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

FORM 10-K

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

For the fiscal year ended January 31, 1997

/ / 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 0-6074

Nordstrom, Inc.
(Exact name of Registrant as specified in its charter)

Washington	91-0515058
(State or other jurisdiction of incorporation or organization)	(IRS employer Identification No.)

1501 Fifth Avenue, Seattle, Washington 98101
(Address of principal executive office) (Zip code)

Registrant's telephone number, including area code: 206-628-2111

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, without par value
(Title of class)

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 /X/ NO / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. /X/

On March 17, 1997, 78,682,335 shares of common stock were outstanding, and the aggregate market value of those shares (based upon the closing price as reported by NASDAQ) held by non-affiliates was approximately $1.9 billion.

Documents Incorporated by Reference:

Portions of Nordstrom, Inc. 1996 Annual Report to Shareholders
(Parts I, II and IV)

Portions of Proxy Statement for 1997 Annual Meeting of Shareholders
(Part III)

PART I

Item 1. Business.

Nordstrom, Inc. (the "Company") was incorporated in the State of Washington in 1946 as successor to a retail shoe business started in 1901. As of January 31, 1997, the Company operates 62 large specialty stores in Alaska, California, Colorado, Illinois, Indiana, Maryland, Michigan, Minnesota, New Jersey, New York, Oregon, Pennsylvania, Texas, Utah, Virginia, and Washington, selling a wide selection of apparel, shoes and accessories for women, men and children.

The Company also operates nineteen stores under the name "Nordstrom Rack" and one clearance store which serve as outlets for clearance merchandise from the Company's large specialty stores. The Racks also purchase merchandise directly from manufacturers. The Racks are located in California, Illinois, Maryland, Oregon, Pennsylvania, Utah, Virginia, and Washington.

The Company also operates a men's specialty boutique in New York under the name "Faconnable", and leased shoe departments in twelve department stores in Hawaii and Guam. The licenses for the leased shoe departments have been terminated effective November 17, 1997. In addition, the Company operates a Direct Sales Division which commenced operations in January 1994 with the mailing of its first catalog.

In August 1997, the Company will open a large specialty store in Long Island, New York and two more large specialty stores in West Hartford, Connecticut and Cleveland, Ohio in September 1997. In February 1997, the Company opened two new Rack stores in Southern California, which replaced existing Rack locations. The Company will open two new Racks in Bellevue, Washington, in May 1997 and in Hempstead, New York, in September 1997. The Company also plans to open a men's and women's Faconnable boutique in Beverly Hills, California in September to complete its planned new store opening schedule for 1997. In 1998, three new large specialty stores are planned to open in Atlanta, Georgia, Overland Park, Kansas, and Scottsdale, Arizona. In 1998, the Company also plans to open a new flagship store in downtown Seattle, Washington, and to remodel a store in San Diego, California.

The Company regularly employs on a full or part-time basis an average of approximately 39,600 employees. Due to the seasonal nature of the Company's business, the number increased to approximately 46,000 employees in July for the Company's anniversary sale, and in December for the Christmas selling season.

The Company's business is highly competitive. Its stores compete with other national, regional and local retail establishments within its operating areas which carry similar lines of merchandise, including department stores, specialty stores, boutiques and mail order businesses. The Company believes the principal methods of competing in its industry include customer service, value, fashion, advertising, store location and depth of selection.

Certain other information required under Item 1 is contained within the following sections of the Company's 1996 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

- Message to Our Shareholders
- Management Discussion and Analysis
- Note 1 in Notes to Consolidated Financial Statements
- Note 12 in Notes to Consolidated Financial Statements
- Retail Store Facilities

Executive Officers of the Registrant

Name	Age	Title	Officer Since	Family Relationship
Jammie Baugh	43	Executive Vice President	1990	None
Gail A. Cottle	45	Executive Vice President	1985	None
John A. Goesling	51	Executive Vice President and Treasurer	1980	None

Jack F. Irving	52	Executive Vice President	1980	None
Blake W. Nordstrom	36	Co-President	1991	Brother of Erik B. and Peter E. Nordstrom
Erik B. Nordstrom	33	Co-President	1995	Brother of Blake W. and Peter E. Nordstrom
J. Daniel Nordstrom	34	Co-President	1995	Brother of William E. Nordstrom and cousin of James A. Nordstrom
James A. Nordstrom	35	Co-President	1991	Cousin of J. Daniel and William E. Nordstrom
Peter E. Nordstrom	34	Co-President	1995	Brother of Blake W. and Erik B. Nordstrom
William E. Nordstrom	33	Co-President	1995	Brother of J. Daniel Nordstrom and cousin of James A. Nordstrom
John C. Walgamott	51	President of Nordstrom Credit, Inc. and Nordstrom National Credit Bank	1991	None
John J. Whitacre	44	Chairman of the Board of Directors	1989	None

<FN>
All of the above people that have not been officers for the past five years have been full-time employees of the Company during that period. The officers are re-elected annually by the Board of Directors following each year's Annual Meeting of Shareholders. Each officer is elected for a term of one year and until a successor is elected and qualifies.

Item 2. Properties.

The following table summarizes at January 31, 1997 the number of stores owned or operated by the Company and the percentage of total store area represented by each listed category:

	Number of stores	% of total store square footage
Owned Stores	21	25%
Leased Stores	30	19
Owned on leased land	29	51
Partly owned & partly leased	3	5
	83	100%

The Company also operates seven merchandise distribution centers, five of which are owned and two of which are leased. The Company leases its principal offices in Seattle, Washington, and owns an office building in the Denver, Colorado metropolitan area which serves as the principal offices of Nordstrom

Credit, Inc. and Nordstrom National Credit Bank.

Certain other information required under this item is included in the following sections of the Company's 1996 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Note 6 in Notes to Consolidated Financial Statements
Retail Store Facilities

Item 3. Legal Proceedings.
- --------------------------

The Company is not involved in any material pending legal proceedings, other than routine litigation in the ordinary course of business.

Item 4. Submission of Matters to a Vote of Security Holders.
- --

None

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.
- ---

The Company's Common Stock, without par value, is traded on the NASDAQ National Market under the symbol "NOBE." The approximate number of holders of Common Stock as of March 17, 1997 was 74,000.

Certain other information required under this item with respect to stock prices and dividends is included in the following sections of the Company's 1996 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Financial Highlights
Stock Trading
Consolidated Statements of Shareholders' Equity
Note 8 in Notes to Consolidated Financial Statements
Note 13 in Notes to Consolidated Financial Statements

Item 6. Selected Financial Data.
- --------------------------------

The information required under this item is included in the following section of the Company's 1996 Annual Report to Shareholders, which section is incorporated by reference herein from Exhibit 13.1 of this report:

Ten-Year Statistical Summary

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.
- ---

The information required under this item is included in the following section of the Company's 1996 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Management Discussion and Analysis
Note 5 in Notes to Consolidated Financial Statements

Item 8. Financial Statements and Supplementary Data.

The information required under this item is included in the following sections of the Company's 1996 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Consolidated Statements of Earnings
Consolidated Balance Sheets
Consolidated Statements of Shareholders' Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements
Independent Auditors' Report

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required under this item with respect to the Company's Directors and compliance with Section 16(a) of the Exchange Act is included in the following sections of the Company's Proxy Statement for its 1997 Annual Meeting of Shareholders, which sections are incorporated by reference herein and will be filed within 120 days after the end of the Company's fiscal year:

Election of Directors
Compliance with Section 16(a) of the Exchange Act of 1934

The information required under this item with respect to the Company's Executive Officers is incorporated by reference from Part I, Item 1 of this report under "Executive Officers of the Registrant".

Item 11. Executive Compensation.

The information required under this item is included in the following sections of the Company's Proxy Statement for its 1997 Annual Meeting of Shareholders, which sections are incorporated by reference herein and will be filed within 120 days after the end of the Company's fiscal year:

Compensation of Executive Officers in the Year Ended January 31, 1997
Compensation and Stock Option Committee Report on Fiscal Year 1996 Executive Compensation
Stock Price Performance
Compensation of Directors
Compensation Committee Interlocks and Insider Participation

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required under this item is included in the following section of the Company's Proxy Statement for its 1997 Annual Meeting of Shareholders, which section is incorporated by reference herein and will be filed within 120 days after the end of the Company's fiscal year:

Security Ownership of Certain Beneficial Owners and Management

Item 13. Certain Relationships and Related Transactions.

The information required under this item is included in the following sections of the Company's Proxy Statement for its 1997 Annual Meeting of Shareholders, which sections are incorporated by reference herein and will be filed within 120 days after the end of the Company's fiscal year:

Election of Directors
Compensation Committee Interlocks and Insider Participation

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a)1. Financial Statements

The following consolidated financial information and statements of Nordstrom, Inc. and its subsidiaries and the Independent Auditors' Report are incorporated by reference herein from Exhibit 13.1 of this report:

Consolidated Statements of Earnings
Consolidated Balance Sheets
Consolidated Statements of Shareholders' Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements
Independent Auditors' Report

(a)2. Financial Statement Schedules

	Page
Independent Auditors' Consent and Report on Schedule	13
II - Valuation and Qualifying Accounts	14

Other schedules for which provision is made in Regulation S-X are not required, are inapplicable, or the information is included in the Company's 1996 Annual Report to Shareholders as incorporated by reference herein from Exhibit 13.1 of this report.

(a)3. Exhibits

(3.1) Articles of Incorporation of the Registrant are hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1989, Exhibit A.

(3.2) By-laws of the Registrant, as amended, are filed herein as an Exhibit.

(4.1) The Indenture between Nordstrom Credit, Inc. (a wholly-owned subsidiary of the Registrant) and Norwest Bank Colorado, N.A., as successor trustee, dated November 15, 1984, the First Supplement thereto dated January 15, 1988, the Second Supplement thereto dated June 1, 1989 and the Third Supplement thereto dated

October 19, 1990 are hereby incorporated by reference from Registration No. 33-3765, Exhibit 4.2; Registration No. 33-19743, Exhibit 4.2; Registration No. 33-29193, Exhibit 4.3; and the Nordstrom Credit, Inc. Annual Report on Form 10-K (SEC File No. 0-12994) for the year ended January 31, 1991, Exhibit 4.2, respectively.

Securities authorized under each of any other long-term debt instruments of the Company or its subsidiaries do not exceed 10% of the consolidated total assets of the Company and its subsidiaries. The Company will furnish a copy of any such long-term debt instrument or agreement to the Commission upon request.

(a)3. Exhibits (continued)

(4.2) Trustee Resignation of Wells Fargo Bank (Colorado), N.A., (as successor to First Interstate Bank of Denver, N.A.), dated March 20, 1997 is filed herein as an Exhibit.

(4.3) Trustee Acceptance of Norwest Bank Colorado, N.A., dated March 20, 1997 is filed herein as an Exhibit.

(10.1) Operating Agreement dated August 30, 1991 between Nordstrom Credit, Inc. and Nordstrom National Credit Bank is hereby incorporated by reference from the Nordstrom Credit, Inc. Quarterly Report on Form 10-Q (SEC File No. 0-12994) for the quarter ended July 31, 1991, Exhibit 10.1, as amended.

(10.2) Merchant Agreement dated August 30, 1991 between Registrant and Nordstrom National Credit Bank is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1991, Exhibit 10.1.

(10.3) The 1987 Nordstrom Stock Option Plan is hereby incorporated by reference from the Registrant's Proxy Statement for the 1987 Annual Meeting of Shareholders.

(10.4) The Nordstrom Supplemental Retirement Plan is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1993, Exhibit 10.3.

(10.5) The 1993 Non-Employee Director Stock Incentive Plan is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1994, Exhibit 10.4.

(10.6) Investment Agreement dated October 8, 1984 between the Registrant and Nordstrom Credit, Inc. is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10, Exhibit 10.1.

(10.7) Operating Agreement for VISA Accounts and Receivables dated May 1, 1994 between Nordstrom Credit, Inc. and Nordstrom National Credit Bank is hereby incorporated by reference from Registration No. 33-55905, Exhibit 10.1.

(10.8) Agreement to terminate the Operating Agreement for VISA Accounts and Receivables dated May 1, 1994 between Nordstrom Credit, Inc. and Nordstrom National Credit Bank, dated August 14, 1996 is hereby incorporated by reference from the Nordstrom Credit, Inc. Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.1.

(10.9) Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank and Norwest Bank Colorado, N.A., as trustee, is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended

October 31, 1996, Exhibit 10.1.

(a)3. Exhibits (continued)

(10.10) Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Nordstrom Credit, Inc. and Norwest Bank Colorado, N.A., as trustee, is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.2.

(10.11) Transfer and Administration Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Enterprise Funding Corporation and Nationsbank, N.A. is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.3.

(10.12) Receivables Purchase Agreement dated August 14, 1996 between Registrant and Nordstrom Credit, Inc. is filed herein as an Exhibit.

(10.13) The Nordstrom, Inc. 1997 Stock Option Plan is hereby incorporated by reference from the Registrant's Proxy Statement for the 1997 Annual Meeting of Shareholders.

(13.1) The Company's 1996 Annual Report to Shareholders is filed herein as an Exhibit.

(21.1) List of the Registrant's Subsidiaries is filed herein as an Exhibit.

(23.1) Independent Auditors' Consent and Report on Schedule is on page 13 of this report.

(27.1) Financial Data Schedule is filed herein as an Exhibit.

All other exhibits are omitted because they are not applicable, not required, or because the required information is included in the Company's 1996 Annual Report to Shareholders.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the last quarter of the period for which this report is filed.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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)

Date March 31, 1997 by /s/ John A. Goesling

John A. Goesling
Executive Vice President and Treasurer
(Principal Accounting and Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Principal Accounting and Financial Officer:	Principal Executive Officer:
/s/ John A. Goesling	/s/ John J. Whitacre
John A. Goesling	John J. Whitacre
Executive Vice President and Treasurer	Chairman and Director

Directors:

/s/ Philip M. Condit	/s/ Bruce A. Nordstrom

Philip M. Condit Director	Bruce A. Nordstrom Director
/s/ D. Wayne Gittinger D. Wayne Gittinger Director	/s/ John N. Nordstrom John N. Nordstrom Director
/s/ Raymond A. Johnson Raymond A. Johnson Director	/s/ Alfred E. Osborne, Jr. Alfred E. Osborne, Jr. Director
/s/ Charles A. Lynch Charles A. Lynch Director	/s/ William D. Ruckelshaus William D. Ruckelshaus Director
/s/ Ann D. McLaughlin Ann D. McLaughlin Director	/s/ Elizabeth Crownhart Vaughan Elizabeth Crownhart Vaughan Director
/s/ John A. McMillan John A. McMillan Director	/s/ John J. Whitacre John J. Whitacre Chairman of the Board of Directors

Date March 31, 1997

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT AND REPORT ON SCHEDULE

Shareholders and Board of Directors
Nordstrom, Inc.

We consent to the incorporation by reference in Registration Statements Nos. 33-18321 and 33-28882 of Nordstrom, Inc. on Form S-8 of our reports dated March 10, 1997 appearing in and incorporated by reference in this Annual

Report on Form 10-K of Nordstrom, Inc. and subsidiaries for the year ended January 31, 1997.

We have audited the consolidated financial statements of Nordstrom, Inc. and subsidiaries as of January 31, 1997 and 1996, and for each of the three years in the period ended January 31, 1997, and have issued our report thereon dated March 10, 1997; such financial statements and report are included in your 1996 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of Nordstrom, Inc. and subsidiaries, listed in Item 14(a)2. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Deloitte & Touche LLP
March 31, 1997
Seattle, Washington

NORDSTROM, INC. AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(Dollars in thousands)

Column A	Column B	Column C	Column D	Column E
		Additions	Deductions	
Description	Balance at beginning of period	Charged to costs and expenses	Account write-offs net of recoveries	Balance at end of period

Allowance for doubtful accounts:

Year ended:

January 31, 1995	$23,145	$20,219	$20,406	$22,958
January 31, 1996	$22,958	$39,589	$33,154	$29,393
January 31, 1997	$29,393	$51,352	$53,952	$26,793

Exhibit Index

Exhibit	Method of Filing
3.1 Articles of Incorporation	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1989, Exhibit A
3.2 By-laws, as amended	Filed herewith electronically
4.1 Indenture between Nordstrom Credit, Inc. and Norwest Bank Colorado, N.A., as successor trustee, dated November 15, 1984, the First Supplement thereto dated January 15, 1988, the Second Supplement thereto dated June 1, 1989 and the Third Supplement thereto dated October 19, 1990	Incorporated by reference from Registration No. 33-3765, Exhibit 4.2; Registration No. 33-19743, Exhibit 4.2; Registration No. 33-29193, Exhibit 4.3; and the Nordstrom Credit, Inc. Annual Report on Form 10-K (SEC File No. 0-12994) for the year ended January

		31, 1991, Exhibit 4.2, respectively
4.2	Trustee Resignation of Wells Fargo Bank (Colorado), N.A., dated March 20, 1997	Filed herewith electronically
4.3	Trustee Acceptance of Norwest Bank Colorado, N.A., dated March 20, 1997	Filed herewith electronically
10.1	Operating Agreement dated August 30, 1991 between Nordstrom Credit, Inc. and Nordstrom National Credit Bank	Incorporated by reference from the Nordstrom Credit, Inc. Quarterly Report on Form 10-Q (SEC File No. 0-12994) for the quarter ended July 31, 1991, Exhibit 10.1, as amended.
10.2	Merchant Agreement dated August 30, 1991 between Registrant and Nordstrom National Credit Bank	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1991, Exhibit 10.1
10.3	1987 Nordstrom Stock Option Plan	Incorporated by reference from the Registrant's Proxy Statement for the 1987 Annual Meeting of Shareholders.
10.4	Nordstrom Supplemental Retirement Plan	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1993, Exhibit 10.3.

Exhibit Index (continued)

10.5	1993 Non-Employee Director Stock Incentive Plan	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1994, Exhibit 10.4.
10.6	Investment Agreement dated October 8, 1984 between the Registrant and Nordstrom Credit, Inc.	Incorporated by reference from the Nordstrom Credit, Inc. Form 10, Exhibit 10.1.
10.7	Operating Agreement for VISA Accounts and Receivables dated May 1, 1994 between Nordstrom Credit, Inc. and Nordstrom National Credit Bank	Incorporated by reference from Registration No. 33-55905, Exhibit 10.1.
10.8	Agreement to terminate the Operating Agreement for VISA Accounts and Receivables dated May 1, 1994 between Nordstrom Credit, Inc. and Nordstrom National Credit Bank, dated August 14, 1996	Incorporated by reference from the Nordstrom Credit, Inc. Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.1
10.9	Master Pooling and Servicing Agreement dated August 14, 1996	Incorporated by reference from the Registrant's

	between Nordstrom National Credit Bank and Norwest Bank Colorado, N.A., as trustee	Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.1.
10.10	Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Nordstrom Credit, Inc. and Norwest Bank Colorado, N.A., as trustee	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.2.
10.11	Transfer and Administration Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Enterprise Funding Corporation and Nationsbank, N.A.	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.3.
10.12	Receivables Purchase Agreement dated August 14, 1996 between Registrant and Nordstrom Credit, Inc.	Filed herewith electronically
10.13	1997 Nordstrom Stock Option Plan	Incorporated by reference from the Registrant's Proxy Statement for the 1997 Annual Meeting of Shareholders.
13.1	1996 Annual Report to Shareholders	Filed herewith electronically
21.1	Subsidiaries of the Registrant	Filed herewith electronically

Exhibit Index (continued)
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23.1	Independent Auditors' Consent and Report on Schedule	Filed herewith electronically
27.1	Financial Data Schedule	Filed herewith electronically

BYLAWS
OF
NORDSTROM, INC.

(Amended and Restated as of March 19, 1997)

ARTICLE I
Offices

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

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

ARTICLE II
Shareholders

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

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

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

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

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

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

Section 7. Voting Lists. After fixing a record date for a shareholders' meeting, the corporation shall prepare an alphabetical list of the names of all shareholders on the record date who are entitled to notice of the shareholders' meeting. The list shall show the address of and number of shares held by each shareholder. A shareholder, shareholder's agent, or a shareholder's attorney may inspect the shareholder list, at the shareholder's expense, beginning ten days prior to the shareholders' meeting and continuing

through the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held during regular business hours. The shareholder list shall be kept open for inspection at the time and place of such meeting or any adjournment.

Section 8. Quorum and Adjourned Meetings. Unless the Articles of Incorporation or applicable law provide otherwise, a majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. Once a share is represented at a meeting, other than to object to holding the meeting or transacting business, it is deemed to be present for the remainder of the meeting and any adjournment thereof unless a new record date is set or is required to be set for the adjourned meeting. A majority of the shares represented at a meeting, even if less than a quorum, may adjourn the meeting from time to time without further notice. At a reconvened meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting. Business may continue to be conducted at a duly organized meeting and at any adjournment of such meeting (unless a new record date is or must be set for the adjourned meeting), notwithstanding the withdrawal of enough shares from either meeting to leave less than a quorum.

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

Section 10. Voting of Shares. Every shareholder of record shall have the right at every shareholders' meeting to one vote for every share standing in the shareholder's name on the books of the corporation. If a quorum exists, action on a matter, other than election of directors, is approved by the shareholders if the votes cast favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation or applicable law require a greater number of affirmative votes. Notwithstanding the foregoing, shares of the corporation may not be voted if they are owned, directly or indirectly, by another corporation and the corporation owns, directly or indirectly, a majority of shares of the other corporation entitled to vote for directors of the other corporation.

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

the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all co-owners.

ARTICLE III
Board of Directors

Section 1. General Powers. The business and affairs of the corporation shall be managed by its Board of Directors.

Section 2. Number, Tenure and Qualifications. The number of directors of the corporation shall be twelve (12). Each director shall hold office until the next annual meeting of shareholders and until his successors shall have been elected and qualified. Directors need not be residents of the state of Washington or shareholders of the corporation.

Section 3. Regular Meeting. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after and at the same place as, the annual meeting of shareholders. Regular meetings of the Board of Directors shall be held at such place and on such day and hour as shall from time to time be fixed by the Chairman (or any Co-Chairman) of the Board of Directors, the President (or any Co-President) or the Board of Directors. No other notice of regular meeting of the Board of Directors shall be necessary.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman (or any Co-Chairman) of the Board of Directors, the President (or any Co-President) or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the state of Washington, as the place for holding any special meeting of the Board of Directors called by them.

Section 5. Notice. Notice of any special meeting shall be given at least two days previously thereto by either oral or written notice. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Quorum. A majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. A vacancy on the Board of Directors created by reason of an increase in the number of directors may be filled by election by the Board of Directors for a term of the office continuing only until the next election of directors by the shareholders.

Section 9. Compensation. By resolution of the Board of Directors, each director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors and at each meeting of a committee of the Board of Directors and may be paid a stated salary as director, a fixed sum for attendance at each such meeting, or both. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 10. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

ARTICLE IV
Special Measures Applying to Both Shareholder and Director Meetings

Section 1. Actions by Written Consent. Any corporate action required or permitted by the Articles of Incorporation, Bylaws, or the laws under which the corporation is formed, to be voted upon or approved at a duly called meeting of the directors, committee of directors, or shareholders may be accomplished without a meeting if one or more unanimous written consents of the respective directors or shareholders, setting forth the actions so taken, shall be signed, either before or after the action taken, by all the directors, committee members or shareholders, as the case may be. Action taken by unanimous written consent of the directors or a committee of the Board of Directors is effective when the last director or committee member signs the consent, unless the consent specifies a later effective date. Action taken by unanimous written consent of the shareholders is effective when all consents have been delivered to the corporation, unless the consent specifies a later effective date.

Section 2. Meetings by Conference Telephone. Members of the Board of Directors, members of a committee of directors, or shareholders may participate in their respective meetings by means of a conference telephone or similar communications equipment by means of which all persons participating

in the meeting can hear each other at the same time; participation in a meeting by such means shall constitute presence in person at such meeting.

Section 3. Written or Oral Notice. Oral notice may be communicated in person, or by telephone, wire or wireless equipment, which does not transmit a facsimile of the notice. Oral notice is effective when communicated. Written notice may be transmitted by mail, private carrier, or personal delivery; telegraph or teletype; or telephone, wire or wireless equipment which transmits a facsimile of the notice. Written notice to a shareholder is effective when mailed, if mailed with first class postage prepaid and correctly addressed to the shareholder's address shown in the corporation's current record of shareholders. In all other instances, written notice is effective on the earliest of the following: (a) when dispatched to the person's address, telephone number, or other number appearing on the records of the corporation by telegraph, teletype or facsimile equipment; (b) when received; (c) five days after deposit in the United States mail, as evidenced by the postmark, if mailed with first class postage, prepaid and correctly addressed; or (d) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested and the receipt is signed by or on behalf of the addressee. In addition, notice may be given in any manner not inconsistent with the foregoing provisions and applicable law.

ARTICLE V
Officers

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

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

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

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

Section 5. Chairman of the Board of Directors. The Chairman or

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

Section 6. President. The President or Co-Presidents, together with the Chairman or Co-Chairmen of the Board of Directors, shall have general supervision and control over the business and affairs of the corporation subject to the authority of the Chairman or Co-Chairmen of the Board of Directors and the Board of Directors. If the Board of Directors appoint two or more Co-Presidents, the Co-Presidents shall, without further action or appointment by the Board of Directors, occupy the Office of the President, the members of which shall each have the authority and duties as set forth in this Section. The President or a Co-President may sign any and all documents, mortgages, bonds, contracts, leases, or other instruments in the ordinary course of business with or without the signature of a second corporate officer, may sign certificates for shares of the corporation with the Secretary or Assistant Secretary of the corporation and may sign any documents which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties, authority and responsibilities as may be prescribed by the Chairman or Co-Chairmen of the Board of Directors or the Board of Directors from time to time.

Section 7. The Vice President. In the absence of the President and all Co-Presidents, or in the event of their death, inability or refusal to act, the Executive Vice President, if one is designated and otherwise the Vice Presidents in the order designated at the time of their election or in the absence of any designation, then in the order of their election, shall perform the duties of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to the Vice President by the Chairman or Co-Chairmen of

the Board of Directors, President or any Co-President, or by the Board of Directors.

Section 8. The Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents and the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholders; (e) sign with the Chairman or Co-Chairmen of the Board of Directors, President or a Co-President, or with a Vice President, certificates for shares of the corporation, or contracts, deeds or mortgages the issuance or execution of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation subject to the authority delegated to a transfer agent or registrar if appointed; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Chairman or Co-Chairmen of the Board of Directors, President or any Co-President, or by the Board of Directors.

Section 9. The Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for monies due and payable to the corporation from any source whatsoever and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VII of these Bylaws; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Chairman or Co-Chairmen of the Board of Directors, President or any Co-President, or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 10. Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries, when authorized by the Board of Directors, may sign with the Chairman or Co-Chairmen of the Board of Directors, President or a Co-President, or with a Vice President, certificates for shares of the corporation or contracts, deeds or mortgages, the issuance or execution of which shall have been authorized by a resolution of the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the Chairman or Co-Chairmen of the Board of Directors, President or any Co-President, or by the Board of Directors.

Section 11. The Controller. The Controller shall report to the

Treasurer and shall supervise and be responsible for daily operations of the Financial Department, accounts and account books of the corporation, all in the ordinary course of business. The Controller shall also perform such other duties as may from time to time be assigned by the Treasurer, by the Chairman or Co-Chairmen of the Board of Directors, by the President or any Co-President, or by the Board of Directors.

ARTICLE VI
Executive Committee

Section 1. Appointment. The Board of Directors by resolution adopted by a majority of the full Board, may designate two or more of its members to constitute an Executive Committee. The designation of such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

Section 2. Authority. The Executive Committee, when the Board of Directors is not in session, shall have and may exercise all of the authority of the Board of Directors except to the extent, if any, that such authority shall be limited by the resolution appointing the Executive Committee and except also that the Executive Committee shall not have the authority of the Board of Directors in reference to amending the Articles of Incorporation, adopting a plan of merger or consolidation, recommending to the shareholders the sale, lease or other disposition of all or substantially all of the property and assets of the corporation otherwise than in the usual and regular course of its business, recommending to the shareholders voluntary dissolution of the corporation or a revocation thereof, amending the Bylaws of the corporation or any other action prohibited by applicable law.

Section 3. Tenure and Qualifications. Each member of the Executive Committee shall hold office until the next regular annual meeting of the Board of Directors following his designation and until his successor is designated as a member of the Executive Committee and is elected and qualified.

Section 4. Meetings. Regular meetings of the Executive Committee may be held without notice at such times and places as the Executive Committee may fix from time to time by resolution. Special meetings of the Executive Committee may be called by any member thereof upon not less than one day's notice stating the place, date and hour of the meeting, which notice may be written or oral. Any member of the Executive Committee may waive notice of any meeting and no notice of any meeting need be given to any member thereof who attends in person. The notice of a meeting of the Executive Committee need not state the business proposed to be transacted at the meeting.

Section 5. Quorum. A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting thereof and action of the Executive Committee must be authorized by the affirmative vote of a majority of the members present at a meeting at which a quorum is present.

Section 6. Vacancies. Any vacancy in the Executive Committee may be filled by a resolution adopted by a majority of the full Board of Directors.

Section 7. Resignations and Removal. Any member of the Executive Committee may be removed at any time with or without cause by resolution adopted by a majority of the full Board of Directors. Any member of the Executive Committee may resign from the Executive Committee at any time by giving written notice to the Chairman (or any Co-Chairman) of the Board of Directors, the President (or any Co-President), or to the Secretary, of the corporation and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8. Procedure. The Executive Committee shall elect a Chairman of the Executive Committee or two or more Co-Chairmen of the Executive Committee from its members and may fix its own rules of procedure which shall not be inconsistent with these Bylaws. It shall keep regular minutes of its proceedings and report the same to the Board of Directors for its information at the meeting thereof held next after the proceedings shall have been taken.

ARTICLE VII
Contracts, Loans, Checks and Deposits

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

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

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

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

ARTICLE VIII
Certificates for Shares and Their Transfer

Section 1. Certificates for Shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the Chairman (or any Co-

Chairman) of the Board of Directors, the President (or any Co-President) or a Vice President and by the Secretary or an Assistant Secretary and sealed with the corporate seal or a facsimile thereof. The signatures of such officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or one of its employees. If any officer who signed a certificate, either manually or in facsimile, no longer holds such office when the certificate is issued, the certificate is nevertheless valid. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors may prescribe.

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

ARTICLE IX
Fiscal Year

The fiscal year of the corporation shall begin on the first day of February and end on the thirty-first day of January in each year.

ARTICLE X
Dividends

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

ARTICLE XI
Corporate Seal

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

ARTICLE XII
Indemnification of Directors, Officers and Others

Section 1. Right to Indemnification. Each person (including a person's personal representative) who was or is made a party or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or by or in the right of the corporation, or otherwise (hereinafter a "proceeding") by reason of the fact that he or she (or a person of whom he or she is a personal representative) is or was a director or officer of the corporation or, being or having been such a director or officer, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, agent or in any other relationship or capacity whatsoever, of any other foreign or domestic corporation, partnership, joint venture, employee benefit plan or trust or other trust, enterprise or other private or governmental entity, agency, board, commission, body or other unit whatsoever (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action or inaction in an official capacity as a director, officer, partner, trustee, employee, agent or in any other relationship or capacity whatsoever, shall be indemnified and held harmless by the corporation to the fullest extent not prohibited by the Washington Business Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment does not prohibit the corporation from providing broader indemnification rights than prior to the amendment), against all expenses, liabilities and losses (including but not limited to attorneys' fees, judgments, claims, fines, ERISA and other excise and other taxes and penalties and other adverse effects and amounts paid in settlement), reasonably incurred or suffered by the indemnitee; provided, however, that no such indemnity shall indemnify any person from or on account of acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law, or from or on account of conduct of a director finally adjudged to be in violation of RCW 23B.08.310, or from or on account of any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which the person was not legally entitled; and further provided, however, that except as provided in Section 2 of this Article with respect to suits relating to rights to indemnification, the corporation shall indemnify any indemnitee in connection with a proceeding (or part thereof) initiated by the indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation.

The right to indemnification granted in this Article is a contract right and includes the right to payment by, and the right to receive reimbursement from, the corporation of all expenses as they are incurred in connection with any proceeding in advance of its final disposition (hereinafter an "advance of expenses"); provided, however, that an advance of expenses received by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee unless

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

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

Section 3. Non-Exclusivity of Rights. The rights to indemnification (including, but not limited to, payment, reimbursement and advances of expenses) granted in this Article shall not be exclusive of any other powers or obligations of the corporation or of any other rights which any person may have or hereafter acquire under any statute, the common law, the corporation's

Articles of Incorporation or Bylaws, agreement, vote of shareholders or disinterested directors, or otherwise. Notwithstanding any amendment to or repeal of this Article, any indemnitee shall be entitled to indemnification in accordance with the provisions hereof with respect to any acts or omissions of such indemnitee occurring prior to such amendment or repeal.

Section 4. Insurance, Contracts and Funding. The corporation may purchase and maintain insurance, at its expense, to protect itself and any person (including a person's personal representative) who is or was a director, officer, employee or agent of the corporation or who is or was a director, officer, partner, trustee, employee, agent, or in any other relationship or capacity whatsoever, of any other foreign or domestic corporation, partnership, joint venture, employee benefit plan or trust or other trust, enterprise or other private or governmental entity, agency, board, commission, body or other unit whatsoever, against any expense, liability or loss, whether or not the power to indemnify such person against such expense, liability or loss is now or hereafter granted to the corporation under the Washington Business Corporation Act. The corporation may enter into contracts granting indemnity, to any such person whether or not in furtherance of the provisions of this Article and may create trust funds, grant security interests and use other means (including, without limitation, letters of credit) to secure and ensure the payment of indemnification amounts.

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

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

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

Section 8. Successors and Assigns. All obligations of the corporation

to indemnify any indemnitee: (i) shall be binding upon all successors and assigns of the corporation (including any transferee of all or substantially all of its assets and any successor by merger or otherwise by operation of law), (ii) shall be binding on and inure to the benefit of the spouse, heirs, personal representatives and estate of the indemnitee, and (iii) shall continue as to any indemnitee who has ceased to be a director, officer, partner, trustee, employee or agent (or other relationship or capacity).

ARTICLE XIII
Books and Records

Section 1. Books of Accounts, Minutes and Share Register. The corporation shall keep as permanent records minutes of all meetings of its shareholders and Board of Directors, a record of all actions taken by the shareholders or Board of Directors without a meeting and a record of all actions taken by a committee of the Board of Directors exercising the authority of the Board of Directors on behalf of the corporation. The corporation shall maintain appropriate accounting records. The corporation or its agent shall maintain a record of its shareholders, in a form that permits preparation of a list of the names and addresses of all shareholders, in alphabetical order showing the number and class of shares held by each. The corporation shall keep a copy of the following records at its principal office: the Articles or Restated Articles of Incorporation and all amendments currently in effect; the Bylaws or Restated Bylaws and all amendments currently in effect; the minutes of all shareholders' meetings and records of all actions taken by shareholders without a meeting, for the past three years; its financial statements for the past three years, including balance sheets showing in reasonable detail the financial condition of the corporation as of the close of each fiscal year and an income statement showing the results of its operations during each fiscal year prepared on the basis of generally accepted accounting principles or, if not, prepared on a basis explained therein; all written communications to shareholders generally within the past three years; a list of the names and business addresses of its current directors and officers; and its most recent annual report delivered to the Secretary of State of the State of Washington.

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

ARTICLE XIV
Amendment of Bylaws

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

TRUSTEE RESIGNATION

TO: Nordstrom Credit, Inc.

In connection with the appointment of Norwest Bank Colorado, National Association as successor trustee under the indenture (defined below), Wells Fargo Bank (Colorado), N.A. (the "Resigning Trustee"), hereby resigns as trustee under that certain indenture by and between the Company and the Resigning Trustee dated as of November 15, 1984 as supplemented by the First Supplemental Indenture dated as of January 15, 1988, the Second Supplemental Indenture dated as of June 1, 1989 and the Third Supplemental Indenture dated as of October 19, 1990 (as supplemented, the "Indenture"), providing for the issuance from time to time of unsecured debentures, notes or other evidences of indebtedness of the Company (the "Securities") to be issued in one or more series under such Indenture. The Resigning Trustee acknowledges that $311,000,000.00 aggregate principal amount of debt securities are outstanding under the Indenture.

The resignation is provided pursuant to Section 610(b) of the Indenture, and shall be applicable with respect to all series of Securities heretofore issued under the Indenture.

DATED: March 20, 1997

WELLS FARGO BANK
(COLORADO), N.A.

BY /s/ Richard J. Sullivan

Richard J. Sullivan, III
Vice President

TRUSTEE ACCEPTANCE

TO: Wells Fargo Bank (Colorado), N.A.
Nordstrom Credit, Inc.

Norwest Bank Colorado, National Association (the "Successor Trustee"), hereby acknowledges and accepts its appointment by Nordstrom Credit, Inc. (The "Company") as successor trustee under that certain indenture by and between the Company and Wells Fargo Bank (Colorado), N.A., as successor trustee (the "Resigning Trustee"), dated as of November 15, 1984, as supplemented by the First Supplemental Indenture dated as of January 15, 1988, the Second Supplemental Indenture dated as of June 1, 1989, and the Third Supplemental Indenture dated as of October 19, 1990 (as supplemented, the "Indenture"), providing for the issuance from time to time of unsecured debentures, notes or other evidences of indebtedness of the Company (the "Securities") to be issued in one or more series under such Indenture.

This acceptance is given pursuant to Section 611 of the Indenture, and shall be applicable with respect to all series of Securities heretofore issued under the Indenture.

Dated: March 20, 1997

NORWEST BANK COLORADO,
NATIONAL ASSOCIATION

BY:/s/ Cheryl J. Hanson

Cheryl J. Hanson, Vice President

The Company hereby confirms Norwest Bank Colorado, National Association is vested with all the rights, powers, trusts and duties of the Resigning Trustee under the Indenture.

Dated: March 20, 1997

NORDSTROM CREDIT, INC.

BY:/s/ John C. Walgamott

John C. Walgamott, President

RECEIVABLES PURCHASE AGREEMENT

This Receivables Purchase Agreement is executed by and between Nordstrom, Inc., a Washington corporation ("Nordstrom") and Nordstrom Credit, Inc., a Colorado corporation and a wholly owned subsidiary of Nordstrom ("Credit").

WHEREAS Credit is the owner and holder of certain amounts owing, from time to time, by a person or persons, including any guarantor thereof, under certain VISA accounts (I) owned by Nordstrom National Credit Bank as of July 31, 1996, other than VISA accounts which are 30 days or more delinquent on a contractual basis as of July 31, 1996, or (ii) originated y Nordstrom National Credit Bank during the period from the close of business on July 31, 1996 to the close of business on August 14, 1996, including in each case without limitation, amounts owing for the purchase of merchandise and services, periodic finance charges, cash advances and cash advance fees, access checks, annual cardholder fees, credit insurance premiums, late fees, overlimit fees, return check fees and all other fees and charges, and all monies due or to become due with respect to any of the foregoing and all proceeds (including "proceeds" as defined in the Uniform Commercial Code (the "UCC") of the State of Colorado) thereof, the aggregate amount of which as of July 31, 1996 was $208,462,983 (the "Receivables"); and

WHEREAS Nordstrom desire to purchase from Credit, and Credit desires to sell to Nordstrom, the Receivables;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Credit hereby sells, transfers, assigns and conveys to Nordstrom all of Credit's right, title and interest in and to the Receivables, and Nordstrom hereby purchases all of such right, title and interest in and to the Receivables for a purchase price of $208,462,983; and

2. Credit agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by Nordstrom more fully to effect the purposes of this Agreement, including, without limitation, a financing statement relating to the transfer of the Receivables pursuant to this Agreement under the provisions of the UCC of the State of Colorado and any other applicable state and any financing statements or continuation statements relating to the Receivables requested by Nordstrom for filing under the provisions of the UCC of the State of Colorado or any other applicable state.

This Agreement shall be construed in accordance with the laws of the State of Colorado, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

DATED this 14th day of August, 1996.

NORDSTROM, INC.,
a Washington corporation

By /s/ John A. Goesling

John A. Goesling, Executive
Vice President

NORDSTROM CREDIT, INC.
a Colorado corporation

By /s/ John A. Goesling

John A. Goesling, Executive
Vice President

EXHIBIT 13.1
PORTIONS OF THE 1996 ANNUAL REPORT TO SHAREHOLDERS

FINANCIAL HIGHLIGHTS

Dollars in thousands except per share amounts

	Fiscal Year 1996	Fiscal Year 1995	% Change
Net sales	$4,453,063	$4,113,517	+8.3
Earnings before income taxes	243,505	272,312	-10.6
Net earnings	147,505	165,112	-10.7
Net earnings per share	1.82	2.02	-9.9
Cash dividends paid per share	.500	.500	0.0

STOCK TRADING

	Fiscal Year 1996		Fiscal Year 1995	
	High	Low	High	Low
First Quarter	50 7/8	39 1/4	45 1/4	36 1/4
Second Quarter	52 7/8	39 1/4	44 3/4	35
Third Quarter	42 3/8	35 1/2	43	36 5/8
Fourth Quarter	44	35 7/16	43 3/8	37

Nordstrom, Inc. common stock is traded over-the-counter and quoted daily in leading financial publications. NASDAQ Symbol -- Nobe.

Graph - Net Sales
The vertical bar graph compares net sales for the past ten years. Beginning with the oldest fiscal year on the left, net sales (dollars are in millions) were as follows: 1987-$1,920; 1988-$2,328; 1989-$2,671; 1990-$2,894; 1991-$3,180; 1992-$3,422; 1993-$3,590; 1994-$3,894; 1995-$4,114; and 1996-$4,453.

Graph - Net Earnings
The vertical bar graph compares net earnings for the past ten years. Beginning with the oldest fiscal year on the left, net earnings (dollars in millions) were as follows: 1987-$92.7; 1988-$123.3; 1989-$114.9; 1990-$115.8 1991-$135.8; 1992-$136.6; 1993-$140.4; 1994-$203.0; 1995-$165.1; and 1996-$147.5.

MESSAGE TO OUR SHAREHOLDERS

The past year has been full of ambitious change and exciting growth for Nordstrom. We opened new stores in Philadelphia, Dallas, Detroit, and Denver, each generating strong sales volume. Nordstrom achieved an 8.3 percent sales volume increase to a record $4.5 billion, although net income declined 10.7 percent to $147.5 million. While we did see a modest increase in sales, it came primarily from store expansion. Needless to say, we are disappointed with lower net income.

A strategic reorganization of some of our women's apparel divisions brought higher-than-average markdowns that, combined with other factors including a disappointing holiday season, contributed to lower earnings. While we may have underestimated the downward impact that the merchandise reorganization would have on our financial results, we believe our women's apparel areas are now better positioned for future growth.

In addition to our new full-line Nordstrom stores, the Rack Division opened its second Midwest location in Northbrook Court on the North Shore of Chicago. This brings our total number of full-line stores to 62 and Rack/clearance stores to 20. The additional 1,041,000 square feet brings the company total to 11,754,000.

The Direct Sales Catalog Division continues to grow at a brisk pace. Operating performance was dramatically improved over the previous year. Additionally, we broke ground on a state-of-the-art fulfillment center in Cedar Rapids, Iowa. The center will not only better serve our mail order customers, but will allow room for further growth. We intend to have the first catalog filled and delivered through this facility in late summer 1997.

This year, even more opportunity awaits us with new stores opening in Cleveland, Long Island and Hartford-significant markets for us. In 1998 and beyond, we are preparing to add stores in existing regions and expand into other excellent new markets. Some of these include Atlanta, Georgia; Overland Park, Kansas; Scottsdale, Arizona; Honolulu, Hawaii; Providence, Rhode Island; and a new flagship store in downtown Seattle, Washington.

With continued store expansion and a focused effort to improve results at existing stores, our goal is to increase earnings and build value for our shareholders. As we look to the future, we do so with confidence. Our strength has always been -- and continues to be -- not just the quality of our merchandise, but the quality of our people.

John Whitacre

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis gives a detailed review of the past three years, in addition to information on future commitments and trends. Some of the information in this annual report, including anticipated store openings, planned capital expenditures and trends in company operations are forward looking statements which are subject to risks and uncertainties. Actual future results and trends may differ materially depending upon a variety of factors, including but not limited to, the Company's ability to predict fashion trends, consumer apparel buying patterns, the Company's ability to control costs and expenses, trends in personal bankruptcies and bad debt write-offs, employee relations, adverse weather conditions and other hazards of nature such as earthquakes and floods, the Company's ability to continue its expansion plans, and the impact of competitive market factors. This discussion and analysis should be read in conjunction with the basic consolidated financial statements and the Ten-Year Statistical Summary.

Sales

Sales have increased to record levels in each of the past three years. The percentage change by year is as follows:

Fiscal Year	1996	1995	1994
Sales in comparable stores (open at least fourteen months)	0.6%	(0.7%)	4.4%
Sales in new stores	7.0%	5.2%	3.3%
Direct sales catalog	0.7%	1.1%	0.8%
Total percentage increase	8.3%	5.6%	8.5%

After a healthy gain in comparable store sales in 1994, sales in comparable stores have changed only slightly in the last two years. In 1995, the Company experienced declining demand for apparel in general, as well as sales decreases at several stores in the Company's Chicago and New Jersey markets resulting from new store openings in those markets. In mid-1996, the Company changed the merchandise mix in most of its women's apparel departments in response to changing customer profiles and vendor product offerings. While management believes these changes will better position our women's apparel departments for future growth, they resulted in sales decreases in many of the departments. These decreases offset increases in other areas of business. In addition, in the fourth quarter, portions of the Company's holiday merchandising strategy were not executed as well as planned. The Company is continuing to evaluate its merchandise mix to meet customers' changing needs and increase sales.

Sales in new stores includes sales from stores open less than fifteen months. The Company has continued to expand its store base over the past several years with new store openings. These new stores are generally not as productive as the Company's average store because customer base and traffic patterns are developed over time. As a result, sales growth from these new stores does not match the increase in average square footage over the past several years.

The direct sales catalog division, which started in 1994, continues to grow rapidly with sales of $103 million in 1996.

Although the Company's average price point has increased over the past several years, this has been due to changes in the merchandise mix. There has been little, if any, inflation in overall merchandise prices during the past several years.

Graph - Percentage of 1996 Sales by Merchandise Category
The pie chart depicts each merchandise category and its percent of total sales. Clockwise: Shoes - 20%; Men's Apparel and Furnishings - 18%; Women's Accessories - 20%; Children's Apparel and Accessories - 4%; Women's Apparel - 35%; and Other - 3%. The caption below the graph reads, "Sales by major merchandise category have changed only slightly over the past several years."

Costs and Expenses

As a result of increased sales, the total amount of costs and expenses has increased in each year. As a percentage of sales, total costs and expenses were 91.4% in 1994, 93.4% in 1995, and 94.5% for 1996. Unless otherwise indicated, the changes discussed below are stated as a percentage of sales as shown on page 14.

Cost of sales and related buying and occupancy costs fluctuate as a percentage of sales primarily because of changes in the cost of sales component. With changes in merchandise styles and selections, cost of sales, and therefore the merchandise gross margin, can fluctuate up and down from year to year. During 1994, the merchandise margin improved dramatically because of higher than anticipated sales increases and implementation of part of the Company's new inventory management system. Nearly all categories of merchandise had higher margins, but women's apparel showed the greatest improvement following the low level in 1993. In 1995, the merchandise gross margin decreased because excess inventory levels led to higher markdowns as sales did not meet expectations. Merchandise margins decreased again in 1996 due to higher markdowns which resulted from the merchandise changes in the Company's women's apparel departments discussed earlier, a lower markup, and sales that were below expectations. Buying costs increased both in 1994 and 1995 as the Company spent more to develop its own merchandise brands and to develop and implement a new inventory management system. Occupancy costs increased in 1995 and 1996 as a result of new store openings and remodeling of older stores.

Selling, general and administrative expenses increased in both 1995 and 1996 for several reasons. In 1995, expenses in comparable stores continued to increase while sales declined. In addition, bad debts increased as a result of the growth of the Company's VISA credit card program, and the direct sales catalog division continued to incur high operating costs. In 1996, selling, general and administrative expenses increased primarily because of higher bad debts. Rising consumer debt levels have led to higher charge-offs on the Company's credit card balances, particularly from personal bankruptcies. Improvements in the operating costs of the direct sales catalog division were offset by rising expenses in stores.

During 1994, interest expense decreased as more interest was capitalized on projects under construction. Interest expense increased in 1995 because of higher borrowings to finance the Company's customer accounts receivable balances.

In 1995, other income increased primarily due to an increase in service charge income because of higher levels of customer accounts receivable outstanding during the year.

Liquidity and Capital Resources

Net cash used in investing activities exceeded net cash provided by operating activities in 1994 and 1995 as the Company increased its spending on new store construction and its investment in customer accounts receivable. In 1996, net cash provided exceeded net cash used as the growth of credit card receivables slowed dramatically.

The Company believes that operating working capital (net working capital less short-term investments plus notes payable and the current portion of long-term debt) is a more appropriate measure of the Company's on-going working capital requirements than net working capital because it eliminates the effect of changes in the levels of short-term investments and borrowings. These levels can vary each year depending on financing activities. The Company's operating working capital has fluctuated as shown below:

Fiscal Year	1996	1995	1994
Operating working capital (in thousands)	$939,204	$1,068,923	$843,924
Percentage change from prior year	(12.1%)	26.7%	13.3%
Net sales/average operating working capital	4.4	4.3	4.9

In 1994, customer accounts receivable increased because the Company commenced its own Visa credit card program. The increase in customer accounts receivable along with higher merchandise inventories caused operating working capital to increase. In 1995, the Company increased its investment in customer accounts receivable through continued promotion of its Visa card program and by reducing the minimum payment on its proprietary credit card. This caused operating working capital to increase at a significantly greater rate than sales.

During 1996, the Company's proprietary credit card balances did not increase because of continuing competition from third-party cards. The Company also reduced its efforts to promote its VISA credit card because of concerns about rising charge-offs. In addition, in 1996 the Company securitized its VISA credit card portfolio, as described more fully in Notes 5 and 12 to the accompanying financial statements. These factors together resulted in a decrease in operating working capital for the year.

Graph - Investing and Operating Cash Flows
The vertical bar graph compares cash provided by operating activities and cash used in investing activities for each year, for the past ten years. Dollars are in millions.

Year	Cash used in investing activities	Cash provided by operating activities
1987	$128.3	$ 87.7
1988	$153.4	$ 46.0
1989	$168.7	$122.2
1990	$200.7	$148.1
1991	$147.2	$154.0
1992	$ 71.9	$235.6
1993	$132.7	$262.1
1994	$246.9	$231.8
1995	$254.0	$121.9
1996	$206.1	$248.9

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Capital Resources (continued)

The Company has spent approximately $730 million during the last three years to add new stores and facilities and to improve existing stores and facilities. Over 2.4 million square feet of selling space has been added during this time period, representing an increase of 27%. Most of the new stores have been constructed by the Company on land that it owns or leases under long-term agreements, thus providing a strong basis for future operations.

The Company plans to spend approximately $900 million on capital projects during the next three years, with approximately $250 million allocated to the refurbishment of existing stores. Although the Company has made commitments for stores to be opening in 1997 and beyond, it is possible that some stores may not be opened as scheduled because of environmental and land use regulations and the difficulties encountered by shopping center developers in securing financing. Management believes that the Company's current financial strength provides the resources necessary to maintain its existing stores and the flexibility to take advantage of new store opportunities.

In view of the decrease in the Company's debt to capital ratio that occurred over time, the Board of Directors approved $100 million common stock repurchase programs in each of May 1995, November 1996 and February 1997. Through the end of 1996, the Company spent $121 million to repurchase 3,138,375 outstanding shares of its common stock under these programs. Management expects to complete the second program, and depending upon the price of the Company's shares and operating results, begin the third program in 1997.

The anticipated growth of the Company's operations will require some external capital in the next three years. Nordstrom Credit, Inc. anticipates filing a shelf registration statement to register up to $250 million in debt securities in the first quarter of 1997. Management believes, however, that the expansion of the Company's operations over the next several years will not increase its debt to capital percentage. Management and the Board of Directors will continue to evaluate the prospects for future share repurchases.

Graph - Square Footage by Market Area at end of 1996
The pie chart shows the percent of total square feet in each region and also gives the number of square feet for that region. Clockwise: Washington, 11.8%, 1,383,000; Other, 1.2%, 145,000; Midwest, 12.5%, 1,472,000; Oregon, 7.0%, 823,000; Utah/Colorado, 5.1%, 602,000; Southern California, 22.9%, 2,688,000; Northern California, 15.1%, 1,772,000; Capital, 12.6%, 1,481,000; Southwest, 2.1%, 249,000; and Northeast, 9.7%, 1,139,000.

CONSOLIDATED STATEMENTS OF EARNINGS

Dollars in thousands except per share amounts

	% of	% of

Year ended January 31,	1997		1996	sales	1995	sales
Net Sales	$4,453,063	100.0	$4,113,517	100.0	$3,894,478	100.0
Costs and Expenses:						
Cost of sales and related buying and occupancy	3,082,037	69.2	2,806,250	68.2	2,599,553	66.7
Selling, general and administrative	1,217,590	27.3	1,120,790	27.2	1,023,347	26.3
Interest, net	39,400	.9	39,295	1.0	30,664	.8
Service charge income and other, net	(129,469)	(2.9)	(125,130)	(3.0)	(94,644)	(2.4)
Total Costs and Expenses	4,209,558	94.5	3,841,205	93.4	3,558,920	91.4
Earnings before income taxes	243,505	5.5	272,312	6.6	335,558	8.6
Income taxes	96,000	2.2	107,200	2.6	132,600	3.4
Net Earnings	$ 147,505	3.3	$ 165,112	4.0	$ 202,958	5.2
Net Earnings per share	$1.82		$2.02		$2.47	
Cash dividends paid per share	$.50		$.50		$.385	

<FN>
The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

Dollars in thousands January 31,	1997	1996
Assets		
Current Assets:		
Cash and cash equivalents	$ 28,284	$ 24,517
Accounts receivable, net	714,589	893,927

Merchandise inventories	719,919	626,303
Prepaid income taxes and other	69,607	68,029
Total Current Assets	1,532,399	1,612,776
Property, buildings and equipment, net	1,152,454	1,103,298
Other assets	17,654	16,545
Total Assets	$2,702,507	$2,732,619

Liabilities and Shareholders' Equity

Current Liabilities:		
Notes payable	$ 163,770	$ 232,501
Accounts payable	310,430	277,584
Accrued salaries, wages, and taxes	192,750	185,540
Accrued expenses	56,080	47,834
Accrued income taxes	13,045	14,644
Current portion of long-term debt	51,302	74,210
Total Current Liabilities	787,377	832,313
Long-term debt	329,330	365,733
Deferred lease credits and other deferred items	112,608	111,601
Shareholders' Equity	1,473,192	1,422,972
Total Liabilities and Shareholders' Equity	$2,702,507	$2,732,619

<FN>
The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Dollars in thousands except per share amounts Year ended January 31,	1997	1996	1995
Common Stock			
Authorized 250,000,000 shares; issued and outstanding 79,634,977, 81,113,144 and 82,244,098 shares			
Balance at beginning of year	$ 168,440	$ 163,334	$ 157,374

Issuance of common stock	14,958	5,106	5,960
Balance at end of year	183,398	168,440	163,334

Retained Earnings

Balance at beginning of year	1,254,532	1,180,466	1,009,130
Net earnings	147,505	165,112	202,958
Cash dividends paid ($.50, $.50, and $.385 per share)	(40,472)	(41,001)	(31,622)
Purchase and retirement of common stock	(71,771)	(50,045)	-
Balance at end of year	1,289,794	1,254,532	1,180,466
Total Shareholders' Equity	$1,473,192	$1,422,972	$1,343,800

<FN>
The accompany Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Dollars in thousands Year ended January 31,	1997	1996	1995
Operating Activities			
Net earnings	$147,505	$165,112	$202,958
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	156,122	134,347	110,789
Change in:			
Accounts receivable, net	(7,262)	(218,036)	(89,450)

Merchandise inventories	(93,616)	1,627	(42,328)
Prepaid income taxes and other	(1,578)	(6,634)	(9,746)
Accounts payable	32,846	4,500	9,029
Accrued salaries, wages, and taxes	7,210	(4,961)	33,554
Accrued expenses	8,246	6,844	4,996
Income tax liabilities	(12,216)	(12,621)	(4,518)
Deferred lease credits	11,624	51,756	16,558
Net cash provided by operating activities	248,881	121,934	231,842
Investing Activities			
Additions to property, buildings and equipment, net	(204,278)	(252,876)	(248,608)
Other, net	(1,838)	(1,103)	1,660
Net cash used in investing activities	(206,116)	(253,979)	(246,948)
Financing Activities			
Proceeds from accounts receivable securitization	186,660	-	-
(Decrease) increase in notes payable	(68,731)	145,113	47,051
Proceeds from issuance of long-term debt	57,729	140,859	49,656
Principal payments on long-term debt	(117,311)	(75,967)	(114,664)
Proceeds from issuance of common stock	14,958	5,106	5,960
Cash dividends paid	(40,472)	(41,001)	(31,622)
Purchase and retirement of common stock	(71,771)	(50,045)	-
Net cash (used in) provided by financing activities	(38,998)	124,065	(43,619)
Net increase (decrease) in cash and cash equivalents	3,767	(7,980)	(58,725)
Cash and cash equivalents at beginning of year	24,517	32,497	91,222
Cash and cash equivalents at end of year	$ 28,284	$ 24,517	$ 32,497

<FN>
The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dollars in thousands except per share amounts

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company: Nordstrom, Inc. is a fashion specialty retailer offering a wide selection of high quality apparel, shoes and accessories for women, men and children, principally through 62 large specialty stores and 20 clearance stores. All of the Company's stores are located in the United States, with approximately 40% of its retail square footage located in the state of California.

The Company purchases a significant percentage of its merchandise from foreign countries, principally from the Far East. Any event causing a disruption in imports from the Far East could have a material adverse impact on the Company's operations. In connection with the purchase of foreign merchandise, the Company has outstanding letters of credit totaling $55,183 at January 31, 1997.

Basis of Presentation: The Consolidated Financial Statements include the accounts of Nordstrom, Inc. and its subsidiaries. All significant intercompany transactions and accounts are eliminated in consolidation. The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses in the accompanying financial statements. Actual results could differ from those estimates.

Merchandise Inventories: Merchandise inventories are stated at the lower of cost (first-in, first-out basis) or market, using the retail method.

Property, Buildings and Equipment: Straight-line and accelerated methods are applied in the calculation of depreciation and amortization. Lives used for calculating depreciation and amortization rates for the principal asset classifications are as follows: buildings, 10 to 40 years; store fixtures and equipment, three to 15 years; leasehold improvements, life of lease or applicable shorter period.

Store Preopening Costs: Store opening and preopening costs are charged to expense when incurred.

Capitalization of Interest: The interest carrying costs of facilities being constructed are capitalized during their construction period based on the Company's weighted average borrowing rate.

Earnings per Share: Earnings per share are computed on the basis of the weighted average number of common shares outstanding during the year. Average shares outstanding were 80,848,984, 81,919,625, and 82,144,079 in 1996, 1995 and 1994.

Cash Equivalents: The Company considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents.

Customer Accounts Receivable: In accordance with trade practices, installments maturing in more than one year or deferred payment accounts receivable are included in current assets.

Cash Management: The Company's cash management system provides for the reimbursement of all major bank disbursement accounts on a daily basis. Accounts payable at January 31, 1997 and 1996 include $14,414 and $16,760 of checks drawn in excess of cash balances not yet presented for payment.

Deferred Lease Credits: Deferred lease credits are amortized on a straight-line basis over the life of the applicable lease.

Derivatives: The Company limits its use of derivative financial instruments to the management of well-defined foreign currency and interest rate risks. The effect of these activities is not material to the Company's financial condition or results of operations. The Company has no off-balance sheet credit risk, and the fair value of derivative financial instruments at January 31, 1997 and 1996 is not material.

Fair Value of Financial Instruments: The carrying amount of cash equivalents and notes payable approximates fair value because of the short maturity of these instruments. The fair value of long-term debt, estimated using quoted market prices of the same or similar issues with the same remaining maturity, is approximately $374,000 and $478,000 at January 31, 1997 and 1996.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: EMPLOYEE BENEFITS

The Company provides a profit sharing plan for employees. The plan is fully funded by the Company and is non-contributory except for employee contributions made under Section 401(k) of the Internal Revenue Code. Under this provision of the plan, the Company provides matching contributions up to a stipulated percentage of employee contributions. The Company contribution is established each year by the Board of Directors and totaled $36,000, $40,000, and $44,000 in 1996, 1995, and 1994.

NOTE 3: INTEREST EXPENSE

The components of interest expense are as follows:

Year ended January 31,	1997	1996	1995
Nordstrom, Inc.			
Short-term debt	$ 432	$ 69	$ 69
Long-term debt	4,247	8,635	10,780
Nordstrom Credit, Inc.			
Short-term debt	12,703	10,184	5,085
Long -term debt	28,236	27,788	23,161

Total interest incurred	45,618	46,676	39,095
Less: Interest income	(1,395)	(2,204)	(2,416)
Capitalized interest	(4,823)	(5,177)	(6,015)
Interest, net	$39,400	$39,295	$30,664

NOTE 4: INCOME TAXES

Income taxes consist of the following:

Year ended January 31,	1997	1996	1995
Current income taxes:			
Federal	$ 88,414	$ 94,855	$118,558
State and local	18,150	19,649	23,986
Total current income taxes	106,564	114,504	142,544
Deferred income taxes:			
Current	(1,471)	(3,339)	(10,113)
Non-current	(9,093)	(3,965)	169
Total deferred income taxes	(10,564)	(7,304)	(9,944)
Total income taxes	$ 96,000	$107,200	$132,600

A reconciliation of the statutory Federal income tax rate with the effective tax rate is as follows:

Year ended January 31,	1997	1996	1995
Statutory rate	35.00%	35.00%	35.00%
State and local income taxes, net of Federal income taxes	4.32	4.39	4.39
Other, net	0.10	(0.03)	0.11
Effective tax rate	39.42%	39.36%	39.50%

Deferred income taxes result from temporary differences in the timing of recognition of revenue and expenses for tax and financial statement reporting as follows:

Year ended January 31,	1997	1996	1995
Tax basis depreciation	($ 6,018)	($2,620)	$ 521
Accrued expenses	(3,084)	(4,833)	(4,416)
Other	(1,462)	149	(6,049)
Total deferred income taxes	($10,564)	($7,304)	($9,944)

These items comprise substantially all of the deferred tax asset and liability balances.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: ACCOUNTS RECEIVABLE

The components of accounts receivable are as follows:

January 31,	1997	1996
Customers	$719,916	$903,496
Other	21,466	19,824
Allowance for doubtful accounts	(26,793)	(29,393)
Accounts receivable, net	$714,589	$893,927

Credit risk with respect to accounts receivable is concentrated in the geographic regions in which the Company operates stores. At January 31, 1997 and 1996, approximately 43% and 50% of the Company's receivables were concentrated in California. Concentration of the remaining receivables is considered to be limited due to their geographical dispersion.

Bad debt expense totaled $51,352, $39,589 and $20,219 in 1996, 1995, and 1994.

On August 15, 1996, the Company transferred substantially all of its VISA credit card receivables (approximately $203,000) to a trust in exchange for certificates representing undivided interests in the trust. A Class A certificate with a market value of $186,600 was sold to a third party, and a

Class B certificate, which is subordinated to the Class A certificate, was retained by the Company. The Company owns the remaining undivided interests in the trust not represented by the Class A and Class B certificates (the "Seller's Interest"). These transactions had no significant impact on the Company's earnings in 1996

Cash flows generated from the receivables in the trust are, to the extent allocable to the investors, applied to the payment of interest on the Class A and Class B certificates, absorption of credit losses, and payment of servicing fees to the Company, which will continue to service the receivables for the trust. Excess cash flows revert to the Company. The Company's investment in the Class B certificate and the Seller's Interest totals $32,516 at January 31, 1997, and is included in customer accounts receivable.

Pursuant to the terms of operative documents of the trust, in certain events the Company may be required to fund certain amounts pursuant to a recourse obligation for credit losses. Based on current cash flow projections, the Company does not believe any additional funding will be required.

Statement of Financial Accounting Standards No. 125, which is effective for transfers of financial assets beginning in 1997, will not have a significant impact on the Company's financial position or results of operations.

NOTE 6: PROPERTY, BUILDINGS AND EQUIPMENT

Property, buildings and equipment consist of the following (at cost):

January 31,	1997	1996
Land and land improvements	$ 50,542	$ 42,814
Buildings	450,227	448,596
Leasehold improvements	740,802	642,295
Store fixtures and equipment	746,152	672,887
	$1,987,723	$1,806,592
Less accumulated depreciation and amortization	(944,470)	(838,812)
	1,043,253	967,780
Construction in progress	109,201	135,518
Property, buildings and equipment, net	$1,152,454	$1,103,298

At January 31, 1997, the Company has contractual commitments of approximately $84,738 for construction of new stores.

At January 31, 1997, the net book value of property located in California is approximately $320,000. The Company does not carry earthquake insurance in California because of its high cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: NOTES PAYABLE

A summary of notes payable is as follows:

Year ended January 31,	1997	1996	1995
Average daily short-term borrowings	$242,033	$173,343	$106,092
Maximum amount outstanding	345,738	303,072	209,605
Weighted average interest rate:			
During the year	5.4%	5.9%	4.9%
At year-end	5.3%	5.5%	6.0%

At January 31, 1997, Nordstrom Credit, Inc. has an unsecured line of credit with a group of commercial banks totaling $300,000 which is available as liquidity support for short-term debt, and expires in June 2001. Nordstrom Credit, Inc. pays commitment fees for the line in lieu of compensating balance requirements.

NOTE 8: LONG-TERM DEBT

A summary of long-term debt is as follows:

January 31,	1997	1996

Senior notes, 8.875%, due 1998	$ 50,000	$ 50,000
Medium-term notes, Nordstrom Credit, Inc., 6.875%-9.6%, due 1997-2001	211,000	226,000
Notes payable, Nordstrom Credit, Inc., 6.7%, due 2005	100,000	100,000
Sinking fund debentures, Nordstrom Credit, Inc., 9.375%	-	43,100
Other	19,632	20,843
Total long-term debt	380,632	439,943
Less current portion	(51,302)	(74,210)
Total due beyond one year	$329,330	$365,733

The senior note agreements contain restrictive covenants which, among other things, restrict dividends to shareholders to a formula amount. At January 31, 1997, approximately $774,391 of retained earnings is not restricted.

Aggregate principal payments on long-term debt are as follows: 1997-$51,302; 1998-$101,433; 1999-$59,326; 2000-$43,273; and 2001-$11,529.

NOTE 9: LEASES

The Company leases land, buildings and equipment under noncancelable lease agreements with expiration dates ranging from 1997 to 2080. Certain of the leases include renewal provisions at the Company's option. Most of the leases provide for additional rentals based upon specific percentages of sales and require the Company to pay for certain other costs.

Future minimum lease payments as of January 31, 1997 are as follows: 1997-$30,782; 1998-$30,103; 1999-$29,654; 2000-$28,303; 2001-$27,061; and thereafter-$205,756.

The following is a schedule of rent expense:

Year ended January 31,	1997	1996	1995
Minimum rent:			
Store locations	$15,468	$15,864	$16,022
Office, warehouses and equipment	17,815	17,309	18,336
Contingent rent:			
Store location percentage rent	13,673	13,741	14,078
Common area costs, taxes and other	9,504	9,831	9,032
Total rent expense	$56,460	$56,745	$57,468

NOTE 10: STOCK OPTIONS

The Company provides a non-qualified stock option plan for certain key employees. Options are issued at market value at the date of grant and become exercisable over a four-year period. The number of shares reserved for future stock option grants is 301,917 at January 31, 1997.

The Company has elected to follow the measurement provisions of Accounting Principles Board (APB) Opinion No. 25, under which no recognition of expense is required in accounting for its stock options. If the Company had elected to follow the measurement provisions of Statement of Financial Accounting Standards No. 123 ("SFAS 123") in accounting for its stock options, compensation expense would be recognized based on the fair value of the options at the date of grant. To estimate compensation expense which would be recognized under SFAS 123, the Company used the modified Black-Scholes option-pricing model with the following weighted-average assumptions for options granted in 1996 and 1995, respectively: risk-free interest rates of 6.4% and 5.5%; expected volatility factors of .33 and .34; and expected dividend yield of 1% and expected life of 7 for both years.

If SFAS 123 were used to account for the Company's stock option plan, the pro forma effect on net earnings and earnings per share would be as follows:

Year ended January 31,	1997	1996
Pro forma net earnings	$145,603	$164,078
Pro forma net earnings per average share of common stock outstanding	$1.80	$2.00

The effects of applying SFAS 123 in this pro forma disclosure are not indicative of future amounts as awards prior to 1995 are not included, and additional awards in future years are anticipated.

A summary of stock option activity follows:

	Shares	Weighted-Average Exercise Price
Outstanding, February 1, 1994	1,732,464	$31
Granted	345,770	46
Exercised	(182,662)	27
Forfeited	(17,322)	34
Outstanding, January 31, 1995	1,878,250	35
Granted	419,080	41
Exercised	(154,366)	28
Forfeited	(41,625)	39
Outstanding, January 31, 1996	2,101,339	36
Granted	372,122	46
Exercised	(429,419)	31
Forfeited	(184,289)	40
Outstanding, January 31, 1997	1,859,753	$39

	Shares	Weighted-Average Exercise Price
Exercisable, January 31, 1995	964,023	$31
Exercisable, January 31, 1996	1,139,638	33
Exercisable, January 31, 1997	995,372	36

At January 31, 1997, the weighted-average remaining contractual life of options outstanding is 7 years, with an exercise price of $22 to $51.

Of the 1,859,753 stock options outstanding at January 31, 1997, 802,388 were below the quoted market price of the Company's stock of $37 and are exercisable over the next 7 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11: SUPPLEMENTARY CASH FLOW INFORMATION

Supplementary cash flow information includes the following:

Year ended January 31,	1997	1996	1995
Cash paid during the year for:			
Interest (net of capitalized interest)	$ 43,356	$ 42,248	$ 34,520
Income taxes	106,982	121,212	146,590

NOTE 12: CREDIT CARD AND FINANCING SUBSIDIARIES

Nordstrom National Credit Bank (the "Bank"), a wholly owned subsidiary of the Company, issues a credit card for use in Company stores, and in 1994 introduced a VISA card. Nordstrom Credit, Inc., also a wholly owned subsidiary, finances all receivables generated through the use of the proprietary credit card, and until August 15, 1996, the VISA card. On August 15, 1996, substantially all of the outstanding VISA receivables were transferred to a trust in connection with a securitization of the receivables. As a result of this transaction, Nordstrom Credit, Inc. no longer purchases and finances receivables generated through the use of the Bank's VISA card, and the Bank securitizes all new VISA receivables through the trust. Net VISA receivables totaled $204,736 at January 31, 1996.

Condensed combined financial information of these subsidiaries is as follows:

Year ended January 31,	1997	1996	1995
Service charge income	$128,240	$122,973	$92,591
Other income	17,823	14,799	12,525
Total revenue	$146,063	$137,772	$105,116
Net earnings	$ 31,518	$ 23,835	$ 23,019

January 31,	1997	1996
Assets:		
Cash and cash equivalents	$ 24,374	$ 23,190
Accounts receivable, net	693,124	873,893
Other assets	7,846	8,126
Total assets	$725,344	$905,209
Liabilities and investment of Nordstrom, Inc.:		
Notes payable:		
Nordstrom, Inc.	$ 54,000	$ 86,000
Other	163,770	232,501
Accounts payable and accrued liabilities	65,576	14,988
Long-term debt	311,000	369,100
Investment of Nordstrom, Inc.	130,998	202,620
Total liabilities and investment of Nordstrom, Inc.	$725,344	$905,209

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13: SELECTED QUARTERLY DATA (UNAUDITED)

Year ended January 31, 1997	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Net sales	$905,962	$1,241,464	$984,440	$1,321,197	$4,453,063
Gross profit	288,850	379,576	319,062	383,538	1,371,026
Earnings before income taxes	42,897	74,081	55,736	70,791	243,505
Net earnings	25,897	44,781	34,036	42,791	147,505
Earnings per share	.32	.55	.42	.53	1.82
Dividends per share	.125	.125	.125	.125	.50

Year ended January 31, 1996	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Net sales	$815,598	$1,149,239	$906,848	$1,241,832	$4,113,517
Gross profit	261,864	369,455	294,564	381,384	1,307,267
Earnings before income taxes	45,677	89,065	48,542	89,028	272,312
Net earnings	27,677	53,865	29,442	54,128	165,112
Earnings per share	.34	.65	.36	.67	2.02
Dividends per share	.125	.125	.125	.125	.50

MANAGEMENT AND INDEPENDENT AUDITORS' REPORTS

REPORT OF MANAGEMENT

The accompanying consolidated financial statements, including the notes thereto, and the other financial information presented in this Annual Report have been prepared by management. The financial statements have been prepared in accordance with generally accepted accounting principles and include amounts that are based upon our best estimates and judgments. Management is responsible for the consolidated financial statements, as well as the other financial information in this Annual Report.

The Company maintains an effective system of internal accounting control. We believe that this system provides reasonable assurance that transactions are executed in accordance with management authorization, and that they are appropriately recorded, in order to permit preparation of financial statements in conformity with generally accepted accounting principles and to adequately safeguard, verify and maintain accountability of assets. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived.

The consolidated financial statements and related notes have been audited by Deloitte & Touche LLP, independent certified public accountants. The accompanying auditors' report expresses an independent professional opinion on the fairness of presentation of management's financial statements.

The Audit Committee of the Board of Directors is composed of the outside directors, and is responsible for recommending the independent certified public accounting firm to be retained for the coming year, subject to shareholder approval. The Audit Committee meets periodically with the independent auditors, as well as with management and internal auditors, to review accounting, auditing, internal accounting controls and financial reporting matters. The independent auditors and the internal auditors also meet privately with the Audit Committee.

John A. Goesling
Executive Vice President and Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated balance sheets of Nordstrom, Inc. and subsidiaries as of January 31, 1997 and 1996, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended January 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Nordstrom, Inc. and subsidiaries as of January 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 1997, in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
Seattle, Washington; March 10, 1997

TEN YEAR STATISTICAL SUMMARY

Dollars in thousands except square footage and per share amounts

Year ended January 31,	1997	1996	1995	1994	1993	1992
Financial Position						
Customer accounts receivable, net	$ 693,123	$ 874,103	$ 655,715	$ 565,151	$ 584,379	$ 585,490
Merchandise inventories	719,919	626,303	627,930	585,602	536,739	506,632
Current assets	1,532,399	1,612,776	1,397,713	1,314,914	1,219,844	1,177,638
Current liabilities	787,377	832,313	690,454	627,485	511,196	553,903
Working capital	745,022	780,463	707,259	687,429	708,648	623,735
Working capital ratio	1.95	1.94	2.02	2.10	2.39	2.13
Property, buildings and equipment, net	1,152,454	1,103,298	984,195	845,596	824,142	856,404
Long-term debt	380,632	439,943	373,910	438,574	481,945	511,000
Debt/capital ratio	26.98	32.09	25.56	29.11	33.09	40.74
Shareholders' Equity	1,473,192	1,422,972	1,343,800	1,166,504	1,052,031	939,231
Shares outstanding	79,634,977	81,113,144	82,244,098	82,059,128	81,974,797	81,844,227
Book value per share	18.50	17.54	16.34	14.22	12.83	11.48
Total assets	2,702,507	2,732,619	2,396,783	2,177,481	2,053,170	2,041,875
Operations						
Net sales	4,453,063	4,113,517	3,894,478	3,589,938	3,421,979	3,179,820
Costs and expenses:						
Cost of sales and related buying and occupancy	3,082,037	2,806,250	2,599,553	2,469,304	2,339,107	2,169,437
Selling, general and administrative	1,217,590	1,120,790	1,023,347	940,579	902,083	831,505
Interest, net	39,400	39,295	30,664	37,646	44,810	49,106
Service charge income and other, net	(129,469)	(125,130)	(94,644)	(88,509)	(86,140)	(87,443)
Total costs and expenses	4,209,558	3,841,205	3,558,920	3,359,020	3,199,860	2,962,605
Earnings before income taxes	243,505	272,312	335,558	230,918	222,119	217,215
Income taxes	96,000	107,200	132,600	90,500	85,500	81,400
Net earnings	147,505	165,112	202,958	140,418	136,619	135,815
Earnings per share	1.82	2.02	2.47	1.71	1.67	1.66
Dividends per share	.50	.50	.385	.34	.32	.31
Net earnings as a percent of net sales	3.31%	4.01%	5.21%	3.91%	3.99%	4.27%
Return on average shareholders' equity	10.19%	11.94%	16.17%	12.66%	13.72%	15.38%
Sales per square foot for Company-operated stores	377	382	395	383	381	388
Stores and Facilities						
Company-operated stores	83	78	76	74	72	68

Total square footage	11,754,000	10,713,000	9,998,000	9,282,000	9,224,000	8,590,000

TEN YEAR STATISTICAL SUMMARY (CONTINUED)

Dollars in thousands except square footage and per share amounts

Year ended January 31,	1991	1990	1989	1988
Financial Position				
Customer accounts receivable, net	$ 558,573	$ 519,656	$ 465,929	$ 391,387
Merchandise inventories	448,344	419,976	403,795	312,696
Current assets	1,090,379	1,011,148	913,986	730,182
Current liabilities	551,835	489,888	448,165	394,699
Working capital	538,544	521,260	465,821	335,483
Working capital ratio	1.98	2.06	2.04	1.85
Property, buildings and equipment, net	806,191	691,937	594,038	502,661
Long-term debt	489,172	468,412	389,216	260,343
Debt/capital ratio	43.59	43.78	43.12	39.57
Shareholders' Equity	826,410	733,250	639,941	533,209
Shares outstanding	81,737,910	81,584,710	81,465,027	81,371,106
Book value per share	10.11	8.99	7.86	6.55
Total assets	1,902,589	1,707,420	1,511,703	1,234,267
Operations				
Net sales	2,893,904	2,671,114	2,327,946	1,920,231
Costs and expenses:				
Cost of sales and related buying and occupancy	2,000,250	1,829,383	1,563,832	1,300,720
Selling, general and administrative	747,770	669,159	582,973	477,488
Interest, net	52,228	49,121	39,977	32,952
Service charge income and other, net	(84,660)	(55,958)	(57,268)	(53,662)
Total costs and expenses	2,715,588	2,491,705	2,129,514	1,757,498
Earnings before income taxes	178,316	179,409	198,432	162,733
Income taxes	62,500	64,500	75,100	70,000
Net earnings	115,816	114,909	123,332	92,733
Earnings per share	1.42	1.41	1.51	1.13
Dividends per share	.30	.28	.22	.18
Net earnings as a percent of net sales	4.00%	4.30%	5.30%	4.83%
Return on average shareholders' equity	14.85%	16.74%	21.03%	18.84%
Sales per square foot for Company-operated stores	391	398	380	349
Stores and Facilities				
Company-operated stores	63	59	58	56
Total square footage	7,655,000	6,898,000	6,374,000	5,527,000

RETAIL STORE FACILITIES

The following table sets forth certain information with respect to each of the stores operated by the Company. The Company also operates leased shoe departments in 12 department stores in Hawaii and Guam. In addition, the Company operates seven distribution centers and leases other space for administrative functions.

Location	Year opened or acquired	Present total store area/sq. ft.
WASHINGTON GROUP		
Downtown Seattle(1)	1963	245,000
Northgate Mall	1965	122,000
Tacoma Mall	1966	134,000
Bellevue Square	1967	285,000
Southcenter Mall	1968	170,000
Yakima	1972	44,000
Spokane	1974	121,000
Alderwood Mall	1979	127,000
Alderwood Rack	1985	25,000
Downtown Seattle Rack	1987	42,000
Bellis Fair Rack	1990	20,000
SuperMall Rack	1995	48,000
OREGON GROUP		
Lloyd Center	1963	150,000
Downtown Portland	1966	174,000
Washington Square	1974	189,000
Vancouver Mall	1977	71,000
Salem Centre	1980	71,000
Clackamas Town Center	1981	121,000
Clackamas Rack	1983	28,000
Downtown Portland Rack	1986	19,000
SOUTHERN CALIFORNIA GROUP		
South Coast Plaza	1978	235,000
Brea Mall	1979	195,000
Los Cerritos Center	1981	122,000
Fashion Valley Mall	1981	156,000
Glendale Galleria	1983	147,000
Santa Ana Rack	1983	22,000
Topanga Plaza	1984	154,000
University Towne Centre	1984	130,000
Woodland Hills Rack	1984	48,000
The Galleria at South Bay	1985	161,000
Westside Pavilion	1985	150,000
NORTHERN CALIFORNIA GROUP		
Hillsdale Shopping Center	1982	149,000
Broadway Plaza	1984	193,000
Stanford Shopping Center	1984	187,000
The Village at Corte Madera	1985	116,000
Valley Fair	1987	165,000
280 Metro Center Rack	1987	31,000
Stonestown Galleria	1988	174,000
Downtown San Francisco	1988	350,000
Arden Fair	1989	190,000
Stoneridge Mall	1990	173,000
Marina Square Rack	1990	44,000
UTAH GROUP		
Crossroads Plaza	1980	140,000
Fashion Place Mall	1981	110,000
Ogden City Mall	1982	76,000
Sugarhouse Center Rack	1991	31,000
Park Meadows	1996	245,000
CAPITAL GROUP		
Tysons Corner Center	1988	253,000
The Fashion Centre at Pentagon City	1989	241,000
Potomac Mills Rack	1990	46,000
Montgomery Mall	1991	225,000
City Place Rack	1992	37,000
Towson Town Center	1992	205,000
Towson Rack	1992	31,000
Franklin Mills Factory Direct	1993	43,000
Annapolis Mall	1994	162,000
King of Prussia	1996	238,000
NORTHEAST GROUP		
Garden State Plaza	1990	282,000

Horton Plaza	1985	151,000	Menlo Park Mall	1991	266,000
Mission Valley Rack	1985	27,000	Freehold Raceway Mall	1992	174,000
Montclair Plaza	1986	134,000	Faconnable	1993	10,000
North County Fair	1986	156,000	The Westchester	1995	219,000
MainPlace Mall	1987	169,000	The Mall at Short Hills	1995	188,000
Chino Town Square Rack	1987	30,000			
Paseo Nuevo	1990	186,000	MIDWEST GROUP		
The Galleria at Tyler	1991	164,000	Oakbrook Center	1991	249,000
Santa Anita	1994	151,000	Mall of America	1992	240,000
			Woodfield Rack	1994	45,000
ALASKA GROUP			Old Orchard	1994	209,000
Anchorage	1975	97,000	Woodfield Shopping Center	1995	215,000
			Circle Centre Mall	1995	216,000
SOUTHWEST GROUP			Somerset Collection North	1996	258,000
Dallas Galleria	1996	249,000	Villiage Square Rack	1996	40,000
			CLEARANCE STORES		
			Arizona		48,000

<FN>
(1) Excludes approximately 23,000 square feet of corporate and administrative offices.

Appendix

EXHIBIT 21.1
NORDSTROM, INC. AND SUBSIDIARIES
SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	State of Incorporation
Nordstrom Credit, Inc.	Colorado
Nordstrom National Credit Bank	Colorado

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