that may include proprietary and confidential information regarding credit card portfolios, cardholders, customers, financial information, processes, strategies and business methods of Nordstrom, Inc. and/or any other subsidiary of Nordstrom, Inc.

“Nordstrom Parties” means Nordstrom fsb, Nordstrom Credit, Inc. and the Transferor.

“Operating Agreement” means the Operating Agreement, dated as of August 30, 1991, between the Bank and the Seller, as amended, supplemented, restated or otherwise modified from time to time.

“Participant” has the meaning specified in Section 11.03(c).

“Participation” has the meaning specified in the Receivables Purchase Agreement.

“Participation Agreement” means the Participation Agreement, dated as of May 1, 2007, by and between Nordstrom Credit, Inc. and Nordstrom fsb.

“Pay Out Event” has the meaning specified in the Master Indenture.

“PBGC” means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of ERISA (or any successor).

“Potential Pay Out Event” means an event which but for the lapse of time or the giving of notice, or both, would constitute a Pay Out Event.

“Pooled Commercial Paper” means Commercial Paper notes of the Conduit Purchaser subject to any particular pooling arrangement by Conduit Purchaser, but excluding Commercial Paper issued by the Conduit Purchaser for a tenor and in an amount specifically requested by any Person in connection with any agreement effected by the Conduit Purchaser.

“Prime Rate” means a rate per annum equal to the prime rate of interest announced from time to time by JPMorgan Chase Bank or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

“Provider” means Nordstrom, Inc.

“Purchase Expiration Date” means April 30, 2008.

“Purchaser Percentage” of any Committed Purchaser means (a) with respect to JPMorgan Chase Bank, the percentage set forth on the signature page to this Note Purchase Agreement as such Committed Purchaser’s Purchaser Percentage, or such percentage as reduced by any Assignment and Acceptance entered into with an assignee or (b) with respect to a Committed Purchaser that has entered into an Assignment and Acceptance, the percentage set forth therein as such Purchaser’s Purchaser Percentage, or such percentage as reduced by any Assignment and Acceptance entered into between such Committed Purchaser and an assignee.

“Purchasers” means, the Conduit Purchaser, the Liquidity Purchasers and the Committed Purchasers.

“Receivables” has the meaning specified in the Receivables Purchase Agreement.

“Receivables Purchase Agreement” means the Amended and Restated Receivables Purchase Agreement, dated as of May 1, 2007 by and between Nordstrom Credit, Inc. and the Transferor.

“Reduction Notice” means the written notice delivered by the Transferor to the Agent under Section 2.05 with respect to an Aggregate Reduction.

“RIC” means a receivables investment company administered by the Administrative Agent or an Affiliate thereof which obtains funding from the issuance of commercial paper or other notes.

“Series Documents” means the Transfer and Servicing Agreement, the Indenture Supplement, the Master Indenture, the Receivables Purchase Agreement, the Participation Agreement, the Fee Letter, the Operating Agreement, the Notes and this Note Purchase Agreement.

“Servicer” means Nordstrom fsb, or any Successor Servicer appointed in accordance with the terms of the Transfer and Servicing Agreement and Indenture Supplement.

“Terminating Tranche” has the meaning specified in Section 2.06(b).

“Third Party Claim” has the meaning specified in Section 9.02.

“Tranche Period” means, with respect to any Funding Tranche owing to a Liquidity Purchaser or a Committed Purchaser:

(b) if Yield for such Funding Tranche is calculated on the basis of LIBOR, a period of one, two, three or six months, or such other period as may be mutually agreeable to the Agent and Transferor, commencing on a Business Day selected by Transferor or the Agent pursuant to this Note Purchase Agreement. Such Tranche Period shall end on the day in the applicable succeeding calendar month which corresponds numerically to the beginning day of such Tranche Period, provided, however, that if there is no such numerically corresponding day in such succeeding month, such Tranche Period shall end on the last Business Day of such succeeding month; or

(c) if Yield for such Funding Tranche is calculated on the basis of the Prime Rate, a period commencing on a Business Day selected by Transferor and agreed to by the Agent, provided, however, that no such period shall exceed one month.

If any Tranche Period would end on a day which is not a Business Day, such Tranche Period shall end on the next succeeding Business Day; provided, however, that in the case of Tranche Periods corresponding to LIBOR, if such next succeeding Business Day falls in a new month, such Tranche Period shall end on the immediately preceding Business Day. In the

case of any Tranche Period for any Funding Tranche which commences before the Series 2007-A Final Maturity Date and would otherwise end on a date occurring after the Series 2007-A Final Maturity Date, such Tranche Period shall end on such Series 2007-A Final Maturity Date and the duration of each Tranche Period which commences on or after the Series 2007-A Final Maturity Date shall be of such duration as shall be selected by the Agent.

“Transfer and Servicing Agreement” means the Amended and Restated Transfer and Servicing Agreement dated as of May 1, 2007 among the Transferor, the Servicer, and the Indenture Trustee, as the same may be amended, modified or supplemented.

“Transferor” means Nordstrom Credit Card Receivables II LLC.

“Yield” means for each respective Tranche Period, an amount equal to the product of the applicable Alternate Rate multiplied by the Class A Note Principal Balance owing, if any, to the Committed Purchasers or the Liquidity Purchasers (as the case may be) for each day elapsed during such Tranche Period, annualized on a 360 day basis.

Other Definitional Provisions.

(a) All terms defined in this Note Purchase Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(b) As used herein and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in Section 1.01, and accounting terms partially defined in Section 1.01 to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles. To the extent that the definitions of accounting terms herein are inconsistent with the meanings of such terms under generally accepted accounting principles, the definitions contained herein shall control.

(c) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Note Purchase Agreement shall refer to this Note Purchase Agreement as a whole and not to any particular provision of this Note Purchase Agreement; and Section, subsection, Schedule and Exhibit references contained in this Note Purchase Agreement are references to Sections, subsections, the Schedules and Exhibits in or to this Note Purchase Agreement unless otherwise specified.

ARTICLE II

PURCHASE AND SALE

SECTION 2.01 Purchase and Sale of the Class A Note. On the terms and subject to the conditions set forth in this Note Purchase Agreement, and in reliance on the covenants, representations, warranties and agreements herein set forth, the Transferor shall offer to sell to the Agent, on behalf of the Purchasers, and the Agent, on behalf of the Purchasers, shall purchase at the Closing, a Class A Note in an initial outstanding principal amount equal to the Class A Note Initial Principal Balance.

SECTION 2.02 Initial Purchase Price. The Class A Note is to be purchased at a price (the “Class A Note Initial Purchase Price”) of 100% of its Class A Note Initial Principal Balance.

SECTION 2.03 Incremental Fundings. Subject to the terms and conditions of this Note Purchase Agreement and the Indenture Supplement, from time to time, pursuant to Section 4.09 of the Indenture Supplement, (i) the Agent, on behalf of the Conduit Purchaser, and in the sole and absolute discretion of the Conduit Purchaser, may make Incremental Fundings and (ii) if, the Conduit Purchaser elects not to make an Incremental Funding, the Committed Purchaser and its permitted assigns severally agree to make their respective Purchaser Percentages of such Incremental Funding; provided, however, that no Committed Purchaser shall be required to make a portion of any Incremental Funding if, after giving effect thereto, (A) its Purchaser Percentage of the Class A Note Principal Balance would exceed its Purchaser Percentage of the Class A Note Maximum Principal Balance or (B) its Purchaser Percentage of the Class A Note Principal Balance hereunder plus its Purchase Amount (as defined in the Asset Purchase Agreement) as a Liquidity Purchaser under the Asset Purchase Agreement would exceed its Purchaser Percentage of the Class A Note Maximum Principal Balance.

SECTION 2.04 Extension of Purchase Expiration Date. The parties to this Note Purchase Agreement may mutually agree in writing to the extension of the Purchase Expiration Date to a date no later than 364 days following the date of such extension; provided, however, that no agreement to any such extension shall be effective unless, the available commitments of the Liquidity Purchasers under the Asset Purchase Agreement and the credit and/or liquidity coverage committed under the program-wide credit and/or liquidity facilities for the commercial paper program of the Conduit Purchaser will continue to be in effect after such extension in the aggregate amounts, and for the period of the time, necessary to maintain the then-current ratings of the Conduit Purchaser’s Commercial Paper Notes. The Transferor may request such an extension no earlier than 90 days prior to the then applicable Purchase Expiration Date and the Agent will respond to such request no later than the later of thirty (30) days following such request or the date which is thirty (30) days prior to the then applicable Purchase Expiration Date.

SECTION 2.05 Reduction or Increase of the Class A Note Maximum Principal Balance.

(a) The Transferor may reduce in whole or in part the Class A Note Maximum Principal Balance (but not below the Class A Note Principal Balance) by giving the Agent written notice thereof at least ten Business Days before such reduction is to take place; provided, however, that any partial reduction shall be in an aggregate amount of \$2,000,000, or any integral multiples of \$500,000 in excess thereof. Any such reduction in the Class A Note Maximum Principal Balance shall be permanent unless a subsequent increase in the Class A Note Maximum Principal Balance is made in accordance with Section 2.05(b).

(b) The Transferor may request an increase in the Class A Note Maximum Principal Balance by written notice to the Agent at least 30 days before the date on which such increase is requested to become effective. No such increase will take effect with respect to any Note unless (i) the Conduit Purchaser and Agent agree thereto and (ii) the available

commitments of the Purchasers (other than the Conduit Purchaser) hereunder or under the Asset Purchase Agreement and the credit and/or liquidity coverage committed under the program-wide credit and/or liquidity facilities for the commercial paper program of the Conduit Purchaser are increased as necessary to maintain the then-current ratings of the Conduit Purchaser's Commercial Paper Notes.

SECTION 2.06 Calculation of Monthly Interest.

(a) Prior to the occurrence of a Series 2007-A Pay Out Event, the Class A Notes shall accrue CP Costs with respect to the outstanding balance of the Class A Note Principal Balance of the Conduit Purchaser for each day that such amount is outstanding. The Class A Note Principal Balance funded with Pooled Commercial Paper will accrue CP Costs each day on a pro rata basis, based upon the percentage share that such amount represents in relation to all assets held by Conduit Purchaser and funded substantially with related Pooled Commercial Paper. On the Determination Date, the Conduit Purchaser shall calculate the aggregate amount of CP Costs allocated to its Class A Note Principal Balance for the applicable Due Period and shall notify the Servicer of such aggregate amount.

(b) Prior to the occurrence of a Series 2007-A Pay Out Event, the Class A Notes shall accrue Yield with respect to the outstanding balance of the Class A Note Principal Balance of the Committed Purchasers or the Liquidity Purchasers (as the case may be) for each day during the Tranche Period at either LIBOR or the Prime Rate in accordance with the terms and conditions hereof. Until the Transferor gives notice to the Funding Agent of another Alternate Rate in accordance with Section 2.06(c), the initial Alternate Rate for any Funding Tranche transferred to the Committed Purchaser or the Liquidity Purchasers by the Conduit Purchaser as provided for herein or pursuant to the Asset Purchase Agreement (as the case may be), shall be the Prime Rate. If the Committed Purchaser or the Liquidity Purchasers acquire by assignment from the Conduit Purchaser any Funding Tranche as provided for herein or pursuant to the Asset Purchase Agreement (as the case may be), each Funding Tranche so assigned shall each be deemed to have a new Tranche Period commencing on the date of any such assignment. The Transferor or the Agent, upon notice to and consent by the other, which notice or consent shall have been received at least three (3) Business Days prior to the end of a Tranche Period (the "Terminating Tranche") for any Funding Tranche, may, effective on the last day of the Terminating Tranche: (i) divide any such Funding Tranche into multiple Funding Tranches, (ii) combine any such Funding Tranche with one or more other Funding Tranches that have a Terminating Tranche ending on the same day as such Terminating Tranche or (iii) combine any such Funding Tranche with a new Funding Tranche to be purchased on the day such Terminating Tranche ends; provided, however, that in no event may the Class A Note Principal Balance of the Conduit Purchaser be combined with a Funding Tranche of the Committed Purchaser or the Liquidity Purchasers.

(c) The Transferor may select LIBOR or the Prime Rate for each Funding Tranche of the Committed Purchaser or the Liquidity Purchaser (as the case may be). The Transferor shall by 1:00 p.m. (New York time): (i) at least three (3) Business Days prior to the expiration of any Terminating Tranche with respect to which LIBOR is being requested as a new Alternate Rate and (ii) at least one (1) Business Day prior to the expiration of any Terminating Tranche with respect to which the Prime Rate is being requested as a new Alternate Rate, give

the Funding Agent irrevocable notice of the new Alternate Rate for the Funding Tranche associated with such Terminating Tranche. Until the Transferor gives notice to the Funding Agent of another Alternate Rate, the initial Alternate Rate for any Funding Tranche transferred to the Committed Purchaser or the Liquidity Purchasers pursuant to the terms and conditions hereof shall be the Prime Rate.

(d) After the occurrence of a Series 2007-A Pay Out Event, the Class A Notes held by the Purchasers shall accrue CP Costs at the Default Rate.

(e) The Transferor agrees to pay and to instruct the Servicer and the Indenture Trustee to pay all amounts payable by each with respect to the Class A Note to the account designated by the Agent in the Fee Letter.

ARTICLE III

CLOSING

SECTION 3.01 Closing. The closing (the "Closing") of the purchase and sale of the Class A Note shall take place at 10:00 a.m. at the offices of Sidley Austin Brown & Wood LLP, 555 California Street, 19th Floor, San Francisco, California 94104, on May 2, 2007, or if the conditions to closing set forth in Article IV shall not have been satisfied or waived by such date, as soon as practicable after such conditions shall have been satisfied or waived, or at such other time, date and place as the parties shall agree upon (the date of the Closing being referred to herein as the "Closing Date").

SECTION 3.02 Transactions to be Effected at the Closing. At the Closing (a) the Class A Note Initial Purchase Price will be zero and (b) the Transferor shall deliver the Class A Note to the Agent in satisfaction of the Transferor's obligation to the Agent hereunder.

ARTICLE IV

CONDITIONS PRECEDENT TO PURCHASE ON THE CLOSING DATE

The purchase by the Agent on behalf of the Purchasers of the Class A Note is subject to the satisfaction at the time of the Closing of the following conditions (any or all of which may be waived by the Agent in its sole discretion):

SECTION 4.01 Performance by the Transferor, Issuer and Servicer. All the terms, covenants, agreements and conditions of the Series Documents to be complied with and performed by the Transferor, the Issuer, Nordstrom fsb and Nordstrom Credit, Inc. at or before the Closing shall have been complied with and performed in all material respects.

SECTION 4.02 Representations and Warranties. Each of the representations and warranties of the Transferor, the Issuer, Nordstrom fsb and Nordstrom Credit, Inc. made in the Series Documents shall be true and correct in all material respects as of the time of the Closing (except to the extent they expressly relate to an earlier or later time).

SECTION 4.03 Corporate Documents. The Agent shall have received copies of (a) the (i) Charter documents and By-Laws of Nordstrom fsb, (ii) Board of Directors resolutions of Nordstrom fsb with respect to the Series Documents, and (iii) incumbency certificate of Nordstrom fsb, each certified by appropriate corporate authorities; (b) the (i) Certificate of formation and good standing certificate of the Transferor (ii) a copy of the operating agreement of the Transferor, (iii) Board of Directors resolutions of the Transferor with respect to the Series Documents and (iv) incumbency of the Transferor, each certified by appropriate authorities; and (c) the (i) Articles of Incorporation and By-Laws of Nordstrom Credit, Inc., (ii) Board of Directors resolutions of Nordstrom Credit, Inc. with respect to the Series Documents, and (iii) incumbency certificate of Nordstrom Credit, Inc., each certified by appropriate corporate authorities

SECTION 4.04 Opinions of Counsel to Nordstrom fsb, Nordstrom Credit, Inc. and the Transferor. Counsel to Nordstrom fsb, Nordstrom Credit, Inc. and the Transferor shall have delivered to the Agent favorable opinions, dated as of the Closing Date and reasonably satisfactory in form and substance to the Agent and its counsel and addressed to the Agent.

SECTION 4.05 Opinions of Counsel to the Owner Trustee. Counsel to the Owner Trustee shall have delivered to the Agent a favorable opinion, dated as of the Closing Date and reasonably satisfactory in form and substance to the Agent and its counsel and addressed to the Agent.

SECTION 4.06 Opinions of Counsel to the Indenture Trustee. Counsel to the Indenture Trustee shall have delivered to the Agent a favorable opinion, dated as of the Closing Date and reasonably satisfactory in form and substance to the Agent and its counsel and addressed to the Agent.

SECTION 4.07 Financing Statements. The Agent shall have received evidence satisfactory to it of the completion of all recordings, registrations, and filings as may be necessary or, in the opinion of the Agent, desirable to perfect or evidence (i) the assignments by Nordstrom fsb to Nordstrom Credit, Inc., by Nordstrom Credit, Inc. to the Transferor and by the Transferor to the Issuer of their respective ownership interests in the Receivables and the proceeds thereof and (ii) the security interest granted by the Issuer to the Indenture Trustee in the Receivables and the proceeds thereof, including:

(a) Acknowledgment copies of all UCC financing statements and assignments that have been filed in the offices of the Secretary of State of the applicable states and in the appropriate office or offices of such other locations as may be specified in the opinions of counsel delivered pursuant to Section 4.04; and

(b) Certified copies of requests for information (Form UCC-11) (or a similar search report certified by parties acceptable to the Agent and its counsel) dated a date reasonably near the Closing Date and listing all effective financing statements which name Nordstrom fsb, the Transferor or the Issuer, as seller, assignor or debtor and which are filed in all jurisdictions in which the filings were or will be made, together with copies of such financing statements.

SECTION 4.08 Documents. The Agent shall have received a duly executed counterpart of each of the Series Documents (other than the Master Indenture) and each and every document or certification delivered by any party in connection with any of such agreements, and each such document shall be in full force and effect.

SECTION 4.09 No Actions or Proceedings. No action, suit, proceeding or investigation by or before any Governmental Authority shall have been instituted to restrain or prohibit the consummation of, or to invalidate, the transactions contemplated by the Series Documents and the documents related thereto in any material respect.

SECTION 4.10 Approvals and Consents. All Governmental Actions of all Governmental Authorities required with respect to the transactions contemplated by the Series Documents and the other documents related thereto shall have been obtained or made.

SECTION 4.11 Officer's Certificates. The Agent shall have received Officer's Certificates from the Transferor, the Issuer, Nordstrom fsb and Nordstrom Credit, Inc. in form and substance reasonably satisfactory to the Agent and its counsel, dated as of the Closing Date, certifying as to the satisfaction of the conditions set forth in Sections 4.01 and 4.02 with respect to the Transferor, the Issuer, Nordstrom fsb and Nordstrom Credit, Inc., respectively.

SECTION 4.12 Documents Relating to Credit Enhancement. The Agent shall have received a specimen Class B Note.

SECTION 4.13 Accounts. The Agent shall have received evidence that the Collection Account and Special Funding Account have been established in accordance with the terms of the Indenture.

SECTION 4.14 Other Documents. The Transferor shall have furnished to the Agent such other information, certificates and documents as the Agent may reasonably request.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE NORDSTROM PARTIES

Each Nordstrom Party hereby makes the following representations and warranties to the Purchasers and the Agent, as to itself, as of the Closing Date and as of each Incremental Funding Date, and the Purchasers and the Agent shall be deemed to have relied on such representations and warranties in purchasing the Class A Note on the Closing Date and in making (or committing to make) each Incremental Funding on each Incremental Funding Date.

SECTION 5.01 Transfer and Servicing Agreement. Each Nordstrom Party repeats and reaffirms to the Purchasers and the Agent its applicable representations, warranties and covenants set forth in the Series Documents and represents and warrants that all such representations and warranties are true and correct.

SECTION 5.02 Corporate Existence and Power. Nordstrom Credit, Inc. is a corporation duly organized, validly existing and in good standing under the laws of the State of Colorado. The Transferor is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Nordstrom fsb is a federal savings bank duly organized, validly existing and in good standing under the laws of the United States. Each Nordstrom Party has all power, authority and legal right and all material governmental licenses, authorizations, consents and approvals required to own its properties and conduct its business as such properties are presently owned and such business is presently conducted in each jurisdiction in which it presently owns properties and presently conducts its business, and to execute and deliver this Note Purchase Agreement and the Series Documents to which it is a party and perform its obligations under this Note Purchase Agreement and the other Series Documents. Each Nordstrom Party is duly qualified to do business and is in good standing (or is exempt from such requirements) in any jurisdiction in which the nature of its business requires it to be so qualified.

SECTION 5.03 Corporate and Governmental Authorization; Contravention. The execution and delivery by each Nordstrom Party of this Note Purchase Agreement and the other Series Documents to which such Nordstrom Party is a party and the performance by each Nordstrom Party thereof are within its corporate powers, have been duly authorized by all necessary corporate or limited liability company action, require no action by or in respect of, or filing with, any Governmental Authority or official thereof, and do not contravene, or constitute a default under, any provision of applicable law, rule or regulation or of the Charter or Bylaws of Nordstrom fsb, Bylaws and Articles of Incorporation of Nordstrom Credit, Inc., limited liability agreement of the Transferor or of any agreement, judgment, injunction, order, writ, decree or other instrument binding upon such Nordstrom Party or result in the creation or imposition of any Lien on the assets of such Nordstrom Party, other than pursuant to the Series Documents.

SECTION 5.04 Binding Effect. Each of this Note Purchase Agreement, the Indenture Supplement, the Fee Letter and the other Series Documents to which each Nordstrom Party is a party constitutes the legal, valid and binding obligation of such Nordstrom Party, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally.

SECTION 5.05 No Conflict. The execution and delivery of this Note Purchase Agreement, the Indenture Supplement, the Fee Letter and the other Series Documents to which each Nordstrom Party is a party, the performance of the transactions contemplated by this Note Purchase Agreement, the Indenture Supplement, the Fee Letter and the other Series Documents to which such Nordstrom Party is a party and the fulfillment of the terms hereof and thereof will not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, any Requirement of Law applicable to such Nordstrom Party or any indenture, contract, agreement, mortgage, deed of trust, or other material instrument to which Nordstrom fsb is a party or by which it or any of its properties are bound.

SECTION 5.06 No Proceedings. There are no actions, suits, proceedings or investigations pending or, to the best knowledge of each Nordstrom Party, threatened, against or affecting such Nordstrom Party or any Affiliate of such Nordstrom Party or their respective

properties, in or before any court, regulatory body, administrative agency, arbitrator or other tribunal or governmental instrumentality (i) asserting the invalidity of this Note Purchase Agreement or any other Series Document to which such Nordstrom Party is a party, (ii) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Note Purchase Agreement or any other Series Document to which such Nordstrom Party is a party, (iii) seeking any determination or ruling that, individually or in the aggregate, in the reasonable judgment of such Nordstrom Party, would materially and adversely affect the performance by such Nordstrom Party of its obligations under this Note Purchase Agreement or any other Series Document to which such Nordstrom Party is a party or (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Note Purchase Agreement or any other Series Document to which such Nordstrom Party is a party.

SECTION 5.07 Transferor Amount. As of the Closing Date and each Incremental Funding Date, the Transferor Interest is not less than the Minimum Transferor Interest and the aggregate amount of Principal Receivables is not less than the Required Minimum Principal Balance.

SECTION 5.08 No Pay Out Event. After giving effect to the issuance of, and the acquisition by the Agent, on behalf of the Class A Noteholder and of any occurrence of any Incremental Funding pursuant to Section 4.09 of the Indenture Supplement and in accordance with Section 2.03 hereunder, no event shall have occurred and not been waived or be continuing and no condition shall exist which would constitute a Pay Out Event or Potential Pay Out Event.

SECTION 5.09 Accuracy of Information. Each document, book, record, report, exhibit, schedule or other information furnished or to be furnished at any time by each Nordstrom Party to the Purchasers or the Agent for purposes of or in connection with this Note Purchase Agreement, the Indenture Supplement or any transaction contemplated hereby or thereby is or will be true and accurate in all material respects on the date such information is stated or certified.

SECTION 5.10 Taxes. Each Nordstrom Party has filed all tax returns (Federal, state and local) required to be filed and has paid or made adequate provision for the payment of all its taxes, assessments and other governmental charges.

SECTION 5.11 Use of Proceeds. No proceeds of the acquisition of the Class A Note or any Incremental Funding will be used by the Transferor to acquire any security in any transaction which is subject to Section 13 or 14 of the Securities Exchange Act of 1934, as amended.

SECTION 5.12 Value. Nordstrom fsb has received or will receive reasonably equivalent value in return for the transfer of the Participation to Nordstrom Credit, Inc. Nordstrom Credit, Inc. has received or will receive reasonably equivalent value in return for the transfer of the Receivables and the other property transferred to the Transferor. The Transferor has received or will receive reasonably equivalent value in return for the transfer of the Receivables and other property transferred to the Trust.

SECTION 5.13 ERISA. Each Nordstrom Party and its ERISA Affiliates is in compliance in all material respects with ERISA and no lien exists in favor of the PBGC on any of the Receivables.

SECTION 5.14 Place of Business. The principal executive offices of Nordstrom fsb are in Scottsdale, Arizona. Electronic records concerning the Receivables and related contracts are maintained by Nordstrom fsb's service provider located in Columbus, Georgia. The principal executive offices of the Transferor and Nordstrom Credit, Inc. are in Centennial, Colorado.

SECTION 5.15 Investment Company. Neither the Transferor nor the Trust is an "investment company" or is controlled by an "investment company" within the meaning of the Investment Company Act, or is exempt from all provisions of such Act.

SECTION 5.16 No Liens. The sale, assignment and conveyance of the Class A Note and the consummation of the transactions herein contemplated will not result in the creation or imposition of any Lien, charge or encumbrance upon any of the property or assets of any Nordstrom Party or any of its Affiliates pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement or other agreement (including this Note Purchase Agreement) or instrument to which it or any of its Affiliates is bound or to which any of its property or assets is subject.

SECTION 5.17 Authorization. The Transferor has authorized the Trust to issue and sell the Class A Note.

SECTION 5.18 No Amendments. Since May 1, 2007, there have been no amendments (other than the amendments listed in the recitals hereto), modifications or waivers of the terms of the Master Indenture or Transfer and Servicing Agreement.

SECTION 5.19 No Claims. No Person party to the Master Indenture or Transfer and Servicing Agreement has any defenses, counterclaims or right of set-off with respect to either agreement.

SECTION 5.20 Agreements Enforced. Except as otherwise agreed by the parties thereto, each of the Master Indenture and the Transfer and Servicing Agreement have been strictly enforced in accordance with their terms by each party thereto.

The representations and warranties set forth in this Section shall survive the sale of the Class A Note to the Agent on behalf of the Purchasers. Upon discovery by either Nordstrom Party or the Agent, on behalf of the Purchasers, of a breach of any of the foregoing representations and warranties, the party discovering such breach shall give prompt written notice to the other. Any document, instrument, certificate or notice delivered to the Conduit Purchaser, the Agent or any Purchaser hereunder shall be deemed to be a representation and warranty by such Nordstrom Party.

SECTION 5.21 Class A Note. The Class A Note has been duly and validly authorized, and, when executed and authenticated in accordance with the terms of the Indenture and the Indenture Supplement, and delivered to and paid for in accordance with this Note

Purchase Agreement, will be duly and validly issued and outstanding and will be entitled to the benefits of the Transfer and Servicing Agreement, the Master Indenture and the Indenture Supplement.

SECTION 5.22 Issuer Existence and Authorization. The Issuer has been duly created and is validly existing under the laws of the State of Delaware.

SECTION 5.23 Financial Condition of Nordstrom Parties. On the date hereof and on each Incremental Funding Date, none of the Nordstrom Parties is insolvent nor the subject of any insolvency proceeding.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

WITH RESPECT TO THE CONDUIT PURCHASER AND COMMITTED PURCHASERS

The Agent, on behalf of the Conduit Purchaser and Committed Purchasers, hereby makes the following representations and warranties to the Transferor and Nordstrom fsb on which the Transferor and Nordstrom fsb shall rely in entering into this Note Purchase Agreement.

SECTION 6.01 Organization. Each of the Conduit Purchaser and the Committed Purchasers has been duly organized and is validly existing and in good standing as a limited liability company or national banking association under the laws of the jurisdiction of its organization, with power and authority to own its properties and to transact the business in which it is now engaged and each of the Conduit Purchaser and the Committed Purchasers is duly qualified to do business and is in good standing (or is exempt from such requirements) in each State of the United States where the nature of its business requires it to be so qualified and the failure to be so qualified and in good standing would have a material adverse effect on the interests of the Transferor.

SECTION 6.02 Authority, etc. Each of the Conduit Purchaser and the Committed Purchasers has all requisite power and authority to enter into and perform its obligations under this Note Purchase Agreement and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each of the Conduit Purchaser and the Committed Purchasers of this Note Purchase Agreement and the consummation by each of the Conduit Purchaser and each Committed Purchaser of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of each of the Conduit Purchaser and the Committed Purchasers. This Note Purchase Agreement has been duly and validly executed and delivered by each of the Conduit Purchaser and the Committed Purchasers and constitutes a legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, subject as to enforcement to bankruptcy, reorganization, insolvency, moratorium and other similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity. Neither the execution and delivery by any of the Conduit Purchaser or the Committed Purchasers of this Note Purchase Agreement nor the consummation by any such party of any of the transactions contemplated hereby, nor the fulfillment by such party of the terms hereof, will conflict with, or violate, result in a breach of or

constitute a default under any term or provision of the Charter, By-laws, certificate of formation, or limited liability company agreement of such party or any Governmental Rule applicable to such party.

SECTION 6.03 Securities Act. The Class A Note purchased by the Agent on behalf of the Purchasers pursuant to this Note Purchase Agreement will be acquired for investment only and not with a view to any public distribution thereof, and no Purchaser will offer to sell or otherwise dispose of its interest in the Class A Note so acquired by it (or any interest therein) in violation of any of the registration requirements of the Act or any applicable state or other securities laws. The Agent and each Purchaser acknowledges that it has no right to require the Transferor to register under the Act or any other securities law any Note to be acquired by the Agent on behalf of such Purchaser pursuant to this Note Purchase Agreement.

The Conduit Purchaser, Committed Purchaser and Agent have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Class A Note and the Conduit Purchaser and Committed Purchaser are able to bear the economic risk of such investment. The Conduit Purchaser, Committed Purchaser and Agent have reviewed the Transfer and Servicing Agreement, the Indenture and the Indenture Supplement (including the schedule and exhibits thereto) and have had the opportunity to perform due diligence with respect thereto and to ask questions of and receive answers from the Transferor and its representatives concerning the Transferor, the Trust and the Class A Note. Each of the Conduit Purchaser, the Committed Purchaser and Agent is an “accredited investor” as defined in Rule 501, promulgated by the Securities and Exchange Commission (the “Commission”) under the Securities Act of 1933, as amended.

ARTICLE VII

COVENANTS

SECTION 7.01 Affirmative Covenants of the Nordstrom Parties. So long as the Class A Note remains outstanding, each Nordstrom Party hereby covenants, as to itself, as set forth below:

(a) Financial Reporting. Such Nordstrom Party will maintain a system of accounting established and administered in accordance with GAAP, and furnish to the Agent:

(i) Annual Reporting. Within one hundred twenty (120) days after the close of each fiscal year of (x) Nordstrom fsb, the most recent annual thrift financial report of Nordstrom fsb, certified by its president or any vice president, and (y) Nordstrom, Inc., audited financial statements, prepared in accordance with GAAP on a consolidated basis for Nordstrom, Inc., including balance sheets as of the end of such period, related statements of operations, shareholder’s equity and cash flows, accompanied by an unqualified audit report certified by independent certified public accountants, acceptable to the Agent, prepared in accordance with generally accepted auditing standards and by a certificate of said accountants that, in the course of performing such audit, they found no material weaknesses in the systems of internal control of Nordstrom, Inc. and its Subsidiaries.

(ii) Quarterly Reporting. Within sixty (60) days after the close of the first three quarterly periods of each fiscal year of (x) Nordstrom fsb, the most recent quarterly call report of Nordstrom fsb, certified by its president or any vice president, and (y) Nordstrom, Inc., consolidated unaudited balance sheets for Nordstrom, Inc. and its Subsidiaries as at the close of each such period and consolidated related statements of operations, shareholder's equity and cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer.

(iii) Compliance Certificate. Together with the financial statements required hereunder, a compliance certificate signed by the chief financial officer of Nordstrom, Inc. stating that (x) the attached financial statements have been prepared in accordance with GAAP and accurately reflect the financial condition of each of the Nordstrom Parties and (y) to the best of such Person's knowledge, no Pay Out Event or Potential Pay Out Event exists, or if any Pay Out Event or Potential Pay Out Event exists, stating the nature and status thereof.

(iv) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of Nordstrom, Inc., copies of all financial statements, reports and proxy statements so furnished.

(v) S.E.C. Filings. Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which Nordstrom, Inc. files with the Securities and Exchange Commission.

(vi) Notice of Pay Out Events or Potential Pay Out Events. As soon as possible and in any event within two (2) days after the occurrence of each Pay Out Event or each Potential Pay Out Event, a statement of the president or any vice president of such Nordstrom Party setting forth details of such Pay Out Event or Potential Pay Out Event and the action which such Nordstrom Party proposes to take with respect thereto.

(vii) Change in Credit Card Guidelines and Debt Ratings. Within ten (10) days after the date any material change in or material amendment to the Credit Card Guidelines occurs, a copy of the Credit Card Guidelines then in effect indicating such change or amendment; provided; however, that if such change or amendment would be reasonably likely to materially and adversely affect the collectibility of the Receivables or generally decrease the credit quality of the Receivables overall, such change or amendment will be provided to the Agent at least thirty (30) days in advance of such change or amendment and require the Agent's prior written consent thereto.

(viii) Credit Card Guidelines. Within ninety (90) days after the close of such Nordstrom Party's fiscal year, a complete copy of the Credit Card Guidelines then in effect.

(ix) ERISA. Promptly after the filing or receiving thereof, copies of all reports and notices with respect to any Reportable Event (as defined in Article IV of ERISA) which such Nordstrom Party or any ERISA Affiliate of such Nordstrom Party files under ERISA with the Internal Revenue Service, the PBGC or the U.S. Department

of Labor or which such Nordstrom Party or any ERISA Affiliate of such Nordstrom Party receives from the Internal Revenue Service, the PBGC or the U.S. Department of Labor.

(x) Other Information. Such other information (including non-financial information) as the Agent or the Agent may from time to time reasonably request with respect to the Transferor or any of its Subsidiaries.

(b) Corporate Existence; Conduct of Business. The Transferor will preserve and maintain its existence as a limited liability company duly organized and existing under the laws of the State of Delaware. Nordstrom fsb will preserve and maintain its existence as a federal savings bank duly organized and existing under the laws of the United States. Nordstrom Credit, Inc. will preserve and maintain its existence as a corporation duly organized and existing under the laws of the State of Colorado. Each Nordstrom Party will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to remain duly organized, validly existing and in good standing under its jurisdiction of formation or organization, as applicable, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

(c) Compliance with Laws. Each Nordstrom Party will comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards applicable to it, its properties, the Accounts or any part thereof, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(d) Furnishing of Information and Inspection of Records. Each Nordstrom Party will furnish to the Agent, from time to time, such information with respect to the Receivables as the Agent may reasonably request, including, without limitation, listings identifying the Obligor and the outstanding balance for each Receivable. Each Nordstrom Party will, at any time and from time to time during regular business hours, permit the Agent, or its agents or representatives, (i) to examine and make copies of and abstracts from all records and (ii) to visit the offices and properties of such Person for the purpose of examining such records, and to discuss matters relating to Receivables or such Person's performance hereunder and under the other Series Documents to which such Person is a party with any of the officers, directors, employees or independent public accountants of such Nordstrom Party having knowledge of such matters.

(e) Keeping of Records and Books of Account. The Servicer will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain, all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the daily identification of each new Receivable and all Collections of and adjustments to each existing Receivable). The Servicer will give the Agent notice of any material change in the administrative and operating procedures of the Servicer referred to in the previous sentence.

(f) Transfer and Servicing Agreement. The Transferor will comply with the covenants set forth in Sections 2.07 and 2.08 of the Transfer and Servicing Agreement. The

Servicer will comply with the covenants set forth in Section 3.03 of the Transfer and Servicing Agreement.

(g) Notice of Adverse Claims. Each Nordstrom Party will advise the Agent promptly, in reasonable detail, (i) of any Lien asserted or a claim by a Person that is not an Obligor made against any of the Receivables, (ii) of the occurrence of any breach by such Nordstrom Party of any of its representations, warranties and covenants contained herein or in the Series Documents and (iii) of the occurrence of any other event which would have a material adverse effect on the Indenture Trustee's interest in the Receivables or the collectability thereof.

(h) Protection of Interest in Receivables. Each Nordstrom Party shall execute (if applicable) and file such continuation statements and any other documents reasonably requested by the Indenture Trustee or the Agent or which may be required by law to fully preserve and protect the interest of the Indenture Trustee in and to the Receivables. The Transferor shall deliver to the Agent a copy of any legal opinion delivered pursuant to Section 9.02(d) of the Transfer and Servicing Agreement concurrently with the delivery thereof to any party as required by said Section.

(i) Each Nordstrom Party will notify the Agent in writing of any of the following promptly upon learning of the occurrence thereof, describing the same, and if applicable, the steps being taken with respect thereto:

(i) (A)(1) The entry of any judgment or decree against the Servicer if such judgment or decree exceeds \$10,000,000 or the aggregate amount of all judgments and decrees then outstanding against the Servicer exceeds \$50,000,000 and (2) the institution of any litigation, arbitration proceeding or governmental proceeding against the Servicer which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; and (B) the entry of any judgment or decree of the institution of any litigation, arbitration proceeding or governmental proceeding against Transferor or any of its Affiliates.

(ii) The occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

(iii) The occurrence of a default or an event of default under any other financing arrangement to which such Nordstrom Party is a debtor or an obligor.

(j) Compliance with Credit Card Agreements and Credit Card Guidelines. Each Nordstrom Party will and will cause any Account Originator to timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the Credit Card Agreements related to the Receivables and the "Receivables" (as defined in the Participation Agreement), and (ii) comply in all respects with the Credit Card Guidelines in regard to each Receivable and the "Receivables" (as defined in the Participation Agreement) and the related Credit Card Agreement, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(k) Transfers of Receivables. With respect to (i) the transfer of the Participation from Nordstrom fsb to Nordstrom Credit, Inc. under the Participation Agreement

and (ii) the transfer of the Receivables from Nordstrom Credit, Inc. to the Transferor under the Receivables Purchase Agreement, each such transfer shall be effected under, and in strict compliance with the terms of the applicable transfer agreement, including, without limitation, the terms relating to the amount and timing of payments to be made with respect to the purchase price for the Participation or related Receivables, as applicable.

SECTION 7.02 Covenants. Each Nordstrom Party will duly observe and perform each of its covenants set forth in the other Series Documents.

SECTION 7.03 Negative Covenants of the Nordstrom Parties. So long as the Class A Note remains outstanding, each Nordstrom Party hereby covenants as to itself, as set forth below:

(a) Amendments. No Nordstrom Party will make, nor will it permit any Person to make, any amendment, modification or change to, or provide any waiver under any Series Document without the prior written consent of the Agent.

(b) No Sales, Liens, Etc. Except as otherwise provided herein and in the Series Documents, such Nordstrom Party will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Lien upon (or the filing of any financing statement) or with respect to any of the Receivables.

(c) No Extension or Amendment of Receivables. Except as otherwise permitted by the Series Documents, the Servicer will not extend, amend or otherwise modify the terms of any Receivable.

(d) No Change in Business or Account Guidelines. Neither Nordstrom Party will make any change in the character of its business or in the Credit Card Guidelines, which change would, in either case, delay the timing of recognition of the charge-off or write-off of any delinquent or fraudulent Receivable or any Receivable or "Receivable" (as defined in the Participation Agreement) with respect to which the related Obligor has declared bankruptcy, impair the collectability of any Receivable or otherwise have a material adverse effect on the Indenture Trustee's interest in the Receivables, including any change which would have the effect of diminishing the creditworthiness of Obligor with respect to Additional Accounts or Supplemental Accounts.

(e) Change of Name, Etc. Neither Nordstrom Party will without providing 30 days' notice to the Conduit Purchaser and the Agent and without filing such amendments to any previously filed financing statements as the Conduit Purchaser and the Agent may require, (A) change the location of its principal executive office or the location of the offices where the records relating to the accounts are kept or the jurisdiction of its organization, or (B) change its name, identity or corporate structure in any manner which would, could or might make any financing statement or continuation statement filed by such Nordstrom Party in accordance with the Series Documents seriously misleading within the meaning of Sections 9-506 and 9-507 of the UCC as in effect in the relevant UCC States or any applicable enactment of the UCC.

(f) ERISA Matters. Such Nordstrom Party will not (i) engage or permit any of its respective ERISA Affiliates to engage in any prohibited transaction (as defined in Section

4975 of the Code and Section 406 of ERISA) for which an exemption is not available or has not previously been obtained from the U.S. Department of Labor; (ii) permit to exist any accumulated funding deficiency (as defined in Section 302(a) of ERISA and Section 412(a) of the Code) or funding deficiency with respect to any Benefit Plan other than a Multiemployer Plan; (iii) fail to make any payments to any Multiemployer Plan that such Nordstrom Party or any ERISA Affiliate of such Nordstrom Party is required to make under the agreement relating to such Multiemployer Plan or any law pertaining thereto; (iv) terminate any Benefit Plan so as to result in any liability; or (v) permit to exist any occurrence of any reportable event described in Title IV of ERISA which represents a material risk of a liability to the Transferor, or any ERISA Affiliate of such Nordstrom Party under ERISA or the Code, if such prohibited transactions, accumulated funding deficiencies, payments, terminations and reportable events occurring within any fiscal year of such Nordstrom Party, in the aggregate, involve a payment of money or an incurrence of liability by such Nordstrom Party or any ERISA Affiliate of such Nordstrom Party in an amount in excess of \$100,000.

(g) Transfer of Transferor Interest. Except as permitted by the Series Documents, the Transferor shall not assign, transfer or otherwise convey to any Person other than Nordstrom fsb any interest in the Transferor Interest.

ARTICLE VIII

ADDITIONAL COVENANTS

SECTION 8.01 Legal Conditions to Closing. The parties hereto will take all reasonable action necessary to obtain (and will cooperate with one another in obtaining) any consent, authorization, permit, license, franchise, order or approval of, or any exemption by, any Governmental Authority or any other Person, required to be obtained or made by it in connection with any of the transactions contemplated by this Note Purchase Agreement.

SECTION 8.02 Expenses. Whether or not the Closing takes place, except as otherwise expressly provided herein or in the Fee Letter, all reasonable costs and expenses incurred in connection with this Note Purchase Agreement and the transactions contemplated hereby shall (as between the Transferor and the Conduit Purchaser) be paid by the Transferor.

SECTION 8.03 Mutual Obligations. On and after the Closing, each party hereto will do, execute and perform all such other acts, deeds and documents as the other party may from time to time reasonably require in order to carry out the intent of this Note Purchase Agreement.

SECTION 8.04 Restrictions on Transfer. The Agent agrees that it will comply with the restrictions on transfer of the Class A Note set forth in the Indenture and the Indenture Supplement and that it will resell the Class A Note only in compliance with such restrictions; provided, however, that the Transferor acknowledges that in the event of the purchase of the Class A Note by any Purchaser no such Purchaser will be required to execute and deliver the Investment Letter.

SECTION 8.05 Consents, etc. The Agent and each Purchaser agrees not to unreasonably withhold or delay its consent to any amendment or other matter requiring consent of the Series 2007-A Noteholders under a provision of any Series Document to the extent that such provision specifies that such consent is not to be unreasonably withheld or delayed.

ARTICLE IX

INDEMNIFICATION

SECTION 9.01 Indemnities by the Nordstrom Parties. Without limiting any other rights which the Agent or the Purchasers may have hereunder or under applicable law, (A) the Transferor hereby agrees to indemnify the Agent, the Purchasers and the Liquidity Providers and any successors and permitted assigns and any of their respective officers, directors and employees (collectively, "Indemnified Parties") from and against any and all damages, losses, claims, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees (which such attorneys may be employees of the Agent or the Purchasers or Liquidity Providers, as applicable) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them in any action or proceeding between the Transferor and any of the Indemnified Parties or between any of the Indemnified Parties and any third party or otherwise arising out of or as a result of this Note Purchase Agreement, the other Series Documents, the ownership or maintenance, either directly or indirectly, by the Agent or the Purchasers of the Class A Note or any of the other transactions contemplated hereby or thereby and (B) Nordstrom fsb hereby agrees to indemnify each Indemnified Party for Indemnified Amounts awarded against or incurred by any of them in any action or proceeding (including in its capacity as Servicer) between Nordstrom fsb and any of the Indemnified Parties or between any of the Indemnified Parties and any third party or otherwise arising out of or as a result of this Note Purchase Agreement, the other Series Documents, the ownership or maintenance, either directly or indirectly, of the Class A Note or any of the other transactions contemplated hereby or thereby, excluding, in all of the foregoing instances under the preceding clauses (A) and (B): (i) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts result from gross negligence or willful misconduct on the part of an Indemnified Party seeking indemnification or (ii) Indemnified Amounts to the extent the same include losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor. Without limiting the generality of the foregoing, each Nordstrom Party shall indemnify each Indemnified Party for Indemnified Amounts relating to or resulting from:

(i) any representation or warranty made by any Nordstrom Party or any officers of such Person under or in connection with this Note Purchase Agreement, any of the other Series Documents or any other information or report delivered by such Person pursuant hereto or thereto, which shall have been false or incorrect in any material respect when made or deemed made;

(ii) the failure by the Account Originator, Nordstrom fsb (including in its capacity as Servicer), Nordstrom Credit, Inc. or the Transferor to comply with any applicable law, rule or regulation with respect to any Receivable, or the nonconformity of any Receivable with any such applicable law, rule or regulation;

(iii) the failure to vest and maintain vested in the Indenture Trustee, on behalf of the Trust, first priority, perfected security interest, in the Collateral free and clear of any Lien;

(iv) any failure of the Account Originator, Nordstrom fsb (including in its capacity as Servicer), Nordstrom Credit, Inc. or the Transferor to perform its duties, covenants or other obligations in accordance with the provisions of this Note Purchase Agreement or any other Series Document;

(v) any products liability, personal injury or damage suit, or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Receivable;

(vi) any dispute, claim, offset or defense (other than discharge in bankruptcy) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of merchandise or services related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vii) the commingling of Collections of Receivables at any time with other funds;

(viii) any investigation, litigation or proceeding related to or arising from this Note Purchase Agreement or any other Series Document, the transactions contemplated hereby, the use of the proceeds of an Incremental Funding, the ownership of the Class A Note or any other investigation, litigation or proceeding relating to the Account Originator, Nordstrom fsb (including in its capacity as Servicer), Nordstrom Credit, Inc. or the Transferor in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(ix) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(x) any failure of Trust to acquire and maintain legal and equitable title to, and ownership of any Receivable free and clear of any interest (other than as created under the Series Documents); any failure of Nordstrom Credit, Inc. to give reasonably equivalent value to Nordstrom fsb under the Participation Agreement in consideration of the transfer by Nordstrom fsb of the Participation, or any Person successfully voids such transfer under statutory provisions or common law or equitable action; any failure of the Transferor to give reasonably equivalent value to Nordstrom Credit, Inc. under the Receivables Purchase Agreement in consideration of the transfer by Nordstrom Credit, Inc. of any Receivable, or any Person successfully voids such transfer under statutory provisions or common law or equitable action;

(xi) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivable with respect thereto, and the proceeds of any Receivable thereof; and

(xii) any action or omission by the Account Originator, Nordstrom fsb (including in its capacity as Servicer), Nordstrom Credit, Inc. or the Transferor which reduces or impairs the rights of the Conduit Purchaser, the Agent or the Purchasers with respect to any Receivable or the value of any such Receivable.

SECTION 9.02 Procedure. In order for an Indemnified Party to be entitled to any indemnification provided for under this Note Purchase Agreement in respect of, arising out of, or involving a claim made by any Person against the Indemnified Party (a "Third Party Claim"), such Indemnified Party must notify Nordstrom fsb, Nordstrom Credit, Inc. or the Transferor, as applicable (the "Applicable Indemnifying Party") in writing of the Third Party Claim within a reasonable time after receipt by such Indemnified Party of written notice of the Third Party Claim unless the Applicable Indemnifying Party shall have previously obtained actual knowledge thereof. Thereafter, the Indemnified Party shall deliver to the Applicable Indemnifying Party, within a reasonable time after the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim.

SECTION 9.03 Defense of Claims. If a Third Party Claim is made against an Indemnified Party, the Applicable Indemnifying Party will be entitled (a) to participate in the defense thereof and, (b) if it so chooses, to assume the defense thereof with counsel selected by the Applicable Indemnifying Party; provided, however, that in connection with such assumption (i) such counsel is not reasonably objected to by the Indemnified Party and (ii) the Applicable Indemnifying Party first admits in writing its joint and several liability to indemnify the Indemnified Party with respect to all elements of such claim in full. If the Applicable Indemnifying Party elects to assume the defense of a Third Party Claim, the Applicable Indemnifying Party will (x) not be liable to the Indemnified Party for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof, (y)(i) cooperate in all reasonable respects with the Applicable Indemnifying Party in connection with such defense and (ii) not admit any liability with respect to, or settle, compromise or discharge, such Third Party Claim without the Applicable Indemnifying Party's prior written consent, as the case may be and (z) be entitled to participate in (but not control) such defense with its own counsel at its own expense. If the Applicable Indemnifying Party does not assume the defense of any such Third Party Claim, the Indemnified Party may defend the same in such manner as it may deem appropriate, including settling such claim or litigation after giving notice to the Applicable Indemnifying Party of the terms of such settlement and the Applicable Indemnifying Party shall promptly reimburse the Indemnified Party upon written request. Anything contained in this Note Purchase Agreement to the contrary notwithstanding, the Applicable Indemnifying Party shall not be entitled to assume the defense of any part of a Third Party Claim that seeks an order, injunction or other equitable relief or relief for other than money damages against the Indemnified Party.

SECTION 9.04 Indemnity for Taxes, Reserves and Expenses. (a) If after the date hereof, the adoption of any Governmental Rule or bank regulatory guideline or any amendment or change in the interpretation of any existing or future Governmental Rule or bank regulatory guideline by any Governmental Authority charged with the administration, interpretation or application thereof, or the compliance with any directive of any Governmental Authority (in the case of any bank regulatory guideline, whether or not having the force of Governmental Rule):

(i) shall subject any Indemnified Party to any tax, duty, deduction or other charge with respect to the Receivables, the Class A Note, this Note Purchase Agreement or the other Series Documents, or payments of amounts due thereunder, or shall change the basis of taxation of payments to any Indemnified Party of amounts payable in respect thereof (except for changes in the rate of general corporate, franchise, net income or other income tax (including by means of withholding) imposed on such Indemnified Party by the United States of America, the jurisdiction in which such Indemnified Party's principal executive office is located or any other jurisdiction in which the Indemnified Party would be subject to such tax even if the transactions contemplated by this Note Purchase Agreement had not occurred); or

(ii) shall impose, modify or deem applicable any reserve, capital, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System) against assets of, deposits with or for the account of, or credit extended by, any Indemnified Party or shall impose on any Indemnified Party or on the United States market for certificates of deposit or the London interbank market any other condition affecting the Receivables, the Class A Note, this Note Purchase Agreement, the other Series Documents or payments of amounts due thereunder (including with respect to Eurocurrency liability reserves); or

(iii) imposes upon any Indemnified Party any other cost or expense (including, without limitation, reasonable attorneys' fees and expenses, and expenses of litigation or preparation therefor in contesting any of the foregoing if such a contest is requested by the Applicable Indemnifying Party) with respect to the Receivables, the Class A Note, any Series Document or payments of amounts due hereunder or thereunder;

and the result of any of the foregoing is to increase the cost or reduce the payments to such Indemnified Party with respect to the Receivables, the Class A Note, this Note Purchase Agreement, the other Series Documents or payments of amounts due thereunder or the obligations thereunder or the funding of any purchases (including Incremental Fundings) with respect thereto by any Purchaser, by an amount deemed by such Indemnified Party to be material, then the Transferor agrees to pay such Indemnified Party, within 10 days after demand by such Indemnified Party, such additional amount or amounts as will compensate such Indemnified Party for such increased cost or reduced payments.

(b) If any Indemnified Party shall have determined that, after the date hereof, the adoption of any applicable Law or bank regulatory guideline regarding capital adequacy, or

any change therein, or any change in the interpretation thereof by any Governmental Authority, or any directive regarding capital adequacy (in the case of any bank regulatory guideline, whether or not having the force of law) of any such Governmental Authority, has or would have the effect of reducing the rate of return on capital of such Indemnified Party (or its parent) as a consequence of such Indemnified Party's obligations hereunder or with respect hereto to a level below that which such Indemnified Party (or its parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Indemnified Party to be material, then from time to time the Transferor agrees to pay such Indemnified Party, within 10 days after demand by any such Indemnified Party, such additional amount or amounts as will compensate such Indemnified Party (or its parent) for such reduction.

(c) Any Indemnified Party who makes a demand for payment of increased costs or capital pursuant to Section 9.04(a) or (b) shall promptly deliver to the Transferor a certificate setting forth in reasonable detail the computation of such increased costs or capital and specifying the basis therefor. In the absence of manifest error, such Note shall be conclusive and binding for all purposes. Each Indemnified Party shall use reasonable efforts to mitigate the effect upon the Transferor of any such increased costs or capital requirements; provided, however, that it shall not be obligated to take any action that it determines would be disadvantageous to it or inconsistent with its policies.

No Indemnified Party shall be permitted to recover any additional or increased cost or reduction described in this Section 9.04 on a retroactive basis for a period of time that is more than ninety (90) days prior to the delivery of a notice to the Transferor that such additional or increased cost or reduction has commenced accruing or been incurred.

SECTION 9.05 Costs, Expenses, Taxes, Broken Funding Cost and Increased Costs under Note Purchase Agreement and Program Facility. (a) The Transferor shall be obligated to pay on demand to each Purchaser and its Agent (i) all reasonable costs and expenses in connection with the preparation, execution and delivery of this Note Purchase Agreement, the other documents to be delivered hereunder or in connection herewith and any requested amendments, waivers or consents or examination or visit by the Conduit Purchaser or Agent pursuant to Section 7.01(d) including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Purchasers and the Agent, with respect thereto and with respect to advising the Purchasers and the Agent as to its respective rights and remedies under this Note Purchase Agreement and the other documents delivered hereunder or in connection herewith and (ii) all costs and expenses, if any, in connection with the enforcement of this Note Purchase Agreement and the other documents delivered hereunder or in connection herewith.

(a) In addition, the Transferor shall be obligated to pay on demand any and all stamp and other taxes and fees payable in connection with the execution, delivery, filing and recording of this Note Purchase Agreement, the Class A Note or the other documents and agreements to be delivered hereunder, and agrees to hold each Purchaser and its Agent harmless from and against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

(b) The Transferor shall be obligated to pay to the Purchasers promptly on request by the Agent, the amount of any Broken Funding Cost or other Class A Additional Amounts and to the extent not paid when required pursuant to Section 4.04 of the Indenture Supplement.

(c) If a Conduit Purchaser becomes obligated to compensate any financial institution under its commercial paper program as a result of any events or circumstances similar to those described in Sections 9.04 or 9.05, such Conduit Purchaser shall promptly deliver to the Transferor a certificate setting forth in reasonable detail the computation of such amounts. In the absence of manifest error, such certificate shall be conclusive and binding for all purposes. The Transferor shall be obligated to pay to the Conduit Purchaser, promptly after receipt of such certificate, such additional amounts as may be necessary to reimburse the Conduit Purchaser for any amounts so paid by the Conduit Purchaser. With respect to amounts to be paid pursuant to this Section 9.05(c) as a result of any events or circumstances similar to those described in Section 9.04 or 9.05, the Conduit Purchaser shall request the party to be compensated to use its reasonable efforts to mitigate the effect upon the Transferor of any such increased costs or capital requirements; provided, however, that such party shall not be obligated to take any action that it determines would be disadvantageous to it or inconsistent with its policies.

ARTICLE X

THE AGENT

SECTION 10.01 Delegation of Duties. The Agent may delegate any of its duties under this Note Purchase Agreement and each other Series Document by or through agents or attorneys-in-fact and shall be entitled to the advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

SECTION 10.02 Exculpatory Provisions. Neither the Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Note Purchase Agreement or any other Series Document (except for its, their or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Purchasers for any recitals, statements, representations or warranties made by any Nordstrom Party contained in this Note Purchase Agreement, any other Series Document or any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Note Purchase Agreement, or any other Series Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Note Purchase Agreement, or any other Series Document or any other document furnished in connection herewith or therewith, or for any failure of any Nordstrom Party to perform its obligations hereunder or thereunder, or for the satisfaction of any condition specified in Article II or IV, or for the perfection, priority, condition, value or sufficiency of any collateral pledged in connection herewith. The Agent shall not be under any obligation to any Purchaser to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Note Purchase Agreement or any other Series Document, or to inspect the properties, books or records of the Nordstrom Parties. The Agent shall not be deemed to have knowledge of any Pay Out

Event or Potential Pay Out Event unless the Agent has received notice from a Nordstrom Party or a Purchaser.

SECTION 10.03 Reliance by Agent. The Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Nordstrom Parties), independent accountants and other experts selected by the Agent. The Agent shall in all cases be fully justified in failing or refusing to take any action under this Note Purchase Agreement or any other Series Document unless it shall first receive such advice or concurrence of the Conduit Purchaser or all of the Purchasers, as applicable, as it deems appropriate and it shall first be indemnified to its satisfaction by the Purchasers; provided, however, that unless and until the Agent shall have received such advice, the Agent may take or refrain from taking any action, as the Agent shall deem advisable and in the best interests of the Purchasers. The Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of the Conduit Purchaser or all of the Purchasers, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Purchasers.

SECTION 10.04 Non-Reliance on Agent and Other Purchasers. Each Purchaser expressly acknowledges that neither the Agent, nor any of its officers, directors, employees, Agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Agent hereafter taken, including, without limitation, any review of the affairs of any Nordstrom Party, shall be deemed to constitute any representation or warranty by the Agent. Each Purchaser represents and warrants to the Agent that it has and will, independently and without reliance upon the Agent or any other Purchaser and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of each Nordstrom Party and made its own decision to enter into this Note Purchase Agreement, the other Series Documents and all other documents related hereto or thereto.

SECTION 10.05 Reimbursement and Indemnification. Each Purchaser agrees to reimburse and indemnify the Agent and its officers, directors, employees, representatives and agents ratably according to their Purchaser Percentages, to the extent not paid or reimbursed by the Nordstrom Parties (i) for any amounts for which the Agent, acting in its capacity as Agent, is entitled to reimbursement by the Nordstrom Parties hereunder and (ii) for any other expenses incurred by the Agent, in its capacity as Agent and acting on behalf of the Purchasers, in connection with the administration and enforcement of this Note Purchase Agreement and the other Series Documents.

SECTION 10.06 Agent in its Individual Capacity. The Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with Transferor or any Affiliate of Transferor as though the Agent were not the Agent hereunder. With respect to the acquisition of the Class A Note pursuant to this Note Purchase Agreement, the Agent shall have the same rights and powers under this Note Purchase Agreement in its

individual capacity as any Purchaser and may exercise the same as though it were not the Agent, and the terms “Purchaser,” and “Purchasers” shall include the Agent in its individual capacity.

SECTION 10.07 Successor Agent. The Agent may, upon five days’ notice to the Transferor and the Purchasers, and the Agent will, upon the direction of all of the Purchasers (other than the Agent, in its individual capacity) resign as Agent. If the Agent shall resign, then the Purchasers during such five-day period shall appoint from among the Purchasers a successor Agent. If for any reason no successor Agent is appointed by the Purchasers during such five-day period, then effective upon the termination of such five day period, the Purchasers shall perform all of the duties of the Agent hereunder and under the other Series Documents and Nordstrom Parties (as applicable) shall make all payments in respect of the Class A Note directly to the applicable Purchasers and for all purposes shall deal directly with the Purchasers. After the effectiveness of any retiring Agent’s resignation hereunder as Agent, the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Series Documents and the provisions of this Article X shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was Agent under this Note Purchase Agreement and under the other Series Documents.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01 Waivers and Amendments. No failure or delay on the part of the Conduit Purchaser, the Agent or any Purchaser in exercising any power, right or remedy under this Note Purchase Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any provision of this Note Purchase Agreement may be amended if, but only if, such amendment is in writing and signed by the parties hereto. Furthermore, the Transferor shall provide to each Rating Agency (i) ten Business Days prior written notice of any proposed amendment and (ii) a copy of the executed amendment as soon as practicable after the execution of such amendment.

SECTION 11.02 Notices. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including telecopies, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, cabled or delivered, as to each party hereto, at its address set forth in Schedule I hereto or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and communications shall, when mailed, telecopied, telegraphed or cabled, be effective when deposited in the mails, confirmed by telephone, delivered to the telegraph company or delivered to the cable company, respectively.

SECTION 11.03 Binding Effect; Assignability.

(a) This Note Purchase Agreement shall be binding upon and inure to the benefit of the Transferor, Nordstrom fsb, the Agent and the Purchasers party to this Note Purchase Agreement and their respective successors and assigns (including any subsequent

holders of the Class A Note); provided, however, that the Transferor shall not have the right to assign its rights hereunder or any interest herein (by operation of law or otherwise) without the prior written consent of the Agent. The Agent agrees that it shall not transfer a Note without the Transferor's consent, unless such transfer (x) is to a Committed Purchaser or Liquidity Purchaser, (y) is to a RIC or (z) occurs after the commencement of the Early Amortization Period.

(b) Without the consent of the Transferor, each Committed Purchaser party to this Note Purchase Agreement may assign all or a portion of its rights and obligations under this Note Purchase Agreement to any financial or other institution acceptable to the Agent. The parties to each such assignment shall execute and deliver an Assignment and Acceptance to the Agent, and the Agent shall promptly notify the Transferor of such assignment. From and after the effective date of such Assignment and Acceptance, the assigning Liquidity Purchaser shall be relieved of its obligations hereunder to the extent so assigned.

(c) Any Purchaser may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more Persons (each, a "Participant") participating interests in all or a portion of its rights and obligations under this Note Purchase Agreement. Notwithstanding any such sale by a Purchaser of participating interests to a Participant, such Purchaser's rights and obligations under this Note Purchase Agreement shall remain unchanged, such Purchaser shall remain solely responsible for the performance thereof, and the Transferor and the Agent shall continue to deal solely and directly with such Purchaser in connection with such Purchaser's rights and obligations under this Note Purchase Agreement. The Transferor also agrees that each Participant shall be entitled to the benefits of Article IX; provided, however, that all amounts payable by the Transferor to any such Participant shall be limited to the amounts which would have been payable to the Purchaser selling such participating interest had such interest not been sold.

(d) This Note Purchase Agreement shall create and constitute the continuing obligation of the parties hereto in accordance with its terms, and shall remain in full force and effect until such time as all amounts payable with respect to the Class A Note shall have been paid in full.

SECTION 11.04 Provision of Documents and Information.

(a) Each of the Conduit Purchaser, the Committed Purchaser and the Agent agrees that it will keep the Nordstrom Information secure and not disclose, without the prior consent of the Transferor, any Nordstrom Information which is furnished by the Transferor or Nordstrom fsb to the Conduit Purchaser, the Committed Purchaser or the Agent. Each of the Conduit Purchaser, the Committed Purchaser and the Agent acknowledges that the Transferor has informed the Agent that part of the reason for the foregoing obligations is to allow Nordstrom, Inc. to fulfill its obligations under Regulation FD promulgated under the Securities Exchange Act of 1934, as amended. Notwithstanding the foregoing, each of the Conduit Purchaser, the Committed Purchaser and the Agent may disclose any Nordstrom Information:

(i) to its affiliates, and to directors, employees, auditors or counsel of each of the Conduit Purchaser, the Committed Purchaser and the Agent or its affiliates to whom it is necessary to show the Nordstrom Information in connection with this Note

Purchase Agreement and the transactions contemplated herein, each of which shall be informed by such party of the confidential nature of the Nordstrom Information, and, with respect to any such auditor, each of which has entered into an agreement with such party or its affiliates under which such auditor has agreed to maintain the confidentiality of information provided to it or its affiliates; provided, however, that none of the Conduit Purchaser, the Committed Purchaser or the Agent shall disclose any Nordstrom Information that identifies individual credit card holders or customers to counsel of such party or its affiliates;

(ii) in any statement or testimony pursuant to a subpoena or order by any court, governmental body or other agency asserting jurisdiction over any of the Conduit Purchaser, the Committed Purchaser or the Agent, or as may otherwise be required by law; provided, however, that the Conduit Purchaser, the Committed Purchaser or the Agent, as applicable, shall give Nordstrom, Inc. prior notice of the disclosure permitted by this clause (ii), unless such notice is prohibited by the subpoena, order or law;

(iii) upon the request or demand of any regulatory agency or authority having jurisdiction over any of the Conduit Purchaser, the Committed Purchaser or the Agent or its affiliates;

(iv) to any rating agency, and to any directors, employees, auditors or counsel of any of the foregoing, each of which shall be informed by the Conduit Purchaser, the Committed Purchaser or the Agent, as applicable of the confidential nature of the Nordstrom Information; provided, however, that the Conduit Purchaser, the Committed Purchaser or the Agent, as applicable, shall not disclose any Nordstrom Information that identifies individual credit card holders or customers to any of the foregoing; and

(v) to any commercial paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which the Agent acts as the administrative agent, and to any directors, employees, auditors or counsel of any of the foregoing, each of which shall be informed by the Agent of the confidential nature of the Nordstrom Information, and, with respect to any such commercial paper dealer or provider of a surety, guaranty or credit or liquidity enhancement, each of which has entered into an agreement with the Agent or its affiliates under which such entity has agreed to maintain the confidentiality of information provided to it by the Agent or its affiliates.

(b) Each of the Transferor, Nordstrom Credit, Inc. and Nordstrom fsb agrees that it will keep the Conduit Information secure and not disclose, without the prior consent of Agent, any Conduit Information which is furnished by Agent to the Transferor, Nordstrom Credit, Inc. or Nordstrom fsb. Notwithstanding the foregoing, each of the Transferor, Nordstrom Credit, Inc. and Nordstrom fsb may disclose any Conduit Information:

(i) to its affiliates, and to directors, employees, auditors or counsel of or its affiliates to whom it is necessary to show the Conduit Information in connection

with the transactions contemplated under this Note Purchase Agreement, each of which shall be informed of the confidential nature of the Conduit Information;

(ii) in any statement or testimony pursuant to a subpoena or order by any court, governmental body or other agency asserting jurisdiction over either of the Transferor, Nordstrom Credit, Inc. or Nordstrom fsb, or as may otherwise be required by law; provided, however, that the Transferor, Nordstrom Credit, Inc. or Nordstrom fsb, as applicable, shall give the Agent prior notice of the disclosure permitted by this clause (ii) unless such notice is prohibited by the subpoena, order or law; or

(iii) upon the request or demand of any regulatory agency or authority having jurisdiction over the Transferor, Nordstrom fsb, Nordstrom Credit, Inc. or its affiliates.

(c) The restrictions contained in this Note Purchase Agreement shall not apply to Nordstrom Information or Conduit Information which (i) is or becomes generally available to the public other than as a result of a disclosure by recipient of such information or such recipient's representatives in breach of the provisions hereunder, (ii) becomes available to the recipient of such information on a non-confidential basis from a source other than the disclosing party or one of its agents or (iii) was known to the recipient of such information on a non-confidential basis prior to its disclosure to such recipient by the disclosing party or one of its agents.

(d) Notwithstanding anything herein to the contrary, each party hereto (and each employee, representative, or other agent thereof) may disclose to any and all persons, without limitations of any kind, information pertaining to the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided any such party relating to such tax treatment and tax structure. For purposes of this paragraph, the terms "tax treatment" and "tax structure" have the meaning given to such terms under Treasury Regulation Section 1.6011-4(c).

SECTION 11.05 GOVERNING LAW; JURISDICTION. THIS NOTE PURCHASE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (EXCEPT SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW). EACH OF THE PARTIES TO THIS NOTE PURCHASE AGREEMENT HEREBY AGREES TO SUBMIT TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENTS THEREOF. EACH OF THE PARTIES HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

SECTION 11.06 No Proceedings.

(a) The Transferor agrees that so long as any senior indebtedness of the Conduit Purchaser shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any senior indebtedness of the Conduit Purchaser shall have been outstanding, it shall not file, or join in the filing of, a petition against such Conduit Purchaser or the Trust under the Federal Bankruptcy Code, or join in the commencement of any bankruptcy, reorganization, arrangement, insolvency, liquidation or other similar proceeding against the Conduit Purchaser or the Trust.

(b) Each Purchaser severally agrees that it shall not at any time file, or join in the filing of, a petition against the Trust under the Federal Bankruptcy Code, or join in the commencement of any bankruptcy, reorganization, arrangement, insolvency, liquidation or other similar proceeding against the Trust.

SECTION 11.07 Execution in Counterparts. This Note Purchase Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

SECTION 11.08 No Recourse. The obligations of any Purchaser under this Note Purchase Agreement, or any other agreement, instrument, document or certificate executed and delivered by or issued by such Purchaser or any officer thereof are solely the corporate or partnership obligations of such Purchaser. No recourse shall be had for payment of any fee or other obligation or claim arising out of or relating to this Note Purchase Agreement or any other agreement, instrument, document or Note executed and delivered or issued by such Purchaser or any officer thereof in connection therewith, against any stockholder, limited partner, employee, officer, director or incorporator of such Purchaser.

SECTION 11.09 Limited Recourse. The obligations of the Transferor, Nordstrom Credit, Inc. and Nordstrom fsb under this Note Purchase Agreement are solely the corporate obligations of each of the Transferor, Nordstrom Credit, Inc. and Nordstrom fsb, respectively. No recourse shall be had for the payment of any fee or other obligation or claim arising out of or relating to this Note Purchase Agreement or any other agreement, instrument, document or certificate executed and delivered or issued by the Transferor, Nordstrom fsb, Nordstrom Credit, Inc. or any officer thereof in connection therewith, against any stockholder, employee, officer or director of the Transferor.

SECTION 11.10 Survival. All representations, warranties, covenants, guaranties and indemnifications contained in this Note Purchase Agreement, including, without limitation, Article IX and Sections 11.06, 11.08 and 11.09, and in any document, Note or statement delivered pursuant hereto or in connection herewith shall survive the sale, transfer or repayment of the Class A Note.

SECTION 11.11 Tax Characterization. Each party to this Note Purchase Agreement (a) acknowledges and agrees that it is the intent of the parties to this Note Purchase Agreement that, for federal, state and local income and franchise tax purposes only, the Class A Note will be treated as evidence of indebtedness secured by the Receivables and proceeds thereof and the Trust will not be characterized as an association (or publicly traded partnership) taxable

as a corporation, (b) agrees to treat the Class A Note for federal, state and local income and franchise tax purposes as indebtedness and (c) agrees that the provisions of this Note Purchase Agreement and all related Series Documents shall be construed to further these intentions of the parties.

SECTION 11.12 Limited Obligation of Transferor. Notwithstanding anything to the contrary set forth in this Note Purchase Agreement, the obligation of the Transferor to pay any amounts in this Note Purchase Agreement shall be limited solely to the application of amounts available under the Series Documents.

IN WITNESS WHEREOF, the parties have caused this Note Purchase Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

NORDSTROM CREDIT CARD
RECEIVABLES II LLC,
as Transferor

By: /s/ Marc A. Anacker

Marc A. Anacker
Treasurer

NORDSTROM FSB,
as Servicer

By: /s/ Kevin T. Knight

Kevin T. Knight
Chairman and CEO

NORDSTROM CREDIT, INC.,

By: /s/ Marc A. Anacker

Marc A. Anacker
Assistant Treasurer

FALCON ASSET SECURITIZATION
COMPANY LLC,
as Conduit Purchaser

By: JPMORGAN CHASE BANK, N.A.,
as its attorney-in-fact

By: /s/ Cathleen Dettling _____
Cathleen Dettling
Vice President

JPMORGAN CHASE BANK, N.A.,
as Agent

By: /s/ Cathleen Dettling _____
Cathleen Dettling
Vice President

JPMORGAN CHASE BANK, N.A.,
as a Committed Purchaser

By: /s/ Cathleen Dettling _____
Cathleen Dettling
Vice President
Purchaser Percentage: 100%

Signature Page to Nordstrom 2007-A Note Purchase Agreement

SCHEDULE I
Addresses for Notices

If to:

Transferor: Nordstrom Credit Card Receivables LLC
13531 E. Caley Avenue
Centennial, Colorado 80111
Attention: Legal Department
Facsimile No.: (303) 397-4767

Servicer: Nordstrom fsb
13531 E. Caley Avenue
Centennial, Colorado 80111
Attention: Legal Department
Facsimile No.: (303) 397-4700

Nordstrom
Credit, Inc. 13531 E. Caley Avenue
Centennial, Colorado 80111
Attention: Legal Department
Facsimile No.: (303) 397-4700

Conduit
Purchaser: Falcon Asset Securitization Company LLC
JPMorgan Chase Bank, N.A.
10 S. Dearborn
Mail Code IL 1-1729
Chicago, Illinois 60603
Attention: Asset Backed Securities
Facsimile No.: (312) 732-3600

Administrative
Agent: JPMorgan Chase Bank, N.A.
10 S. Dearborn
Mail Code IL 1-1729
Chicago, Illinois 60603
Attention: Asset Backed Securities
Facsimile No.: (312) 732-3600

NORDSTROM CREDIT CARD MASTER NOTE TRUST II,
as Issuer,
and
WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Indenture Trustee
SERIES 2007-A INDENTURE SUPPLEMENT
Dated as of May 2, 2007

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This Series 2007-A Indenture Supplement, dated as of May 2, 2007 (this “Indenture Supplement”), is between Nordstrom Credit Card Master Note Trust II, a statutory trust organized and existing under the laws of the State of Delaware (the “Issuer” or the “Trust”), and Wells Fargo Bank, National Association (“Wells Fargo”), a national banking association, not in its individual capacity, but solely as trustee (“Indenture Trustee”), under the Amended and Restated Master Indenture, dated as of May 2, 2007 (the “Master Indenture”), between the Issuer and the Indenture Trustee.

ARTICLE ONE
DEFINITIONS

Section 1.01. Definitions. Whenever used in this Indenture Supplement, the following words and phrases shall have the following meanings:

“Additional Interest” means, with respect to any Distribution Date, Class A Additional Interest and Class B Additional Interest for such Distribution Date.

“Agent” means the Class A Agent or the Class B Agent, as applicable, and “Agents” means the Class A Agent and the Class B Agent.

“Amortization Period” means, with respect to Series 2007-A, the Scheduled Amortization Period, the Early Amortization Period or any Partial Amortization Period, as the case may be.

“Available Finance Charge Collections” means, with respect to any Monthly Period and the related Distribution Date, an amount equal to the sum of any (i) Investor Finance Charge Collections and (ii) Excess Finance Charge Collections, in each case allocated to Series 2007-A with respect to the related Distribution Date.

“Available Principal Collections” means, with respect to any Monthly Period and the related Distribution Date, an amount equal to the excess of (i) the sum of (a) the Investor Principal Collections, (b) any Shared Principal Collections that are allocated to Series 2007-A in accordance with Section 8.05 of the Master Indenture and Section 4.08 hereof and (c) the aggregate amount to be treated as Available Principal Collections pursuant to Sections 4.04(a)(iii) and (iv) for the related Distribution Date over (ii) the amount of Reallocated Principal Collections which pursuant to Section 4.06 are required to be applied on the related Distribution Date.

“Base Rate” means, with respect to any Monthly Period, the sum of the (i) Servicing Fee Rate and (ii) weighted average of the Class A Note Rate and the Class B Note Rate.

“Class” means the Class A Notes or the Class B Notes, as the case may be.

“Class A Additional Interest” means, with respect to any Distribution Date, an amount equal to the product of (i) a fraction, the numerator of which is the actual number of days in the related Due Period, and the denominator of which is 360, (ii) the Class A Note Rate in effect with respect to such Due Period plus 2% per annum and (iii) the Class A Interest Shortfall for the preceding Distribution Date, if any. Notwithstanding anything to the contrary herein, Class A

Additional Interest shall be payable or distributed to the Class A Noteholders only to the extent permitted by applicable law.

“Class A Agent” means the Person from time to time acting as Agent for the Class A Noteholders under the Note Purchase Agreement.

“Class A Interest Shortfall” means, with respect to any Distribution Date, the excess, if any, as determined by the Servicer, of (i) the amount described in Section 4.04(a)(ii), over (ii) the sum of (a) the aggregate amount of Available Finance Charge Collections allocated and paid for such amounts on such Distribution Date and (b) the Class A Reallocated Principal Amount applied to fund a deficiency in the amount distributed pursuant to Section 4.04(a)(ii) on such Distribution Date.

“Class A Note” means any one of the Series 2007-A Asset Backed Variable Funding Notes, Class A executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-1.

“Class A Note Initial Principal Balance” means \$0.

“Class A Note Maximum Principal Balance” has the meaning set forth in the Note Purchase Agreement.

“Class A Note Rate” has the meaning set forth in the Note Purchase Agreement.

“Class A Note Principal Balance” means, on any date of determination, an amount equal to (i) the Class A Note Initial Principal Balance, plus (ii) the aggregate amount of Principal Balance Increases allocated to the Class A Notes in accordance with Section 4.09(b) on or prior to such date minus (iii) the aggregate amount of principal payments made to the Class A Noteholders on or prior to such date.

“Class A Noteholder” means the Person in whose name a Class A Note is registered in the Note Register.

“Class A Reallocated Principal Amount” means, with respect to a Distribution Date, the lesser of (i) the excess of the amounts described in Sections 4.04(a)(i) and (ii) over the amount actually distributed pursuant to such Sections and (ii) the greater of (a) the Class B Note Principal Balance for such Distribution Date minus the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and unreimbursed Reallocated Principal Collections (as of the preceding Distribution Date) and (b) zero.

“Class B Additional Interest” means, with respect to any Distribution Date, an amount equal to the product of (i) a fraction, the numerator of which is the actual number of days in the related Interest Period, and the denominator of which is 360, (ii) the Class B Note Rate plus 2% per annum, and (iii) the Class B Interest Shortfall for the preceding Distribution Date, if any. Notwithstanding anything to the contrary herein, Class B Additional Interest shall be payable or distributed to the Class B Noteholders only to the extent permitted by applicable law.

“Class B Agent” means the Transferor.

“Class B Interest Shortfall” means, with respect to any Distribution Date, the excess, if any, as determined by the Servicer, of (i) the amount described in Section 4.04(a)(vii), over (ii) the sum of (a) the aggregate amount of Available Finance Charge Collections allocated and paid for such amounts on such Distribution Date and (b) the Reallocated Principal Amount applied to fund a deficiency in the amount distributed pursuant to Section 4.04(a)(vii) on such Distribution Date.

“Class B Monthly Interest” means the amount of monthly interest distributable from the Collection Account with respect to the Class B Notes on any Distribution Date and which shall be an amount equal to the product of (i) a fraction, the numerator of which is 30, or in the case of the first Interest Period, the actual number of days in such Interest Period, and the denominator of which is 360, (ii) the Class B Note Rate and (iii) the Class B Note Principal Balance as of the close of business of the last day of the preceding Monthly Period (or, with respect to the initial Distribution Date, the Class B Note Initial Principal Balance).

“Class B Note” means any one of the Series 2007-A Asset Backed Variable Funding Notes, Class B executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-2.

“Class B Note Initial Principal Balance” means \$0.

“Class B Note Maximum Principal Balance” means an amount equal to the product of the (i) Required Subordination Percentage and (ii) Class A Note Maximum Principal Balance.

“Class B Note Principal Balance” means, on any date of determination, an amount equal to (i) the Class B Note Initial Principal Balance, plus (ii) the aggregate amount of Principal Balance Increases allocated to the Class B Note in accordance with Section 4.09(b) made on or prior to such date, minus (iii) the aggregate amount of principal payments made to the Class B Noteholders on or prior to such date.

“Class B Note Rate” means 0%.

“Class B Noteholder” means the Person in whose name a Class B Note is registered in the Note Register.

“Class B Succession Date” means the later to occur of the (i) Scheduled Amortization Date and (ii) date as of which the Class A Note Principal Balance has been permanently reduced to zero.

“Defaulted Amount” means, with respect to a Distribution Date, the total amount of Defaulted Receivables for the related Monthly Period.

“Determination Date” means, with respect to a Distribution Date, the second Business Day preceding such Distribution Date.

“Dilution Amount” means the amount of the required reduction in the amount of Principal Receivables used in the calculation of the Transferor Interest described in the first two sentences of Section 3.09 of the Transfer and Servicing Agreement.

“Distribution Date” means the 15th day of each calendar month or, if any such date shall not be a Business Day, the next succeeding Business Day, commencing June 15, 2007.

“Early Amortization Period” means the period commencing on the Business Day on which a Series 2007-A Pay Out Event is deemed to have occurred, and ending on the earlier to occur of (i) the date on which the Note Principal Balance has been paid in full and (ii) the Series 2007-A Final Maturity Date.

“Finance Charge Shortfall” means, with respect to any Distribution Date and the related Monthly Period, an amount equal to the excess, if any, of (i) the full amount required to be paid, without duplication, pursuant to Sections 4.04(a)(i) through (viii) on such Distribution Date over (ii) the Investor Finance Charge Collections.

“Fixed Investor Percentage” means, with respect to any Reset Date, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, (i) the numerator of which is the Invested Amount as of the close of business on the last day of the Revolving Period and (ii) the denominator of which is equal to the greater of (a) the total amount of Principal Receivables in the Trust as of the close of business on the Reset Date and (b) the sum of the numerators used to calculate the investor percentages for allocations with respect to Principal Receivables for all Series outstanding as of such Reset Date; provided, however, that if, after the commencement of the Early Amortization Period, a Pay Out Event occurs with respect to another Series that was designated in the Indenture Supplement for such Series as a Series that is a “Paired Series” with respect to Series 2007-A, the Transferor may, by written notice delivered to the Indenture Trustee and the Servicer, designate a different numerator for the foregoing fraction, provided that (i) such numerator is not less than the Invested Amount as of the last day of the revolving period for such Paired Series, (ii) such action shall be taken only upon satisfaction of the Rating Agency Condition, if any, and (iii) the Transferor shall have delivered to the Indenture Trustee an Officer’s Certificate to the effect that, based on the facts known to such officer at that time, in the reasonable belief of the Transferor, such designation will not cause a Pay Out Event or an event that, after the giving of notice or the lapse of time, would constitute a Pay Out Event, to occur with respect to Series 2007-A.

“Floating Investor Percentage” means, with respect to any Reset Date, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, (i) the numerator of which is equal to the Invested Amount as of the close of business on the last day of the preceding Monthly Period (or with respect to the first Monthly Period, the Initial Invested Amount) and (ii) the denominator of which is the greater of (a) the total amount of Principal Receivables in the Trust as of the close of business on such Reset Date (or, with respect to allocations of Uncovered Dilution Amounts, zero) and (b) the sum of the numerators used to calculate the investor percentages for allocations with respect to Finance Charge Receivables, Defaulted Amounts, Uncovered Dilution Amounts or Principal Receivables, as applicable, for all Series outstanding as of the date as to which such determination is being made.

“Group One” means Series 2007-A and each other Series specified in the related Indenture Supplement for such Series to be included in Group One.

“Increase Amount” means the amount of the desired Principal Balance Increase specified in a Principal Balance Increase Request.

“Increase Conditions” means, with respect to any requested Principal Balance Increase on any Increase Date, all of the following:

(a) such request shall have been delivered to the Indenture Trustee, each Agent and the Servicer by the time, and shall otherwise conform to the requirements, specified in Section 4.09(a);

(b) after giving effect to such Principal Balance Increase, (i) the Class A Note Principal Balance shall not exceed the Class A Note Maximum Principal Balance and (ii) the Class B Note Principal Balance shall not exceed the Class B Note Maximum Principal Balance;

(c) no Pay Out Event or event that, after the giving of notice or the lapse of time, would constitute a Pay Out Event, has occurred and is continuing or would result from such Principal Balance Increase;

(d) the Scheduled Amortization Period shall not have commenced as of the related Increase Date;

(e) all of the representations and warranties of the Transferor and the Servicer set forth in the Series Documents and the Note Purchase Agreement, and all of the representations and warranties of the Transferor and the Owner Trustee under the Trust Agreement, shall be true and correct as though made on and as of the related Increase Date (except that representations and warranties set forth in Sections 2.04(a)(ii), (vi), (vii) and (viii) of the Transfer and Servicing Agreement shall be deemed to be made only as of the applicable date specified in such Sections);

(f) after giving effect to such Principal Balance Increase, (i) the Transferor Interest shall be equal to or greater than the Required Transferor Interest on the related Increase Date and (ii) the Subordination Percentage shall be equal to or greater than the Required Subordination Percentage;

(g) after giving effect to such Principal Balance Increase, the total amount of Principal Receivables, including the then outstanding principal amount of any Participation Interests conveyed to the Trust on or prior to the related Increase Date, shall be equal to or greater than the Required Minimum Principal Balance on such Increase Date; and

(h) the Transferor and the Servicer shall be in compliance in all material respects with their respective covenants contained in the Series Documents; and

(i) the Agent shall have received copies of all settlement statements and all reports required to be delivered by the Servicer to the Indenture Trustee pursuant to Section 3.04 of the Transfer and Servicing Agreement and Section 5.03 of the Indenture Supplement.

“Increase Date” means a Business Day during the Revolving Period, on which any Principal Balance Increase, as specified in a Principal Balance Increase Request, is to occur.

“Indenture” means the Master Indenture, as supplemented by this Indenture Supplement.

“Indenture Supplement” means this Series 2007-A Indenture Supplement, dated as of May 2, 2007, between the Trust, as issuer, and the Indenture Trustee.

“Indenture Trustee” means Wells Fargo Bank, National Association, as trustee under the Indenture.

“Initial Invested Amount” and “Initial Principal Balance” means \$0.

“Interest Period” means, with respect to any Distribution Date, the period from and including the preceding Distribution Date (or, in the case of the first Distribution Date, from and including the Closing Date) to but excluding the current Distribution Date.

“Invested Amount” means, as of any date of determination, an amount equal to the excess of (i) the sum of (a) the Initial Principal Balance of the Series 2007-A Notes and (b) the aggregate principal amount of any Principal Balance Increases pursuant to Section 4.09 on or prior to such date over (ii) the sum of (a) the amount of principal previously paid to the Series 2007-A Noteholders and (b) the excess, if any, of the aggregate amount of Investor Charge-Offs and Reallocated Principal Collections over the reimbursements of such amounts pursuant to Section 4.04(a)(iv) prior to such date.

“Investment Letter” means an Investment Letter substantially in the form of Exhibit C executed by each Series 2007-A Noteholder.

“Investor Charge-Offs” has the meaning specified in Section 4.05.

“Investor Default Amount” means, with respect to any Distribution Date, an amount equal to the product of (i) the Defaulted Amount for the related Monthly Period and (ii) the Floating Investor Percentage.

“Investor Finance Charge Collections” means, with respect to any Monthly Period, an amount equal to the Investor Percentage for such Monthly Period of Collections of Finance Charge Receivables (including Recoveries and Interchange treated as Collections of Finance Charge Receivables) deposited in the Collection Account for such Monthly Period which are to be treated as Investor Finance Charge Collections pursuant to Section 4.01(c).

“Investor Percentage” means, for any Monthly Period, with respect to (i) Finance Charge Receivables, Defaulted Amounts and Uncovered Dilution Amounts at any time and Principal Receivables during the Revolving Period, the Floating Investor Percentage for such Monthly

Period and (ii) Principal Receivables during an Amortization Period, the Fixed Investor Percentage for such Monthly Period.

“Investor Principal Collections” means, with respect to any Monthly Period, the aggregate amount retained in the Collection Account for Series 2007-A pursuant to Section 4.01(c)(ii) for such Monthly Period.

“Investor Uncovered Dilution Amount” means, with respect to any Monthly Period, an amount equal to the product of the weighted average Floating Investor Percentage for such Monthly Period and the Uncovered Dilution Amount.

“Master Indenture” means the Amended and Restated Master Indenture, dated as of May 1, 2007, between the Trust, as Issuer, and the Indenture Trustee, as the same may be amended, supplemented, restated or otherwise modified from time to time including, with respect to any Series or Class, the related Indenture Supplement.

“Maximum Principal Balance” means the Class A Note Maximum Principal Balance plus the Class B Note Maximum Principal Balance.

“Monthly Interest” means, with respect to any Distribution Date, the sum of the (i) Class A Monthly Interest and (ii) Class B Monthly Interest, in each case, as of such Distribution Date.

“Monthly Period” means, with respect to each Distribution Date, the period from and including the first day of the preceding calendar month to and including the last day of such calendar month; provided, however, that the initial Monthly Period will commence on the Closing Date and end on the last day of the calendar month preceding the first Distribution Date; provided, further, however, that for the purposes of calculating Portfolio Yield for the month of May 2007, the Monthly Period will be the period from and including May 1, 2007 to and including May 31, 2007.

“Monthly Principal Reallocation Amount” means, with respect to any Monthly Period, an amount equal to the Class A Reallocated Principal Amount for such Monthly Period.

“Monthly Servicer Report” means, with respect to each Distribution Date, the report, in substantially the form of Exhibit B, to be provided by the Servicer to the Agents, the Owner Trustee and the Indenture Trustee setting forth certain information relating to the Trust and the Series 2007-A Notes.

“Monthly Servicing Fee” means, with respect to any Distribution Date, an amount equal to one-twelfth of the product of (i) the Servicing Fee Rate and (ii) (a) the Invested Amount as of the last day of the Monthly Period preceding such Distribution Date minus (b) the product of the amount, if any, on deposit in the Special Funding Account as of the last day of such Monthly Period and the Floating Investor Percentage with respect to such Monthly Period.

“Note Assignment” has the meaning specified in Section 8.07(d).

“Note Principal Balance” means, on any date of determination, an amount equal to the sum of the (i) Class A Note Principal Balance and (ii) Class B Note Principal Balance, in each case, as of such date.

“Note Purchase Agreement” means the Note Purchase Agreement, dated as of May 2, 2007, among the Transferor, the Servicer, the Conduit Purchaser, the Class A Agent and the Committed Purchaser, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Optional Redemption Date” has the meaning specified in Section 4.03(b).

“Optional Redemption Notice” has the meaning specified in Section 4.03(b).

“Partial Amortization Amount” has the meaning specified in Section 4.03(a).

“Partial Amortization Period” means, unless the Scheduled Amortization Period or the Early Amortization Period shall have commenced prior thereto, a period beginning on the first day of the Monthly Period specified in the notice delivered by the Issuer in accordance with Section 4.03, and ending upon the earlier to occur of (i) the commencement of the Scheduled Amortization Period or the Early Amortization Period and (ii) the last day of the Monthly Period related to the Distribution Date on which the applicable Partial Amortization Amount shall have been paid in full.

“Partial Participant” has the meaning specified in Section 8.07(f) and “Participant” has the meaning specified in Section 8.07(f).

“Percentage Allocation” has the meaning specified in Section 4.01(c)(ii)(B).

“Portfolio Adjusted Yield” means, with respect to any Monthly Period, the Portfolio Yield with respect to such Monthly Period minus the Base Rate with respect to such Monthly Period.

“Portfolio Yield” means, with respect to any Monthly Period, the annualized percentage equivalent of a fraction, (i) the numerator of which is equal to the Investor Finance Charge Collections with respect to such Monthly Period, which amount shall be calculated on a cash basis after subtracting the Investor Default Amount and the Investor Uncovered Dilution Amount for such Monthly Period, and (ii) the denominator of which is the average Note Principal Balance of such Monthly Period; provided, however, that Excess Finance Charge Collections that are allocated to Series 2007-A with respect to such Monthly Period may be added to the numerator if the Transferor shall have provided ten Business Days prior written notice of such action to each Rating Agency and the Rating Agency Condition shall have been satisfied.

“Principal Balance Increase” means an increase in Note Principal Balance pursuant to a request that can be made, from time to time, during the Revolving Period by the Transferor.

“Principal Balance Increase Confirmation” means, with respect to a Principal Balance Increase, an increase confirmation to be delivered to the Indenture Trustee, substantially in the form attached hereto as Exhibit E.

“Principal Balance Increase Request” means an irrevocable notice from the Transferor to the Indenture Trustee, the Servicer and the Agents, substantially in the form attached hereto as Exhibit D.

“Reallocated Principal Collections” means, with respect to any Distribution Date, Investor Principal Collections applied in accordance with Section 4.06 in an amount not to exceed the Monthly Principal Reallocation Amount for the related Monthly Period.

“Reassignment Amount” means, with respect to any Distribution Date, after giving effect to any deposits and distributions otherwise to be made on such Distribution Date, the sum of (i) the Note Principal Balance (or the applicable portion thereof in the case of any partial redemption pursuant to Section 4.03(b)), (ii) Monthly Interest and any Monthly Interest previously due but not distributed to the Series 2007-A Noteholders (or the applicable portion thereof in the case of any partial redemption pursuant to Section 4.03(b)), (iii) the amount of Additional Interest, if any, and any Additional Interest previously due but not distributed to the Series 2007-A Noteholders on a prior Distribution Date (or the applicable portion thereof in the case of any partial redemption pursuant to Section 4.03(b)) and (iv) any other amounts due and unpaid on such Distribution Date under the Note Purchase Agreement, including Broken Funding Costs (if any).

“Redemption Date” means the date specified by the Servicer pursuant to Section 7.01(b).

“Required Subordination Percentage” means 8.7%.

“Requisite Agent” means the Class A Agent at all times prior to the Class B Succession Date, and thereafter, the Class B Agent.

“Reset Date” means (i) the last day of each calendar month, (ii) each Removal Date, (iii) each date on which the Trust issues a new Series of Notes or Class of Notes relating to a multiple issuance Series, (iv) each date on which there is an increase in the invested amount with respect to any Series of Notes issued by the Trust, (v) each Addition Date, (vi) each Optional Redemption Date, (vii) each date on which a Principal Balance Increase occurs and (viii) the date on which all or any portion of a Partial Amortization Amount is paid.

“Revolving Period” means the period beginning on the Closing Date and ending on the earlier of the close of business on the day immediately preceding the day on which the Scheduled Amortization Period commences or the Early Amortization Period commences; provided, however, that the Revolving Period shall be temporarily suspended for the duration of any Partial Amortization Period.

“Rule 144A” means Rule 144A under the Securities Act.

“Scheduled Amortization Date” means the earlier of (i) the Purchase Expiration Date and (ii) the close of business on the date that is 30 days after the date on which the Indenture Trustee received notice from the Issuer of the Issuer’s decision to terminate the Revolving Period.

“Scheduled Amortization Period” means, unless a Pay Out Event with respect to Series 2007-A shall have occurred prior thereto, the period commencing on the Scheduled Amortization

Date and ending upon the earliest to occur of (i) the commencement of the Early Amortization Period, (ii) the payment in full of the Note Principal Balance and (iii) the Series 2007-A Final Maturity Date.

“Series 2007-A” means the Series of Notes the terms of which are specified in this Indenture Supplement.

“Series 2007-A Final Maturity Date” means the Distribution Date occurring in the thirty sixth calendar month following the earlier to occur of (x) the commencement of the Scheduled Amortization Period and (y) the commencement of the Early Amortization Period.

“Series 2007-A Note” means a Class A Note or a Class B Note.

“Series 2007-A Noteholder” means a Class A Noteholder or a Class B Noteholder.

“Series 2007-A Pay Out Event” has the meaning specified in Section 6.01.

“Series 2007-A Principal Shortfall” means, an amount equal to, for any Distribution Date with respect to (i) the Revolving Period, zero, (ii) any Partial Amortization Period, the excess, if any, of (a) the Partial Amortization Amount not previously distributed, over (b) the amount of Available Principal Collections for such Distribution Date (excluding any portion thereof attributable to Shared Principal Collections) and (iii) the Scheduled Amortization Period or the Early Amortization Period, the excess, if any, of the Invested Amount over the amount of Available Principal Collections for such Distribution Date (excluding any portion thereof attributable to Shared Principal Collections).

“Servicing Fee Rate” means 2% per annum.

“Subordination Percentage” means, as of any date of determination, a fraction (expressed as a percentage) (i) the numerator of which is equal to the Class B Note Principal Balance as of such date, minus the excess, if any, of the aggregate amount of Investor Charge-Offs and Reallocated Principal Collections for all prior Distribution Dates over Investor Charge-Offs and Reallocated Principal Collections reimbursed pursuant to Section 4.04(a)(iv) and (ii) the denominator of which is equal to the Note Principal Balance as of such date.

“Transition Expenses” means any documented expenses and costs reasonably incurred by the Successor Servicer in connection with the transition of servicing duties under the Transaction Documents to the Successor Servicer, which in the aggregate shall not exceed \$100,000.

“Transfer and Servicing Agreement” means the Amended and Restated Transfer and Servicing Agreement, dated as of May 1, 2007, among the Transferor, the Trust, the Indenture Trustee, and Nordstrom fsb.

“Transferor” means Nordstrom Credit Card Receivables II LLC (formerly known as Nordstrom Private Label Receivables LLC), and its successors and permitted assigns.

“Trust” means Nordstrom Credit Card Master Note Trust II and its successors and permitted assigns.

“Trust Agreement” means the Second Amended and Restated Trust Agreement, dated as of May 1, 2007, between the Transferor and Wilmington Trust Company, as trustee.

“Uncovered Dilution Amount” means, with respect to any Distribution Date, that portion of the Dilution Amount for the related Monthly Period which would cause the Transferor Interest to fall below the Required Transferor Interest after giving effect to any deposits to the Special Funding Account by the Transferor pursuant to Section 3.09 of the Transfer and Servicing Agreement to cover the Dilution Amount or addition of Principal Receivables transferred to the Trust by the Transferor.

“United States Person” has the meaning specified in Section 7701(a)(30) of the Code.

Section 1.02. Other Definitional Provisions.

(a) Each capitalized term defined herein shall relate to the Series 2007-A Notes and no other Series of Notes issued by the Trust, unless the context otherwise requires. All capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement, the Note Purchase Agreement, the Master Indenture or the Transfer and Servicing Agreement, as the case may be. In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Trust Agreement, the Note Purchase Agreement, the Master Indenture or the Transfer and Servicing Agreement, the terms and provisions of this Indenture Supplement shall govern.

(b) As used in this Indenture and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Indenture or in any such certificate or other document, and accounting terms partly defined in this Indenture or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under GAAP. To the extent that the definitions of accounting terms in this Indenture or in any such certificate or other document are inconsistent with the meanings of such terms under GAAP, the definitions contained in this Indenture or in any such certificate or other document shall control.

(c) Unless otherwise specified, references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day.

(d) For all purposes of this Indenture Supplement, except as otherwise expressly provided or unless the context otherwise requires, (i) terms used herein include, as appropriate, all genders and the plural as well as the singular, (ii) references to this Indenture Supplement include all Exhibits hereto, (iii) references to words such as “herein,” “hereof” “hereunder” and the like shall refer to this Indenture Supplement as a whole and not to any particular part, Article or Section within this Indenture Supplement, (iv) references to an Article or Section such as “Article One” or “Section 1.01” and the like shall refer to the applicable Article or Section of this Indenture Supplement, (v) the term “include” and all variations thereof shall mean “include without limitation,” (vi) the term “or” shall include “and/or,” (vii) the term “proceeds” shall have the meaning ascribed to such term in the UCC, (viii) Section, subsection, Schedule, if any, and Exhibit references contained in this Indenture Supplement are references to Sections, subsections, Schedules, if any, and Exhibits in or to this Indenture Supplement unless otherwise

specified, (ix) any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein, except that in the case of an Indenture Supplement, or any amendment thereto, such Indenture Supplement only supplements the Master Indenture insofar as it relates the related Series and (x) references to a Person are also to its successors and permitted assigns.

ARTICLE TWO
CREATION OF THE SERIES 2007-A NOTES

Section 2.01. Designation.

(a) There is hereby created and designated a Series of Notes to be issued pursuant to the Master Indenture and this Indenture Supplement to be known as “Nordstrom Credit Card Master Note Trust II, Series 2007-A Asset Backed Variable Funding Notes” or the “Series 2007-A Notes.” The Series 2007-A Notes shall be issued in two Classes, the first of which shall be known as the “Series 2007-A Asset Backed Variable Funding Notes, Class A” and the second of which shall be known as the “Series 2007-A Asset Backed Variable Funding Notes, Class B.” The Series 2007-A Notes shall be due and payable on the Series 2007-A Final Maturity Date.

(b) Series 2007-A shall be included in Group One and shall be (i) a Principal Sharing Series and (ii) an Excess Allocation Series with respect to Group One only. Series 2007-A shall not be subordinated to any other Series. Series 2007-A shall not be a Principal Sharing Series or an Excess Allocation Series with respect to any other Group.

(c) In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Master Indenture, the terms and provisions of this Indenture Supplement shall be controlling with respect to Series 2007-A only.

(d) The Series 2007-A Notes shall be Definitive Notes and shall be delivered as Registered Notes as provided in Section 2.01 of the Master Indenture.

Section 2.02. Private Placement of Series 2007-A Notes; Form of Delivery of Series 2007-A Notes. The Series 2007-A Notes have not been registered under the Securities Act or any applicable state securities laws and may not be offered, sold, pledged or otherwise transferred except in a transaction exempt from the registration requirements of the Securities Act and state securities laws applicable to (i) Nordstrom fsb or any Affiliate thereof, (ii) a Person who the Holder reasonably believes is a “Qualified Institutional Buyer” within the meaning thereof in Rule 144A in compliance with Rule 144A or (iii) a Person who is an institutional “Accredited Investor” as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, in each case in compliance with the certification and other requirements specified herein. None of the Issuer, the Transferor, the Transfer Agent and Registrar or the Indenture Trustee is obligated to register the Series 2007-A Notes under the Securities Act or any other state securities laws. Each Holder of a Series 2007-A Note shall represent and warrant, for the benefit of the Trust, Nordstrom fsb and the Transferor, that such Holder is not (i) an employee benefit plan (as defined in Section 3(3) of ERISA which is subject to the provisions of ERISA, (ii) a plan (as defined in Section 4975(e)(1) of the Code, other than a governmental or church plan described in Section 4975(g)(2) or (3) of the Code which is subject to Section 4975 of the Code or (iii) an entity whose underlying assets include plan assets by reason of a plan’s investment in the entity (unless registered under the Investment Company Act of 1940). Neither the Series 2007-A Notes nor any interest therein may be transferred to an employee benefit plan, trust or account subject to ERISA, or described in Section 4975(e)(1) of the Code. Any transfer of a direct or indirect interest in any Series 2007-A Notes is subject to the provisions of the Master Indenture and certain limitations therein set forth.

ARTICLE THREE
SERVICING FEE

Section 3.01. Servicing Compensation. The share of the Servicing Fee allocable to the Series 2007-A Noteholders with respect to any Distribution Date shall equal the Monthly Servicing Fee. The remainder of the Servicing Fee shall be paid by the Holders of the Transferor Certificates or the Noteholders of other Series (as provided in the related Indenture Supplements) and in no event shall the Trust, the Indenture Trustee or the Series 2007-A Noteholders be liable for the share of the Servicing Fee to be paid by the Holders of the Transferor Certificates or the Noteholders of any other Series. To the extent that the Monthly Servicing Fee is not paid in full pursuant to the preceding provisions of this Section and Section 4.04, it shall be paid by the Holders of the Transferor Certificates.

ARTICLE FOUR
RIGHTS OF SERIES 2007-A NOTEHOLDERS AND ALLOCATION AND APPLICATION
OF COLLECTIONS

Section 4.01. Collections and Allocations.

(a) Allocations. Collections of Finance Charge Receivables, Principal Receivables and Defaulted Receivables allocated to Series 2007-A pursuant to Article Eight of the Master Indenture shall be allocated and distributed as set forth in this Article.

(b) Payments to the Transferor. The Servicer shall on each Deposit Date direct the Indenture Trustee to withdraw from the Collection Account and pay to the Holders of the Transferor Certificates (or to the Successor Servicer to the extent that the Successor Servicer is owed Transition Expenses after the application of Section 4.04(a)):

(i) an amount equal to the Transferor Percentage for the related Monthly Period of Collections of Finance Charge Receivables; and

(ii) an amount equal to the Transferor Percentage for the related Monthly Period of Collections of Principal Receivables deposited in the Collection Account, if the Transferor Interest (determined after giving effect to any Principal Receivables transferred to the Trust on such Deposit Date) exceeds the Required Transferor Interest.

The withdrawals to be made from the Collection Account pursuant to this Section 4.01(b) do not apply to deposits into the Collection Account that do not represent Collections, including payment of the purchase price for the Receivables or the Notes pursuant to, respectively, Section 2.06, 6.01 or 7.01 of the Transfer and Servicing Agreement or Section 11.04 of the Master Indenture and payment of the Reassignment Amount for the Series 2007-A Notes pursuant to Sections 7.01 and 7.02 of this Indenture Supplement.

(c) Allocations to the Series 2007-A Noteholders. The Servicer shall, prior to the close of business on any Deposit Date, allocate to the Series 2007-A Noteholders the following amounts as set forth below:

(i) Allocations of Finance Charge Collections. The Servicer shall allocate to the Series 2007-A Noteholders and retain in the Collection Account for application as provided herein an amount equal to the product of (A) the Investor Percentage and (B) the aggregate amount of Collections of Finance Charge Receivables deposited in the Collection Account on such Deposit Date.

(ii) Allocations of Principal Collections. The Servicer shall allocate to the Series 2007-A Noteholders, the following amounts as set forth below:

(A) Allocations During the Revolving Period. During the Revolving Period, an amount equal to the product of (1) the Investor Percentage and (2) the aggregate amount of Collections of Principal Receivables deposited in the Collection Account on such Deposit Date, shall be allocated to the Series 2007-A Noteholders and shall be first, if any other Principal Sharing Series in Group One

is outstanding and in its amortization period or accumulation period, retained in the Collection Account for application, to the extent necessary, as Shared Principal Collections to other Series in Group One on the related Distribution Date, and second paid to the Holders of the Transferor Certificates only if the Transferor Interest on such Deposit Date is greater than the Required Transferor Interest (after giving effect to all Principal Receivables transferred to the Trust on such day) and otherwise shall be deposited in the Special Funding Account.

(B) Allocations During any Partial Amortization Period. During any Partial Amortization Period, an amount equal to the product of (1) the Investor Percentage and (2) the aggregate amount of Collections of Principal Receivables deposited in the Collection Account on such Deposit Date (the product for any such date is hereinafter referred to as a "Percentage Allocation" shall be allocated to the Series 2007-A Noteholders and retained in the Collection Account until applied as provided herein; provided, however, that if the sum of such Percentage Allocation and all preceding Percentage Allocations with respect to the same Monthly Period exceeds the difference between the Partial Amortization Amount and the total amount of principal payments set aside for the Series 2007-A Noteholders during the related Partial Amortization Period, then such excess shall not be treated as a Percentage Allocation and shall be first, if any other Principal Sharing Series in Group One is outstanding and in its amortization period or accumulation period, retained in the Collection Account for application, to the extent necessary, as Shared Principal Collections to other Series in Group One on the related Distribution Date, and second paid to the Holders of the Transferor Certificates only if the Transferor Interest on such Deposit Date is greater than the Required Transferor Interest (after giving effect to all Principal Receivables transferred to the Trust on such day) and otherwise shall be deposited in the Special Funding Account.

(C) Allocations During the Scheduled Amortization Period or the Early Amortization Period. During the Scheduled Amortization Period or the Early Amortization Period, an amount equal to the product of (1) the Investor Percentage and (2) the aggregate amount of Collections of Principal Receivables deposited in the Collection Account on such Deposit Date shall be allocated to the Series 2007-A Noteholders and retained in the Collection Account until applied as provided herein; provided, however, that after the date on which an amount of such Collections equal to the Invested Amount has been deposited into the Collection Account and allocated to the Series 2007-A Noteholders, amounts allocated to the Series 2007-A Noteholders pursuant to this Section 4.01(c)(ii)(C) shall be first, if any other Principal Sharing Series in Group One is outstanding and in its amortization period or accumulation period, retained in the Collection Account for application, to the extent necessary, as Shared Principal Collections to other Series in Group One on the related Distribution Date, and second paid to the Holders of the Transferor Certificates only if the Transferor Interest on such Deposit Date is greater than the Required Transferor Interest (after giving effect to all Principal Receivables transferred to the Trust on such day) and otherwise shall be deposited in the Special Funding Account.

Section 4.02. Determination of Monthly Interest.

(a) Pursuant to and in accordance with the Note Purchase Agreement, on or before the second Business Day after the end of each calendar month, the Class A Agent shall calculate the Class A Note Rate and the Class A Monthly Interest distributable from the Collection Account on any Distribution Date for the related Due Period and shall provide the Servicer with written notice of the Class A Note Rate and the Class A Monthly Interest for such Due Period. Notwithstanding anything to the contrary herein, the Class A Monthly Interest shall be distributed on the Class A Notes only to the extent permitted by applicable law.

(b) On each Determination Date, the Servicer shall determine and notify the Indenture Trustee in writing of the Class A Interest Shortfall, if any. If, on any Distribution Date, the Class A Interest Shortfall is greater than zero, on each subsequent Distribution Date until such Class A Interest Shortfall is fully paid, the Class A Additional Interest shall be payable as provided herein with respect to the Class A Notes. Notwithstanding anything to the contrary herein, Class A Additional Interest shall be distributed with respect to the Class A Notes only to the extent permitted by applicable law.

(c) On each Determination Date, the Servicer shall calculate the Class B Monthly Interest to be distributed from the Collection Account on the related Distribution Date. Notwithstanding anything to the contrary herein, the Class B Monthly Interest shall be distributed on the Class B Notes only to the extent permitted by applicable law.

(d) On each Determination Date, the Servicer shall determine and notify the Indenture Trustee in writing of the Class B Interest Shortfall, if any. If, on any Distribution Date, the Class B Interest Shortfall is greater than zero, on each subsequent Distribution Date until such Class B Interest Shortfall is fully paid, the Class B Additional Interest shall be payable as provided herein with respect to the Class B Notes. Notwithstanding anything to the contrary herein, Class B Additional Interest shall be distributed with respect to the Class B Notes only to the extent permitted by applicable law.

Section 4.03. Suspension of the Revolving Period; Partial Amortization Period.

(a) The Transferor may from time to time, in its sole discretion, unless a Pay Out Event shall have occurred prior thereto, suspend the Revolving Period and cause a Partial Amortization Period to commence for one or more Monthly Periods by delivering to each of the Servicer, the Indenture Trustee and the Requisite Agent, an irrevocable written notice by 12:00 p.m., Chicago time, on the first Business Day preceding the first day of the Monthly Period in which such Partial Amortization Period is scheduled to commence, which notice shall specify the aggregate amount of the decrease in the Class A Note Principal Balance and the Class B Note Principal Balance (the "Partial Amortization Amount") for such Partial Amortization Period; provided, however, that any Partial Amortization Amount shall be in an amount of at least \$1,000,000 or multiples of \$100,000 in excess thereof; provided, further, that the Transferor may not cause a Partial Amortization Period to commence unless, in the reasonable belief of the Transferor, such Partial Amortization Period would not result in the occurrence of a Pay Out Event.

(b) On any Business Day during the Revolving Period, the Issuer may cause the Servicer to provide written notice to the Indenture Trustee and the Series 2007-A Noteholders (an “Optional Redemption Notice”) at least two Business Days prior to any Business Day (the “Optional Redemption Date”) stating its intention to cause a full or partial redemption of the Series 2007-A Notes on the Optional Redemption Date at a redemption price equal to (i) if the Optional Redemption Date is a Distribution Date, the Reassignment Amount for such Distribution Date or (ii) if the Optional Redemption Date is not a Distribution Date, the Reassignment Amount for the Distribution Date following such date. Any such redemption shall be in a minimum amount of \$2,000,000 or an integral multiple of \$500,000 in excess thereof. The Optional Redemption Notice shall state the Optional Redemption Date and the Reassignment Amount. Not later than 3:00 p.m., Chicago time, on the Business Day prior to the Optional Redemption Date the Issuer shall deposit the Reassignment Amount into the Collection Account in immediately available funds.

Section 4.04. Application of Available Finance Charge Collections and Available Principal Collections. The Servicer shall apply, or shall cause the Indenture Trustee to apply by written instruction to the Indenture Trustee, on each Distribution Date, Available Finance Charge Collections and Available Principal Collections on deposit in the Collection Account with respect to such Distribution Date to make the following distributions:

(a) On each Distribution Date, an amount equal to the Available Finance Charge Collections will be distributed or deposited in the following priority:

(i) an amount equal to the Monthly Servicing Fee for such Distribution Date plus the amount of any Monthly Servicing Fee previously due but not distributed to the Servicer on one or more prior Distribution Dates, shall be distributed to the Servicer (unless such amount has been netted against deposits to the Collection Account in accordance with Section 8.04 of the Master Indenture);

(ii) an amount equal to Class A Monthly Interest for such Distribution Date, plus the amount of any Class A Monthly Interest previously due but not distributed to the Class A Noteholders on one or more prior Distribution Dates, plus the amount of any Class A Additional Interest for such Distribution Date, plus the amount of any Class A Additional Interest previously due but not distributed to Class A Noteholders on one or more prior Distribution Dates, shall be distributed to the Class A Noteholders;

(iii) an amount equal to the Investor Default Amount and the Investor Uncovered Dilution Amount, if any, for such Distribution Date shall be treated as a portion of Available Principal Collections for such Distribution Date;

(iv) an amount equal to the sum of the aggregate amount of Investor Charge-Offs and the amount of Reallocated Principal Collections which have not been previously reimbursed pursuant to this subparagraph shall be treated as a portion of Available Principal Collections for such Distribution Date;

(v) any Class A Additional Amounts due and payable to the Class A Agent pursuant to the Class A Note Purchase Agreement with respect to such Distribution Date shall be paid to the Class A Agent;

(vi) upon the occurrence of an Event of Default with respect to Series 2007-A and acceleration of the maturity of the Series 2007-A Notes, the balance, if any, up to the outstanding principal amount of the Series 2007-A Notes will be treated as Available Principal Collections for that Distribution Date for distribution to the Series 2007-A Noteholders;

(vii) an amount equal to Class B Monthly Interest for such Distribution Date, plus the amount of any Class B Monthly Interest previously due but not distributed to the Class B Noteholders on one or more prior Distribution Dates, plus the amount of any Class B Additional Interest for such Distribution Date, plus the amount of any Class B Additional Interest previously due but not distributed to Class B Noteholders on one or more prior Distribution Dates, shall be distributed to the Class B Noteholders;

(viii) an amount equal to the Transition Expenses, if any, shall be distributed to the Successor Servicer, if any; and

(ix) the balance, if any, will constitute a portion of Excess Finance Charge Collections for such Distribution Date and will be available for allocation to other Series in Group One or to the Holder of the Transferor Certificates as described in Section 8.08 of the Master Indenture and Section 4.01 of this Indenture Supplement.

(b) On each Distribution Date with respect to the Revolving Period, an amount equal to the Available Principal Collections shall be treated as Shared Principal Collections and applied in accordance with Section 8.05 of the Master Indenture.

(c) On each Distribution Date with respect to the Partial Amortization Period, an amount equal to the Available Principal Collections for the related Monthly Period shall be distributed in the following order of priority:

(i) an amount which, together with the aggregate amounts distributed pursuant to this clause (i) on prior Distribution Dates with respect to the same Partial Amortization Period, equals the Partial Amortization Amount, shall be distributed to the Class A Noteholders and the Class B Noteholders, pro rata, but in no event shall the Class A Noteholders or the Class B Noteholders, as applicable, receive monies in excess of the then outstanding Class A Note Principal Balance or the Class B Note Principal Balance, respectively; and

(ii) the balance of such Available Principal Collections shall be treated as Shared Principal Collections and applied in accordance with Section 8.05 of the Master Indenture.

(d) On each Distribution Date with respect to the Scheduled Amortization Period or the Early Amortization Period, an amount equal to the Available Principal Collections for the related Monthly Period shall be distributed in the following order of priority:

(i) an amount up to the Class A Principal Balance on such Distribution Date shall be distributed to the Class A Noteholders;

(ii) for each Distribution Date beginning on the Distribution Date on which the Class A Principal Balance is paid in full, an amount up to the Class B Principal Balance on such Distribution Date shall be distributed to the Class B Noteholders; and

(iii) for each Distribution Date beginning on the Distribution Date on which the Class B Principal Balance is paid in full, an amount equal to the balance, if any, of such Available Principal Collections shall be treated as Shared Principal Collections and applied in accordance with Section 8.05 of the Indenture.

Section 4.05. Investor Charge-Offs. On each Determination Date, the Servicer shall calculate the Investor Default Amount and the Investor Uncovered Dilution Amount, if any, for the related Distribution Date. If, on any Distribution Date, the sum of the Investor Default Amount and the Investor Uncovered Dilution Amount for such Distribution Date exceeds the amount of Available Finance Charge Collections allocated with respect thereto pursuant to Section 4.04(a)(iii), with respect to such Distribution Date, the Invested Amount (after giving effect to any reductions for any Reallocated Principal Collections on such Distribution Date) will be reduced by the amount of such excess, but not by more than the lesser of (i) the sum of the Investor Default Amount and the Investor Uncovered Dilution Amount and (ii) the Invested Amount (after giving effect to any reductions for any Reallocated Principal Collections on such Distribution Date) for such Distribution Date (such reduction, an "Investor Charge-Off").

Section 4.06. Reallocated Principal Collections. On each Distribution Date, the Servicer shall apply, or shall cause the Indenture Trustee to apply, Reallocated Principal Collections with respect to such Distribution Date, to fund any deficiency pursuant to and in the priority set forth in Sections 4.04(a)(i) and (ii). On each Distribution Date, the Invested Amount shall be reduced by the amount of Reallocated Principal Collections for such Distribution Date.

Section 4.07. Excess Finance Charge Collections. Series 2007-A shall be an Excess Allocation Series with respect to Group One only. Subject to Section 8.08 of the Master Indenture, Excess Finance Charge Collections with respect to the Excess Allocation Series in Group One for any Distribution Date will be allocated to Series 2007-A in an amount equal to the product of (i) the aggregate amount of Excess Finance Charge Collections with respect to all the Excess Allocation Series in Group One for such Distribution Date and (ii) a fraction, the numerator of which is the Finance Charge Shortfall for Series 2007-A for such Distribution Date and the denominator of which is the aggregate amount of Finance Charge Shortfalls for all the Excess Allocation Series in Group One for such Distribution Date.

Section 4.08. Shared Principal Collections. Subject to Section 8.05 of the Master Indenture, Shared Principal Collections with respect to all Series in Group One for any Distribution Date will be allocated to Series 2007-A in an amount equal to the product of (i) the aggregate amount of Shared Principal Collections with respect to all Principal Sharing Series in Group One for such Distribution Date and (ii) a fraction, the numerator of which is the Series 2007-A Principal Shortfall for such Distribution Date and the denominator of which is the aggregate amount of Principal Shortfalls for all the Series which are Principal Sharing Series in Group One for such Distribution Date.

Section 4.09. Principal Balance Increases.

(a) The Series 2007-A Noteholders agree, by acceptance of their Series 2007-A Notes, that the Transferor may, from time to time, prior to the earlier of the commencement of the Scheduled Amortization Period and the commencement of the Early Amortization Period, and so long as a Partial Amortization Period is not outstanding, and subject to the terms, conditions and restrictions set forth in this Section 4.09(a) and in the Note Purchase Agreement, request a Principal Balance Increase. Each such Principal Balance Increase shall, however, be subject to the satisfaction of the Increase Conditions and shall be permitted only (i) during the Revolving Period and (ii) upon the written request made by the Transferor to each Agent to increase the Note Principal Balance and the Invested Amount to an amount not to exceed the Maximum Principal Balance. Any such Principal Balance Increase shall be in a minimum amount of \$2,000,000 and integral multiples of \$500,000 in excess thereof. To request any such increase, the Transferor shall be required to give to each of the Indenture Trustee, the Servicer and each Agent, by 12:00 p.m., Chicago time, on the first Business Day prior to the date of the requested Principal Balance Increase, a Principal Balance Increase Request, specifying (i) the Increase Amount, (ii) the Increase Date, and (iii) the payment instructions for remittance of the proceeds of such requested Principal Balance Increase.

(b) Each such Principal Balance Increase will be allocated to the Class A Note Principal Balance and the Class B Note Principal Balance on a pro rata basis determined by reference to the Class A Note Maximum Principal Balance and the Class B Note Maximum Principal Balance; provided, however, that if the Increase Condition set forth in clause (f)(ii) of the definition of Increase Condition is not satisfied, the Transferor may, with the prior written consent of each Class B Noteholder, direct the Indenture Trustee in writing, with a copy to each Agent, to allocate to the Class B Note Principal Balance a larger share of the Principal Balance Increase to the extent necessary to satisfy the Increase Condition set forth in clause (f)(i) of the definition of Increase Condition.

(c) On the Increase Date for such Principal Balance Increase, after satisfaction of all conditions to such Principal Balance Increase, each Purchaser shall initiate the remittance of such Increase Amount allocated to it in accordance with Section 4.09(b), to the extent it has otherwise agreed or committed to fund such Principal Balance Increase, no later than 4:00 p.m., Chicago City time, in same day funds in accordance with the payment instructions specified in the Principal Balance Increase Request, and upon such remittance the outstanding Class A Note Principal Balance and the Class B Note Principal Balance, as the case may be, shall be increased by the amount of such remittance. Concurrently with the making of such Principal Balance Increase, the Transferor and the Requisite Agent shall deliver to the Indenture Trustee a Principal

Balance Increase Confirmation, specifying the Increase Amount and the Indenture Trustee shall promptly annotate the Note Register accordingly.

ARTICLE FIVE
DELIVERY OF SERIES 2007-A NOTES; DISTRIBUTIONS; REPORTS TO SERIES 2007-A
NOTEHOLDERS

Section 5.01. Delivery and Payment for the Series 2007-A Notes. The Issuer shall execute and issue, and the Indenture Trustee shall authenticate, the Series 2007-A Notes in accordance with Section 2.03 of the Master Indenture. The Indenture Trustee shall deliver the Series 2007-A Notes to or upon the order of the Issuer when so authenticated.

Section 5.02. Distributions.

(a) On each Distribution Date, the Paying Agent shall distribute to each Class A Noteholder of record and each Class B Noteholder of record on the related Record Date (other than as provided in Section 11.02 of the Master Indenture), the amounts required to be distributed in respect of the Class A Notes pursuant to Article Four.

(b) The distributions to be made pursuant to this Section are subject to the provisions of Sections 2.06, 6.01 and 7.01 of the Transfer and Servicing Agreement, Section 11.02 of the Master Indenture and Sections 7.01 and 7.02 of this Indenture Supplement.

(c) Except as provided in Section 11.02 of the Master Indenture with respect to a final distribution, distributions to Series 2007-A Noteholders hereunder shall be made by (i) wire transfer in immediately available funds and (ii) without presentation or surrender of any Series 2007-A Note or the making of any notation thereon.

Section 5.03. Reports and Statements to Series 2007-A Noteholders.

(a) No later than each Determination Date, the Servicer will provide to each Agent, the Owner Trustee and the Indenture Trustee and each Rating Agency, the Monthly Servicer Report for such Distribution Date.

(b) On or before January 31 of each calendar year, beginning with calendar year 2008, the Indenture Trustee shall furnish or cause to be furnished to each Person who at any time during the preceding calendar year was a Series 2007-A Noteholder, a statement prepared by the Servicer containing the information which is required to be contained in the statement to Series 2007-A Noteholders as set forth in Section 5.03(a), aggregated for such calendar year or the applicable portion thereof during which such Person was a Series 2007-A Noteholder, together with other information as is required to be provided by an issuer of indebtedness under the Code and such other customary information as is necessary to enable the Series 2007-A Noteholders to prepare their tax returns. Such obligation of the Indenture Trustee shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Indenture Trustee pursuant to any requirements of the Code as from time to time in effect.

ARTICLE SIX
SERIES 2007-A PAY OUT EVENTS

Section 6.01. Series 2007-A Pay Out Events. If any one of the following events shall occur with respect to the Series 2007-A Notes:

(a) the Transferor or the Servicer shall fail to (i) make any payment or deposit required by the Transfer and Servicing Agreement, the Master Indenture or this Indenture Supplement on or before the date occurring three (3) Business Days after the date such payment or deposit is required to be made therein or herein or (ii) observe or perform any other covenants or agreements of the Transferor or the Servicer set forth in the Transfer and Servicing Agreement, the Note Purchase Agreement, the Master Indenture or this Indenture Supplement, which continues unremedied for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Transferor or the Servicer, as applicable, by the Indenture Trustee, or to the Transferor or the Servicer, as applicable, and the Indenture Trustee by any Holder of Series 2007-A Notes;

(b) any representation or warranty made by (i) the Transferor in Sections 2.03 and 2.04 of the Transfer and Servicing Agreement shall prove to have been incorrect in any respect when made or any information contained in a computer file or microfiche list required to be delivered by the Transferor pursuant to Section 2.01 or 2.09 of the Transfer and Servicing Agreement shall prove to have been incorrect in any material respect when delivered or (ii) the Servicer in Section 3.03 of the Transfer and Servicing Agreement shall prove to have been incorrect in any respect when made and, in each case, continues to be incorrect for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Transferor or the Servicer, as applicable, by the Indenture Trustee, or to the Transferor and the Indenture Trustee by any Holder of the Series 2007-A Notes; provided, however, that a Series 2007-A Pay Out Event pursuant to this Section 6.01(b) shall not be deemed to have occurred if the Transferor has accepted reassignment of the related Receivable, or all of such Receivables, if applicable, during such period in accordance with the provisions of the Transfer and Servicing Agreement;

(c) the average Portfolio Adjusted Yield for any three consecutive Monthly Periods is less than zero;

(d) a court of competent jurisdiction shall issue a final non-appealable order to the effect that the Indenture Trustee shall, for any reason, fail to have a valid and perfected first priority security interest in the Receivables;

(e) any failure to pay to Series 2007-A Noteholders the full amount of interest due on the Series 2007-A Notes on any Distribution Date;

(f) a failure of the Transferor to convey Receivables in Additional Accounts to the Trust within five Business Days after it is required to do so pursuant to Section 2.09(a)(i) of the Transfer and Servicing Agreement;

(g) without limiting any of the foregoing, the occurrence of an Event of Default with respect to Series 2007-A and acceleration of the maturity of the Series 2007-A Notes in accordance with Section 5.03 of the Master Indenture;

(h) any Servicer Default shall occur;

(i) the Class A Note Principal Balance shall not be paid in full on the Series 2007-A Final Maturity Date;

(j) an Insolvency Event occurs with respect to the Transferor, any Account Owner, the Seller or the Servicer;

(k) the Transferor is unable for any reason to transfer Receivables to the Trust in accordance with the Transfer and Servicing Agreement or

(l) the long term unsecured debt rating assigned to Nordstrom, Inc. by Standard & Poor's is less than BB+ or by Moody's is less than Ba1;

then, in the case of any event described in subparagraph (a), (b), (g), (h) or (i) after the applicable grace period, if any, set forth in such subparagraphs, either the Indenture Trustee or the Holders of Class A Notes (or, following the Class B Succession Date, Holders of Class B Notes) evidencing more than 50% of the aggregate unpaid principal amount of Class A Notes (or Class B Notes, as applicable) by notice then given in writing to the Transferor and the Servicer (and to the Indenture Trustee if given by the Class A Noteholders (or Class B Noteholders, as the case may be)) may declare that a "Series Pay Out Event" with respect to Series 2007-A (a "Series 2007-A Pay Out Event") has occurred as of the date of such notice; provided, however, that the Holders of Class A Notes (or, following the Class B Succession Date, Holders of Class B Notes) evidencing more than 66 2/3% of the aggregate unpaid principal amount of Class A Notes (or Class B Notes, as applicable) by notice then given in writing to the Transferor and the Servicer (and to the Indenture Trustee if given by the Class A Noteholders (or Class B Noteholders, as the case may be)) may waive any Series 2007-A Pay Out Event of the type described in subparagraph (a), (b), (g), (h), (i) and (l) above, and, in the case of any event described in subparagraph (c), (d), (e), (f), (j) or (k) a Series 2007-A Pay Out Event shall occur without any notice or other action on the part of the Indenture Trustee or the Series 2007-A Noteholders immediately upon the occurrence of such event.

ARTICLE SEVEN
REDEMPTION OF SERIES 2007-A NOTES; FINAL DISTRIBUTIONS;
SERIES TERMINATION

Section 7.01. Optional Redemption of Series 2007-A Notes; Final Distributions.

(a) On any day occurring on or after the date on which the outstanding principal balance of the Series 2007-A Notes is reduced to 10% or less of the highest outstanding principal balance of the Series 2007-A Notes during the Revolving Period, at any time on or after the Closing Date, the Servicer shall have the option to redeem the Series 2007-A Notes if it has determined, in its sole estimation, that the cost of servicing the related Receivables is unduly burdensome in relation to the benefit, at a purchase price equal to, if such day is (i) a Distribution Date, the Reassignment Amount for such Distribution Date or (ii) not a Distribution Date, the Reassignment Amount for the immediately succeeding Distribution Date.

(b) The Servicer shall give the Indenture Trustee and each Agent at least thirty (30) days prior written notice of the date on which the Servicer intends to exercise such optional redemption. Not later than the Business Day prior to the Redemption Date, the Servicer shall deposit into the Collection Account in immediately available funds, the Reassignment Amount. Such redemption option is subject to payment in full of the Reassignment Amount. Following deposit into the Collection Account in accordance with the foregoing, the Invested Amount for Series 2007-A shall be reduced to zero and the Series 2007-A Noteholders shall have no further security interest in the Receivables. The Reassignment Amount shall be distributed as set forth in Section 7.02(c).

Section 7.02. Redemption of Series 2007-A Notes.

(a) The amount to be paid by the Transferor with respect to Series 2007-A in connection with a reassignment of Receivables to the Transferor pursuant to Section 2.06 of the Transfer and Servicing Agreement shall equal the Reassignment Amount for the first Distribution Date following the Monthly Period in which the reassignment obligation arises under the Transfer and Servicing Agreement.

(b) The amount to be paid by the Transferor with respect to Series 2007-A in connection with a repurchase of the Series 2007-A Notes pursuant to Section 7.01 of the Transfer and Servicing Agreement shall equal the Reassignment Amount for the Distribution Date of such repurchase.

(c) With respect to the Reassignment Amount deposited into the Collection Account pursuant to Section 7.01, the Indenture Trustee shall, in accordance with the written direction of the Servicer, not later than 2:00 p.m., Chicago time, on the related Distribution Date, make deposits or distributions of the following amounts (in the priority set forth below and, in each case, after giving effect to any deposits and distributions otherwise to be made on such date) in immediately available funds: (i) (A) the Class A Note Principal Balance on such Distribution Date will be distributed to the Paying Agent for payment to the Class A Noteholders and (B) an amount equal to the sum of (1) the Class A Monthly Interest for such Distribution Date, (2) any Class A Monthly Interest previously due but not distributed to the Class A Noteholders on any

prior Distribution Date, (3) the amount of Class A Additional Interest, if any, for such Distribution Date and any Class A Additional Interest previously due but not distributed to the Class A Noteholders on any prior Distribution Date, will be distributed to the Paying Agent for payment to the Class A Noteholders, and (4) all Class A Additional Amounts due to the Class A Noteholders and any other amounts due under the Class A Note Purchase Agreement; (ii) (A) the Class B Note Principal Balance on such Distribution Date will be distributed to the Paying Agent for payment to the Class B Noteholders and (B) an amount equal to the sum of (1) the Class B Monthly Interest for such Distribution Date, (2) any Class B Monthly Interest previously due but not distributed to the Class B Noteholders on any prior Distribution Date and (3) the amount of Class B Additional Interest, if any, for such Distribution Date and any Class B Additional Interest previously due but not distributed to the Class B Noteholders on any prior Distribution Date, will be distributed to the Paying Agent for payment to the Class B Noteholders and (iii) any excess shall be released to the Transferor.

(d) Notwithstanding anything to the contrary in this Indenture Supplement, the Master Indenture or the Transfer and Servicing Agreement, all amounts distributed to the Paying Agent pursuant to Section 7.02(c) for payment to the Series 2007-A Noteholders shall be deemed distributed in full to the Series 2007-A Noteholders on the date on which such funds are distributed to the Paying Agent pursuant to this Section and shall be deemed to be a final distribution pursuant to Section 11.02 of the Master Indenture.

Section 7.03. Series Termination. On the Series 2007-A Final Maturity Date, the right of the Series 2007-A Noteholders to receive payments from the Issuer will be limited solely to the right to receive payments pursuant to Section 5.05 of the Master Indenture and Section 7.02.

ARTICLE EIGHT
MISCELLANEOUS PROVISIONS

Section 8.01. Ratification of Indenture. As supplemented by this Indenture Supplement, the Master Indenture is in all respects ratified and confirmed and the Master Indenture as so supplemented by this Indenture Supplement shall be read, taken and construed as one and the same instrument.

Section 8.02. Counterparts. This Indenture Supplement may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

Section 8.03. Governing Law. THIS INDENTURE SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 8.04. Limitation of Liability. Notwithstanding any other provision herein or elsewhere, this Indenture Supplement has been executed and delivered by Wilmington Trust, not in its individual capacity, but solely in its capacity as Owner Trustee of the Trust, and in no event shall the Owner Trustee in its individual capacity have any liability in respect of the representations, warranties or obligations of the Trust hereunder or under any other document, as to all of which recourse shall be had solely to the assets of the Trust, and for all purposes of this Indenture Supplement and each other document, the Owner Trustee (as such or in its individual capacity) shall be subject to, and entitled to the benefits of, the terms and provisions of the Trust Agreement.

Section 8.05. Successors and Assigns. This Indenture Supplement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns, except that the Issuer may not assign or transfer any of its rights under this Indenture Supplement without the prior written consent of the Requisite Agent and without prior notice to each Rating Agency.

Section 8.06. Amendments. In addition to the conditions to the amendment of the Master Indenture and this Indenture Supplement set forth in the Master Indenture, this Indenture Supplement may not be amended unless the Rating Agency Condition shall be been satisfied with respect to such amendment and the Class A Agent shall have consented to such amendment.

Section 8.07. Tax Matters.

(a) Notwithstanding anything to the contrary herein, each of the Paying Agent, Servicer or Indenture Trustee shall be entitled to withhold any amount that it reasonably determines in its sole discretion is required to be withheld pursuant to Section 1446 of the Code and such amount shall be deemed to have been paid for all purposes of the Master Indenture or the Transfer and Servicing Agreement.

(b) Each of the Series 2007-A Noteholders agrees that prior to the date on which the first interest payment hereunder is due thereto, it will provide to the Transferor, the Servicer and the Indenture Trustee (i) if such Series 2007-A Noteholder is incorporated or organized under the laws of a jurisdiction outside the United States (or is otherwise not a United States Person), two duly completed copies of the United States Internal Revenue Service Form W-8ECI or successor applicable or required forms, (ii) if the Transferor so requests, a duly completed copy of United States Internal Revenue Service Form W-9 or successor applicable or required forms and (iii) such other forms and information as the Transferor may reasonably request to confirm the availability of any applicable exemption from United States federal, state or local withholding taxes. Each Series 2007-A Noteholder agrees to provide to the Transferor, the Servicer and the Indenture Trustee, additional subsequent duly completed forms satisfactory to the Transferor, the Servicer and the Indenture Trustee on or before the date that any such form expires or becomes obsolete, or upon the occurrence of any event requiring an amendment, resubmission or change in the most recent form previously delivered by it, and to provide such extensions or renewals as may be reasonably requested by the Transferor, the Servicer or the Indenture Trustee. Each Series 2007-A Noteholder certifies, represents and warrants that as of the date of this Indenture Supplement, or in the case of a Series 2007-A Noteholder which is an assignee as of the date of such Note Assignment (as defined below), that (i) it is entitled (a) to receive payments under this Indenture Supplement without deduction or withholding of any United States federal income taxes (other than taxes required to be withheld pursuant to Section 1446 of the Code) and (b) to an exemption from United States backup withholding tax and (ii) it will pay any taxes attributable to its ownership of an interest in the Series 2007-A Notes.

(c) Each Series 2007-A Noteholder agrees with the Transferor that (i) it will deliver to the Transferor on or before the Closing Date or the effective date of any Note Assignment an Investment Letter, executed by such assignee Series 2007-A Noteholder, in the case of a Note Assignment, with respect to the purchase by such Series 2007-A Noteholder of a portion of an interest relating to the Series 2007-A Notes and (ii) all of the statements made by such Series 2007-A Noteholder in its Investment Letter shall be true and correct as of the date made.

(d) Subject to the provisions of Section 2.02, each Series 2007-A Noteholder may at any time sell, assign or otherwise transfer, to the extent of such Series 2007-A Noteholder's interest in the Series 2007-A Notes (each, a "Note Assignment"), to (i) either Agent, any Purchaser or any other Person specified in Section 11.03(c) of the Class A Note Purchase Agreement or (ii) any other Person to which the Transferor may consent, which consent shall not be unreasonably withheld (upon such Note Assignment, a "Series 2007-A Noteholder") all or part of its interest in the Series 2007-A Notes; provided, however, that any Note Assignment shall be void unless (i) the minimum amount of such Note Assignment shall be \$1,000,000, (ii) such assignee Series 2007-A Noteholder shall comply with this Section and shall have delivered to the Indenture Trustee, prior to the effectiveness of such Note Assignment, a copy of an agreement under which such assignee Series 2007-A Noteholder has made the representations, warranties and covenants required to be made pursuant to this Section, (iii) there shall not be, in the aggregate, more than five Class A Noteholders and Partial Participants and five Class B Noteholders and Partial Participants after giving effect to such Note Assignment and (iv) such proposed assignee shall provide the forms described in (i), (ii) and (iii) of Section 8.07(b) (subject to the Transferor's consent, as applicable and as set forth therein) in the manner described therein. In connection with any Note Assignment to a Person other than either

Agent, any Purchaser or any other Person specified in Section 11.03(c) of the Class A Note Purchase Agreement, the assignor Series 2007-A Noteholder shall request in writing to the Indenture Trustee (who shall promptly deliver it to the Transferor) for the consent of the Transferor (the Transferor shall respond to any such request within ten Business Days after its receipt and the Transferor will not unreasonably withhold such consent) it being understood that the obtaining of such consent is a condition to the effectiveness of such Note Assignment. Each assignee Series 2007-A Noteholder is subject to the terms and conditions of Section 8.07(b) on an ongoing basis and hereby makes the certifications, representations and warranties contained therein, and the assigning Series 2007-A Noteholder hereby certifies, represents and warrants that its assignee's certifications, representations and warranties thereunder are true.

(e) Each Series 2007-A Noteholder, by its holding an interest in the Series 2007-A Notes, hereby severally represents, warrants and covenants, and each Series 2007-A Noteholder that acquires an interest in the Series 2007-A Notes by Note Assignment shall be deemed to have severally represented, warranted and covenanted upon such Note Assignment that (i) it intends to treat the Series 2007-A Notes for all federal, state and local income and franchise tax purposes as indebtedness and (ii) (A) it has neither acquired, nor will it sell, trade or transfer any interest in the Series 2007-A Notes or cause any interest in the Series 2007-A Notes to be marketed on or through either (1) an "established securities market" within the meaning of Code Section 7704(b)(1), including an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers by electronic means or otherwise or (2) a "secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704(b)(2), including a market wherein interests in the Series 2007-A Notes are regularly quoted by any Person making a market in such interests and a market wherein any Person regularly makes available to the public bid or offer quotes with respect to interests in the Series 2007-A Notes and stands ready to effect buy or sell transactions at the quoted prices for itself or on behalf of others and (B) unless the Transferor consents otherwise (which consent shall be based on an Opinion of Counsel to the effect that the action taken pursuant to the consent will not cause the Trust to become a publicly traded partnership treated as a corporation), such holder (1) is properly classified as, and will remain classified as, a "corporation" as described in Code Section 7701(a)(3) and (2) is not, and will not become, an S corporation as described in Code Section 1361. Each such Series 2007-A Noteholder shall further agree in connection with its acquisition of such interest that, in the event of any breach of its representation and covenant that it is and shall remain classified as a corporation other than an S corporation, the Transferor shall have the right to procure a replacement investor to replace such Series 2007-A Noteholder, and further that such Series 2007-A Noteholder shall take all actions necessary to permit such replacement investor to succeed to its rights and obligations as a Series 2007-A Noteholder.

(f) Subject to the provisions of Section 2.02, any Series 2007-A Noteholder may at any time grant a participation in all or part (but not less than \$5,000,000) of its interest in the Series 2007-A Notes to (i) either Agent, the Purchaser or any other Person specified in Section 11.03(c) of the Class A Note Purchase Agreement, or (ii) any other Person to which the Transferor may consent, which consent shall not be unreasonably withheld (the Agents, the Purchaser and each such other Person, a "Participant" and each Participant acquiring a participation in less than all of a Series 2007-A Noteholder's rights with respect to payments due thereunder, a "Partial Participant"); provided, however, that such participation shall be void,

unless (i) such Participant complies with the applicable provisions of this Section 8.08, (ii) there shall not be, in the aggregate, more than five (5) Class A Noteholders and Partial Participants and five (5) Class B Noteholders and Partial Participants after giving effect to such participation, and (iii) such Series 2007-A Noteholder delivers to the Indenture Trustee, prior to the effectiveness of its participation, a copy of an agreement under which such Participant has made the representations, warranties and covenants required to be made pursuant to this Section. In connection with the granting of any such participation to any Person other than to either Agent, the Purchaser or any other Person specified in Section 11.03(c) of the Class A Note Purchase Agreement, the granting Series 2007-A Noteholder shall provide a written request to the Indenture Trustee (who shall promptly deliver it to the Transferor) for the consent of the Transferor to the granting of the specified interest to any identified prospective Participant, the Transferor shall respond to any such request within ten Business Days after its receipt, it being understood that the obtaining of such consent is a condition to the effectiveness of such a participation. Each Series 2007-A Noteholder hereby acknowledges and agrees that any such participation will not alter or affect in any way whatsoever such Series 2007-A Noteholder's direct obligations hereunder and that neither the Trust nor the Transferor shall have any obligation to have any communication or relationship whatsoever with any Participant of such Series 2007-A Noteholder in order to enforce the obligations of such Series 2007-A Noteholder hereunder. Each Series 2007-A Noteholder shall promptly notify the Indenture Trustee (which shall promptly notify the Transferor) in writing of the identity and interest of each Participant upon any such disposition. In granting any participation, the Series 2007-A Noteholder certifies, represents and warrants that (i) such Participant is entitled to (x) receive payments with respect to its participation without deduction or withholding of any United States federal income taxes and (y) an exemption from United States backup withholding tax, (ii) prior to the date on which the first interest payment is due to the Participant, such Series 2007-A Noteholder will provide to the Servicer and Indenture Trustee, the forms described in (i), (ii) and (iii) of Section 8.08(b) (subject to the Transferor's consent, as applicable and as set forth therein) as though the Participant were a Series 2007-A Noteholder, and (iii) such Series 2007-A Noteholder similarly will provide subsequent forms as described in Section 8.08(b) with respect to such Participant as though it were a Series 2007-A Noteholder.

(g) Each Series 2007-A Noteholder, by its holding an interest in the Series 2007-A Notes, hereby severally represents, warrants and covenants, and each Series 2007-A Noteholder that acquires an interest in the Series 2007-A Notes by Note Assignment shall be deemed to have severally represented, warranted and covenanted upon such Note Assignment that (i) it intends to treat the Series 2007-A Notes for all federal, state and local income and franchise tax purposes as indebtedness and (ii) (A) it has neither acquired, nor will it sell, trade or transfer any interest in the Series 2007-A Notes or cause any interest in the Series 2007-A Notes to be marketed on or through either (1) an "established securities market" within the meaning of Code Section 7704(b)(1), including an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers by electronic means or otherwise or (2) a "secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704(b)(2), including a market wherein interests in the Series 2007-A Notes are regularly quoted by any Person making a market in such interests and a market wherein any Person regularly makes available to the public bid or offer quotes with respect to interests in the Series 2007-A Notes and stands ready to effect buy or sell transactions at the quoted prices for itself or on behalf of others, and (B) unless the Transferor consents otherwise (which consent

shall be based on an Opinion of Counsel to the effect that the action taken pursuant to the consent will not cause the Trust to become a publicly traded partnership treated as a corporation), such holder (1) is properly classified as, and will remain classified as, a “corporation” as described in Code Section 7701(a)(3) and (2) is not, and will not become, an S corporation as described in Code Section 1361, and (z) it will (i) cause any participant with respect to such interest otherwise permitted hereunder to make similar representations and covenants for the benefit of the Transferor and the Trust and (ii) forward a copy of such representations and covenants to the Indenture Trustee. Each such Series 2007-A Noteholder shall further agree in connection with its acquisition of such interest that, in the event of any breach of its representation and covenant that it (or its participant) is and shall remain classified as a corporation other than an S corporation, the Transferor shall have the right to procure a replacement investor to replace such Series 2007-A Noteholder (or its participant), and further that such Series 2007-A Noteholder shall take all actions necessary to permit such replacement investor to succeed to its rights and obligations as a Series 2007-A Noteholder (or to the rights of its participant).

IN WITNESS WHEREOF, the undersigned have caused this Indenture Supplement to be duly executed and delivered by their respective duly authorized officers on the day and year first above written.

NORDSTROM CREDIT CARD MASTER NOTE TRUST II,
as Issuer

By: WILMINGTON TRUST COMPANY,
not in its individual capacity, but solely as
Owner Trustee

By: /s/ James P. Lawler

James P. Lawler
Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ Melissa K. Philibert

Melissa K. Philibert
Vice President

Acknowledged and Accepted:

NORDSTROM CREDIT CARD
RECEIVABLES II LLC,
as Transferor

By: /s/ Marc A. Anacker

Marc A. Anacker
Treasurer

NORDSTROM fsb,
as Servicer

By: /s/ Kevin T. Knight

Kevin T. Knight
Chairman and CEO

EXHIBIT A-1

FORM OF
SERIES 2007-A ASSET BACKED VARIABLE FUNDING NOTE, CLASS A

THIS CLASS A NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THIS CLASS A NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAW OF ANY STATE AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS TO (1) NORDSTROM FSB OR ANY AFFILIATE THEREOF, (2) A PERSON WHO THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING THEREOF IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") IN COMPLIANCE WITH RULE 144A OR (3) A PERSON WHO IS AN INSTITUTIONAL "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT, IN EACH CASE IN COMPLIANCE WITH THE CERTIFICATION AND OTHER REQUIREMENTS SPECIFIED IN THE SERIES 2007-A INDENTURE SUPPLEMENT REFERRED TO HEREIN. NONE OF THE ISSUER, THE TRANSFEROR, THE TRANSFER AGENT AND REGISTRAR OR THE INDENTURE TRUSTEE IS OBLIGATED TO REGISTER THE CLASS A NOTES UNDER THE SECURITIES ACT OR ANY OTHER STATE SECURITIES LAW.

EACH PURCHASER REPRESENTS AND WARRANTS, FOR THE BENEFIT OF NORDSTROM CREDIT CARD MASTER NOTE TRUST II, NORDSTROM FSB AND NORDSTROM CREDIT CARD RECEIVABLES II LLC, THAT SUCH PURCHASER IS NOT (1) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) WHICH IS SUBJECT TO THE PROVISIONS OF ERISA, (2) A PLAN (AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OTHER THAN A GOVERNMENTAL OR CHURCH PLAN DESCRIBED IN SECTION 4975(g)(2) OR (3) OF THE CODE) WHICH IS SUBJECT TO SECTION 4975 OF THE CODE, OR (3) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY (UNLESS REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED).

NEITHER THIS CLASS A NOTE NOR ANY INTEREST HEREIN MAY BE TRANSFERRED TO AN EMPLOYEE BENEFIT PLAN, TRUST OR ACCOUNT SUBJECT TO ERISA OR DESCRIBED IN SECTION 4975(e)(1) OF THE CODE.

ANY TRANSFER OF A DIRECT OR INDIRECT INTEREST IN THIS CLASS A NOTE IS SUBJECT TO THE PROVISIONS OF THE INDENTURE AND SUBJECT TO CERTAIN LIMITATIONS THEREIN SET FORTH, INCLUDING SECTIONS 2.02 AND 8.07 OF THE INDENTURE SUPPLEMENT.

THE OUTSTANDING PRINCIPAL BALANCE OF THIS CLASS A NOTE WILL BE REDUCED FROM TIME TO TIME BY DISTRIBUTIONS ON THIS CLASS A NOTE ALLOCABLE TO PRINCIPAL. IN ADDITION, THE PRINCIPAL BALANCE OF THIS CLASS A NOTE MAY BE INCREASED AT THE REQUEST OF THE TRANSFEROR SUBJECT TO CERTAIN TERMS AND CONDITIONS SET FORTH IN THE SERIES 2007-A INDENTURE SUPPLEMENT REFERRED TO HEREIN. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THE CLASS A NOTES, THE OUTSTANDING PRINCIPAL BALANCE OF THIS CLASS A NOTE MAY BE DIFFERENT FROM THE PRINCIPAL BALANCE SHOWN BELOW. ANYONE ACQUIRING THIS CLASS A NOTE MAY ASCERTAIN THE CURRENT OUTSTANDING PRINCIPAL BALANCE OF THIS CLASS A NOTE BY INQUIRY OF THE INDENTURE TRUSTEE. ON THE DATE OF THE INITIAL ISSUANCE OF THE CLASS A NOTES, THE INDENTURE TRUSTEE IS WELLS FARGO BANK, NATIONAL ASSOCIATION.

PRINCIPAL BALANCE \$300,000,000

REGISTERED
No. R-1

NORDSTROM CREDIT CARD MASTER NOTE TRUST II
SERIES 2007-A ASSET BACKED VARIABLE FUNDING NOTE, CLASS A

Nordstrom Credit Card Master Note Trust II (herein referred to as the "Issuer" or the "Trust"), a Delaware statutory trust governed by the Amended and Restated Trust Agreement, dated as of May 1, 2007, between Nordstrom Credit Card Receivables II LLC and Wilmington Trust Company, for value received, hereby promises to pay to JPMorgan Chase Bank, National Association, or its registered assigns, subject to the following provisions, the principal sum of THREE HUNDRED MILLION DOLLARS, or such greater or lesser amount as determined in accordance with the Indenture (as defined herein), on the Distribution Date occurring in the thirty sixth calendar month following the earlier to occur of (x) the commencement of the Scheduled Amortization Period and (y) the commencement of the Early Amortization Period (the "Series 2007-A Final Maturity Date"). The Issuer will pay interest on the unpaid principal amount of this Class A Note at the Class A Note Rate on each Distribution Date until the principal amount of this Class A Note is paid in full. Interest on this Class A Note will accrue at the Class A Note Rate for each Distribution Date from, and including, the prior Distribution Date on which interest has been paid to but excluding the current Distribution Date or, in the case of the first Distribution Date or if no interest has yet been paid, from, and including, May 2, 2007. Interest will be computed on the basis of a 360-day year and the actual number of days elapsed. Principal of this Class A Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class A Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of public and private debts.

Reference is made to the further provisions of this Class A Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class A Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Class A Note shall not be entitled to any benefit under the Master Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Class A Note to be duly executed.

Dated: May 2, 2007

NORDSTROM CREDIT CARD MASTER NOTE TRUST II, as
Issuer

By: WILMINGTON TRUST COMPANY, not in its
individual capacity but solely as Owner Trustee under the
Trust Agreement

By: _____
Name:
Title

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A Notes described in the within-mentioned Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Indenture Trustee,

By: _____
Authorized Signatory

NORDSTROM CREDIT CARD MASTER NOTE TRUST II
SERIES 2007-A ASSET BACKED VARIABLE FUNDING NOTE, CLASS A

Summary of Terms and Conditions

This Class A Note is one of a duly authorized issue of Notes of the Issuer, designated as Nordstrom Credit Card Master Note Trust II, Series 2007-A Asset Backed Variable Funding Notes (the "Series 2007-A Notes"), issued pursuant to the Amended and Restated Master Indenture, dated as of May 1, 2007 (the "Master Indenture"), between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Indenture Trustee"), as supplemented by the Series 2007-A Indenture Supplement, dated as of May 2, 2007 (the "Indenture Supplement" and, together with the Master Indenture, (the "Indenture"), between the Issuer and the Indenture Trustee, and representing the right to receive certain payments from the Issuer. The Class A Notes are subject to all of the terms of the Indenture. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Indenture. In the event of any conflict or inconsistency between the Indenture and this Note, the Indenture shall control. The Class B Notes will also be issued under the Indenture.

The Noteholder, by its acceptance of this Class A Note, agrees that it will look solely to the property of the Trust allocated to the payment of this Class A Note for payment hereunder and that the Indenture Trustee is not liable to the Noteholders for any amount payable under the Class A Notes or the Indenture or, except as expressly provided in the Indenture, subject to any liability under the Indenture.

This Class A Note does not purport to summarize the Indenture and reference is made to the Indenture for the interests, rights and limitations of rights, benefits, obligations and duties evidenced thereby, and the rights, duties and immunities of the Indenture Trustee.

The Class A Note Initial Principal Balance is \$0. The Class A Note Principal Balance on any date will be an amount equal the excess of (i) the sum of the (a) Class A Note Initial Principal Balance and (b) aggregate amount of Principal Balance Increases allocated to the Class A Notes made on or prior to such date over (ii) the aggregate amount of principal payments made to the Class A Noteholders on or prior to such date.

The Series 2007-A Final Maturity Date means the Distribution Date occurring in the thirty sixth calendar month following the earlier to occur of (x) the commencement of the Scheduled Amortization Period and (y) the commencement of the Early Amortization Period.. Payments of principal of the Class A Notes shall be payable in accordance with the provisions of the Indenture.

Subject to the terms and conditions of the Indenture, the Transferor may, from time to time, direct the Owner Trustee, on behalf of the Trust, to issue one or more new Series of Notes.

On each Distribution Date, the Paying Agent shall distribute to each Class A Noteholder of record on the related Record Date (except for the final distribution in respect of this Class A Note) such Class A Noteholder's pro rata share of the amounts held by the Paying Agent that are allocated and available on such Distribution Date to pay interest and principal on the Class A Notes pursuant to the Indenture Supplement. Except as provided in the Indenture with respect to

a final distribution, distributions to Class A Noteholders shall be made by (i) wire transfer to each Class A Noteholder at the account specified by the Class A Agent to the Indenture Trustee and the Servicer and (ii) without presentation or surrender of any Class A Note or the making of any notation thereon. Final payment of this Class A Note will be made only upon presentation and surrender of this Class A Note at the office or agency specified in the notice of final distribution delivered by the Indenture Trustee to the Class A Noteholders in accordance with the Indenture.

On any day occurring on or after the date on which the outstanding principal balance of the Series 2007-A Notes is reduced to 10% or less of the highest outstanding principal balance of the Series 2007-A Notes during the Revolving Period, at any time on or after the Closing Date, the Servicer shall have the option to redeem the Series 2007-A Notes if it has determined, in its sole estimation, that the cost of servicing the related Receivables is unduly burdensome in relation to the benefit, at a purchase price equal to, if such day is (i) a Distribution Date, the Reassignment Amount for such Distribution Date or (ii) not a Distribution Date, the Reassignment Amount for the immediately succeeding Distribution Date.

This Class A Note does not represent an obligation of, or an interest in, the Transferor, the Servicer or any of their respective Affiliates and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality.

Each Class A Noteholder, by accepting a Class A Note, hereby covenants and agrees that it will not at any time institute against the Issuer or the Transferor, or join in instituting against the Issuer or the Transferor, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law.

Except as otherwise provided in the Indenture Supplement, the Class A Notes are issuable only in minimum denominations of \$1,000 and integral multiples of \$1,000. The transfer of this Class A Note shall be registered in the Note Register upon surrender of this Class A Note for registration of transfer at any office or agency maintained by the Transfer Agent and Registrar accompanied by a written instrument of transfer, in a form satisfactory to the Indenture Trustee or the Transfer Agent and Registrar, duly executed by the Class A Noteholder or such Class A Noteholder's attorney, and duly authorized in writing with such signature guaranteed, and thereupon one or more new Class A Notes in any authorized denominations of like aggregate principal amount will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, Class A Notes are exchangeable for new Class A Notes in any authorized denominations and of like aggregate principal amount, upon surrender of such Class A Notes to be exchanged at the office or agency of the Transfer Agent and Registrar. No service charge may be imposed for any such exchange but the Issuer or Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Issuer, the Transferor, the Indenture Trustee and any agent of the Issuer, Transferor or the Indenture Trustee shall treat the Person in whose name this Class A Note is registered as the owner hereof for all purposes, and neither the Issuer, the Transferor, the Indenture Trustee nor any agent of the Issuer, Transferor or the Indenture Trustee shall be affected by notice to the contrary.

THIS CLASS A NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

ASSIGNMENT

Social Security or other identifying number of assignee _____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: 1

¹ NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

FORM OF
SERIES 2007-A ASSET BACKED VARIABLE FUNDING NOTE, CLASS B

THIS CLASS B NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THIS CLASS B NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAW OF ANY STATE AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS TO (1) NORDSTROM FSB OR ANY AFFILIATE THEREOF, (2) A PERSON WHO THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING THEREOF IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") IN COMPLIANCE WITH RULE 144A OR (3) A PERSON WHO IS AN INSTITUTIONAL "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT, IN EACH CASE IN COMPLIANCE WITH THE CERTIFICATION AND OTHER REQUIREMENTS SPECIFIED IN THE SERIES 2007-A INDENTURE SUPPLEMENT REFERRED TO HEREIN. NONE OF THE ISSUER, THE TRANSFEROR, THE TRANSFER AGENT AND REGISTRAR OR THE INDENTURE TRUSTEE IS OBLIGATED TO REGISTER THE CLASS B NOTES UNDER THE SECURITIES ACT OR ANY OTHER STATE SECURITIES LAW.

EACH PURCHASER REPRESENTS AND WARRANTS, FOR THE BENEFIT OF NORDSTROM CREDIT CARD MASTER NOTE TRUST II, NORDSTROM FSB AND NORDSTROM CREDIT CARD RECEIVABLES II LLC, THAT SUCH PURCHASER IS NOT (1) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) WHICH IS SUBJECT TO THE PROVISIONS OF ERISA, (2) A PLAN (AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OTHER THAN A GOVERNMENTAL OR CHURCH PLAN DESCRIBED IN SECTION 4975(g)(2) OR (3) OF THE CODE) WHICH IS SUBJECT TO SECTION 4975 OF THE CODE, OR (3) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY (UNLESS REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED).

NEITHER THIS CLASS B NOTE NOR ANY INTEREST HEREIN MAY BE TRANSFERRED TO AN EMPLOYEE BENEFIT PLAN, TRUST OR ACCOUNT SUBJECT TO ERISA OR DESCRIBED IN SECTION 4975(e)(1) OF THE CODE.

ANY TRANSFER OF A DIRECT OR INDIRECT INTEREST IN THIS CLASS B NOTE IS SUBJECT TO THE PROVISIONS OF THE INDENTURE AND SUBJECT TO CERTAIN LIMITATIONS THEREIN SET FORTH, INCLUDING SECTIONS 2.02 AND 8.07 OF THE INDENTURE SUPPLEMENT.

THE OUTSTANDING PRINCIPAL BALANCE OF THIS CLASS B NOTE WILL BE REDUCED FROM TIME TO TIME BY DISTRIBUTIONS ON THIS CLASS B NOTE ALLOCABLE TO PRINCIPAL. IN ADDITION, THE PRINCIPAL BALANCE OF THIS CLASS B NOTE MAY BE INCREASED AT THE REQUEST OF THE TRANSFEROR SUBJECT TO CERTAIN TERMS AND CONDITIONS SET FORTH IN THE SERIES 2007-A INDENTURE SUPPLEMENT REFERRED TO HEREIN. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THE CLASS B NOTES, THE OUTSTANDING PRINCIPAL BALANCE OF THIS CLASS B NOTE MAY BE DIFFERENT FROM THE PRINCIPAL BALANCE SHOWN BELOW. ANYONE ACQUIRING THIS CLASS B NOTE MAY ASCERTAIN THE CURRENT OUTSTANDING PRINCIPAL BALANCE OF THIS CLASS B NOTE BY INQUIRY OF THE INDENTURE TRUSTEE. ON THE DATE OF THE INITIAL ISSUANCE OF THE CLASS B NOTES, THE INDENTURE TRUSTEE IS WELLS FARGO BANK, NATIONAL ASSOCIATION.

PRINCIPAL BALANCE \$26,100,000

REGISTERED
No. R-1

NORDSTROM CREDIT CARD MASTER NOTE TRUST II
SERIES 2007-A ASSET BACKED VARIABLE FUNDING NOTE, CLASS B

Nordstrom Credit Card Master Note Trust II (herein referred to as the "Issuer" or the "Trust"), a Delaware statutory trust governed by the Amended and Restated Trust Agreement dated as of May 1, 2007, between Nordstrom Credit Card Receivables II LLC and Wilmington Trust Company, for value received, hereby promises to pay to Nordstrom Credit Card Receivables II LLC, or its registered assigns, subject to the following provisions, the principal sum of TWENTY-SIX MILLION ONE HUNDRED THOUSAND DOLLARS, or such greater or lesser amount as determined in accordance with the Indenture (as defined herein), on the Series 2007-A Final Maturity Date. The Issuer will pay interest on the unpaid principal amount of this Class B Note at the Class B Note Rate on each Distribution Date until the principal amount of this Class B Note is paid in full. Interest on this Class B Note will accrue at the Class B Note Rate for each Distribution Date from, and including, the prior Distribution Date on which interest has been paid to but excluding the current Distribution Date or, in the case of the first Distribution Date or if no interest has yet been paid, from, and including, May 2, 2007. Interest will be computed on the basis of a 360-day year and the actual number of days elapsed. Principal of this Class B Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class B Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of public and private debts.

Reference is made to the further provisions of this Class B Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class B Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Class B Note shall not be entitled to any benefit under the Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

THIS CLASS B NOTE IS SUBORDINATED TO THE EXTENT NECESSARY TO FUND PAYMENT ON THE CLASS A NOTES TO THE EXTENT SPECIFIED IN THE SERIES 2007-A INDENTURE SUPPLEMENT.

IN WITNESS WHEREOF, the Issuer has caused this Class B Note to be duly executed.

Dated: _____, _____

NORDSTROM CREDIT CARD MASTER NOTE TRUST II,
as Issuer

By: WILMINGTON TRUST COMPANY, not in its
individual capacity but solely as Owner Trustee under the
Trust Agreement

By: _____
Name:
Title

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class B Notes described in the within-mentioned Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Indenture Trustee,

By: _____
Authorized Signatory

NORDSTROM CREDIT CARD MASTER NOTE TRUST II
SERIES 2007-A ASSET BACKED VARIABLE FUNDING NOTE, CLASS B

Summary of Terms and Conditions

This Class B Note is one of a duly authorized issue of Notes of the Issuer, designated as Nordstrom Credit Card Master Note Trust II, Series 2007-A Asset Backed Variable Funding Notes (the "Series 2007-A Notes"), issued pursuant to the Amended and Restated Master Indenture, dated as of May 1, 2007 (the "Master Indenture"), between the Issuer and Wells Fargo Bank, National Association, as the Indenture Trustee (the "Indenture Trustee"), as supplemented by the Series 2007-A Indenture Supplement, dated as of May 2, 2007 (the "Indenture Supplement" and, together with the Master Indenture, (the "Indenture"), between the Issuer and the Indenture Trustee, and representing the right to receive certain payments from the Issuer. The Class B Notes are subject to all of the terms of the Indenture. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Indenture. In the event of any conflict or inconsistency between the Indenture and this Note, the Indenture shall control. The Class A Notes will also be issued under the Indenture.

The Noteholder, by its acceptance of this Class B Note, agrees that it will look solely to the property of the Trust allocated to the payment of this Class B Note for payment hereunder and that the Indenture Trustee is not liable to the Noteholders for any amount payable under the Class B Note or the Indenture or, except as expressly provided in the Indenture, subject to any liability under the Indenture.

This Class B Note does not purport to summarize the Indenture and reference is made to the Indenture for the interests, rights and limitations of rights, benefits, obligations and duties evidenced thereby, and the rights, duties and immunities of the Indenture Trustee.

The Class B Note Initial Principal Balance is \$0. The Class B Note Principal Balance on any date will be an amount equal to the excess of (i) the sum of the (a) Class B Note Initial Principal Balance and (b) aggregate amount of Principal Balance Increases allocated to the Class B Note made on or prior to such date over (ii) the aggregate amount of principal payments made to the Class B Noteholders on or prior to such date.

The Series 2007-A Final Maturity Date means means the Distribution Date occurring in the thirty sixth calendar month following the earlier to occur of (x) the commencement of the Scheduled Amortization Period and (y) the commencement of the Early Amortization Period. Payments of principal of the Class B Notes shall be payable in accordance with the provisions of the Indenture.

Subject to the terms and conditions of the Indenture, the Transferor may, from time to time, direct the Owner Trustee, on behalf of the Trust, to issue one or more new Series of Notes.

On each Distribution Date, the Paying Agent shall distribute to each Class B Noteholder of record on the related Record Date (except for the final distribution in respect of this Class B Note) such Class B Noteholder's pro rata share of the amounts held by the Paying Agent that are allocated and available on such Distribution Date to pay interest and principal on the Class B Notes pursuant to the Indenture Supplement. Except as provided in the Indenture with respect to

a final distribution, distributions to Class B Noteholders shall be made by (i) wire transfer to each Class B Noteholder at the account specified by the Class B Noteholders to the Indenture Trustee and the Servicer and (ii) without presentation or surrender of any Class B Note or the making of any notation thereon. Final payment of this Class B Note will be made only upon presentation and surrender of this Class B Note at the office or agency specified in the notice of final distribution delivered by the Indenture Trustee to the Class B Noteholders in accordance with the Indenture.

On any day occurring on or after the date on which the outstanding principal balance of the Series 2007-A Notes is reduced to 10% or less of the highest outstanding principal balance of the Series 2007-A Notes during the Revolving Period, at any time on or after the Closing Date, the Servicer shall have the option to redeem the Series 2007-A Notes if it has determined, in its sole estimation, that the cost of servicing the related Receivables is unduly burdensome in relation to the benefit, at a purchase price equal to, if such day is (i) a Distribution Date, the Reassignment Amount for such Distribution Date or (ii) not a Distribution Date, the Reassignment Amount for the immediately succeeding Distribution Date.

This Class B Note does not represent an obligation of, or an interest in, the Transferor, the Servicer or any of their respective Affiliates and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality.

Each Class B Noteholder, by accepting a Class B Note, hereby covenants and agrees that it will not at any time institute against the Issuer or the Transferor, or join in instituting against the Issuer or the Transferor, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law.

Except as otherwise provided in the Indenture Supplement, the Class B Notes are issuable only in minimum denominations of \$1,000 and integral multiples of \$1,000. The transfer of this Class B Note shall be registered in the Note Register upon surrender of this Class B Note for registration of transfer at any office or agency maintained by the Transfer Agent and Registrar accompanied by a written instrument of transfer, in a form satisfactory to the Indenture Trustee or the Transfer Agent and Registrar, duly executed by the Class B Noteholder or such Class B Noteholder's attorney, and duly authorized in writing with such signature guaranteed, and thereupon one or more new Class B Notes in any authorized denominations of like aggregate principal amount will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, Class B Notes are exchangeable for new Class B Notes in any authorized denominations and of like aggregate principal amount, upon surrender of such Class B Notes to be exchanged at the office or agency of the Transfer Agent and Registrar. No service charge may be imposed for any such exchange but the Issuer or Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Issuer, the Transferor, the Indenture Trustee and any agent of the Issuer, Transferor or the Indenture Trustee shall treat the Person in whose name this Class B Note is registered as

the owner hereof for all purposes, and neither the Issuer, the Transferor, the Indenture Trustee nor any agent of the Issuer, Transferor or the Indenture Trustee shall be affected by notice to the contrary.

THIS CLASS B NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

ASSIGNMENT

Social Security or other identifying number of assignee _____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: ¹

¹ NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

FORM OF MONTHLY SERVICER REPORT
 MONTHLY SERVICER REPORT
 NORDSTROM CREDIT CARD MASTER NOTE TRUST II
 SERIES 2004 2
 FOR THE mm/dd/yyyy — mm/dd/yyyy REPORTING PERIOD

Pursuant to the Amended and Restated Master Indenture, dated as of May __, 2007 (the “Master Indenture”), between Nordstrom Credit Card Master Note Trust II (the “Trust”) and Wells Fargo Bank, National Association, as trustee (the “Indenture Trustee”), as supplemented by the Series 2007-A Indenture Supplement, dated as of May __, 2007 (the “Indenture Supplement” and, together with the Master Indenture, the “Indenture”), between the Trust and the Indenture Trustee, Nordstrom fsb, as Servicer (the “Servicer”), pursuant to the Amended and Restated Transfer and Servicing Agreement, dated as of May __, 2007 (the “Transfer and Servicing Agreement”), among Nordstrom Credit Card Receivables II LLC, as transferor, the Servicer, the Indenture Trustee, and the Trust, is required to prepare certain information each month regarding current distributions to the Series 2007-A Noteholders and the performance of the Trust during the previous month. Capitalized terms used in this Monthly Statement have their respective meanings set forth in the Indenture.

A. Summary of Distributions to Noteholders

- 1 Class A Interest related to the mm/dd/yyyy-mm/dd/yyyy Due Period
- 2 Principal payment to Class A Noteholders
- 3 Total due to Class A Noteholders
- 4 Class B Interest related to the mm/dd/yyyy-mm/dd/yyyy Interest Period
- 5 Principal payment to Class B Noteholders
- 6 Total due to Class B Noteholders
- 7 Total interest payment to Series 2007-A Noteholders
- 8 Total principal payment to Series 2007-A Noteholders
- 9 Total payment to Series 2007-A Noteholders

B. Portfolio Reconciliation Summary

- 1 Total Principal receivables at the beginning of the month
- 2 Total Finance Charge receivables at the beginning of the month
- 3 Total Receivables at the beginning of the month
- 4 Change in Principal Receivables from prior month
- 5 Change in Finance Charge receivables from prior month
- 6 Total change in Receivables during the month
- 7 Total Principal Receivable from Removed Accounts as of each Removal Date

- 8 Total Finance Charge Receivables from Removed Accounts as of each Removal Date
- 9 Total Receivables from Accounts Removed during the month
- 10 Total Principal Receivables from Added Accounts as of each Addition Date
- 11 Total Finance Charge Receivables from Removed Accounts as of each Removal Date
- 12 Total Receivables from Accounts Added during the month
- 13 Misc. debit adjustments during the month
- 14 Misc. credit adjustments during the month
- 15 Net misc. debt/(credit) adjustment during the month
- 16 Principal receivables at the end of the month
- 17 Finance charge receivables at the end of the month
- 18 Total Receivables at the end of the month

C. Summary of Class Balances

- 1 Class A balance at the beginning of the month
- 2 Change to Class A balance during the month
- 3 Class A balance at the end of the month
- 4 Class B balance at the beginning of the month
- 5 Change to Class B balance during the month
- 6 Class B balance at the end of the month
- 7 Unreimbursed Reallocated Principal Collections
- 8 Unreimbursed Charges
- 9 Total Invested Amount at month end
- 10 Discount Option Receivables at the beginning of the month
- 11 Change in Discount Option Receivables during the month
- 12 Discount Option Receivables at the end of the month
- 13 Ineligible Receivables (see section G for reconciliation)
- 14 Transferor's Interest at month end

D. Portfolio Credit Quality

- 1 Gross Charges during the month
- 2 Net Recoveries during the month
- 3 Current
- 4 1-30 days past due
- 5 31-60 days past due
- 6 61-90 days past due
- 7 91-120 days past due
- 8 121-150 days past due
- 9 151 days past due
- 10 Total Receivables

E. Application of Finance Charge Collections

- 1 Investor Finance Charge Collections
- 2 Excess Finance Charge Allocations
- 3 Reserve Account Draw Amount
- 4 Principal Funding Account Investment Proceeds
- 5 Special Funding Account Interest
- 6 Excess Interest from Reserve Account
- 7 Available Finance Charge Collections
- 8 Servicing Fee
- 9 Class A Interest for the current month
- 10 Class A Interest previously due, but not paid
- 11 Class A Additional Interest
- 12 Class B Interest for the current month
- 13 Class B Interest previously due, but not paid
- 14 Class B Additional Interest
- 15 Investor Default Amount
- 16 Investor Uncovered Dilution
- 17 Investor Charge-Offs not previously reimbursed
- 18 Reallocated Principal Collections not previously reimbursed
- 19 If in default, the remaining is deemed Available Principal Collections
- 20 Amount required to be deposited into the Reserve Funding Account
- 21 Transition expenses
- 22 Excess Finance Charge Collections
- 23 Excess Finance Charge Collections as % of Note Principal Balance

F. Portfolio Calculations

- 1 Current month Base Rate
- 2 Prior month Base Rate
- 3 Two month prior Base Rate
- 4 Three month average Base Rate
- 5 Current month Portfolio Yield
- 6 Prior month Portfolio Yield
- 7 Two month prior Portfolio Yield
- 8 Three month average Portfolio Yield
- 9 Three month average Portfolio Adjusted Yield
- 10 Gross Yield
- 11 Gross Default Rate
- 12 Delinquency Rate
- 13 Payment Rate (monthly)
- 14 Excess Yield
- 15 Beginning Number of Accounts
- 16 Change in Number of Accounts
- 17 Ending Number of Accounts

- 18 Number of Active Accounts
- 19 Employee Accounts- Outstanding Balance & % of Total Receivables
- 20 Maximum concentration per Transfer & Servicing Agreement
- 21 Amount of Receivables deemed Ineligible
- 22 Foreign Accounts- Outstanding Balance & % of Total Receivables
- 23 Maximum concentration per Transfer & Servicing Agreement
- 24 Amount of Receivables deemed Ineligible
- 25 Accounts in Maintenance- Outstanding Balance & % of Total Receivables
- 26 Maximum concentration per Transfer & Servicing Agreement
- 27 Amount of Receivables deemed Ineligible
- 28 Receivables > 150 days past due that are not Charged Off
- 29 Maximum concentration
- 30 Amount of Receivables deemed Ineligible
- 31 Total amount of Receivables deemed Ineligible due to concentrations

IN WITNESS WHEREOF, the undersigned has duly executed this certificate this _____ day of _____, 200_.

NORDSTROM fsb

By: _____
Name:
Title:

FORM OF INVESTMENT LETTER

_____, 20__

Nordstrom fsb
13531 East Caley Avenue
Centennial, Colorado 80111
Attn: Legal Department

Wells Fargo Bank, National Association,
as Indenture Trustee
625 Marquette Avenue
MAC N9311-161
Minneapolis, Minnesota 55479
Attn: Corporate Trust Services-Asset Backed Administration

Re: Nordstrom Credit Card Master Note Trust II
Series 2007-A Asset Backed Variable Funding Notes (the "Notes")

Ladies and Gentlemen:

This letter (the "Investment Letter") is delivered by _____ (the "Purchaser") pursuant to Section 8.07(c) of the Series 2007-A Indenture Supplement, dated as of May __, 2007 (the "Indenture Supplement"), between Nordstrom Credit Card Master Note Trust II (the "Trust") and Wells Fargo Bank, National Association, as trustee (the "Indenture Trustee"), to the Amended and Restated Master Indenture, dated as of May 1, 2007 (the "Master Indenture" and, together with the Indenture Supplement, the "Indenture"), between the Trust and the Indenture Trustee. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Indenture. The Purchaser represents to the Transferor and the Indenture Trustee as follows:

- (i) The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Notes and the Purchaser is able to bear the economic risk of such investment.
- (ii) The Purchaser has reviewed the Indenture and the Transfer and Servicing Agreement (including the respective schedules and exhibits thereto) and has had the opportunity to perform due diligence with respect thereto and to ask questions of and receive answers from the Transferor and its representatives concerning the Transferor, the Trust and the Notes.
- (iii) The Purchaser is not acquiring the Notes as an agent or otherwise for any other Person, other than as provided in the Note Purchase Agreement.
- (iv) The Purchaser is a _____ corporation.

(v) The Purchaser is an “accredited investor” as defined in Rule 501 promulgated by the Securities and Exchange Commission (the “Commission”) under the Securities Act of 1933, as amended. The Purchaser understands that the offering and sale of the Notes have not been and will not be registered under the Securities Act of 1933, as amended, and have not and will not be registered or qualified under any applicable state securities laws, and that the offering and sale of the Notes have not been reviewed by, passed on or submitted to any federal or state agency or commission, securities exchange or other regulatory body.

(vi) The Purchaser is acquiring the Notes without a view to any distribution, resale or other transfer thereof, except as contemplated by the following sentence. The Purchaser will not resell, participate or otherwise transfer the Notes, any interest therein or any portion thereof, unless (A) it receives a letter from the buyer or transferee thereof or participant therein in substantially the form hereof, and (B) such sale, participation or transfer is (i) a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and applicable state securities or “blue sky” laws; (ii) to the Transferor or any affiliate of the Transferor; (iii) to a person who the Purchaser and the Agent reasonably believe is a qualified institutional buyer (within the meaning thereof in Rule 144A under the Securities Act of 1933, as amended) that is aware that the resale or other transfer is being made in reliance upon Rule 144A; or (iv) pursuant to Regulation S under the Securities Act of 1933, as amended.

(vii) The Purchaser understands that each Note will bear a legend to substantially the following effect:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAW OF ANY STATE AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS TO (1) NORDSTROM FSB OR ANY AFFILIATE THEREOF, (2) A PERSON WHO THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING THEREOF IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) IN COMPLIANCE WITH RULE 144A OR (3) A PERSON WHO IS AN INSTITUTIONAL “ACCREDITED INVESTOR” AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT, IN EACH CASE IN COMPLIANCE WITH THE CERTIFICATION AND OTHER REQUIREMENTS SPECIFIED IN THE SERIES 2007-A INDENTURE SUPPLEMENT REFERRED TO HEREIN. NONE OF THE ISSUER, THE TRANSFEROR, THE TRANSFER AGENT AND REGISTRAR OR THE INDENTURE TRUSTEE IS OBLIGATED TO REGISTER THE NOTES UNDER THE SECURITIES ACT OR ANY OTHER STATE SECURITIES LAW.

EACH PURCHASER REPRESENTS AND WARRANTS, FOR THE BENEFIT OF NORDSTROM CREDIT CARD MASTER NOTE TRUST II AND NORDSTROM FSB, THAT SUCH PURCHASER IS NOT (1) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”)) WHICH IS SUBJECT TO THE PROVISIONS OF ERISA, (2) A PLAN (AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), OTHER THAN A GOVERNMENTAL OR CHURCH PLAN DESCRIBED IN SECTION 4975(g)(2) OR (3) OF THE CODE) WHICH IS SUBJECT TO SECTION 4975 OF THE CODE, OR (3) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN’S INVESTMENT IN THE ENTITY (UNLESS REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED).

NEITHER THIS NOTE NOR ANY INTEREST HEREIN MAY BE TRANSFERRED TO AN EMPLOYEE BENEFIT PLAN, TRUST OR ACCOUNT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, OR DESCRIBED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

ANY TRANSFER OF A DIRECT OR INDIRECT INTEREST IN THIS NOTE IS SUBJECT TO THE PROVISIONS OF THE INDENTURE AND SUBJECT TO CERTAIN LIMITATIONS THEREIN SET FORTH, INCLUDING SECTIONS 2.02 AND 8.07 OF THE INDENTURE SUPPLEMENT.

THE OUTSTANDING PRINCIPAL BALANCE OF THIS NOTE WILL BE REDUCED FROM TIME TO TIME BY DISTRIBUTIONS ON THIS NOTE ALLOCABLE TO PRINCIPAL. IN ADDITION, THE PRINCIPAL BALANCE OF THIS NOTE MAY BE INCREASED AT THE REQUEST OF THE TRANSFEROR SUBJECT TO CERTAIN TERMS AND CONDITIONS SET FORTH IN THE SERIES 2007-A INDENTURE SUPPLEMENT REFERRED TO HEREIN. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THE NOTES, THE OUTSTANDING PRINCIPAL BALANCE OF THIS NOTE MAY BE DIFFERENT FROM THE INITIAL OUTSTANDING PRINCIPAL BALANCE SHOWN BELOW. ANYONE ACQUIRING THIS NOTE MAY ASCERTAIN THE CURRENT OUTSTANDING PRINCIPAL BALANCE OF THIS NOTE BY INQUIRY OF THE INDENTURE TRUSTEE. ON THE DATE OF THE INITIAL ISSUANCE OF THE NOTES, THE INDENTURE TRUSTEE IS WELLS FARGO BANK, NATIONAL ASSOCIATION.

(viii) This Investment Letter has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as such enforceability may be limited by receivership, conservatorship, bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors’ rights generally and general principles of equity.

(ix) The Purchaser represents and warrants that it is not (i) an employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to the provisions of Title I of ERISA, (ii) a plan described in Section 4975(e)(1) of the Internal Revenue Code, or (iii) an entity whose underlying assets include plan assets by reason of a plan's investment in such entity.

(x) The Purchaser, by its acceptance of the interest in the Notes purchased hereunder, agrees to treat the Notes for federal, state and local income and franchise tax purposes as indebtedness of the Transferor.

(xi) The Purchaser shall, prior to the date on which the first interest payment hereunder is due thereto, provide to the Servicer and the Indenture Trustee (i) if the Purchaser is (i) incorporated or organized under the laws of a jurisdiction outside the United States (or otherwise not a United States Person), two duly completed copies of the United States Internal Revenue Service Form W-8ECI or successor applicable or required forms, (ii) a United States Person, a duly completed copy of United States International Revenue Service Form W-9 or successor applicable or required forms, and (iii) such other forms and information as may be required to confirm the availability of any applicable exemption from United States federal, state or local withholding taxes. The Purchaser agrees to provide to the Servicer and Indenture Trustee like additional subsequent duly completed forms satisfactory to the Servicer and Indenture Trustee on or before the date that any such form expires or becomes obsolete, or upon the occurrence of any event requiring an amendment, resubmission or change in the most recent form previously delivered to it, and to provide such extensions or renewals as may be reasonably requested by the Servicer or Indenture Trustee. The Purchaser certifies, represents and warrants that as of the date of its acquisition of an interest in the Notes that (i) it is entitled (x) to receive payments under the Indenture without deduction or withholding of any United States federal income taxes (other than taxes required to be withheld pursuant to Section 1446 of the Code) and (y) to an exemption from United States backup withholding tax and (ii) it will pay any taxes attributable to its ownership of an interest in the Notes.

Very truly yours,

as Purchaser

By: _____

Name:

Title:

FORM OF PRINCIPAL BALANCE INCREASE REQUEST

_____, 20__

Nordstrom fsb
13531 East Caley Avenue
Centennial, Colorado 80111
Attn: Legal Department

Wells Fargo Bank, National Association,
as Indenture Trustee
625 Marquette Avenue
MAC N9311-161
Minneapolis, Minnesota 55479
Attn: Corporate Trust Services-Asset Backed Administration

JPMorgan Chase Bank, N.A.
10 South Dearborn
Chicago, Illinois 60603
Attn: Asset Backed Securities

Re: Nordstrom Credit Card Master Note Trust II
Series 2007-A Asset Backed Variable Funding Notes

Dear Sirs:

Pursuant to Section 4.09 of the Series 2007-A Indenture Supplement, dated as of May 1, 2007 (the "Indenture Supplement"), between Nordstrom Credit Card Master Note Trust II (the "Issuer") and Wells Fargo Bank, National Association, as Indenture Trustee (the "Indenture Trustee"), to the Amended and Restated Master Indenture, dated as of May 1, 2007 (the "Master Indenture" and, together with the Indenture Supplement, the "Indenture"), between the Issuer and the Indenture Trustee, the Issuer hereby irrevocably requests a Principal Balance Increase. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Indenture.

- 1 Proposed Principal Balance Increase Date: _____
- 2 Amount of requested Principal Balance Increase with respect to the Class A Notes (lesser of minimum amount of \$_____ or \$_____ remaining Class A Note Maximum Principal Balance)
- 3 Class A Purchase Price \$_____
- 4 Remaining Class A Note Maximum Principal Balance (after giving effect to the requested Principal Balance Increase) \$_____
- 5 Amount of requested Principal Balance Increase with respect to Class B Note (lesser of minimum amount of \$_____ or \$_____ remaining Class B Note Maximum Principal Balance)

6 Class B Purchase Price \$ _____
7 Remaining Class B Note Maximum Principal Balance (after giving effect to the requested Principal Balance Increase) \$ _____
8 Certifications:

- (a) The representations and warranties of Nordstrom Credit Card Receivables II LLC (“Transferor”) in the (i) Amended and Restated Transfer and Servicing Agreement, dated as of May 1, 2007, among the Transferor, Nordstrom fsb, as Servicer, and the Indenture Trustee, and (ii) Note Purchase Agreement, dated as of May 2, 2007 (the “Note Purchase Agreement”), among the Transferor, the Servicer, the “Purchasers” party thereto and JPMorgan Chase Bank, as the “Class A Agent,” are true and correct on the date hereof (except to the extent they expressly relate to an earlier or later time).
- (b) The conditions to the Incremental Funding specified in Section 4.09 of the Indenture Supplement, dated as of May 2, 2007, between the Issuer and the Indenture Trustee have been satisfied and/or will be satisfied as of the applicable Incremental Funding Date.

The Issuer requests that such increase in the Principal Balance Increase be made and the proceeds of such increase in the Note Principal Balance be remitted on the applicable Increase Date in immediately available funds to the Transferor, in each case in accordance with the terms and conditions specified in the Indenture Supplement and the Note Purchase Agreement.

Such Principal Balance Increase is requested to be made on _____.

NORDSTROM fsb, as Servicer

By: _____
Name:
Title

FORM OF PRINCIPAL BALANCE INCREASE CONFIRMATION

_____, 20__

Wells Fargo Bank, National Association,
as Indenture Trustee
625 Marquette Avenue
MAC N9311-161
Minneapolis, Minnesota 55479
Attn: Corporate Trust Services-Asset Backed Administration

Re: Nordstrom Credit Card Master Note Trust II
Series 2007-A Asset Backed Variable Funding Notes

Ladies and Gentlemen:

Pursuant to Section 4.09(b) of the Series 2007-A Indenture Supplement, dated as of May 1, 2007 (the "Indenture Supplement"), between Nordstrom Credit Card Master Note Trust II (the "Trust") and Wells Fargo Bank, National Association, as Indenture Trustee (the "Indenture Trustee"), to the Master Indenture, dated as of May 1, 2007 (the "Master Indenture" and, together with the Indenture Supplement, the "Indenture"), between the Trust and the Indenture Trustee, the undersigned hereby advises the Indenture Trustee that on the _____ Increase Date a Principal Balance Increase in the aggregate amount of \$_____, was made by _____. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Indenture.

[Name of Agent],
as Agent

By: _____
Name:
Title:

Certification required by Section 302(a) of the Sarbanes-Oxley Act of 2002

I, Blake W. Nordstrom, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nordstrom, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Blake W. Nordstrom

Blake W. Nordstrom
President of Nordstrom, Inc.

Date: June 8, 2007

Certification required by Section 302(a) of the Sarbanes-Oxley Act of 2002

I, Michael G. Koppel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nordstrom, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael G. Koppel

Michael G. Koppel
Executive Vice President and Chief
Financial Officer of Nordstrom, Inc.

Date: June 8, 2007

NORDSTROM, INC.
1617 SIXTH AVENUE
SEATTLE, WASHINGTON 98101
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Nordstrom, Inc (the "Company") on Form 10-Q for the period ended May 5, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Blake W. Nordstrom, President (Principal Executive Officer), and Michael G. Koppel, Executive Vice President and Chief Financial Officer (Principal Financial Officer), of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 8, 2007

/s/ Blake W. Nordstrom

Blake W. Nordstrom
President

/s/ Michael G. Koppel

Michael G. Koppel
Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Nordstrom, Inc. and will be retained by Nordstrom, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.