

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM S-8  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**NORDSTROM, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Washington**  
(State or other jurisdiction of  
incorporation or organization)

**91-0515058**  
(I.R.S. Employer  
Identification No.)

**1617 Sixth Avenue, 6<sup>th</sup> Floor  
Seattle, Washington 98101**  
(Address of Principal Executive Offices,  
including zip code)

**Robert B. Sari**  
**1700 Seventh Avenue, 7<sup>th</sup> Floor**  
**Seattle, Washington 98101**  
**(206) 628-2111**  
(Name, address and telephone number, including  
area code, of agent for service)

**Nordstrom, Inc. 2010 Equity Incentive Plan**  
(Full Title of Plan)

*Copies to:*  
**D. Wayne Gittinger**  
**Brian B. DeFoe**  
**Lane Powell PC**  
**1420 Fifth Avenue, Suite 4100**  
**Seattle, Washington 98101-2338**

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

Large accelerated filer        Accelerated filer      
Non-accelerated filer     (Do not check if a smaller reporting company)    Smaller reporting company   

**CALCULATION OF REGISTRATION FEE**

Title of Securities To Be Registered	Amount To Be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, no par value, to be issued under the 2010 Equity Incentive Plan	16,000,000	\$58.75	\$940,000,000	\$128,216

- (1) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement shall also be deemed to cover any additional securities to be offered or issued in connection with the provisions of the Nordstrom, Inc. 2010 Equity Incentive Plan (the "Plan") which provide for adjustments in the amount of securities to be offered or issued to prevent dilution resulting from stock splits, stock dividends or similar transactions.
- (2) Estimated solely for the purpose of calculating the registration fee. Calculated pursuant to Rules 457(c) and 457(h) of the Securities Act of 1933, as amended, based on the average of the high and low sales price of the Company's Common Stock, as reported on the New York Stock Exchange on June 12, 2013.

## EXPLANATORY NOTE

This Registration Statement relates to 16,000,000 shares of Common Stock issuable under the Nordstrom, Inc. 2010 Equity Incentive Plan (the "Plan"), as amended effective February 27, 2013, which shares of Common Stock are in addition to the 11,600,000 shares of Common Stock registered on the Registrant's Form S-8 filed on May 19, 2010 (File No. 333-166961) (the "Prior Registration Statement") with respect to the Plan. This Registration Statement relates to securities of the same class as that to which the Prior Registration Statement relates and is submitted in accordance with General Instruction E to Form S-8 regarding registration of additional securities. Pursuant to Instruction E of Form S-8, the contents of the Prior Registration Statement are incorporated herein by reference and made part of this Registration Statement, except as amended hereby.

### PART II

#### INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

##### **Item 3. Incorporation of Documents by Reference.**

The following documents, which have been filed with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are hereby incorporated by reference, and shall be deemed to be a part of, this Registration Statement:

- (a) The Registrant's latest Annual Report on Form 10-K for the year ended February 2, 2013, filed with the Commission on March 18, 2013;
- (b) All other reports filed with the Commission by the Registrant pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), since the end of the fiscal year covered by the Annual Report on Form 10-K referred to in (a) above; and
- (c) The description of the Registrant's Common Stock contained in the Registrant's Form S-3/ASR filed with the Commission on October 5, 2011, and any amendment or report filed with the Commission for the purpose of updating such description.

All reports and definitive proxy or information statements filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this registration Statement and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold, or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be part hereof from the date of filing of such documents. Unless expressly incorporated into this Registration Statement, a report furnished on Form 8-K shall not be incorporated by reference into this Registration Statement. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained in any subsequently filed document which also is deemed to be incorporated by reference herein modifies or supersedes such statement.

##### **Item 4. Description of Securities.**

The Common Stock being registered hereunder has been registered pursuant to Section 12 of the Exchange Act.

##### **Item 5. Interests of Named Experts and Counsel.**

The validity of the securities has been passed upon by the law firm of Lane Powell PC, Seattle, Washington. As of June 10, 2013, shareholders of Lane Powell PC advising the Registrant in connection with this matter owned directly or indirectly an aggregate of approximately 15.4 million shares of Common Stock of the Registrant.

**Item 6. Indemnification of Directors and Officers.**

Sections 23B.08.500 through 23B.08.600 of the Washington Business Corporation Act authorize a court to award, or a corporation’s board of directors to grant, indemnification to directors and officers on terms sufficiently broad to permit indemnification under certain circumstances for liabilities arising under the Securities Act of 1933, as amended (the “Securities Act”). Section 23B.08.320 of the Washington Business Corporation Act authorizes a corporation to limit a director’s liability to the corporation or its shareholders for monetary damages for acts or omissions as a director, except in certain circumstances involving intentional misconduct, self-dealing or illegal corporate loans or distributions, or in any transactions from which the director personally receives a benefit in money, property or services to which the director is not legally entitled.

Article IX of the Amended and Restated Articles of Incorporation of the Registrant eliminates any personal liability of a director to the Registrant or its shareholders for monetary damages for conduct as a director, except for any liability for any acts or omissions that involve intentional misconduct by a director or a knowing violation of law by a director, for conduct violating RCW 23B.08.310, for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled, or for any act or omission occurring prior to the date when Article IX of the Amended and Restated Articles of Incorporation of the Registrant became effective. If the Washington Business Corporation Act is subsequently amended to change in a manner affecting the Registrant’s power to eliminate or limit the liability of a director to the Registrant, then, upon the effective date of the amendment and without further act: (i) if the amendment permits further elimination or limitation of liability, the liability of a director shall be additionally eliminated and limited to such further extent, or (ii) if the amendment changes the power to eliminate the liability of a director in any other respect, the liability of a director shall be eliminated and limited with respect to acts or omissions occurring after the effective date of the amendment to the fullest extent permitted by the Washington Business Corporation Act as so amended. Article IX of the Registrant’s Amended and Restated Articles of Incorporation also contains a provision that no amendment or repeal of the Amended and Restated Articles of Incorporation of the Registrant shall adversely affect any right or any elimination or limitation of liability of a director existing immediately prior to the amendment or repeal.

Article XI of the Registrant’s Bylaws provide for, among other things, the indemnification by the Registrant of its directors and officers and the advancement of expenses. The Registrant’s Bylaws also permit the purchase and maintenance of insurance, the creation of trust funds, the grant of security interests and the use of other means to secure the Registrant’s indemnification obligations. The Registrant has also entered into certain indemnification agreements with its directors, the form of which is attached as Exhibit 10.1 to its Current Report on Form 8-K filed with the Commission on March 3, 2009. The indemnification agreements provide the Registrant’s directors with indemnification to the full extent permitted by law.

Officers and directors of the Registrant are covered by insurance (with certain exceptions and limitations) that indemnifies them against certain losses and liabilities, including liabilities under the Securities Act. The effect of this insurance is to indemnify any officer or director of the Registrant against liability and expenses incurred by such officer or director upon a determination that such person acted in good faith.

**Item 7. Exemption from Registration Claimed.**

Not applicable.

**Item 8. Exhibits.**

<u>Exhibit Number</u>	<u>Description</u>
5.1	Opinion of Lane Powell PC (filed herewith)
10.1	Nordstrom, Inc. 2010 Equity Incentive Plan, as amended February 27, 2013 (filed herewith)
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm (filed herewith)
23.2	Consent of Lane Powell PC (included in Exhibit 5.1)
24.1	Power of Attorney (see signature page)

## Item 9. Undertakings.

A. The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the matters stated above, any increase or decrease in volume of securities offered (if the total dollar value of the securities offered would not exceed the value registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in a form of prospectus filed with the Commission in accordance with Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

*Provided, however,* that paragraphs A(1)(i) and A(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15 of the Exchange Act that are incorporated by reference into the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be a the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Seattle, State of Washington, on the 13<sup>th</sup> day of June 2013.

NORDSTROM, INC.

/s/ Michael G. Koppel

By: Michael G. Koppel

Its: Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

**POWER OF ATTORNEY**

Each person whose individual signature appears below hereby constitutes and appoints Michael G. Koppel and Robert Sari, and either of them, as such person's true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, to do any and all acts and things and execute any and all instruments which said attorneys and agents, or any of them, may deem necessary or advisable or which said attorneys and agents, or any of them, may deem necessary or advisable or which may be required to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing with the Securities and Exchange Commission of a Registration Statement on Form S-8 relating to the Nordstrom, Inc. 2010 Equity Incentive Plan, as amended February 27, 2013, including specifically but without limiting the generality of the foregoing, the power and authority to sign in the name and on behalf of the undersigned, in his or her capacity as a director and/or officer of the Company, any such Form S-8 and any and all amendments and supplements thereto and any other instruments or documents filed as a part of or in connection therewith, and each of the undersigned does hereby ratify and confirm all that said attorneys and agents or any of them, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on the 14<sup>th</sup> day of May 2013.

SIGNATURE	TITLE
<u>/s/ Enrique Hernandez, Jr.</u> Enrique Hernandez, Jr.	Chairman of the Board and Director
<u>/s/ Blake W. Nordstrom</u> Blake W. Nordstrom	President (Principal Executive Officer and Director)
<u>/s/ Michael G. Koppel</u> Michael G. Koppel	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ James A. Howell</u> James A. Howell	Vice President of Finance (Principal Accounting Officer)
<u>/s/ Phyllis J. Campbell</u> Phyllis J. Campbell	Director
<u>/s/ Michelle M. Ebanks</u> Michelle M. Ebanks	Director
<u>/s/ Robert G. Miller</u> Robert G. Miller	Director
<u>/s/ Erik B. Nordstrom</u> Erik B. Nordstrom	Director
<u>/s/ Peter E. Nordstrom</u> Peter E. Nordstrom	Director
<u>/s/ Philip G. Satre</u> Philip G. Satre	Director
<u>/s/ B. Kevin Turner</u> B. Kevin Turner	Director
<u>/s/ Robert D. Walter</u> Robert D. Walter	Director
<u>/s/ Alison A. Winter</u> Alison A. Winter	Director

## INDEX TO EXHIBITS

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June 13, 2013

Nordstrom, Inc.  
1617 Sixth Avenue, 6<sup>th</sup> Floor  
Seattle, Washington 98101

Dear Sir or Madam:

We have acted as counsel for Nordstrom, Inc. (the "Company") in connection with the preparation and filing with the Securities and Exchange Commission of the registration statement on Form S-8 dated June 13, 2013 (the "Registration Statement") relating to the registration under the Securities Act of 1933, as amended (the "Act"), of an additional 16 million shares (the "Shares") of Common Stock under the Nordstrom, Inc. 2010 Equity Incentive Plan, as amended February 27, 2013 (the "Plan").

In rendering our opinion, we have relied as to matters of material fact upon the representations of members of the Company's management; however, we have no reason to believe that any such representations are incorrect or incomplete. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as copies and the authenticity of the originals of such copies. In connection with our opinion, we have concerned ourselves solely with the application of the laws of the State of Washington and the laws of the United States, and no opinion is expressed herein concerning the possible effects of the laws of any other jurisdiction.

For purposes of this opinion, we have made such investigations of fact and law, and examined such documents and instruments, or copies thereof established to our satisfaction to be true and correct copies thereof, as we have deemed necessary under the circumstances.

Subject to the foregoing and in reliance thereon, we are of the opinion that, upon the issuance and sale of the Shares in accordance with the terms of the Plan, and subject to the Company complying with the terms of the Plan, including, without limitation, receipt of legal consideration in exchange for the Shares issued and, when the Shares shall have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the purchasers or when certificates representing the Shares have been manually signed by an authorized officer of the transfer agent and registrar therefor, the Shares will be validly issued, fully paid and nonassessable securities of the Company. In rendering the foregoing opinion, we have assumed that the Company will comply with all applicable notice requirements regarding uncertificated shares provided in the Washington Business Corporation Act.

The opinions contained in this letter are given as of the date hereof and has been prepared for use in connection with the Registration Statement. We render no opinion as to any matter brought to our attention subsequent to the date hereof. We consent to the use of this opinion as an exhibit to the Registration Statement and further consent to the use of our name wherever appearing in the Registration Statement, including the prospectus constituting a part thereof, and any amendments or supplements thereto. In giving this consent, we do not thereby admit that we are an "expert" within the meaning of the Securities Act of 1933, as amended.

Very truly yours,

/S/ LANE POWELL PC

LANE POWELL PC



**NORDSTROM, INC.**  
**2010 EQUITY INCENTIVE PLAN**  
**AS AMENDED FEBRUARY 27, 2013**

**ARTICLE 1. INTRODUCTION**

The purpose of the Plan is to promote the long-term success of the Company and its Subsidiaries. Specific objectives are intended to encourage the attraction and retention of Employees and Nonemployee Directors, focus such individuals' results on the Company's critical, long-range goals and align such individuals' interests with those of the Company's shareholders.

The Plan seeks to achieve this purpose by providing for Awards in the form of Options (which may constitute incentive stock options (ISOs) or nonqualified stock options (NSOs)), stock appreciation rights (SARs), Unrestricted Shares, Restricted Shares, Restricted Stock Units and Performance Share Units.

The Plan shall be governed by, and construed in accordance with, the laws of the State of Washington (except their choice of law provisions).

**ARTICLE 2. ADMINISTRATION**

**2.1 Committee Composition.** The Committee shall administer the Plan. The Committee shall consist exclusively of two (2) or more Directors of the Company, who shall be appointed by the Board.

**2.2 Committee Responsibilities.** The Committee, in its absolute and sole discretion, shall (a) select the Employees and Nonemployee Directors who are to receive Awards under the Plan, (b) determine the type, number, vesting requirements and other features and conditions of such Awards, (c) interpret the Plan and (d) make all other decisions relating to the operation of the Plan. The Committee may adopt such rules or guidelines as it deems appropriate to implement the Plan. The Committee may delegate its authority hereunder to one or more Subcommittees, to the extent permitted under Code section 162(m), the Treasury Regulations thereunder and any applicable exchange rules; actions taken by any Subcommittee shall be subject to review by the full Committee. The Committee's determinations under the Plan shall be final and binding on all persons.

**2.3 Committee for Non-Officer/Non-Director Awards.** The Board may also appoint a secondary committee of the Board or a senior executive officer to administer the Plan with respect to Employees who are not considered officers or Directors of the Company under Section 16 of the Exchange Act. That committee or senior executive officer may grant Awards under the Plan to such Employees and may determine all features and conditions of such Awards. Within the limitations of this Section 2.3, any reference in the Plan to the Committee shall include such secondary committee or senior executive officer, as the case may be.

**2.4 Leadership Benefits Powers and Duties.** Until such time as the Committee shall modify, revoke or rescind such authority, the Company's Leadership Benefits department, or such other Company department as the Committee shall designate, has the powers and duties set forth below. Determinations made by the Leadership Benefits department (or other department) under this Section 2.4 shall be final and binding on all persons, but may, in the Committee's absolute and sole discretion, be reviewed by the Committee. The powers and duties delegated by the Committee hereunder are to:

(a) work with Plan service providers to ensure the effective administration of the Plan;

(b) determine whether a Participant's disability, as defined by a qualified medical professional acceptable to the Company's Leadership Benefits department (or other department), qualifies as Disability as defined under the Plan; and

(c) perform any and all tasks, duties, and responsibilities delegated by the Company or the Committee.

The Company's Leadership Benefits department (or other department) has authority to interpret the terms of the Plan and any Award in carrying out the powers and duties as set forth above.

### **ARTICLE 3. SHARES AVAILABLE FOR AWARDS**

**3.1 Basic Limitation.** Shares issued pursuant to the Plan shall be authorized but unissued shares. The aggregate number of Shares available for Awards of Options, SARs, Unrestricted Shares, Restricted Shares, Restricted Stock Units or Performance Share Units granted under the Plan shall not exceed (a) 27,600,000 Shares plus (b) the additional shares of Common Stock described in Section 3.3. The limitations of this Section 3.1 and Sections 3.2 and 3.3 shall be subject to adjustment pursuant to Article 12. The aggregate number of Shares available for issuance as Plan Awards shall be reduced by 1.6 (one point six) Shares for each Share delivered in settlement of any Award of Unrestricted Shares, Restricted Shares, Restricted Stock Units or Performance Share Units, and by 1 (one) Share for each Share delivered in settlement of any Option Award or SAR. Awards that are required to be settled in cash will not reduce the number of Shares available for delivery under the Plan.

**3.2 Additional Shares.** If any Shares covered by an Award of Options, SARs, Restricted Shares, Restricted Stock Units or Performance Share Units terminate, lapse or are forfeited or cancelled, or such Award is otherwise settled without the delivery of the full number of Shares underlying the Award, then the Shares covered by such Award, or to which such Award relates, to the extent of any such forfeiture, termination, lapse, cancellation, etc., shall again be, or shall become, available for issuance under the Plan; provided, however, that Shares (a) delivered in payment of the exercise price of an Award, (b) not issued upon the net settlement or net exercise of SARs, or (c) delivered to or withheld by the Company to pay withholding taxes related to an Award, shall not become available again for issuance under this Plan. Shares that again become available for issuance under the Plan pursuant to this Section 3.2 shall be added to the number of Shares available under Section 3.1 in the same ratios as applied to them at the time

they were originally granted (e.g., 1.6 (one point six) Shares for each Share attributable to previously granted Awards of Restricted Shares, Restricted Stock Units or Performance Share Units and 1 (one) Share for each Share attributable to previously granted Option Awards or SARs).

**3.3 Additional Shares from Prior Plan.** Shares available for issuance under the Plan shall be increased by any shares of Common Stock subject to outstanding awards under the Prior Plan on the effective date of the Plan, May 18, 2010, that later cease to be subject to such awards for any reason other than the exercise or vesting of such awards (as the case may be), including any amounts withheld from such awards by the Company for taxes on the awards, which Shares shall, as of the date such Shares cease to be subject to such awards, cease to be available for grant and issuance under the Prior Plan, but shall be available for issuance under the Plan under Section 3.1. However, this Section 3.3 specifically excludes Common Stock subject to outstanding awards granted as Incentive Stock Options under the Prior Plan; no shares of Common Stock subject to such Prior Plan Incentive Stock Option awards shall again become available for issuance under the Plan.

#### **ARTICLE 4. ELIGIBILITY**

**4.1 Awards.** Employees and Nonemployee Directors shall be eligible for the grant of Awards of NSOs, SARs, Unrestricted Shares, Restricted Shares, Restricted Stock Units or Performance Share Units.

**4.2 Incentive Stock Options.** Only Employees who are common-law employees of the Company or a Subsidiary shall be eligible for the grant of ISOs. In addition, an Employee who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company or any of its Subsidiaries shall not be eligible for the grant of an ISO unless the requirements set forth in section 422(c)(6) of the Code are satisfied.

#### **ARTICLE 5. OPTIONS**

Options granted under the Plan are subject to the following terms and conditions:

**5.1 Stock Option Agreement.** Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The Stock Option Agreement shall specify whether the Option is an NSO or an ISO. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

**5.2 Number of Shares.** Each Stock Option Agreement shall specify the number of shares of Common Stock subject to the Option, which shall be subject to adjustment in accordance with Article 12. Options granted to any Employee in a single fiscal year of the Company shall not cover more than 500,000 shares of Common Stock. Prior to exercise, holders of Options shall have no right to dividend equivalents. The limitation set forth in the preceding sentence shall be subject to adjustment in accordance with Article 12.

**5.3 Exercise Price.** Each Stock Option Agreement shall specify the Exercise Price; provided that the Exercise Price under an Option shall in no event be less than one hundred percent (100%) of the Fair Market Value of a share of Common Stock on the date of grant.

**5.4 Exercisability and Term.** Each Stock Option Agreement shall specify the date or event when all or any installment of the Option is to become exercisable. The Stock Option Agreement shall also specify the term of the Option; provided that the term shall in no event exceed ten (10) years from the date of grant. A Stock Option Agreement may provide for accelerated exercisability in the event of the Optionee's Disability, death or Retirement and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service. Options may be granted in combination with SARs, and such an Award may provide that the Options will not be exercisable unless the related SARs are forfeited.

**5.5 Effect of Change in Control.** The Committee may determine, at the time of granting an Option or thereafter, in a manner that meets the requirements of Code Section 409A, that such Option shall become exercisable as to all or part of the shares of Common Stock subject to such Option in the event that the Optionee experiences a Qualifying Termination within twelve (12) months following a Change in Control. However, in the case of an ISO, the acceleration of exercisability shall not occur without the Optionee's written consent. In addition, acceleration of exercisability may be required pursuant to Article 12.

## **ARTICLE 6. PAYMENT FOR OPTION SHARES**

**6.1 General Rule.** The entire Exercise Price of shares of Common Stock issued upon exercise of Options shall be payable in cash or cash equivalents at the time when such shares of Common Stock are purchased, except as follows:

(a) In the case of an ISO granted under the Plan, payment shall be made only pursuant to the express provisions of the applicable Stock Option Agreement. The Stock Option Agreement may specify that payment may be made in any form(s) described in this Article 6.

(b) In the case of an NSO, the Committee may at any time accept payment in any form(s) described in this Article 6.

**6.2 Stock Swap.** To the extent specifically provided in an Option Agreement, all or any part of the Exercise Price may be paid by surrendering, or attesting to the ownership of, shares of Common Stock that are already owned by the Optionee. Such shares of Common Stock shall be valued at their Fair Market Value on the date when the new shares of Common Stock are purchased under the Plan.

**6.3 Exercise/Sale.** To the extent that this Section 6.3 is applicable, all or any part of the Exercise Price and any withholding taxes may be paid by delivering (in a form prescribed by the Company) an irrevocable direction to a securities broker approved by the Company to sell all or part of the shares of Common Stock being purchased under the Plan and to deliver all or part of the sales proceeds to the Company.

**6.4 Exercise/Pledge.** To the extent that this Section 6.4 is applicable, all or any part of the Exercise Price and any withholding taxes may be paid by delivering (in a form prescribed by the Company) an irrevocable direction to pledge all or part of the shares of Common Stock being purchased under the Plan to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company.

## **ARTICLE 7. STOCK APPRECIATION RIGHTS**

SARs granted under the Plan are subject to the following terms and conditions:

**7.1 SAR Agreement.** Each SAR granted under the Plan shall be evidenced by an SAR Agreement between the Participant and the Company. Such SAR shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various SAR Agreements entered into under the Plan need not be identical.

**7.2 Number of Shares.** Each SAR Agreement shall specify the number of shares of Common Stock to which the SAR pertains and shall provide for the adjustment of such number in accordance with Article 12. SARs granted to any Participant in a single calendar year shall in no event pertain to more than 500,000 shares of Common Stock. The limitation set forth in the preceding sentence shall be subject to adjustment in accordance with Article 12.

**7.3 Exercise Price.** Each SAR Agreement shall specify the Exercise Price; provided that the Exercise Price under an SAR shall in no event be less than one hundred percent (100%) of the Fair Market Value of a share of Common Stock on the date of grant.

**7.4 Exercisability and Term.** Each SAR Agreement shall specify the date when all or any installment of the SAR is to become exercisable. The SAR Agreement shall also specify the term of the SAR; provided, however, that the term shall in no event exceed ten (10) years from the date of grant. An SAR Agreement may provide for accelerated exercisability in the event of the Optionee's Disability, death or Retirement and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service. SARs may be granted in combination with Options, and such an SAR Agreement may provide that the SARs will not be exercisable unless the related Options are forfeited.

**7.5 Effect of Change in Control.** Each SAR Agreement shall specify the date when all or any installment of the SAR is to become exercisable. The SAR Agreement shall also specify the term of the SAR; provided, however, that the term shall in no event exceed ten (10) years from the date of grant. An SAR Agreement may provide for accelerated exercisability in the event of the Optionee's Disability, death or Retirement and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service. SARs may be granted in combination with Options, and such an SAR Agreement may provide that the SARs will not be exercisable unless the related Options are forfeited.

**7.6 Exercise of SARs.** Upon exercise of an SAR, the Participant (or any person having the right to exercise the SAR after his or her death) shall receive from the Company (a) shares of Common Stock, (b) cash or (c) a combination of shares of Common Stock and cash, as the Committee shall determine. The amount of cash and/or the Fair Market Value of shares of Common Stock received upon exercise of SARs shall, in the aggregate, be equal to the amount by which the Fair Market Value (on the date of surrender) of the shares of Common Stock subject to the SARs exceeds the Exercise Price.

## **ARTICLE 8. UNRESTRICTED SHARES**

Unrestricted Shares granted under the Plan are subject to the following terms and conditions:

**8.1 Unrestricted Shares.** The Committee may grant up to 5% of the total shares approved for issuance under the Plan), as shares of Common Stock that have no restrictions. Such Unrestricted Shares shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. In no event shall the number of Unrestricted Shares that are granted to any Participant in a single fiscal year exceed 100,000 Shares, subject to adjustment in accordance with Article 12. For purposes of this Section 8.1, each Unrestricted Share granted under Section 3.1 shall reduce the foregoing limit by one (1) Share.

**8.2 Payment for Awards.** Unrestricted Shares may be granted under the Plan for such consideration consisting of any tangible or intangible property or benefit to the Company as the Committee may determine, including cash, promissory notes, services performed and contracts for services to be performed.

## **ARTICLE 9. RESTRICTED SHARES**

Restricted Shares granted under the Plan are subject to the following terms and conditions:

**9.1 Restricted Share Agreement.** Each grant of Restricted Shares under the Plan shall be evidenced by a Restricted Share Agreement between the recipient and the Company. Such Restricted Shares shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Restricted Share Agreements entered into under the Plan need not be identical.

**9.2 Payment for Awards.** Restricted Shares may be granted under the Plan for such consideration consisting of any tangible or intangible property or benefit to the Company as the Committee may determine, including cash, promissory notes, services performed and contracts for services to be performed.

**9.3 Vesting Conditions.** Each Award of Restricted Shares shall be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Share Agreement. If the only restriction on an Award of Restricted Shares is vesting based on the lapse of time, the minimum period for full vesting shall be three (3) years. The Committee may include among such conditions the requirement that the performance of the

Company or a business unit of the Company for a Performance Cycle equal or exceed a target determined in advance by the Committee. Such target shall be based on any one or combination of the Performance Criteria.

With respect to Restricted Shares that are subject to performance-based vesting conditions and are intended to meet the qualified performance-based compensation requirements of Code Section 162(m):

(a) The Committee shall identify such conditions not later than the ninetieth (90th) day following the commencement of the applicable Performance Cycle and before twenty-five percent (25%) of such Performance Cycle has elapsed; and

(b) The Committee shall certify in writing prior to payout that such conditions and any other material terms were in fact satisfied. Approved minutes of a meeting of the Committee may be treated as such written certification. In no event shall the number of Restricted Shares which are subject to performance-based vesting conditions and which are granted to any Participant in a single fiscal year exceed 500,000 Shares, subject to adjustment in accordance with Article 12.

If the Participant's employment with the Company or Subsidiary is terminated before the end of a Performance Cycle for any reason other than Disability, death or Retirement, the Participant shall forfeit all rights with respect to any Restricted Shares that were being earned during the Performance Cycle. The Committee, in its absolute and sole discretion, may establish guidelines providing that if a Participant's employment is terminated before the end of a "Performance Cycle" by reason of Disability, death or Retirement, the Participant shall be entitled to a prorated payment with respect to any Restricted Shares that were being earned during the Performance Cycle, as determined at the end of such Performance Cycle. A Restricted Share Agreement may provide for accelerated service-based vesting in the event of the Participant's Disability, death or Retirement (provided that, with respect to accelerated vesting in the event of Retirement, such Restricted Share Agreement shall include specific provisions regarding any tax withholding requirements, as required). The Committee may determine, at the time of granting Restricted Shares or thereafter, that all or part of such Restricted Shares shall become vested in the event that the Participant experiences a Qualifying Termination within twelve (12) months following a Change in Control. With respect to Restricted Shares that are subject to performance-based vesting criteria, the underlying Restricted Share Agreement may provide for deemed satisfaction of the Award's performance-based vesting conditions in the event of a Qualifying Termination within twelve (12) months following a Change in Control, to the extent consistent with the requirements of Code section 162(m) and the Treasury Regulations promulgated thereunder.

**9.4 Voting and Dividend Rights.** The holders of Restricted Shares granted under the Plan shall have the voting, dividend and other rights as set forth in their Restricted Share Agreement, and may have the same voting, dividend and other rights as the Company's other shareholders. Any dividends paid on Restricted Shares shall be paid at the dividend payment date, in cash or in shares of unrestricted Common Stock having a Fair Market Value equal to the amount of such dividends. Common Stock distributed in connection with a stock split or stock dividend, and distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Shares with respect to which such Common Stock has been distributed.

## ARTICLE 10. RESTRICTED STOCK UNITS

Restricted Stock Units granted under the Plan are subject to the following terms and conditions:

**10.1 Restricted Stock Units.** Restricted Stock Units are designated in shares of Common Stock.

**10.2 Restricted Stock Unit Agreement.** Each grant of Restricted Stock Units under the Plan shall be evidenced by a Restricted Stock Unit Agreement between the recipient and the Company. Such Restricted Stock Units shall be subject to all applicable terms of the Plan and may be subject to any other terms of the applicable Restricted Stock Unit Agreement that are not inconsistent with the Plan. The provisions of the various Restricted Stock Unit Agreements entered into under the Plan need not be identical.

**10.3 Payment for Awards.** To the extent that an Award is granted in the form of Restricted Stock Units, no cash consideration shall be required of the Award recipients.

**10.4 Vesting Conditions.** Each Award of Restricted Stock Units shall be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Stock Unit Agreement. If the only restriction on an Award of Restricted Stock Units is vesting based on the lapse of time, the minimum period for full vesting shall be three (3) years. The Committee may include among such conditions the requirement that the performance of the Company or a business unit of the Company for a Performance Cycle equal or exceed a target determined in advance by the Committee. Such target shall be based on any one or combination of the Performance Criteria.

With respect to Restricted Stock Units that are subject to performance-based vesting conditions and are intended to meet the qualified performance-based compensation requirements of Code Section 162(m) and are granted to Participants who have Covered Employees under Code Section 162(m):

(a) The Committee shall identify such conditions not later than the ninetieth (90<sup>th</sup>) day following the commencement of the applicable Performance Cycle, and before twenty-five percent (25%) of such Performance Cycle has elapsed; and

(b) The Committee shall certify in writing prior to payout that such conditions and any other material terms were in fact satisfied. Approved minutes of a meeting of the Committee may be treated as such written certification.

In no event shall the number of Restricted Stock Units which are subject to performance-based vesting conditions and which are granted to any Participant in a single fiscal year exceed 500,000, subject to adjustment in accordance with Article 12.



If the Participant's employment with the Company or Subsidiary is terminated before the end of a Performance Cycle for any reason other than Disability, death or Retirement, the Participant shall forfeit all rights with respect to any Restricted Stock Units that were being earned during that Performance Cycle. The Committee, in its absolute and sole discretion, may establish guidelines providing that if a Participant's employment is terminated before the end of a Performance Cycle by reason of Disability, death or Retirement, the Participant shall be entitled to a prorated payment with respect to any shares of Restricted Stock Units that were being earned during the Performance Cycle, as determined at the end of such Performance Cycle. A Restricted Stock Unit Agreement may provide for accelerated service-based vesting in the event of the Participant's Disability, death or Retirement (provided that, with respect to accelerated vesting in the event of Retirement, such Restricted Stock Unit Agreement's accelerated vesting provisions shall comply with the requirements of Code Section 409A). The Committee may determine, at the time of granting Restricted Stock Units or thereafter, that all or part of such Restricted Stock Units shall become vested in the event that the Participant experiences a Qualifying Termination within twelve (12) months following a Change in Control. With respect to Restricted Stock Units that are subject to performance-based vesting criteria, the underlying Restricted Stock Unit Agreement may provide for deemed satisfaction of the Award's performance-based vesting conditions in the event of a Qualifying Termination within twelve (12) months following a Change in Control, to the extent consistent with the requirements of Code section 162(m) and the Treasury Regulations promulgated thereunder.

**10.5 Dividend Rights.** Shares underlying an Award of Restricted Stock Units shall not be entitled to dividends or dividend equivalents with respect to such Restricted Stock Units except to the extent otherwise provided under a Restricted Stock Unit Agreement. If a Restricted Stock Unit Agreement includes rights to dividends or dividend equivalents, an amount equal to the dividends that would have been paid if the Restricted Stock Units had been issued and outstanding Shares of Common Stock as of the record date for the dividends shall be paid to the holder of such Restricted Stock Units in cash, subject to applicable withholding taxes unless otherwise determined by the Committee. Any dividend equivalents payable pursuant to this Section 10.5 shall be paid no later than March 1 of the calendar year after the calendar year in which the applicable dividend record date occurs, except as otherwise provided in the applicable Restricted Stock Unit Agreement.

**10.6 Form and Time of Settlement of Restricted Stock Unit Awards.** Settlement of vested Restricted Stock Units may be made in the form of (a) cash, (b) shares of Common Stock or (c) any combination of both, as determined by the Committee. For the avoidance of doubt, settlement of vested Restricted Stock Units in shares of Common Stock shall not be considered an Award of Unrestricted Shares under Article 8. Methods of converting Restricted Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of shares of Common Stock over a series of trading days. Vested Restricted Stock Units shall be settled in a lump sum before the later of (i) two and one half (2<sup>1/2</sup>) months after the end of the Company's fiscal year during which all vesting conditions applicable to the Restricted Stock Units have been satisfied or have lapsed or (ii) March 15 following the calendar year in which all vesting conditions applicable to the Restricted Stock Units have been satisfied or have lapsed. Until an Award of Restricted Stock Units is settled, the number of such Restricted Stock Units shall be subject to adjustment pursuant to Article 12.

**10.7 Creditors' Rights.** A holder of Restricted Stock Units shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Restricted Stock Unit Agreement.

#### **ARTICLE 11. PERFORMANCE SHARE UNITS**

Performance Share Units granted under the Plan are subject to the following terms and conditions:

**11.1 Performance Share Units.** Performance Share Units are designated in shares of Common Stock.

**11.2 Agreement.** Each grant of Performance Share Units under the Plan shall be evidenced by an Agreement between the recipient and the Company, shall be subject to all applicable terms of the Plan, and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Performance Share Unit Agreements entered into under the Plan need not be identical. Performance Share Units may be granted in consideration of a reduction in the recipient's other compensation.

**11.3 Payment for Awards.** To the extent that an Award is granted in the form of Performance Share Units, no cash consideration shall be required of the Award recipients.

**11.4 Vesting Conditions.** Each Award of Performance Share Units shall be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Performance Share Unit Agreement. The Committee may include among such conditions the requirement that the performance of the Company or a business unit of the Company for a Performance Cycle equal or exceed a target determined in advance by the Committee. Such target shall be based on any one or combination of the Performance Criteria.

With respect to Performance Share Units that are subject to performance-based vesting conditions and are intended to meet the qualified performance-based compensation requirements of Code Section 162(m) and are granted to Participants who are Covered Employees under Code Section 162(m):

(a) The Committee shall identify such conditions not later than the ninetieth (90th) day following the commencement of the Performance Cycle, and before twenty-five percent (25%) of the Performance Cycle has elapsed; and

(b) The Committee shall certify in writing prior to payout that such conditions and any other material terms were in fact satisfied. Approved minutes of a meeting of the Committee may be treated as such written certification.

In no event shall the number of Performance Share Units which are subject to performance-based vesting conditions and which are granted to any Participant in a single fiscal year exceed 500,000, subject to adjustment in accordance with Article 12.

If the Participant's employment with the Company or Subsidiary is terminated before the date that Performance Share Units vest, the participant shall forfeit all rights with respect to any unvested Performance Share Units. However, with respect to Performance Share Units subject to performance-based vesting conditions, the Committee, in its absolute and sole discretion at the time an Award of Performance Share Units is made, may establish guidelines providing that if a Participant's employment is terminated before the end of a Performance Cycle by reason of Disability, death or Retirement, the Participant shall be entitled to a prorated payment with respect to any Performance Share Units that were being earned during the Performance Cycle, as determined at the end of such Performance Cycle. A Performance Share Unit Agreement may provide for accelerated service-based vesting in the event of a Participant's Disability, death or Retirement (provided, in the case of Retirement, that such Performance Share Unit Agreement's accelerated vesting provisions shall comply with the requirements of Code Section 409A). The Committee may determine, at the time of granting Performance Share Units or thereafter, that all or part of the Performance Share Units shall become vested in the event that the Participant experiences a Qualifying Termination within twelve (12) months following a Change in Control. Additionally, a Performance Share Unit Agreement may provide for deemed satisfaction of the Award's performance-based vesting conditions in the event of a Qualifying Termination within twelve (12) months following a Change in Control, to the extent consistent with the requirements of Code Section 162(m) and the Treasury Regulations promulgated thereunder. In addition, acceleration of vesting may be required pursuant to Article 12.

**11.5 Form and Time of Settlement of Units.** Settlement of vested Performance Share Units may be made in the form of (a) cash, (b) shares of Common Stock or (c) any combination of both, as determined by the Committee. For the avoidance of doubt, settlement of vested Performance Share Units in shares of Common Stock shall not be considered an Award of Unrestricted Shares under Article 8. Methods of converting Performance Share Units into cash may include (without limitation) a method based on the average Fair Market Value of shares of Common Stock over a series of trading days. Vested Performance Share Units shall be settled in a lump sum by the last day of the calendar year in which all vesting conditions applicable to the Performance Share Units have been satisfied or have lapsed. Until an Award of Performance Share Units is settled, the number of such Share Units shall be subject to adjustment pursuant to Article 12.

**11.6 Creditors' Rights.** A holder of Performance Share Units shall have no rights other than those of a general creditor of the Company. Performance Share Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Performance Share Unit Agreement.

## **ARTICLE 12. PROTECTION AGAINST DILUTION**

**12.1 Modification or Assumption of Awards.** Except in connection with a corporate transaction involving the Company (a "Strategic Transaction" which shall include, without

limitation any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares or the sale of all or substantially all of the Company's assets), the terms of outstanding Awards may not be amended to reduce any exercise price associated with such Awards or to cancel any outstanding Awards in exchange for cash, other Awards or other securities with an exercise price that is less than the exercise price of the original Awards without shareholder approval. The foregoing and the provisions of this Article 12 notwithstanding, no modification of an Award shall, without the consent of the Award recipient, alter or impair his or her rights or obligations under such Award.

**12.2 Adjustments.** Upon or in contemplation of any Strategic Transaction, the Committee shall, in such manner, to such extent (if any) and at such time as it deems appropriate and equitable in the circumstances:

(a) proportionately adjust any or all of (i) the number and type of shares of Common Stock (or other securities) that thereafter may be made the subject of Awards (including the specific share limits, maximums and numbers of shares set forth elsewhere in this Plan), (ii) the number, amount and type of shares of Common Stock (or other securities or property) subject to any or all outstanding Awards, (iii) the grant, purchase, or exercise price of any or all outstanding Awards, (iv) the securities, cash or other property deliverable upon exercise of any or all outstanding Awards, or (v) the performance standards appropriate to any or all outstanding Awards, or

(b) make provision for a cash payment or for the assumption, substitution or exchange of any or all outstanding share-based Awards or the cash, securities or property deliverable to the holder of any or all outstanding share-based Awards, based upon the distribution or consideration payable to holders of the outstanding shares of Common Stock upon or in respect of such event.

For the avoidance of doubt, this Article 12 does not apply to normal cash dividends with respect to Company Stock other than extraordinary dividends or to stock issued in lieu of such dividends. The Committee may adopt such valuation methodologies for outstanding Awards as it deems reasonable in the event of a cash or property settlement and, in the case of Options, SARs or similar rights, but without limitation on other methodologies, may base such settlement solely upon the excess, if any, of the per share amount payable upon or in respect of such event over the grant price of the Award, unless otherwise provided in, or by authorized amendment to, the Award or provided in another applicable agreement with the Participant. With respect to any ISO, in the absolute and sole discretion of the Committee, the adjustment may be made in a manner that would cause the Option to cease to qualify as an ISO.

**12.3 Dissolution or Liquidation.** To the extent not previously exercised, settled or assumed, Options, SARs, and Performance Share Units shall terminate immediately prior to the dissolution or liquidation of the Company.

### ARTICLE 13. AWARDS UNDER OTHER PLANS

The Company may grant awards under other equity plans or programs. Such awards may be settled in the form of shares of Common Stock issued under this Plan.

### ARTICLE 14. LIMITATION ON RIGHTS

**14.1 Retention Rights.** Neither the Plan nor any Award granted under the Plan shall be deemed to give any individual a right to remain an Employee or Nonemployee Director. The Company and its Subsidiaries reserve the right to terminate the Service of any Employee or Nonemployee Director at any time, with or without cause, subject to applicable laws, the Company's Restated Articles of Incorporation and Bylaws and a written employment agreement (if any).

**14.2 Shareholders' Rights.** Unless otherwise provided in this Plan or in any Award, a Participant shall have no dividend rights, voting rights or other rights as a shareholder with respect to any shares of Common Stock covered by his or her Award prior to the time when a stock certificate for such shares of Common Stock is issued or, if applicable, the time when he or she becomes entitled to receive such shares of Common Stock by filing any required notice of exercise and paying any required Exercise Price. No adjustment shall be made for normal cash dividends or other rights for which the record date is prior to such time, except as expressly provided in the Plan.

**14.3 Regulatory Requirements.** Any other provision of the Plan notwithstanding, the obligation of the Company to issue shares of Common Stock under the Plan shall be subject to all applicable laws, rules and regulations and such approval by any regulatory body as may be required. The Company reserves the right to restrict, in whole or in part, the delivery of shares of Common Stock pursuant to any Award prior to the satisfaction of all legal requirements relating to the issuance of such shares of Common Stock related to their registration, qualification or listing or to an exemption from registration, qualification or listing.

**14.4 Compliance with Code Section 409A.** Awards under the Plan are intended to comply with Code Section 409A and all Awards shall be interpreted in a manner that results in compliance with Section 409A, Department of Treasury regulations, and other interpretive guidance under Section 409A. Notwithstanding any provision of the Plan or an Award to the contrary, if the Committee determines that any Award does not comply with Code Section 409A, the Company may adopt such amendments to the Plan and the affected Award (without consent of the Participant) or adopt other policies or procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary and appropriate to (a) exempt the Plan and the Award from application of Code Section 409A and/or preserve the intended tax treatment of amounts payable with respect to the Award, or (b) comply with the requirements of Code Section 409A.

### ARTICLE 15. WITHHOLDING TAXES

**15.1 General.** To the extent required by applicable federal, state, local or foreign law, a Participant or his or her successor shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise in connection with the Plan. The Company shall not be required to issue any shares of Common Stock or make any cash payment under the Plan until such obligations are satisfied.

**15.2 Share Withholding.** To the extent that applicable law subjects a Participant to tax withholding obligations, the Committee may permit such Participant to satisfy all or part of such obligations by having the Company withhold all or a portion of any shares of Common Stock that otherwise would be issued to him or her or by surrendering all or a portion of any shares of Common Stock that he or she previously acquired. Such shares of Common Stock shall be valued at their Fair Market Value on the date when they are withheld or surrendered, and shall be deemed to have been issued for purposes of identifying any shares which may become available for grant pursuant to Section 3.3 above.

#### **ARTICLE 16. FUTURE OF THE PLAN**

**16.1 Term of the Plan.** The Plan, as set forth herein, became effective on the date of shareholder approval, May 18, 2010, and shall remain in effect for a period of ten (10) years unless earlier terminated under Section 16.2.

**16.2 Amendment or Termination.** The Board may, at any time and for any reason, amend, alter or terminate the Plan. Notwithstanding the foregoing and except as provided in Section 14.4, no amendment, alteration or termination shall be made that would impair the rights of a Participant under any Award theretofore granted without such Participant's express written consent. An amendment of the Plan shall be subject to the approval of the Company's shareholders for any amendment that would (a) require shareholder approval in order to satisfy the applicable requirements of Code Section 162(m), Code section 422, or other applicable laws, regulations or rules, including but not limited to any stock exchange rules; (b) increase amounts payable under the Plan to Participants (provided that shareholder approval shall not be required for increases that are not material and do not require such approval under applicable law or stock exchange rules); (c) increase the number of shares of Common Stock authorized to be issued under the Plan; (d) permit the repurchase by the Company of any outstanding Awards with an Exercise Price greater than the then-current Fair Market Value of Common Stock; or (e) modify the Plan's eligibility provisions. No Awards shall be granted under the Plan after the termination thereof.

#### **ARTICLE 17. DEFINITIONS**

**17.1 "Award"** means any grant of an Option, an SAR, an Unrestricted Share, a Restricted Share, a Restricted Stock Unit or a Performance Share Unit under the Plan.

**17.2 "Award Agreement"** means the written agreement between the Company and the recipient that contains the terms, conditions and restrictions pertaining to a particular Award.

**17.3 "Board"** means the Company's Board of Directors, as constituted from time to time.

**17.4 "Cause"** means (a) the unauthorized use or disclosure of the confidential information or trade secrets of the Company, which use or disclosure causes material harm to the

Company, (b) conviction of, or a plea of “guilty” or “no contest” to, a felony under the laws of the United States or any State thereof, (c) gross negligence, (d) willful misconduct or (e) a failure to perform assigned duties that continues after the Participant has received written notice of such failure. The foregoing, however, shall not be deemed an exclusive list of all acts or omissions that the Company (or the Parent or Subsidiary employing the Participant) may consider as grounds for the discharge of the Participant without Cause.

**17.5 “Change in Control” means:**

(a) the consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if persons who were not shareholders of the Company immediately prior to such merger, consolidation or other reorganization own immediately after such merger, consolidation or other reorganization fifty percent (50%) or more of the voting power of the outstanding securities of each of (i) the continuing or surviving entity and (ii) any direct or indirect parent corporation of such continuing or surviving entity;

(b) the sale, transfer or other disposition of all or substantially all of the Company’s assets;

(c) a change in the composition of the Board (other than due to the retirement of Directors upon reaching the Board’s mandatory retirement age), as a result of which fewer than fifty percent (50%) of the incumbent Directors are Directors who either (i) had been Directors of the Company on the date twenty-four (24) months prior to the date of the event that may constitute a Change in Control (the “original Directors”) or (ii) were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the aggregate of the original Directors who were still in office at the time of the election or nomination and the Directors whose election or nomination was previously so approved; or

(d) any transaction as a result of which any person is the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least thirty percent (30%) of the total voting power represented by the Company’s then outstanding voting securities. For purposes of this Paragraph (d), the term “person” shall have the same meaning as when used in sections 13(d) and 14(d) of the Exchange Act but shall exclude (i) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Subsidiary and (ii) a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of the common stock of the Company.

A transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company’s incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction.

**17.6 “Code” means the Internal Revenue Code of 1986, as amended.**

**17.7 “Committee” means the Compensation Committee of the Company’s Board.**

**17.8** “Common Stock” means shares of the common stock of the Company.

**17.9** “Company” means Nordstrom, Inc., a Washington corporation.

**17.10** “Disability” means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

**17.11** “Employee” means a common-law employee of the Company, a Parent or a Subsidiary.

**17.12** “Exchange Act” means the Securities Exchange Act of 1934, as amended.

**17.13** “Exercise Price,” in the case of an Option, means the amount for which one share of Common Stock may be purchased upon exercise of such Option, as specified in the applicable Stock Option Agreement. “Exercise Price,” in the case of an SAR, means an amount, as specified in the applicable SAR Agreement, which is subtracted from the Fair Market Value of one share of Common Stock in determining the amount payable upon exercise of such SAR.

**17.14** “Fair Market Value” means the market price of a share of Common Stock, determined by the Committee in good faith on such basis as it deems appropriate. Whenever possible, the determination of Fair Market Value by the Committee shall be based on the closing price on the date of the Award as reported by the New York Stock Exchange, or the primary exchange or quotation system on which the Common Stock is then trading. Such determination shall be conclusive and binding on all persons.

**17.15** “Good Reason” means the occurrence of one or more of the following without the Participant’s express written consent and within twelve (12) months following a Change in Control:

(a) a material diminution in the Participant’s base salary;

(b) a material diminution in the Participant’s authority, duties, or responsibilities;

(c) a material change in the geographic location at which the Participant must perform his or her services to a place that is more than fifty (50) miles from where the Participant was based immediately prior to the Change in Control; and

(d) any other action or inaction that constitutes a material breach by the Company of this Plan with respect to a Participant’s Award.

The event or events described above shall constitute Good Reason only if the Company (or the Parent or Subsidiary employing the Participant) fails to cure such event or events within ninety



(90) days after receipt from the Participant of written notice of the event or events which constitutes Good Reason. Such notice must be provided to the Company (or the Parent or Subsidiary employing the Participant) and must provide a reasonably detailed description of the facts that the Participant believes constitute a Good Reason event. Good Reason shall cease to exist for an event on the ninetieth (90<sup>th</sup>) day following the later of its occurrence or the Participant's knowledge thereof, unless the Participant has given written notice to the Company thereof prior to such date.

**17.16** "ISO" means an incentive stock option described in Section 422(b) of the Code.

**17.17** "NSO" means a stock option not described in Sections 422 or 423 of the Code.

**17.18** "Nonemployee Director" means a member of the Company's Board or the Board of Directors of a Subsidiary who is not an Employee. Service as a Nonemployee Director shall be considered employment for all purposes of the Plan, except as provided in Section 4.2.

**17.19** "Option" means an NSO or an ISO granted under Article 5 of the Plan and entitling the holder to purchase shares of Common Stock pursuant to an Award.

**17.20** "Optionee" means an individual or estate who holds an Option.

**17.21** "Participant" means an individual or estate who holds an Award.

**17.22** "Performance Criteria" shall mean a specified percentage or quantitative level in one or more of the following performance measures:

(a) the Company's shareholder return as compared to any designated industry or other comparator group;

(b) the trading price of the Company's common stock;

(c) the results of operations, such as sales, earnings, net income (before or after taxes), cash flow, return on assets, same-store sales, economic profit, or return on investment (including return on equity, return on capital employed, or return on assets);

(d) earnings before or after taxes, interest, depreciation and/or amortization, and including /excluding capital gains and losses;

(e) other financial results, such as profit margins, operational efficiency, expense reduction, or asset management goals; and

(f) the internal or external market share of a product or line of products.

Each of the foregoing performance measures may be based on the performance of the Company generally, in the absolute or in relation to its peers, or the performance of a particular Participant, department, business unit, subsidiary, or other segment to which a particular

Participant is assigned. The Committee may establish different performance measures and milestones for individual Participants or groups of Participants. For each Participant, each performance measure will be weighted to reflect its relative significance to the Company for the Performance Cycle.

Except as otherwise specified in an individual Award, applicable performance measures shall be adjusted to exclude the following items that occur during a given Performance Cycle:

- (i) Extraordinary, unusual or non-recurring items of gain or loss;
- (ii) Gains or losses on the disposition of a business, a segment of a business, or significant assets outside the ordinary course of business;
- (iii) Changes in tax or accounting standards, principles, regulations or laws;

(iv) The effect of a merger or acquisition, including all financial results derived therefrom during the period from the merger or acquisition date through the end of the Performance Cycle in which the merger or acquisition occurred;

(v) Gains or losses due to non-cash adjustments which relate to the valuation of long-term assets rather than current-year performance (including but not necessarily limited to gain or loss recognized for store closures, lease terminations, pension adjustments and mark to market adjustments); and

(vi) The impact of other similar occurrences outside of the Company's core, on-going business activities (including but not necessarily limited to litigation or tax reserves, financing activities, foreign exchange rate fluctuations and restructuring charges).

In all other respects, performance measures comprising Performance Criteria for an Award shall be calculated in accordance with the Company's financial statements, under generally accepted accounting principles (GAAP), or under a non-GAAP methodology established by the Committee prior to the issuance of an Award. The method of calculating performance measurements shall be consistently applied and identified in the audited financial statements, including footnotes, or the Compensation Discussion and Analysis section of the Company's annual report.

**17.23** "Performance Cycle" means a predetermined period of time, not less than one year, over which Performance Criteria will be measured with respect to an Award.

**17.24** "Performance Share Unit" means a bookkeeping entry representing the equivalent of one (1) share of Common Stock, as granted under the Plan pursuant to an Award.

**17.25** "Performance Share Unit Agreement" means the written agreement between the Company and the recipient of a Performance Share Unit that contains the terms, conditions and restrictions pertaining to such Performance Share Unit.

**17.26** “Plan” means this Nordstrom, Inc. 2010 Equity Incentive Plan, as amended from time to time.

**17.27** “Prior Plan” means the Nordstrom 2004 Equity Incentive Plan, as subsequently amended in 2007 and 2008.

**17.28** “Qualifying Termination” means (a) the Participant’s employment is involuntarily terminated by the Company (or the Parent or Subsidiary employing the Participant) without Cause, or (b) the Participant terminates employment from the Company (or the Parent or Subsidiary employing the Participant) for Good Reason. The twelve-month period will be extended by one (1) additional month if the thirty-day cure period in Section 17.15 is triggered in the eleventh or twelfth month following a Change in Control. It is intended that any Qualifying Termination shall be an “involuntary Separation from Service,” as that term is defined in Treasury Regulation Section 1.409A-1(n).

**17.29** “Restricted Share” means a share of Common Stock granted under Article 9 pursuant to an Award, with such restrictions as set forth in the applicable Restricted Share Agreement.

**17.30** “Restricted Stock Unit” means a right granted under Article 10 to receive Common Stock or cash at the end of a specified deferral period pursuant to an Award, which right may be conditioned on the satisfaction of certain requirements (including the satisfaction of certain performance goals).

**17.31** “Restricted Share Agreement” means the written agreement between the Company and the recipient of a Restricted Share that contains the terms, conditions and restrictions pertaining to such Restricted Share.

**17.32** “Restricted Stock Unit Agreement” means the written agreement between the Company and the recipient of a Restricted Stock Unit that contains the terms, conditions and restrictions pertaining to such Restricted Stock Unit.

**17.33** “Retirement” means Participant’s termination from Service on or after his or her Retirement Date.

**17.34** “Retirement Date” shall have the meaning as set forth in a particular Award Agreement.

**17.35** “SAR” means a stock appreciation right granted under Article 7 of the Plan pursuant to an Award.

**17.36** “SAR Agreement” means the written agreement between the Company and a Participant that contains the terms, conditions and restrictions pertaining to his or her SAR.

**17.37** “Service” means service as an Employee or Nonemployee Director.

**17.38** “Stock Option Agreement” means the written agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to his or her Option.

**17.39** “Subcommittee” means a separate committee established by and consisting of members of the Committee.

**17.40** “Subsidiary” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

**17.41** “Unrestricted Share” means a share of Common Stock granted under Article 8 of the Plan pursuant to an Award.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 of our reports dated March 18, 2013, relating to the financial statements of Nordstrom, Inc. and subsidiaries, and the effectiveness of Nordstrom, Inc.'s internal control over financial reporting, appearing in the Annual Report on Form 10-K of Nordstrom, Inc. for the year ended February 2, 2013.

/S/ DELOITTE & TOUCHE LLP

Seattle, Washington  
June 13, 2013