



# NORDSTROM

## QUESTIONS AND ANSWERS FOR NORDSTROM SHAREHOLDERS

### 2:1 Stock Split Payable on June 30, 2005 to Shareholders of Record on June 13, 2005 and Implementation of Direct Registration System (DRS)

This information is intended to answer questions you may have about how the recently announced stock split affects your investment in Nordstrom common stock and about the Company's new Direct Registration System (DRS).

**1. *Is this the first time Nordstrom stock has split?***

No, this is the company's 7<sup>th</sup> stock split:

June 30, 2005	2 for 1
June 30, 1998	2 for 1
June 30, 1987	2 for 1
June 17, 1986	2 for 1
June 16, 1983	2 for 1
September 11, 1978	3 for 2
February 23, 1976	2 for 1

**2. *How does the split affect my investment in Nordstrom?***

Technically a stock split is a neutral event, meaning it does not change the value of your investment. Assume you own 100 shares of Nordstrom stock and the closing stock price is \$60 on June 29<sup>th</sup> making your investment worth \$6,000. On June 30<sup>th</sup> your split adjusted investment will be 200 shares valued at \$30 per share, so your investment is still valued at \$6,000.

	<u>Pre-split</u>	<u>Post-split</u>	<u>As of June 30, 2005</u>
Shares held	100	200	shares are doubled
Share price	\$60	\$30	stock price is divided by 2
\$\$ Value	\$6,000	\$6,000	investment value is unchanged

**3. *What happens if I buy or sell shares after the record date of June 13 but prior to the payable date of June 30?***

If you sell your shares between June 13<sup>th</sup> and June 30<sup>th</sup> the split will not impact you at all. The split adjustment will impact the new owner of the shares you sold.

If you buy shares between June 13<sup>th</sup> and June 30<sup>th</sup>, you will purchase the shares at the pre-split price, but will receive the same split adjustment as described in the question above following the split effective date.

**4. *Will the stock split affect the cost basis of my Nordstrom stock?***

Yes, your per-share cost basis will be cut in half as a result of this split. Because this is not the first time Nordstrom stock has split, you may also need to take into account past splits when calculating your cost basis, depending on your holding period. We recommend you consult your tax advisor for any tax questions you may have regarding the stock split or your shares.

**5. *Will the shares I receive from the stock split result in taxable income to me?***

No, a stock split is not a taxable event.

**6. *Will the cash dividend be paid on my pre-split or post-split shares?***

You will receive a dividend of \$.17 per share on the (pre-split) shares you own on the cash dividend record date of May 31, 2005. The dividend was paid on June 15, 2005.

**7. *Will I receive a stock certificate for the new shares?***

No.

If you hold physical stock certificate(s), you are what is referred to as a registered shareholder, and you will receive your stock split shares in book-entry form under the Direct Registration System rather than in the form of a stock certificate. This means that instead of receiving a physical stock certificate, your shares will be credited to an account registered in your name that is maintained by our transfer agent, Mellon Investor Services. However, if you prefer to hold your shares in certificated form, you may request a certificate for the additional shares by contacting Mellon Investor Services. See Question #13 below for details.

If your shares are held in a brokerage account, you are what is referred to as a beneficial shareholder. Your broker, working with Nordstrom's transfer agent, will see that your Nordstrom stock holdings are properly adjusted for the stock split. Your new split adjusted balance will appear on the statements you receive from your broker.

**8. *When will I receive my stock split shares?***

If you are a registered shareholder, on or about June 30, 2005, Mellon Investor Services will send you a personalized Direct Registration Transaction Advice. The Direct Registration Transaction Advice is your confirmation; it indicates the number of additional shares you own as a result of the split. Keep it with your existing stock certificates and other important documents as a record of your ownership.

If you are a beneficial shareholder, your broker will notify you.

**9. *Why did Nordstrom implement the Director Registration System?***

We implemented DRS to provide our shareholders with an additional option for the manner in which they hold their shares in the Company. There are a number of important advantages to shareholders under DRS:

- Protects against loss or damage of stock certificates.
- Eliminates the replacement cost of lost certificates.
- Makes it easier for shareholders to sell or transfer their shares.

**10. How will I know how many shares I own with DRS?**

You will receive statements or confirmations from Mellon Investor Services detailing any activity affecting your book-entry shares shortly after a transaction takes place. You will also receive a statement of your holdings on a yearly basis.

You may also request account information by calling Mellon Investor Services at 1-800-318-7045 or by visiting [www.melloninvestor.com](http://www.melloninvestor.com), clicking the “For Investors” link, then clicking the “Log In to Investor ServiceDirect” link to establish an online account. After you have established an online account, you may access your account information, request a stock certificate, make an address change or conduct other transactions.

**11. What should I do with my existing stock certificate(s)?**

Existing stock certificates are still valid and continue to represent the same number of shares as shown on their face. **Do not destroy them.** You may deposit your existing certificate(s) in the Direct Registration System or you may continue to physically hold them. All of the certificates you hold should be kept in a safe place, such as a safe deposit box.

**12. How do I deposit stock certificates in DRS?**

If you wish to convert your physical stock certificates into book-entry shares, simply:

- Mail your certificates by a traceable method (for example, registered mail, certified mail, or FedEx.) to Mellon Investor Services at the address shown below with instructions to deposit them in your account as book-entry shares.
- **Do not sign or complete the assignment section on the back of the certificate(s).**
- It is recommended you insure your certificates for 2 percent of the market value of the shares.
- Mellon’s address is:  
Nordstrom, Inc.  
c/o Mellon Investor Services  
P. O. Box 3315  
South Hackensack, New Jersey 07606

**13. Can I get a stock certificate for my book-entry shares?**

If you prefer to receive a certificate for any of your book-entry shares, you may request it by calling Mellon Investor Services at 1-800-318-7045 or by visiting [www.melloninvestor.com](http://www.melloninvestor.com), clicking the “For Investors” link, then clicking the “Log In to Investor ServiceDirect” link to establish an online account. After you have

established an online account, you may access your account information, request a stock certificate, make an address change, or conduct other transactions.

**14. How do I sell shares held in DRS?**

You may sell your shares held in DRS through your broker by following the transfer procedures noted in the answer to Question #15 below or you may sell them through Mellon Investor Services, in one of three ways:

- By calling Mellon Investor Services at 1-800-318-7045.
- By visiting [www.melloninvestor.com](http://www.melloninvestor.com), clicking the “For Investors” link, then clicking the “Log In to Investor ServiceDirect” link to establish an online account. After you have established an online account, simply follow the instructions for selling your shares.
- By writing to Mellon Investor Services at the address shown above. Your instructions should include your Mellon account number and the number of shares you wish to sell.

You should check with your broker and Mellon to determine current brokerage fees and any other costs that will be assessed you in connection with a sale.

**15. How do I transfer my book-entry shares to my brokerage account?**

First, you must authorize delivery of your shares to your broker. To do this Mellon Investor Services needs the following information:

- The number of shares you wish to transfer
- Your account number
- Your social security number
- The exact name in which your account is registered
- Your address
- Your broker’s name, telephone number and DTC number

Either you or your broker should provide Mellon Investor Services with the required information, together with written instruction to electronically move your shares to your broker.

**16. What if I have more questions?**

For more information about the Direct Registration System, or your Mellon Investor Services account, please call Mellon Investor Services at 1-800-318-7045.