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

FORM 8-K

CURRENT REPORT

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) February 16, 2017

NORDSTROM, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

**WASHINGTON
(STATE OR OTHER JURISDICTION
OF INCORPORATION)**

**001-15059
(COMMISSION FILE
NUMBER)**

**91-0515058
(I.R.S. EMPLOYER
IDENTIFICATION NO.)**

**1617 SIXTH AVENUE,
SEATTLE, WASHINGTON
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)**

**98101
(ZIP CODE)**

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (206) 628-2111

**INAPPLICABLE
(FORMER NAME OR FORMER ADDRESS IF CHANGED SINCE LAST REPORT)**

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 16, 2017, the Compensation Committee (the “Committee”) of the Board of Directors of the Company approved the following actions relative to salary and performance-based awards for the Company’s Named Executive Officers as set forth in the Company’s proxy statement dated April 8, 2016 (the “NEOs”):

<u>Named Executive Officer</u>	<u>2016 Bonus (1)</u>	<u>2017 Base Salary</u>
Blake W. Nordstrom Co-President	\$1,213,601	\$758,500
Peter E. Nordstrom Co-President	\$1,213,601	\$758,500
Erik B. Nordstrom Co-President	\$1,213,601	\$758,500
Michael G. Koppel Executive Vice President and Chief Financial Officer	\$ 568,800	\$790,000
Christine F. Deputy Executive Vice President – Human Resources	\$ 345,600	\$567,000

(1) Nordstrom follows a pay-for-performance philosophy. The Company’s compensation plans are designed to encourage NEOs to focus on goals that align with business strategy, operating performance and shareholder values. In support of our philosophy, performance-based awards pay out only when pre-determined performance results are achieved. The 2016 cash bonuses were determined based on the achievement of pre-established performance measures set by the Committee under the shareholder-approved Nordstrom, Inc. Executive Management Bonus Plan.

Also on February 16, 2017, the Committee certified the level of attainment of the pre-established performance goals for the 2014 Performance Share Unit (“PSU”) grant relating to fiscal years 2014 through 2016. The Company’s ranking within its peer group did not exceed the fiftieth percentile. Accordingly, the 2014 PSUs did not vest and were canceled without payment to the Company’s NEOs.

The Committee also determined to award stock option grants to the Company’s five NEOs, effective February 28, 2017, the first open window trading date after Committee approval. Stock options were granted pursuant to the terms of the Nordstrom, Inc. 2010 Equity Incentive Plan (the “Equity Plan”) and have a term of ten years with an exercise price equivalent to the closing price of the Company’s Common Stock on February 28, 2017. Vesting occurs at a rate of 25% annually, beginning one year from the tenth day of the month immediately following the date of grant. The number of options to be awarded to each individual is a function of base pay, a long-term incentive (LTI) percentage and the fair value of an option. The Binomial Lattice model is used to estimate the fair value of an option. This model requires the input of certain assumptions, including the risk-free interest rate, volatility, dividend yield and expected life. The formula for determining the number of options granted is:

$$\text{No. of Options} = (\text{base pay} \times \text{LTI}\%) / \text{option fair value}$$

The form of the 2017 Nonqualified Stock Option Grant Agreement is attached hereto as Exhibit 10.1. The number of options actually granted to each of the NEOs, once determined, will be reported in an amendment to this Current Report on Form 8-K.

On February 16, 2017, the Committee also determined to award restricted stock units (“RSUs”) to the Company’s five NEOs pursuant to the terms of the Equity Plan. The RSU awards are effective February 28, 2017. RSUs entitle the participant to settle in shares of Company Common Stock. Vesting occurs at a rate of 25% annually, beginning one year from the tenth day of the month immediately following the date of grant. The number of RSUs to be awarded to each individual is a function of base pay, a long-term incentive (LTI) percentage and the fair value of an RSU. The fair value of an RSU is calculated as the stock price as of the effective date less the present value of Company stock dividends over the vesting period. This calculation requires the input of certain assumptions,

including the risk-free interest rate and the expected Company stock dividends. The formula for determining the number of RSUs granted is:

$$\text{No. of RSUs} = (\text{base pay} \times \text{LTI}\%) / \text{RSU fair value}$$

The form of the 2017 Restricted Stock Unit Award Agreement is attached to this Current Report on Form 8-K as Exhibit 10.2. The number of RSUs actually granted to each of the NEOs, once determined, will be reported in an amendment to this Current Report on Form 8-K.

On February 16, 2017, the Committee also determined to award PSUs to the Company's five NEOs pursuant to the terms of the Equity Plan. The PSU awards are effective February 28, 2017. PSUs may only be settled in shares of Company Common Stock upon the achievement of such performance goals as may be established by the Committee at the time of grant based on any one or a combination of certain performance criteria enumerated in the Equity Plan. The 2017 PSUs are earned over a three-year period from fiscal year 2017 through fiscal year 2019. The percentage of PSUs granted that will actually be earned at the end of the three-year period is based upon the Company's total shareholder return compared to the total shareholder return of companies in the Standard & Poor's 500, as composed on the first day of the performance cycle, during that same period. Total shareholder return is based on a 30 trading-day closing price average that is established both prior to the beginning of the performance cycle and prior to the end of the performance cycle. The formula for determining the number of PSUs granted is:

$$\text{No. of PSUs} = (\text{base pay} \times \text{LTI}\%) / \text{stock price on the effective date}$$

The form of the 2017 Performance Share Notice and Award Agreement is attached to this Current Report on Form 8-K as Exhibit 10.3. The number of PSUs actually awarded to each of the NEOs, once determined, will be reported in an amendment to this Current Report on Form 8-K.

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits

- 10.1 Form of the 2017 Nonqualified Stock Option Grant Agreement
- 10.2 Form of the 2017 Restricted Stock Unit Award Agreement
- 10.3 Form of the 2017 Performance Share Unit Notice and Award Agreement

SIGNATURES

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

NORDSTROM, INC.

By: /s/ Robert B. Sari

Robert B. Sari

Executive Vice President, General Counsel
and Corporate Secretary

Dated: February 23, 2017

EXHIBIT INDEX

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
10.1	Form of the 2017 Nonqualified Stock Option Grant Agreement
10.2	Form of the 2017 Restricted Stock Unit Award Agreement
10.3	Form of the 2017 Performance Share Unit Notice and Award Agreement

NONQUALIFIED STOCK OPTION GRANT AGREEMENT

A NONQUALIFIED STOCK OPTION GRANT (hereinafter the “Option”) for the number of shares of Nordstrom Common Stock (“Common Stock”), as noted in the Nonqualified Stock Option Grant Notice (the “Notice”), of Nordstrom, Inc., a Washington Corporation (the “Company”), is hereby granted to the Recipient (“Optionee”) on the date set forth in the Notice, subject to the terms and conditions of this Agreement. The Option is also subject to the terms, definitions and provisions of the Nordstrom, Inc. 2010 Equity Incentive Plan (the “Plan”), adopted by the Board of Directors of the Company (the “Board”) and approved by the Company’s shareholders, which is incorporated in this Agreement. To the extent inconsistent with this Agreement, the terms of the Plan shall govern. Terms not defined herein shall have the meanings as set forth in the Plan. The Compensation Committee of the Board (the “Compensation Committee”) has the discretionary authority to construe and interpret the Plan and this Agreement. All decisions of the Compensation Committee upon any question arising under the Plan or under this Agreement shall be final and binding on all parties. The Option is subject to the following terms and conditions:

1. OPTION EXERCISE PRICE

The option exercise price is one hundred percent (100%) of the fair market value of a share of Common Stock as determined by the closing price of Common Stock on the New York Stock Exchange on the date of grant. For this purpose, the date of grant is indicated in the Notice and reflects either the date the Compensation Committee approves the grant, or if this date falls within a closed trading period, the first trading day thereafter that falls within an open trading window.

2. VESTING AND EXERCISING OF OPTION

Except as set forth in Section 5, the Option shall vest and be exercisable pursuant to the terms of the vesting schedule set forth in the Notice.

- (a) Method of Exercise. The Option shall be exercisable (only to the extent vested) by a written notice in a form prescribed by the Company that shall:
- (i) state the election to exercise the Option, the number of shares, the total option exercise price, and the name and address of the Optionee;
 - (ii) be signed by the person entitled to exercise the Option; and
 - (iii) be in writing and delivered to Nordstrom Leadership Benefits (either directly or through a broker).
- (b) Payment upon Exercise. Payment of the option exercise price for any shares with respect to which an Option is being exercised shall be by:
- (i) check or bank wire transfer, or
 - (ii) giving an irrevocable direction for a broker approved by the Company to sell all or part of the Option shares and to deliver to the Company from the sale proceeds an amount sufficient to pay the option exercise price and any amount required to be withheld to meet the Company’s minimum statutory withholding requirements, including the employee’s share of payroll taxes. (The balance of the sale proceeds, if any, will be delivered to the Optionee.)

The certificate(s) or shares of Common Stock as to which the Option shall be exercised shall be registered in the name of the person(s) exercising the Option unless another person is specified. An Option hereunder may not at any time be exercised for a fractional number of shares.

- (c) Restrictions on Exercise. The Option may not be exercised if the issuance of the shares upon such exercise would constitute a violation of any applicable federal or state securities or other law or valid regulation, or the Company’s Insider Trading Policy. As a condition to the exercise of the Option, the Company may require the person exercising the Option to make any representation and warranty to the Company as the Company’s counsel advises and as may be required by the Company or by any applicable law or regulation.

3. ACCEPTANCE OF OPTION AND TERMS

Although the Company may or may not require the Optionee’s signature upon accepting the grant, the Optionee remains subject to the terms and conditions of this Agreement. The Optionee agrees to comply with any and all legal requirements and Company policies related to this Option or shares of Company Common Stock which may be acquired upon exercise of this Option. The Optionee acknowledges receipt of a copy of the Plan in connection with the acceptance of the Award.

4. NONTRANSFERABILITY OF OPTION

The Option may not be sold, pledged, assigned or transferred in any manner except in the event of the Optionee’s death. In the event of the Optionee’s death, the Options may be transferred to the person indicated on a valid beneficiary form, as designated by the Company, or if no designated beneficiary form is available, then to the person to whom the Optionee’s rights have passed by will or the laws of descent and distribution. Except as set forth in Section 5, the Option may be exercised during the lifetime of the Optionee only by the Optionee or by the guardian or legal representative of the Optionee. The terms of this Agreement shall be binding upon the executors, administrators, heirs and successors of the Optionee.

5. SEPARATION OF EMPLOYMENT

Except as set forth in this section, a vested Option may only be exercised while the Optionee is an employee of the Company or one of its subsidiaries (the "Employer"). If an Optionee's employment is terminated, the Optionee or his or her legal representative shall have the right to exercise the Option after such termination as follows:

- (a) If the Optionee dies while employed by the Employer, and the option was granted at least six months prior to the date of the Optionee's death, it shall immediately vest and may be exercised during the period ending four years after the Optionee's death. The recipient named on the beneficiary form, as designated by the Company, may exercise such rights. If no valid beneficiary form is on file with the Company, then the person to whom the Optionee's rights have passed by will or the laws of descent and distribution may exercise such rights. In no event may the Option be exercised more than 10 years from the date of grant. If the Option was granted less than six months prior to death, such Option shall be forfeited as of the date of death.
- (b) If the Optionee is separated due to his or her disability, as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), the Option was granted at least six months prior to such separation and the Optionee provides Nordstrom Leadership Benefits with reasonable documentation of the Optionee's disability, the Option shall immediately vest as of the date of such separation and may be exercised during the period ending four years after separation. In no event may the Option be exercised more than 10 years from the date of grant. If the Option was granted less than six months prior to separation due to the Optionee's disability, such Option shall be forfeited as of the date of separation.
- (c) If the Optionee terminates employment after having met any of the requirements set forth below, and the Option was granted at least six months prior to the termination date, the Option shall continue to vest in accordance with the terms of the Notice and may be exercised during the period ending four years after separation notwithstanding such termination of employment:
 - (i) the Optionee was born on or before March 3, 1956 and the Optionee was eligible for and received a grant under the Plan in 2014; or
 - (ii) the Optionee has attained age 55 with 10 continuous years of service to the Employer from the most recent hire date with the Employer.In no event may the Option be exercised more than 10 years from the date of grant. If the Option was granted less than six months prior to the termination date, such Option shall be forfeited as of the date of termination.
- (d) Notwithstanding subparagraphs (a), (b) and (c) of this section, the Optionee shall immediately forfeit any unvested Options to the extent not exercised as of the termination date, if he or she is terminated for any of the following reasons with respect to the Company or any of its subsidiaries: embezzlement, theft of funds, fraud, violation of rules, regulations or policies, or any intentional harmful act or acts.
- (e) If the Optionee is separated for any reason other than those set forth in subparagraphs (a), (b), (c) and (d) above, the Optionee (or Optionee's beneficiary) may exercise his or her Option, to the extent vested as of the date of his or her separation, within 100 days after separation. In no event may the Option be exercised more than 10 years from the date of grant. Any unvested options will be forfeited as of the date of separation.

Notwithstanding anything above to the contrary, if at any time during the term of this Option, the Optionee directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, shareholder, corporate officer, director or in any other capacity, with respect to the Company or any of its subsidiaries, engages or assists any third party in engaging in any competitive business; divulges any confidential or proprietary information to a third party who is not authorized to receive the confidential or proprietary information; or improperly uses any confidential or proprietary information, then the post-separation vesting and exercise rights of the Option set forth above shall cease immediately, and all outstanding vested and unvested portions of the Option shall be forfeited.

6. TERM OF OPTION

The Option may not be exercised more than 10 years from the date of grant of the Option, and the vested portion of such Option may be exercised during such term only in accordance with the Plan and the terms of the Option.

7. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

The Option shall be adjusted pursuant to the Plan, in such manner, to such extent (if any) and at such time as the Compensation Committee deems appropriate in the circumstances, to reflect any stock dividend, stock split, split up, extraordinary cash dividend, any combination or exchange of shares or other Strategic Transaction.

8. ADDITIONAL OPTIONS

The Compensation Committee may or may not grant the Optionee additional Options in the future. Nothing in this Option or any future grant should be construed as suggesting that additional grants to the Optionee will be forthcoming.

9. LEAVES OF ABSENCE

For purposes of this Agreement, the Optionee's service does not terminate due to a military leave, a medical leave or another bona fide leave of absence if the leave was approved by the Employer in writing and if continued crediting of service is required by the terms of the leave or by applicable law. But, service terminates when the approved leave ends unless the Optionee immediately returns to active work.

If the Optionee goes on a leave of absence approved by the Employer, then the vesting schedule specified in the Notice may be adjusted in accordance with the Employer's leave of absence policy or the terms of the leave.

10. TAX WITHHOLDING

In the event that the Company determines that it is required to withhold any tax as a result of the exercise of the Option, the Optionee, as a condition to the exercise of their Option, shall make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements.

11. INDEPENDENT TAX ADVICE

The tax consequences to the Optionee of receiving the Option or disposing of the shares of Common Stock which may be issuable upon the exercise of the Option is complicated and will depend, in part, on the Optionee's specific tax situation. The Optionee is advised to consult with an independent tax advisor for a full understanding of the specific tax consequences of receiving the Option or disposing of the shares of Common Stock which may be received upon exercise of the Option.

12. RIGHTS AS A SHAREHOLDER

Neither the Optionee nor the Optionee's beneficiary or representative shall have any rights as a shareholder with respect to any Common Stock subject to the Option, unless and until (i) the Optionee or the Optionee's beneficiary or representative becomes entitled to receive such Common Stock by filing a notice of exercise and paying the option exercise price pursuant to the Option, and (ii) the Optionee or Optionee's beneficiary or representative has satisfied any other requirement imposed by applicable law or the Plan.

13. NO RETENTION RIGHTS

Nothing in this Agreement or in the Plan shall give the Optionee the right to be retained by the Employer as an employee or in any capacity. The Employer reserves the right to terminate the Optionee's service at any time, with or without cause.

14. CLAWBACK POLICY

The Option, and any proceeds (Common Stock or cash) received in connection with the exercise of the Option or subsequent sale of such issued Common Stock, shall be subject to the Clawback Policy adopted by the Company's Board, as amended from time to time.

In the event the Clawback Policy is deemed unenforceable with respect to the Option, or with respect to the proceeds received in connection with the exercise of the Option or subsequent sale of Common Stock issued pursuant to the Option, then the Option grant subject to this Agreement shall be deemed unenforceable due to lack of adequate consideration.

15. ENTIRE AGREEMENT

The Notice, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

RESTRICTED STOCK UNIT AWARD AGREEMENT

AN AWARD (“Award”) OF RESTRICTED STOCK UNITS (“Units”), representing a number of shares of Nordstrom Common Stock (“Common Stock”) as noted in the Restricted Stock Unit Award Notice (the “Notice”), of Nordstrom, Inc., a Washington Corporation (the “Company”), is hereby granted to the Recipient (“Unit holder”) on the date set forth in the Notice, subject to the terms and conditions of this Agreement. The Units are also subject to the terms, definitions and provisions of the Nordstrom, Inc. 2010 Equity Incentive Plan (the “Plan”), adopted by the Board of Directors of the Company (the “Board”) and approved by the Company’s shareholders, which is incorporated in this Agreement. To the extent inconsistent with this Agreement, the terms of the Plan shall govern. Terms not defined herein shall have the meanings as set forth in the Plan. The Compensation Committee of the Board (the “Compensation Committee”) has the discretionary authority to construe and interpret the Plan and this Agreement. All decisions of the Compensation Committee upon any question arising under the Plan or under this Agreement shall be final and binding on all parties. The Units are subject to the following terms and conditions:

1. VESTING AND CONVERSION OF UNITS

Unless otherwise specified within this Agreement, the Units will vest and automatically convert into Common Stock according to the applicable terms set forth in the Notice. For the avoidance of doubt, only Common Stock shall be deliverable upon the vesting of the Units, not cash. The Company shall not be required to issue fractional shares of Common Stock upon conversion of the Units into Common Stock. The delivery of Common Stock on vesting of the Units is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), together with regulatory guidance issued thereunder, and shall occur as soon as practicable after the applicable vesting date.

2. ACCEPTANCE OF UNITS AND TERMS

Whether or not the Company requires the Unit holder to accept the Award, if the Unit holder takes no action to accept the Award, the Unit holder is deemed to have accepted the Award and will be subject to the terms and conditions of this Agreement. The Unit holder agrees to comply with any and all legal requirements and Company policies related to the resale or disposition of any Awards under this Agreement. The Unit holder acknowledges receipt of a copy of the Plan in connection with the acceptance of the Award.

3. NONTRANSFERABILITY OF UNITS

The Units may not be sold, pledged, assigned or transferred in any manner except in the event of the Unit holder’s death. In the event of the Unit holder’s death, the Units may be transferred to the person indicated on a valid beneficiary form, as designated by the Company, or if no designated beneficiary form is available, then to the person to whom the Unit holder’s rights have passed by will or the laws of descent and distribution. Except as set forth in Section 4, Common Stock may be delivered in respect of the Units during the lifetime of the Unit holder only to the Unit holder or to the guardian or legal representative of the Unit holder. The terms of the Agreement shall be binding on the executors, administrators, heirs and successors of the Unit holder.

4. SEPARATION OF EMPLOYMENT

Except as set forth in this section, the Units will vest, and shares of Common Stock will be delivered in respect of the Units, only if the Unit holder is an employee of the Company or one of its subsidiaries (the “Employer”) on the vesting date. If the Unit holder’s employment with the Employer is terminated, the Units will vest only as follows:

- (a) If the Unit holder dies while employed by the Employer and the Units were granted at least six months prior to the date of the Unit holder’s death, any Units represented by the Award shall immediately vest as of the date of the Unit holder’s death and be delivered as Common Stock promptly thereafter. Shares shall be issued in the name of the person identified on the Unit holder’s beneficiary form, as designated by the Company. If no valid beneficiary form exists, then the Common Stock delivered pursuant to the preceding sentence shall be issued in the name of the person to whom the Unit holder’s rights under this Agreement have passed by will or the laws of descent and distribution. If the Units were granted less than six months prior to death, the Units shall be forfeited as of the date of death.
- (b) If the Unit holder is separated due to his or her disability, as defined in Section 22(e)(3) of the Code, the Units were granted at least six months prior to such separation and the Unit holder provides Nordstrom Leadership Benefits with reasonable documentation of his or her disability, any Units represented by this Award shall immediately vest as of the date of such separation and be delivered as Common Stock promptly thereafter. If the Units were granted less than six months prior to separation due to the Unit holder’s disability, the Units shall be forfeited as of the date of separation.
- (c) If the Unit holder terminates employment after having met any of the requirements set forth below, and the Units were granted at least six months prior to the termination date, the Units shall continue to vest in accordance with the terms of the Notice notwithstanding such termination of employment:

- (i) the Unit holder was born on or before March 3, 1956 and the Unit holder was eligible for and received a grant under the Plan in 2014; or
- (ii) the Unit holder has attained age 55 with 10 continuous years of service to the Employer from the most recent hire date with the Employer.

If the Units were granted less than six months prior to termination, the Units shall be forfeited as of the date of termination.

- (d) Notwithstanding subparagraphs (a), (b) and (c) of this section, a Unit holder shall immediately forfeit any unvested and unsettled Units (as of the termination date), if he or she is terminated for any of the following reasons with respect to the Company or any of its subsidiaries: embezzlement, theft of funds, fraud, violation of rules, regulations or policies, or any intentional harmful act or acts.
- (e) If the Unit holder is separated for any reason other than those set forth in subparagraphs (a), (b) (c) or (d) above, then all Units represented by this Award shall be forfeited as of the date of the Unit holder's separation.

Notwithstanding anything above to the contrary, if at any time during the term of this Award, the Unit holder directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, shareholder, corporate officer, director or in any other capacity, with respect to the Company or any of its subsidiaries, engages or assists any third party in engaging in any competitive business; divulges any confidential or proprietary information to a third party who is not authorized to receive the confidential or proprietary information; or improperly uses any confidential or proprietary information, then the post-separation proration of Units and settlement rights set forth above shall cease immediately, and all outstanding vested but not settled and unvested portions of the Award shall be forfeited.

5. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

The Units shall be adjusted pursuant to the Plan, in such manner, to such extent (if any) and at such time as the Compensation Committee deems appropriate and equitable in the circumstances, to reflect any stock dividend, stock split, split up, extraordinary cash dividend, any combination or exchange of shares or other Strategic Transaction.

6. NO DIVIDEND RIGHTS

Except to the extent required pursuant to Section 5 of this Agreement, ownership of Units shall not entitle the Unit holder to receive any dividends declared with respect to Common Stock.

7. ADDITIONAL UNITS

The Compensation Committee may or may not grant the Unit holder additional Units in the future. Nothing in this Agreement or any future agreement should be construed as suggesting that additional awards to the Unit holder will be forthcoming.

8. LEAVES OF ABSENCE

For purposes of this Agreement, the Unit holder's service does not terminate due to a military leave, a medical leave or another bona fide leave of absence if the leave was approved by the Employer in writing and if continued crediting of service is required by the terms of the leave or by applicable law. But, service terminates when the approved leave ends, unless the Unit holder immediately returns to active work.

9. TAX WITHHOLDING

No stock certificates will be distributed to the Unit holder unless the Unit holder has made acceptable arrangements to pay any withholding taxes that may be due as a result of the settlement of this Award. These arrangements may include withholding shares of Common Stock that otherwise would be distributed when the Units are settled. The fair market value of the shares required to cover withholding will be applied to the withholding of taxes prior to the Unit holder receiving the remaining shares.

If the Unit holder becomes retirement eligible, as outlined in Section 4 subparagraph (c), during the vesting life of the Units, then the Company retains the right to withhold that number of shares required to cover the Social Security, Medicare, and any other applicable taxes due in the calendar year in which the Unit holder becomes retirement eligible.

10. INDEPENDENT TAX ADVICE

The tax consequences to the Unit holder of receiving the Units or disposing of the shares of Common Stock which may be issuable upon vesting and conversion of the Units is complicated and will depend, in part, on the Unit holder's specific tax situation. The Unit holder is advised to consult with an independent tax advisor for a full understanding of the specific tax consequences of receiving or disposing of the Units or the shares of Common Stock that may be received upon vesting and conversion of the Units.

11. RIGHTS AS A SHAREHOLDER

Neither the Unit holder nor the Unit holder's beneficiary or representative shall have any rights as a shareholder with respect to any Common Stock which may be issuable upon vesting and conversion of the Units, unless and until the Units vest and Common Stock has been issued and any other requirements imposed by applicable law or the Plan have been satisfied.

12. NO RETENTION RIGHTS

Nothing in this Agreement or in the Plan shall give the Unit holder the right to be retained by the Employer as an employee or in any other capacity. The Employer reserves the right to terminate the Unit holder's service at any time, with or without cause.

13. CLAWBACK POLICY

The Units, and any Common Stock delivered upon vesting of the Units and the proceeds from any sale of such Common Stock, shall be subject to the Clawback Policy adopted by the Board, as amended from time to time.

In the event the Clawback Policy is deemed unenforceable with respect to the Units or with respect to the Common Stock deliverable or delivered upon vesting of the Units, then the Award of Units subject to this Agreement shall be deemed unenforceable due to lack of adequate consideration.

14. ENTIRE AGREEMENT

The Notice, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

This Agreement may not be modified or amended, except for a unilateral amendment by the Company that does not materially adversely affect the rights of the Unit holder under this Agreement. No party to this Agreement may unilaterally waive any provision hereof, except in writing. Any such modification, amendment or waiver signed by, or binding upon, the Unit holder, shall be valid and binding upon any and all persons or entities who may, at any time, have or claim any rights under or pursuant to this Agreement.

15. CHOICE OF LAW

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington without regard to principles of conflicts of laws, as such laws are applied to contracts entered into and performed in such State.

16. SEVERABILITY

If any provision of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable any other severable provision of this Agreement, and this Agreement shall be carried out as if such invalid or unenforceable provision were not contained herein.

17. CODE SECTION 409A

The Company reserves the right, to the extent the Company deems reasonable or necessary in its sole discretion, to unilaterally amend or modify this Agreement as may be necessary to ensure that all vesting or delivery of Common Stock provided under this Agreement is made in a manner that complies with Section 409A of the Code, together with regulatory guidance issued thereunder.

PERFORMANCE SHARE UNIT AWARD NOTICE

<Name>

Employee #: xxxxx

Grant #: xxxxx

Nordstrom, Inc. (the "**Company**") hereby grants to you a Performance Share Unit Award (the "**Award**") for shares of the Company's Common Stock under the Company's 2010 Equity Incentive Plan (the "**Plan**"). The Award is subject to all the terms and conditions set forth in this Performance Share Unit Award Notice (the "**Award Notice**") and in the Performance Share Unit Award Agreement and the Plan, which are incorporated into the Award Notice in their entirety.

Grant Date: <Month> <Day>, <Year>

Performance Cycle Start Date: <Month> <Day>, <Year>

Performance Cycle End Date: <Month> <Day>, <Year>

Number of Performance Share Units Awarded (the "Units**"):** XXX

At the end of the Performance Cycle, your PSUs will be earned as follows:

Percentile Rank Among Peers	PSUs Earned as % of Grant
>85%	175%
>75%	150%
>65%	125%
>55%	100%
>40%	50%
£40th	0%

Your PSUs are earned based on the Nordstrom Total Shareholder Return (TSR) relative to the performance of the Standard & Poor's 500 over the three-year period. While the relative percentile rankings may change during the Performance Cycle based upon mergers, acquisitions, dissolutions and other industry consolidation involving the companies in the Peer Group, the application of the percentile earned is applied consistently. Generally, Units will be earned if the Nordstrom TSR for the Performance Cycle is in the top half of performers relative to the other companies in the Peer Group.

Final vesting of PSUs will be determined by the Compensation Committee of the Board of Directors, based on the actual TSR measured at the end of the Performance Cycle. See your Agreement for more information about the vesting determination.

PERFORMANCE SHARE UNIT AWARD AGREEMENT

AN AWARD (“AWARD”) FOR PERFORMANCE SHARE UNITS (“UNITS”), representing a number of shares of Nordstrom Common Stock (“Common Stock”) as noted in the Performance Share Unit Award Notice (the “Notice”), of Nordstrom, Inc., a Washington Corporation (the “Company”), is hereby granted to the Recipient (“Unit holder”) on the date set forth in the Notice, subject to the terms and conditions of this Agreement. The Units are also subject to the terms, definitions and provisions of the Nordstrom, Inc. 2010 Equity Incentive Plan (the “Plan”), adopted by the Board of Directors of the Company (the “Board”) and approved by the Company’s shareholders, which is incorporated in this Agreement. To the extent inconsistent with this Agreement, the terms of the Plan shall govern. Terms not defined herein shall have the meanings as set forth in the Plan. The Compensation Committee of the Board (the “Compensation Committee”) has the discretionary authority to construe and interpret the Plan and this Agreement. All decisions of the Compensation Committee upon any question arising under the Plan or under this Agreement shall be final and binding on all parties. The Units are subject to the following terms and conditions:

1. VESTING AND SETTLEMENT OF UNITS

Units shall vest and be settled in accordance with the provisions of the Plan as follows:

(a) Vesting

Each vested Unit is equal in value to one share of Common Stock. Except as set forth in Section 4, Units shall vest at the applicable earned percentage when the Compensation Committee certifies that the Company’s Total Shareholder Return (TSR) relative to the TSR of companies in the Standard & Poor’s 500 (the “Peer Group”) exceeds the percentile rankings set forth in the Notice. For purposes of determining the Company’s TSR relative to the TSR of other companies in the Peer Group, the share price of Common Stock, and the share prices of the companies in the Peer Group, are based on the thirty trading day closing price average immediately prior to the start of the three fiscal-year period (“the Performance Cycle”), and the thirty trading day closing price average immediately prior to the end of the Performance Cycle. The companies in the Peer Group shall be determined on the first day of the Performance Cycle and remain fixed for the duration of the Performance Cycle, even if the companies in the Standard & Poor’s 500 change. In the event of a change in control of a company included within the Peer Group during the Performance Cycle where shareholders of that company receive cash, securities or other assets in exchange for their shares, the TSR for such company for the Performance Cycle shall be fixed as of the date of the change of control and calculated including the amount received by the company’s shareholders in that transaction.

(b) Settlement

Earned Units shall be settled and automatically converted into Common Stock upon vesting, unless the Unit holder has elected to defer all or a portion of the Units into the Executive Deferred Compensation Plan (EDCP) in accordance with its rules. For the avoidance of doubt, only Common Stock shall be deliverable upon the vesting of the Units. The Company shall not be required to issue fractional shares of Common Stock upon conversion of the Units into Common Stock. The delivery of Common Stock on vesting of the Units is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), together with regulatory guidance issued thereunder, and shall occur as soon as practicable after the applicable vesting date.

(c) Withholding Taxes

No stock certificates will be distributed to the Unit holder, or amounts deferred into the EDCP, unless the Unit holder has made acceptable arrangements to pay any withholding taxes that may be due as a result of the settlement of this Award. These arrangements may include withholding shares of Common Stock that otherwise would be distributed when the Units are settled. The fair market value of the shares required to cover withholding will be applied to the withholding of taxes prior to the Unit holder receiving the remaining shares.

(d) Restrictions on Resale

The Unit holder agrees not to sell any shares of Common Stock at a time when applicable laws or Company policies prohibit a sale. This restriction will apply as long as the Unit holder is an employee, director or affiliate of the Company.

2. ACCEPTANCE OF UNITS AND TERMS

Although the Company may or may not require the Unit holder’s signature upon accepting the Award, the Unit holder remains subject to the terms and conditions of this Agreement. The Unit holder agrees to comply with any and all legal requirements and Company policies related to the resale or disposition of any Awards under this Agreement. The Unit holder acknowledges receipt of a copy of the Plan in connection with the Award.

3. NONTRANSFERABILITY OF UNITS

The Units may not be sold, pledged, assigned or transferred in any manner except in the event of the Unit holder's death. In the event of the Unit holder's death, the Units may be transferred to the person indicated on a valid beneficiary form, as designated by the Company, or if no designated beneficiary form is available, then to the person to whom the Unit holder's rights have passed by will or the laws of descent and distribution. Except as set forth in Section 4, the Units may be settled during the lifetime of the Unit holder only by the Unit holder or by the guardian or legal representative of the Unit holder. The terms of the Agreement shall be binding upon the executors, administrators, heirs and successors of the Unit holder.

4. SEPARATION OF EMPLOYMENT

Except as set forth in this section, Units vest and may only be settled while the Unit holder is an employee of the Company or one of its subsidiaries (the "Employer") on the vesting date. If the Unit holder's employment with the Employer is terminated, the Units shall continue to vest pursuant to the schedule set forth in the Notice, and the Units will vest only as follows:

- (a) If the Unit holder dies while employed by the Employer, and the Units were granted at least six months prior to the date of the Unit holder's death while employed by the Employer, the person named on the Unit holder's beneficiary form, as designated by the Company, shall be entitled to a prorated distribution with respect to vested Units based on the period of service by the Unit holder during the term of this Agreement. If no valid beneficiary form exists, then the person to whom the Unit holder's rights have passed by will or the laws of descent and distribution shall be entitled to settlement of the Units. If the Units were granted less than six months prior to death, the Units shall be forfeited as of the date of death with no rights to a prorated distribution at settlement.
- (b) If the Unit holder is separated due to his or her disability, as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), the Units were granted at least six months prior to such separation and the Unit holder provides Nordstrom Leadership Benefits with reasonable documentation of his or her disability, the Unit holder shall be entitled to a prorated distribution with respect to vested Units based on the period of service during the term of this Agreement. If the Units were granted less than six months prior to separation due to the Unit holder's disability, the Units shall be forfeited as of the date of separation with no rights to a prorated distribution at settlement.
- (c) If the Unit holder terminates employment after having met any of the requirements set forth below, and the Units were granted at least six months prior to the termination date, the Unit holder shall be entitled to a prorated distribution with respect to vested Units based on the period of service during the term of this Agreement:
 - (i) the Unit holder was born on or before March 3, 1956 and was eligible for and received a grant under the Plan in 2014; or
 - (ii) the Unit holder has attained age 55 with 10 continuous years of service to the Employer from the most recent hire date with the Employer.

If the Units were granted less than six months prior to termination, such Units shall be forfeited as of the date of termination with no rights to a prorated distribution at settlement.

- (d) Notwithstanding subparagraphs (a), (b) and (c) of this section, a Unit holder shall immediately forfeit any unvested and unsettled Units (as of the termination date), if he or she is terminated for any of the following reasons with respect to the Company or any of its subsidiaries: embezzlement, theft of funds, fraud, violation of rules, regulations or policies, or any intentional harmful act or acts.
- (e) If the Unit holder is separated for any reason other than those set forth in subparagraphs (a), (b), (c) and (d) above, Units, to the extent not vested and settled as of the date of his or her separation, shall be forfeited as of that date.

Notwithstanding anything above to the contrary, if at any time during the term of this Award, the Unit holder directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, shareholder, corporate officer, director or in any other capacity, with respect to the Company or any of its subsidiaries, engages or assists any third party in engaging in any competitive business; divulges any confidential or proprietary information to a third party who is not authorized to receive the confidential or proprietary information; or improperly uses any confidential or proprietary information, then the post-separation proration of Units and settlement rights set forth above shall cease immediately, and all outstanding vested but not settled and unvested portions of the Award shall be forfeited.

5. TERM OF UNITS

Units not certified by the Compensation Committee as having vested as of the end of the Performance Cycle for which the Units were awarded shall be forfeited.

6. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

The Units shall be adjusted pursuant to the Plan, in such manner, to such extent (if any) and at such time as the Compensation Committee deems appropriate and equitable in the circumstances, to reflect any stock dividend, stock split, split up, extraordinary cash dividend, any combination or exchange of shares or other Strategic Transaction.

7. NO DIVIDEND RIGHTS

Except to the extent required pursuant to Section 6 of this Agreement or under the terms of the EDCP (for any Units deferred under that plan), ownership of Units shall not entitle the Unit holder to receive any dividends declared with respect to Common Stock.

8. ADDITIONAL UNITS

The Compensation Committee may or may not grant the Unit holder additional Units in the future. Nothing in this Award or any future Agreement should be construed as suggesting that additional Units to the Unit holder will be forthcoming.

9. LEAVES OF ABSENCE

For purposes of this Award, the Unit holder's service does not terminate due to a military leave, a medical leave or another bona fide leave of absence if the leave was approved by the Employer in writing and if continued crediting of service is required by the terms of the leave or by applicable law. But, service terminates when the approved leave ends unless the Unit holder immediately returns to active work.

10. INDEPENDENT TAX ADVICE

The tax consequences to the Unit holder of receiving the Units or disposing of the shares of Common Stock which may be issuable upon vesting and conversion of the Units are complicated and will depend, in part, on the Unit holder's specific tax situation. The Unit holder is advised to consult with an independent tax advisor for a full understanding of the specific tax consequences of receiving or disposing of the Units or the shares of Common Stock that may be received upon vesting and conversion of the Units.

11. RIGHTS AS A SHAREHOLDER

Neither the Unit holder nor the Unit holder's beneficiary or representative shall have any rights as a shareholder with respect to any Common Stock subject to these Units, unless and until the Units vest and are settled in Common Stock.

12. NO RETENTION RIGHTS

Nothing in this Agreement or in the Plan shall give the Unit holder the right to be retained by the Employer as an employee or in any capacity. The Employer reserves the right to terminate the Unit holder's service at any time, with or without cause.

13. CLAWBACK POLICY

The Units, and any proceeds (Common Stock or cash) received in connection with the settlement of the Units or subsequent sale of such issued Common Stock, shall be subject to the Clawback Policy adopted by the Company's Board, as amended from time to time.

In the event the Clawback Policy is deemed unenforceable with respect to the Units, or with respect to the proceeds received in connection with the settlement of the Units or subsequent sale of such issued Common Stock, then the award of Units subject to this agreement shall be deemed unenforceable due to lack of adequate consideration.

14. DEFERRAL OF UNITS

A Unit holder may elect to defer all or a portion of the Units into the Executive Deferred Compensation Plan ("EDCP") in accordance with its terms. Upon deferral, the vested Units (and their subsequent settlement and payment) shall be governed by the terms and conditions of the EDCP, as that plan may be amended from time to time by the Company.

15. ENTIRE AGREEMENT

The Notice, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

This Agreement may not be modified or amended, except for a unilateral amendment by the Company that does not materially adversely affect the rights of the Unit holder under this Agreement. No party to this Agreement may unilaterally waive any provision hereof, except in writing. Any such modification, amendment or waiver signed by, or binding upon, the Unit holder, shall be valid and binding upon any and all persons or entities who may, at any time, have or claim any rights under or pursuant to this Agreement.

16. CHOICE OF LAW

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington, without regard to principles of conflicts of laws, as such laws are applied to contracts entered into and performed in such State.

17. SEVERABILITY

If any provision of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable any other severable provision of this Agreement, and this Agreement shall be carried out as if such invalid or unenforceable provision were not contained herein.

18. CODE SECTION 409A

The Company reserves the right, to the extent the Company deems reasonable or necessary in its sole discretion, to unilaterally amend or modify this Agreement as may be necessary to ensure that all vesting or delivery of compensation provided under this Agreement is made in a manner that complies with Section 409A of the Code, together with regulatory guidance issued thereunder.