

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended October 31, 1997

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

For the transition period from _____ to _____
Commission File Number 0-6074

Nordstrom, Inc.

(Exact name of Registrant as specified in its charter)

Washington

91-0515058

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

1501 Fifth Avenue, Seattle, Washington 98101

(Address of principal executive offices) (Zip code)

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

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

YES X NO
 _____ _____

Common stock outstanding as of November 25, 1997: 77,317,994 shares of common stock.

NORDSTROM, INC. AND SUBSIDIARIES

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NORDSTROM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(dollars in thousands except per share amounts)
(unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	1997	1996	1997	1996
Net sales	\$1,089,784	\$ 984,440	\$3,396,876	\$3,131,866
Costs and expenses:				
Cost of sales and related buying and occupancy	724,081	665,378	2,294,946	2,144,378
Selling, general and administrative	326,193	288,644	950,843	886,267
Interest, net	7,659	9,151	23,572	31,230
Service charge income and other, net	(27,794)	(34,469)	(82,165)	(102,723)
Total costs and expenses	1,030,139	928,704	3,187,196	2,959,152
Earnings before income taxes	59,645	55,736	209,680	172,714
Income taxes	23,500	21,700	82,600	68,000
Net earnings	\$ 36,145	\$ 34,036	\$ 127,080	\$ 104,714
Net earnings per average share of common stock outstanding	\$.47	\$.42	\$ 1.64	\$ 1.29
Cash dividends paid per share of common stock outstanding	\$.14	\$.125	\$.39	\$.375

These statements should be read in conjunction with the Notes to Consolidated Financial Statements contained herein and in the Nordstrom 1996 Annual Report to Shareholders.

NORDSTROM, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)
(unaudited)

	October 31, 1997	January 31, 1997	October 31, 1996
	-----	-----	-----
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 19,239	\$ 28,284	\$ 11,343
Accounts receivable, net	648,802	714,589	690,047
Merchandise inventories	1,134,212	719,919	976,488
Prepaid income taxes and other	76,538	69,607	67,755
	-----	-----	-----
Total current assets	1,878,791	1,532,399	1,745,633
Property, buildings and equipment, net	1,229,354	1,152,454	1,131,913
Other assets	18,163	17,654	16,875
	-----	-----	-----
TOTAL ASSETS	\$3,126,308	\$2,702,507	\$2,894,421
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Notes payable	\$ 241,348	\$ 163,770	\$ 190,890
Accounts payable	555,042	310,430	473,843
Accrued salaries, wages and taxes	203,703	192,750	180,971
Accrued expenses	49,508	56,080	49,642
Accrued income taxes	10,992	13,045	6,662
Current portion of long-term debt	151,343	51,302	25,220
	-----	-----	-----
Total current liabilities	1,211,936	787,377	927,228
Long-term debt	320,701	329,330	379,750
Deferred lease credits and other deferred items	109,642	112,608	125,893
Shareholders' equity:			
Common stock, without par value: 250,000,000 shares authorized; 77,314,199, 79,634,977 and 80,182,651 shares issued and outstanding	200,241	183,398	182,662
Retained earnings	1,283,788	1,289,794	1,278,888
	-----	-----	-----
Total shareholders' equity	1,484,029	1,473,192	1,461,550
	-----	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$3,126,308	\$2,702,507	\$2,894,421
	=====	=====	=====

These statements should be read in conjunction with the Notes to Consolidated Financial Statements contained herein and in the Nordstrom 1996 Annual Report to Shareholders.

NORDSTROM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(unaudited)

	Nine Months Ended October 31,	
	1997	1996
OPERATING ACTIVITIES:		
Net earnings	\$127,080	\$104,714
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	116,364	116,878
Change in:		
Accounts receivable, net	65,787	17,280
Merchandise inventories	(414,293)	(350,185)
Prepaid income taxes and other	(6,931)	274
Accounts payable	244,612	196,259
Accrued salaries, wages and taxes	10,953	(4,569)
Accrued expenses	(6,572)	1,808
Income tax liabilities	(4,093)	(16,304)
Deferred lease credits	(926)	22,614
	131,981	88,769
Net cash provided by operating activities		
INVESTING ACTIVITIES:		
Additions to property, buildings and equipment, net	(192,697)	(144,672)
Other	(373)	(910)
	(193,070)	(145,582)
Net cash used in investing activities		
FINANCING ACTIVITIES:		
Proceeds from accounts receivable securitization	---	186,600
Increase (decrease) in notes payable	77,578	(41,611)
Proceeds from issuance of long-term debt, net	91,647	57,759
Principal payments on long-term debt	(938)	(92,973)
Proceeds from issuance of common stock	16,843	14,222
Cash dividends paid	(30,344)	(30,447)
Purchase and retirement of common stock	(102,742)	(49,911)
	52,044	43,639
Net cash provided by financing activities		
Net decrease in cash and cash equivalents	(9,045)	(13,174)
Cash and cash equivalents at beginning of period	28,284	24,517
Cash and cash equivalents at end of period	\$ 19,239	\$ 11,343

These statements should be read in conjunction with the Notes to Consolidated Financial Statements contained herein and in the Nordstrom 1996 Annual Report to Shareholders.

NORDSTROM, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (dollars in thousands)
 (unaudited)

Note 1:

The consolidated balance sheets of Nordstrom, Inc. and subsidiaries (the "Company") as of October 31, 1997 and 1996, and the related consolidated statements of earnings and cash flows for the periods then ended, have been prepared from the accounts without audit.

The consolidated financial information is applicable to interim periods and is not necessarily indicative of the results to be expected for the year ending January 31, 1998.

It is not considered necessary to include detailed footnote information as of October 31, 1997 and 1996. The financial information should be read in conjunction with the Notes to Consolidated Financial Statements contained in the Nordstrom 1996 Annual Report to Shareholders.

In the opinion of management, the consolidated financial information includes all adjustments (consisting only of normal, recurring adjustments) necessary to present fairly the financial position of Nordstrom, Inc. and subsidiaries as of October 31, 1997 and 1996, and the results of their operations and cash flows for the periods then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Note 2: The summarized unaudited combined results of operations of Nordstrom Credit, Inc. and Nordstrom National Credit Bank are as follows:

	Three Months		Nine Months	
	Ended October 31, 1997	1996	Ended October 31, 1997	1996
	-----	-----	-----	-----
Total revenue	\$30,841	\$34,780	\$93,262	\$113,144
Earnings before income taxes	12,487	14,663	32,160	36,589
Net earnings	7,853	9,573	20,256	23,429

Note 3:

Statement of Financial Accounting Standards No. 128, which will be effective for earnings per share calculations after December 15, 1997, will not significantly affect the calculation of the Company's earnings per share.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Management Discussion and Analysis section of the Nordstrom 1996 Annual Report to Shareholders.

Results of Operations:

During the third quarter of 1997, sales increased 10.7% when compared with the same quarter in 1996. For the nine-month period, sales increased 8.5% compared to the same period in 1996. Comparable store sales increased by 4.7% for the quarter and 3.6% for the nine-month period, with the remainder of the increase coming from new units and from the Company's direct sales catalog division. The positive trend in comparable store sales results reflects steady improvements in the Company's women's apparel departments. Comparable store sales increases have remained strong in the fourth quarter.

Cost of sales and related buying and occupancy costs decreased as a percentage of sales for the quarter and nine-month period as compared to the corresponding periods in 1996. For the quarter and nine-month period, the decrease was due primarily to higher merchandise margins resulting from higher markups and lower markdowns. Occupancy costs decreased as a percentage of sales for the quarter and nine-month period, due primarily to leverage achieved through comparable store sales growth, which was partially offset by increases attributable to new store openings.

Selling, general and administrative expenses increased as a percentage of sales during the quarter as compared to the corresponding period in 1996 due primarily to higher sales promotion costs for the Company's direct sales catalog division as well as new store openings. The increase was partially offset by decreased employee benefit costs and credit expenses. Selling, general and administrative expenses decreased as a percentage of sales during the nine-month period as compared to the corresponding period in 1996. The decrease is due primarily to reduced bad debt expense as a result of the securitization of the Company's VISA credit card receivables in August 1996 and a decrease in employee benefit costs. These decreases were partially offset by higher sales promotion costs for the Company's direct sales catalog division.

For the quarter and the nine-month period, interest expense decreased as a percentage of sales when compared to the corresponding periods in 1996, due primarily to lower levels of short-term debt outstanding as a result of the securitization of the Company's VISA credit card receivables.

Service charge income and other, net decreased as a percentage of sales for the quarter compared to the corresponding period in 1996. The decrease is due primarily to net losses from market value adjustments to the portions of the securitized VISA receivables owned by the Company, compared to net gains in the prior year. Also, in 1996 there was a gain on the sale of equipment totaling \$3.1 million (\$.02 per share after income taxes). For the nine-month period, service charge income and other, net decreased as a percentage of sales when compared to the corresponding period in 1996 due primarily to a reduction in revenues from the Company's VISA card program as a result of the securitization of these receivables in August 1996.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT.)

Financial Condition:

During the first quarter of 1997, Nordstrom Credit, Inc. filed a shelf registration statement on Form S-3 to register up to \$250 million in debt securities, and issued \$92.4 million in medium-term notes under the registration.

On July 24, 1997, the Company entered into a revolving line of credit agreement with a group of commercial banks which provides for borrowings of up to \$200 million and expires in July 2002. There are no borrowings on the line of credit at October 31, 1997.

On October 2, 1997, the Company established a new \$200 million commercial paper program. The revolving line of credit is available as liquidity support for the commercial paper program.

The Company's working capital at October 31, 1997 decreased when compared to October 31, 1996 due primarily to an increase in the current portion of long-term debt and short-term debt.

In April, 1997, the Company completed its second repurchase of \$100 million of its outstanding common stock as approved by the Board of Directors at its November 1996 meeting. To date, the Company has purchased \$24.6 million of a third \$100 million stock repurchase authorized in February, 1997.

During the quarter, the Company opened three new full-line stores at Roosevelt Field on Long Island, New York, Westfarms Mall in West Hartford, Connecticut and Beachwood Place in Cleveland, Ohio. The Company also opened a Rack at The Mall at the Source in Hempstead, New York, and two Faconnable boutiques; one in Beverly Hills, California and another in Costa Mesa, California. Construction is progressing as planned on new stores scheduled to open in 1998.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- (10.1) Commercial Paper Dealer Agreement dated October 2, 1997 between Registrant and Bancamerica Securities, Inc. is filed herein as an Exhibit.
- (10.2) Commercial Paper Agreement dated October 2, 1997 between Registrant and Credit Suisse First Boston Corporation is filed herein as an Exhibit.
- (10.3) Issuing and Paying Agency Agreement dated October 2, 1997 between Registrant and First Trust of New York, N.A. is filed herein as an Exhibit.
- (27.1) Financial Data Schedule is filed herein as an Exhibit.

(b) Reports on Form 8-K

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

SIGNATURES

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

NORDSTROM, INC.
(Registrant)

/s/ John A. Goesling

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

Date: December 9, 1997

NORDSTROM, INC. AND SUBSIDIARIES

Exhibit Index

Exhibit -----	Method of Filing -----
10.1 Commercial Paper Dealer Agreement dated October 2, 1997 between Registrant and Bancamerica Securities, Inc.	Filed herewith electronically
10.2 Commercial Paper Agreement dated October 2, 1997 between Registrant and Credit Suisse First Boston Corporation	Filed herewith electronically
10.3 Issuing and Paying Agency Agreement dated October 2, 1997 between Registrant and First Trust of New York, N.A.	Filed herewith electronically
27.1 Financial Data Schedule	Filed herewith electronically

COMMERCIAL PAPER
DEALER AGREEMENT

between

NORDSTROM, INC., as Issuer

and

BANCAMERICA SECURITIES, INC., as Dealer

Concerning Notes to be issued pursuant to an Issuing and Paying Agency Agreement dated as of October 2, 1997 between the Issuer and First Trust of New York, National Association, as Issuing and Paying Agent

Dated as of

October 2, 1997

COMMERCIAL PAPER DEALER AGREEMENT

This agreement ("Agreement") sets forth the understandings between the Issuer and the Dealer, each named on the cover page hereof, in connection with the issuance and sale by the Issuer of its short-term promissory notes through the Dealer (the "Notes").

Certain terms used in this Agreement are defined in Section 6 hereof.

The Addendum to this Agreement, and any Annexes or Exhibits described in this Agreement or such Addendum, are hereby incorporated into this Agreement and made fully a part hereof.

1. Issuance and Sale of Notes.

1.1 While (i) the Issuer has and shall have no obligation to sell the Notes to the Dealer or to permit the Dealer to arrange any sale of the Notes for the account of the Issuer, and (ii) the Dealer has and shall have no obligation to purchase the Notes from the Issuer or to arrange any sale of the Notes for the account of the Issuer, the parties hereto agree that in any case where the Dealer purchases Notes from the Issuer, or arranges for the sale of Notes by the Issuer, such Notes will be purchased or sold by the Dealer in reliance on the representations, warranties, covenants and agreements of the Issuer contained herein or made pursuant hereto and on the terms and conditions and in the manner provided herein.

1.2 So long as this Agreement shall remain in effect, the Issuer shall not, without the consent of the Dealer, offer, solicit or accept offers to purchase, or sell, any Notes or notes substantially similar to the Notes in reliance upon the exemption from registration under the Securities Act contained in Section 3(a)(3) thereof, except (a) in transactions with one or more dealers which may from time to time after the date hereof become dealers with respect to the Notes by executing with the Issuer one or more agreements substantially similar to this Agreement, of which the Issuer hereby undertakes to provide the Dealer prompt notice, (b) in transactions with the other dealers listed on the Addendum hereto, which are executing agreements with the Issuer substantially similar to this Agreement contemporaneously herewith or (c) directly on its own behalf in transactions with persons other than broker-dealers with respect to which no commission is payable.

1.3 The Notes shall be in a minimum denomination or minimum amount, whichever is applicable, of \$100,000 or integral multiples of \$1,000 in excess thereof, will bear such interest rates, if interest bearing, or will be sold at such discount from their face amounts, as shall be agreed upon by the Dealer and the Issuer; shall have a maturity not exceeding 270 days from the date of issuance (exclusive of days of grace); and shall not contain any provision

for extension, renewal or automatic "rollover." The Notes shall be issued in the ordinary course of the Issuer's business.

1.4 The authentication, delivery and payment of the Notes shall be effected in accordance with the Issuing and Paying Agency Agreement and the Notes shall be either individual bearer physical certificates or represented by book-entry Notes registered in the name of DTC or its nominee in the form or forms annexed to the Issuing and Paying Agency Agreement. 1

1.5 If the Issuer and the Dealer shall agree on the terms of the purchase of any Note by the Dealer or the sale of any Note arranged by the Dealer (including, but not limited to, agreement with respect to the date of issue, purchase price, principal amount, maturity and interest rate (in the case of interest-bearing Notes) or discount thereof (in the case of Notes issued on a discount basis), and appropriate compensation for the Dealer's services hereunder) pursuant to this Agreement, the Issuer shall cause such Note to be issued and delivered in accordance with the terms of the Issuing and Paying Agency Agreement and payment for such Note shall be made by the purchaser thereof, either directly or through the Dealer, to the Issuer. Except as otherwise agreed, in the event that the Dealer is acting as an agent and a customer shall either fail to accept delivery of or make payment for a Note on the date fixed for settlement, the Dealer shall promptly notify the Issuer, and if the Dealer has theretofore paid the Issuer for the Note, the Issuer will promptly return such funds to the Dealer against its return of the Note to the Issuer, in the case of a certificated Note, and upon notice of such failure in the case of a book-entry Note. If such failure occurred for any reason other than default by the Dealer, the Issuer shall reimburse the Dealer on an equitable basis for the Dealer's loss of the use of such funds for the period such funds were credited to the Issuer's account.

2. Representations and Warranties of Issuer.

The Issuer represents and warrants that:

2.1 The Issuer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all the requisite power and authority to execute, deliver and perform its obligations under the Notes, this Agreement and the Issuing and Paying Agency Agreement.

2.2 This Agreement and the Issuing and Paying Agency Agreement have been duly authorized, executed and delivered by the Issuer and constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms subject

1 If the form or forms of Notes are not annexed to the Issuing and Paying Agency Agreement they should be annexed to this Agreement or delivered to the Dealer, with appropriate certification by the Secretary of the Issuer, pursuant to section 3.6 of the Agreement.

to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.3 The Notes have been duly authorized, and when issued and delivered as provided in the Issuing and Paying Agency Agreement, will be duly and validly issued and delivered and will constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.4 The Notes are not required to be registered under the Securities Act, pursuant to the exemption from registration contained in Section 3(a)(3) thereof, and no indenture in respect of the Notes is required to be qualified under the Trust Indenture Act of 1939, as amended; and the Notes are and will be rated as "prime quality" commercial paper by at least one nationally recognized statistical rating organization and will rank at least pari passu with all other unsecured and unsubordinated indebtedness of the Issuer.

2.5 No consent or action of, or filing or registration with, any governmental or public regulatory body or authority, including the SEC, is required to authorize, or is otherwise required in connection with the execution, delivery or performance of, this Agreement, the Notes or the Issuing and Paying Agency Agreement, except as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Notes.

2.6 Neither the execution and delivery of this Agreement and the Issuing and Paying Agency Agreement, nor the issuance and delivery of the Notes in accordance with the Issuing and Paying Agency Agreement, nor the fulfillment of or compliance with the terms and provisions hereof or thereof by the Issuer, will (i) result in the creation or imposition of any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer, or (ii) violate or result in a breach or an event of default under any of the terms of the Issuer's charter documents or by-laws, any contract or instrument to which the Issuer is a party or by which it or its property is bound, or any law or regulation, or any order, writ, injunction or decree of any court or government instrumentality, to which the Issuer is subject or by which it or its property is bound, which breach or event of default might have a material adverse effect on the condition (financial or otherwise), operations or business prospects of the Issuer or the ability of the Issuer to perform its obligations under this Agreement, the Notes or the Issuing and Paying Agency Agreement.

2.7 The Issuer will not be default of any of its obligations hereunder, under the Notes or under the Issuing and Paying Agency Agreement, at any time that any of the Notes are outstanding.

2.8 There is no litigation or governmental proceeding pending, or to the knowledge of the Issuer threatened, against or affecting the Issuer or any of its subsidiaries which might result in a material adverse change in the condition (financial or otherwise), operations or business prospects of the Issuer or the ability of the Issuer to perform its obligations under this Agreement, the Notes or the Issuing and Paying Agency Agreement.

2.9 The Issuer is not an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

2.10 Neither the Offering Materials nor the Company Information contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

2.11 Each (a) issuance of Notes by the Issuer hereunder and (b) amendment or supplement of the Offering Materials shall be deemed a representation and warranty by the Issuer to the Dealer, as of the date thereof, that, both before and after giving effect to such issuance, and after giving effect to such amendment or supplement, (i) the representations and warranties given by the Issuer set forth above in this Section 2 remain true and correct on and as of such date as if made on and as of such date, (ii) in the case of an issuance of Notes, the Notes being issued on such date have been duly and validly issued and constitute legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), (iii) in the case of an issuance of Notes, since the date of the most recent Offering Materials, there has been no material adverse change in the condition (financial or otherwise), operations or business prospects of the Issuer which has not been disclosed to the Dealer in writing, and (iv) the Issuer is not in default of any of its obligations hereunder, under the Notes or under the Issuing and Paying Agency Agreement.

3. Covenants and Agreements of Issuer.

The Issuer covenants and agrees that:

3.1 The Issuer will give the Dealer prompt notice (but in any event prior to any subsequent issuance of Notes hereunder) of any amendment to, modification of, or waiver with respect to, the Notes or the Issuing and Paying Agency Agreement, including a complete copy of any such amendment, modification or waiver.

3.2 The Issuer shall, whenever there shall occur any change in the Issuer's condition (financial or otherwise), operations or business prospects or any development or occurrence in relation to the Issuer that would be material to holders of the Notes or potential holders of the Notes (including any downgrading or receipt of any notice of intended or potential downgrading or notice of any review for potential change in the rating accorded any of the Issuer's securities by any nationally recognized statistical rating organization which has published a rating of the Notes), promptly, and in any event prior to any subsequent issuance of Notes hereunder, notify the Dealer (by telephone, confirmed in writing) of such change, development, or occurrence.

3.3 The Issuer shall from time to time furnish to the Dealer such information as the Dealer may reasonably request including, without limitation, any press releases or material provided by the Issuer to any national securities exchange or rating agency, regarding (i) the Issuer's operations and financial condition, (ii) the due authorization and execution of the Notes, and (iii) the Issuer's ability to pay the Notes as they mature.

3.4 The Issuer will take all such action as the Dealer may reasonably request to ensure that each offer and each sale of the Notes will comply with any applicable state Blue Sky laws; provided, that the Issuer shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation in any jurisdiction in which it is not so qualified or subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

3.5 The Issuer will use the proceeds of the each sale of the Notes for "current transactions" within the meaning of Section 3(a)(3) of the Securities Act.

3.6 The Issuer shall not issue Notes hereunder until the Dealer shall have received (a) an opinion of counsel to the Issuer, addressed to the Dealer, substantially in the form attached hereto, (b) a copy of the executed Issuing and Paying Agency Agreement as then in effect, (c) a copy of resolutions adopted by the Board of Directors of the Issuer, satisfactory in form and substance to the Dealer and certified by the Secretary or similar officer of the Issuer authorizing the execution and delivery by the Issuer of this Agreement, the Notes and the Issuing and Paying Agency Agreement and consummation by the Issuer of the transactions contemplated hereby and thereby, (d) prior to the issuance of any Notes represented by a book-entry Note registered in the name of DTC or its nominee, a copy of the executed Letter of Representations among the Issuer, the Issuing and Paying Agent and DTC, and (e) such other certificates, letters, opinions and documents as the Dealer shall have reasonably requested.

3.7 The Issuer shall reimburse the Dealer for all of the Dealer's out-of-pocket expenses related to this Agreement, including expenses incurred in connection with its preparation and negotiation, and the transactions contemplated hereby (including, but not

limited to, the printing and distribution of the Offering Materials and any advertising expense), and, if applicable, for the reasonable fees and out-of-pocket expenses of the Dealer's counsel.

4. Disclosure.

4.1 Offering Materials which may be provided to purchasers and prospective purchasers of the Notes shall be prepared for use in connection with the transactions contemplated by this Agreement. The Offering Materials and their contents (other than the Dealer Information) shall be the sole responsibility of the Issuer. The Issuer authorizes the Dealer to distribute the Offering Materials as the Dealer shall see fit.

4.2 The Issuer agrees promptly to furnish the Dealer the Company Information as it becomes available.

4.3 (a) The Issuer further agrees to notify the Dealer promptly upon the occurrence of any event relating to or affecting the Issuer that would cause the Offering Materials then in existence to include an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they are made, not misleading.

(b) In the event that the Dealer notifies the Issuer that it then has Notes it is holding in inventory, the Issuer agrees promptly to supplement or amend the Offering Materials so that such Offering Materials, as amended or supplemented, shall not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and the Issuer shall make such supplement or amendment available to the Dealer and prospective holders of the Notes.

(c) In the event that (i) the Dealer does not notify the Issuer that it is then holding Notes in inventory and (ii) the Issuer chooses not to promptly amend or supplement the Offering Materials in the manner described in clause (b) above, then all solicitations and sales of Notes shall be suspended until such time as the Issuer has so amended or supplemented the Offering Materials, and made such amendment or supplement available to the Dealer and prospective holders of the Notes.

5. Indemnification and Contribution.

5.1 The Issuer will indemnify and hold harmless the Dealer, each individual, corporation, partnership, trust, association or other entity controlling the Dealer, any affiliate of the Dealer or any such controlling entity and their respective directors, officers, employees, partners, incorporators, shareholders, servants, trustees and agents (hereinafter the

"Indemnitees") against any and all liabilities, penalties, suits, causes of action, losses, damages, claims, costs and expenses (including reasonable fees and disbursements of counsel) or judgments of whatever kind or nature (each a "Claim"), imposed upon, incurred by or asserted against the Indemnitees arising out of or based upon (i) any allegation that the Offering Materials, the Company Information or any information provided by the Issuer to the Dealer includes an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (ii) arising out of or based upon the breach by the Issuer of any agreement, covenant or representation made in or pursuant to this Agreement. This indemnification shall not apply to the extent that the Claim arises out of or is based upon Dealer Information.

5.2 Provisions relating to claims made for indemnification under this Section 5 are set forth on Exhibit A to this Agreement.

5.3 In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Section 5 is held to be unavailable or insufficient to hold harmless the Indemnitees, although applicable in accordance with the terms of this Section 5, the Issuer shall contribute to the aggregate costs incurred by the Dealer in connection with any Claim in the proportion of the respective economic interests of the Issuer and the Dealer. The respective economic interests shall be calculated by reference to the aggregate proceeds to the Issuer of the Notes issued hereunder and the aggregate commissions and fees earned by the Dealer hereunder.

6. Definitions.

6.1 "Claim" shall have the meaning set forth in Section 5.1.

6.2 "Company Information" at any given time shall mean the Offering Materials together with, to the extent applicable, (i) the Issuer's most recent report on Form 10-K filed with the SEC and each report on Form 10-Q or 8-K filed by the Issuer with the SEC since the most recent Form 10-K, (ii) the Issuer's most recent annual audited financial statements and each interim financial statement or report prepared subsequent thereto, if not included in item (i) above, (iii) the Issuer's and its affiliates' other publicly available recent reports, including, but not limited to, any publicly available filings or reports provided to their respective shareholders, (iv) any other information or disclosure prepared pursuant to Section 4.3 hereof and (v) any information prepared or approved by the Issuer for dissemination to investors or potential investors in the Notes.

6.3 "Dealer Information" shall mean material concerning the Dealer and provided by the Dealer in writing expressly for inclusion in the Offering Materials.

- 6.4 "DTC" shall mean The Depository Trust Company.
- 6.5 "Indemnitee" shall have the meaning set forth in Section 5.1.
- 6.6 "Issuing and Paying Agency Agreement" shall mean the issuing and paying agency agreement described on the cover page of this Agreement, as such agreement may be amended or supplemented from time to time.
- 6.7 "Issuing and Paying Agent" shall mean the party designated as such on the cover page of this Agreement, as issuing and paying agent under the Issuing and Paying Agency Agreement.
- 6.8 "Offering Materials" shall mean offering materials prepared by the Company in accordance with Section 4, which may be provided to purchasers and prospective purchasers of the Notes, and shall include amendments and supplements thereto which may be prepared from time to time in accordance with this Agreement.
- 6.9 "SEC" shall mean the U.S. Securities and Exchange Commission.
- 6.10 "Securities Act" shall mean the U.S. Securities Act of 1933, as amended.

7. General

- 7.1 Unless otherwise expressly provided herein, all notices under this Agreement to parties hereto shall be in writing and shall be effective when received at the address of the respective party set forth in the Addendum to this Agreement.
- 7.2 This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to its conflict of laws provisions.
- 7.3 The Issuer agrees that any suit, action or proceeding brought by the Issuer against the Dealer in connection with or arising out of this Agreement or the Notes or the offer and sale of the Notes shall be brought solely in the United States federal courts located in the borough of Manhattan or the courts of the State of New York located in the Borough of Manhattan. THE ISSUER WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.
- 7.4 This Agreement may be terminated, at any time, by the Issuer, upon one business day's prior notice to such effect to the Dealer, or by the Dealer upon one business day's prior notice to such effect to the Issuer. Any such termination, however, shall not affect the obligations of the Issuer under Sections 3.7, 5 and 7.3 hereof or the respective

representations, warranties, agreements, covenants, rights or responsibilities of the parties made or arising prior to the termination of this Agreement.

7.5 This Agreement is not assignable by either party hereto without the written consent of the other party; provided, however, that the Dealer may assign its rights and obligations under this Agreement to any wholly-owned subsidiary of the ultimate parent company of the Dealer.

7.6 This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

7.7 This Agreement is for the exclusive benefit of the parties hereto, and their respective permitted successors and assigns hereunder, and shall not be deemed to give any legal or equitable right, remedy or claim to any other person whatsoever.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

NORDSTROM, INC., as Issuer

By: /s/ John A. Goesling

Name: John A. Goesling
Title: Executive Vice-President

BANCAMERICA SECURITIES, INC., as
Dealer

By: /s/ Paul J. Kline

Name: Paul J. Kline
Title: Associate Director

ADDENDUM 2

The following additional clauses shall apply to the Agreement and be deemed a part thereof, when the respective parties have placed their initials in the left margin beside the respective paragraph number.

8. The other dealers referred to in clause (b) of Section 1.2 of the Agreement are: Credit Suisse First Boston Corp.

9. The following Section 3.8 is hereby added to the Agreement:

3.7 Without limiting any obligation of the Issuer pursuant to this Agreement to provide the Dealer with credit and financial information, the Issuer hereby acknowledges and agrees that the Dealer may share the Company Information and any other information or matters relating to the Issuer or the transactions contemplated hereby with affiliates of the Dealer, including, but not limited to, Bank of America National Trust and Savings Association and that such affiliates may likewise share information relating to the Issuer or such transactions with the Dealer.

10. The addresses of the respective parties for purposes of notices under Section 7.1 are as follows:

For the Issuer: Nordstrom, Inc.

Address: 1321 Second Avenue
Seattle, WA 98101
Attention: Treasurer
Telephone number: (206) 233-6303
Fax number: (206) 233-6339

For the Dealer: BancAmerica Securities, Inc.

Address: Money Market Origination #8826
555 California Street
San Francisco, California 94104
Attention: Manager
Telephone number: (415) 953-7881
Fax number: (415) 622-3429

2 There may be added to this Addendum any changes or additions to the model Agreement, as agreed between the parties.

FURTHER PROVISIONS RELATING
TO INDEMNIFICATION

(a) The Issuer agrees to reimburse each Indemnitee for all expenses (including reasonable fees and disbursements of internal and external counsel) as they are incurred by it in connection with investigating or defending any loss, claim, damage, liability or action in respect of which indemnification may be sought under Section 5 of the Agreement (whether or not it is a party to any such proceedings).

(b) Promptly after receipt by an Indemnitee of notice of the existence of a Claim, such Indemnitee will, if a claim in respect thereof is to be made against the Issuer, notify the Issuer in writing of the existence thereof; provided that (i) the omission so to notify the Issuer will not relieve it from any liability which it may have hereunder unless and except to the extent it did not otherwise learn of such Claim and such failure results in the forfeiture by the Issuer of substantial rights and defenses, and (ii) the omission so to notify the Issuer will not relieve it from liability which it may have to an Indemnitee otherwise than on account of this indemnity agreement. In case any such Claim is made against any Indemnitee and it notifies the Issuer of the existence thereof, the Issuer will be entitled to participate therein, and to the extent that it may elect by written notice delivered to the Indemnitee, to assume the defense thereof, with counsel reasonably satisfactory to such Indemnitee; provided that if the defendants in any such Claim include both the Indemnitee and the Issuer and the Indemnitee shall have concluded that there may be legal defenses available to it which are different from or additional to those available to the Issuer, the Issuer shall not have the right to direct the defense of such Claim on behalf of such Indemnitee, and the Indemnitee shall have the right to select separate counsel to assert such legal defenses on behalf of such Indemnitee. Upon receipt of notice from the Issuer to such Indemnitee of the Issuer's election so to assume the defense of such Claim and approval by the Indemnitee of counsel, the Issuer will not be liable to such Indemnitee for expenses incurred thereafter by the Indemnitee in connection with the defense thereof (other than reasonable costs of investigation) unless (i) the Indemnitee shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the Issuer shall not be liable for the expenses of more than one separate counsel (in addition to any local counsel in the jurisdiction in which any Claim is brought), approved by the Dealer, representing the Indemnitee who is party to such Claim), (ii) the Issuer shall not have employed counsel reasonably satisfactory to the Indemnitee to represent the Indemnitee within a reasonable time after notice of existence of the Claim or (iii) the Issuer has authorized in

writing the employment of counsel for the Indemnatee. The indemnity, reimbursement and contribution obligations of the Issuer hereunder shall be in addition to any other liability the Issuer may otherwise have to an Indemnatee and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Issuer and any Indemnatee. The Issuer agrees that without the Dealer's prior written consent, it will not settle, compromise or consent to the entry of any judgment in any Claim in respect of which indemnification may be sought under the indemnification provision of the Agreement (whether or not the Dealer or any other Indemnatee is an actual or potential party to such Claim), unless such settlement, compromise or consent includes an unconditional release of each Indemnatee from all liability arising out of such Claim.

COMMERCIAL PAPER AGREEMENT

This will confirm our arrangement whereby Credit Suisse First Boston Corporation ("Credit Suisse First Boston") will act as dealer in sales of commercial paper of Nordstrom, Inc., a Washington corporation (the "Company"). In that connection, Credit Suisse First Boston may purchase such commercial paper from the Company as principal.

It is understood that the commercial paper will have a maturity at the time of issuance not to exceed nine months (exclusive of days of grace) and be denominated in notes (either in separate physical form or in global form ("book-entry notes") held through the facilities of The Depository Trust Company ("DTC")) not less than \$100,000 each. Book-entry Notes will be represented by master notes registered in the name of a nominee of DTC and recorded in the book-entry system maintained by DTC. Credit Suisse First Boston understands that, in connection with any issuance and sale of commercial paper by the Company, the Company will obtain the prior advice of its counsel that all action required by any regulatory body or bodies has been duly taken.

The Company has authorized the use of a Commercial Paper Memorandum ("Memorandum") prepared by Credit Suisse First Boston on the basis of information furnished by the Company. Such Memorandum may be used in connection with the sale of the Company's commercial paper until the Company advises Credit Suisse First Boston that an updated or revised Memorandum in a form approved by the Company should be substituted. The Company will promptly advise Credit Suisse First Boston of any change in its ratings or written notification from any rating agency that such agency has its ratings under review for possible downgrade, its financial condition or the results of its operations which may make such updating or revision advisable, in which case the Company will cooperate in preparing such updated or revised Memorandum.

With respect to the original Memorandum, and each updated or revised Memorandum approved by the Company, the Company will indemnify Credit Suisse First Boston and hold Credit Suisse First Boston harmless against any loss, claim, liability or expense (including reasonable costs of defense) arising out of or based upon any allegation that such Memorandum includes an untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The foregoing indemnity shall survive any termination of this Agreement.

Each acceptance by the Company of an offer to purchase commercial paper notes pursuant to this Letter Agreement shall be deemed to constitute a representation and warranty to Credit Suisse First Boston that (a) such notes, when issued, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms subject to applicable bankruptcy, insolvency and similar laws affecting creditor's rights generally, and to general equitable principles, (b) the Memorandum (including any documents incorporated therein by reference) at such time does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (c) the Company is not an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act of 1940, as amended, and (d) the Notes will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "Act"), by reason of Section 3(a)(3) thereof. The representations, warranties and understandings set forth in this paragraph and in

the second paragraph of this Agreement shall survive any termination of this Agreement.

No commercial paper shall be issued until the Company and Credit Suisse First Boston have received an opinion of counsel to the Company to the effect that the commercial paper will be exempt from the registration requirements of the Act by reason of Section 3(a)(3) thereunder and qualification of an indenture in respect thereof under the Trust Indenture Act of 1939, as amended, is not required, and covering such additional matters as Credit Suisse First Boston may reasonably request.

The Company agrees promptly from time to time to take such action as Credit Suisse First Boston may reasonably request to qualify the commercial paper for offering and sale under the securities laws of such jurisdictions as Credit Suisse First Boston may designate and to comply with such laws as long as may be necessary for the offer and sale of commercial paper as contemplated by this Agreement; provided, however, that the Company shall not be required in connection therewith to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction. The Company agrees to reimburse Credit Suisse First Boston for all of its costs and expenses (including reasonable attorneys' fees) incurred in connection with the foregoing.

In addition, the Company agrees to furnish promptly to Credit Suisse First Boston (mailed directly to the attention of its Short-Term Finance Department) the following information:

1. All reports filed by the Company and its parent (if applicable) with the Securities and Exchange Commission pursuant to Section 13(a) of the Exchange Act (or reasonably comparable information if the Company and its parent (if applicable) is not subject to such filing requirements;
2. All reports mailed to the Company's public stockholders (if any);
3. All information generally provided to securities analysts; and
4. Copies of reports submitted by the Company to the rating agencies showing the amounts of commercial paper outstanding and the bank lines and other liquidity sources supporting such commercial paper.

The information described above shall be in addition to information provided to other individuals at Credit Suisse First Boston or its affiliates. The Company also agrees to provide such other information as Credit Suisse First Boston's Short-Term Finance Department may reasonably request.

The Company will notify Credit Suisse First Boston promptly, to the attention of its Short-Term Finance Department, of any change (or any advice from a rating agency of a contemplated change) in any of its debt ratings, any change in the aggregate size of its commercial paper program and any other development in its affairs or in the industry or industries in which it is engaged which has or would be likely to have a material adverse impact on the results of its operations, its financial condition or the marketability of its commercial paper.

This Agreement shall be governed by and construed in accordance with the law of the State of New York.

All communications and notices pursuant to this Agreement shall be in writing or confirmed in writing and shall be addressed (i) if to the Company, to the Company at 1321 Second Avenue, Seattle, Washington, 98101, Attention: Treasurer, or at such other address as may from time to time be designated by notice by the

Company in writing; and (ii) if to Credit Suisse First Boston, to Credit Suisse First Boston at 11 Madison Avenue, New York, New York 10010, Attention: Short-Term Finance Department, or at such other address as many from time to time be designated by notice by Credit Suisse First Boston in writing.

This Agreement may be terminated by the Company or by Credit Suisse First Boston upon one business day's written notice to the other party hereto; provided, however, that any such termination shall not affect any provisions that this Agreement provides shall survive any termination, and such provisions shall continue in effect following any such termination.

NORDSTROM, INC.

By /s/ John A. Goesling

Title Executive Vice President

Date October 2, 1997

CREDIT SUISSE FIRST BOSTON
CORPORATION

By /s/ Helena Willner

Title Vice President

Date September 12, 1997

Issuing And Paying Agency Agreement

Dated as of October 2, 1997

First Trust of New York, National Association
100 Wall Street, Suite 1600
New York, New York 10005

ATTN: Corporate Trust Administration

RE: Nordstrom, Inc.
Commercial Paper Program

Gentlemen:

This Letter sets forth the understanding between you and Nordstrom Inc. (the "Company"), whereby you have agreed to (a) act as depository for the safekeeping of certain notes of the Company which may be issued and sold in the United States commercial paper market (the "Commercial Paper Notes"; such Commercial Paper Notes when issued in book-entry form being hereinafter referred to as "Book-Entry Commercial Paper Notes" and when issued in the form of certified promissory notes being hereinafter referred to as the "Certified Commercial Paper Notes"), (b) as issuing agent on behalf of the Company in connection with the issuance of the Commercial Paper Notes, (c) as paying agent to undertake certain obligations to make payments in respect of the Commercial Paper Notes, and (d) as depository to receive certain funds on behalf of the Company, as set forth herein. You have executed or will promptly hereafter execute a Letter of Representation (the "Letter of Representations", which term shall include the Procedures referred to therein) with the Company and The Depository Trust Company ("DTC") and a Certificate Agreement (the "Certificate Agreement") with DTC which establish or will establish, among other things, the procedures to be followed by you in connection with the issuance and custody of Book-Entry Commercial Paper Notes.

This letter (the "Agreement") will govern your rights, powers and duties as such depository, issuing agent and paying agent for the Commercial Paper Notes and no implied

covenants and obligations shall be read into this Agreement or any other agreement against you.

1. Appointment of Agent. The Company hereby appoints you and you hereby agree to act, on the terms and conditions specified herein and in the Letter of Representations and Certificate Agreement, as depositary, and issuing and paying agent for the Commercial Paper Notes. The Commercial Paper Notes will be sold through such commercial paper dealers and/or placement agents as the Company shall have notified you in writing from time to time (collectively, the "Dealers"). The Dealers currently are CS First Boston, and BancAmerica Securities, Inc.

2. Supply of Commercial Paper Notes.

(a) The Company will from time to time furnish you an adequate supply of Commercial Paper Notes, which shall be Book-Entry Commercial Paper Notes and/or Certified Commercial Paper Notes, as the Company in its sole and absolute discretion considers appropriate. Certificated Commercial Paper Notes shall be in substantially the form attached as Exhibit A to this Agreement, shall be serially numbered and shall have been executed by manual or facsimile signature of an Authorized Representative (as hereafter defined), but shall otherwise be uncompleted. Book-Entry Commercial Paper Notes shall be substantially in the forms attached to the Letter of Representations and shall be represented by one or more master notes ("Master Note" or "Master Notes") which shall be executed by manual or facsimile by an Authorized Representative in accordance with the Letter of Representations. Pending receipt of instructions pursuant to this Agreement, you will hold the Certificated Commercial Paper Notes and Master Note(s) in safekeeping for the account of the Company or DTC, as the case may be, in accordance with your customary practice and the requirements of the Certificate Agreement.

(b) Each Certificated Commercial Paper Note or Master Note delivered to you shall be accompanied by a letter from the Company, as the case may be, identifying the Certificate Commercial Paper Note or Master Note(s) transmitted therewith, and you shall acknowledge receipt of such Certificated Commercial Paper Note(s) or Master Note(s) on the copy of such letter or pursuant to some other form of written receipt deemed appropriate by you at the time of delivery to you of such Certificated Commercial Paper Note(s) or Master Note(s). Pending the issuance of Certificated Commercial Paper Notes as provided in Section 4 hereof, all Certificated Commercial Paper Notes and Master Note(s) delivered to you shall be held by you for the account of the Company or DTC, as the case may be for safekeeping in accordance with your customary practice and the requirements of the Certificate Agreement.

3. Authorized Representatives.

(a) With the delivery of this Agreement, the Company is furnishing to you, and from time to time thereafter may furnish to you, and shall furnish to you upon your request, certificates ("Incumbency Certificates") of a responsible officer of the Company certifying the incumbency and specimen signatures of officers or the agents of the Company authorized to execute Commercial Paper Notes on behalf of the Company by manual or facsimile signature and/or to take other action hereunder on behalf of the Company (each an "Authorized Representative"); such Incumbency Certificate shall also specify the names of employees of Dealers who are authorized to give notices and/or issuance instructions to you as provided herein (a "Dealer Representative"). Until you receive a subsequent Incumbency Certificate of the Company, you are entitled to rely on the last such Incumbency Certificate delivered to you for purposes of determining the Authorized Representatives and Dealer Representatives. You shall not have any responsibility to the Company to determine by whom or by what means a facsimile signature may have been affixed on the Commercial Paper Notes, or to determine

whether any facsimile or manual signature resembles the specimen signature(s) filed with you by a duly authorized officer of the Company. Any Commercial Paper Notes bearing the manual or facsimile signature of a person who is an Authorized Representative on the date such signature is affixed shall be binding on the Company after the authentication thereof by you notwithstanding that such person shall have died or shall have otherwise ceased to hold his office on the date such Commercial Paper Note is countersigned or delivered to you.

(b) Upon your receipt of this Agreement, and from time to time thereafter as you choose, you shall deliver a certificate (a "Certificate of Designation") certifying the incumbency and specimen signatures of your designated signers ("Designated Officers") who are authorized to receive, authenticate and deliver Commercial Paper Notes. Until the Company shall receive a subsequent Certificate of Designation, or unless an Authorized Representative shall have received written notice of the lack of authority of any individual, the Company may rely on the last such Certificate of Designation delivered to it.

4. Completion , Authentication and Delivery of Commercial Paper Notes.

(a) From time to time during the term of this Agreement and subject to the terms and conditions hereof, and upon your timely receipt of written, telecopy or telex instructions or notice transmitted directly to your computers or in such manner as you then employ as your normal business practice, not later than 12:30 pm, New York City time in the case of Certificated Commercial Paper Notes, on a day on which you are open for business (a "Business Day"), from an Authorized Representative or a Dealer Representative, on the date of issuance of any Certificate Commercial Paper Notes (in the case of instructions from an Authorized Representative, a copy of such instructions shall be sent to the Dealer Representative by said Authorized Representative) you shall withdraw the respective Certificated Commercial Paper Notes from safekeeping and in accordance with instructions

so received, take the following actions with respect to each such Certificated Commercial Paper Note:

i. date each such Certificated Commercial Paper Note the date of issuance thereof (which shall be a Business Day) and insert the maturity date thereof (provided that the Authorized Representative shall ensure that such date is a Business Day and that it shall not be more than 270 days from the date of the issue) and the face amount (provided that Authorized Representative or the Dealer Representative shall ensure that such face amount is \$100,000 or integral multiples of \$1,000 in excess thereof) thereof in figures;

ii authenticate (by countersigning) each such Certificated Commercial Paper Note in the appropriate space provided thereon; and

iii deliver in the Borough of Manhattan each such Certificated Commercial Paper Note to the Dealer, or the consignee, if any, designated by such Authorized Representative or Dealer Representative for the account of the Dealer.

(b) In the case of Book-Entry Commercial Paper Notes, from time to time during the term of this Agreement and subject to the terms and conditions hereof, and upon your timely receipt of written, telecopy or telex instructions or notice transmitted directly to your computers or in such a manner as you then employ as your normal business practices, not later than 1:00 pm, New York City time in the case of Book -Entry Commercial Paper Notes, on a Business Day, from an Authorized Representative or a Dealer Representative , on the date of issuance of any Book-Entry Commercial Paper Notes (in the case of instructions from an Authorized Representative, a copy of such instructions shall be sent to the Dealer Representative by said Authorized Representative) you shall give issuance instructions for the

issuance of Book-Entry Commercial Paper Notes to DTC in a manner set forth in, and take other actions as are required by, the Letter of Representations and the Certificate Agreement. Instructions for the issuance of Book-Entry Commercial Paper Notes shall include the following information with respect to each Book-Entry Commercial Paper Note:

i. the date issuance of each such Book-Entry Commercial Paper Note (which shall be a Business Day);

ii. the maturity date of each such Book-Entry Commercial Paper Note (provided that the Representative or Dealer Representative shall ensure that such date is a Business Day and that it shall not be more than 270 days from the date of issue); and

iii. the face amount (provided that the Authorized Representative or the Dealer Representative shall ensure that such face amount is \$100,000 or integral multiples of \$1,000 in excess thereof) in figures.

(c) You shall send a report (by telecopy or other means permitted hereunder) to the Company on a monthly basis of your issuance of Commercial Paper Notes under this Section 4, including the maturity date and face amounts of each Commercial Paper Note issued.

(d) Instructions given must be received by you by 12:30 pm for physical issuance and 2:00 pm for book-entry issuance, New York time, if the Commercial Paper Note(s) are to be delivered the same day. Telephone instructions shall be confirmed in writing the same day.

(e) The Company understands that although you have been instructed to deliver Commercial Paper Notes against payment, delivery of Commercial Paper Notes will, in accordance with custom prevailing in the commercial paper market, be made before receipt of payment in immediately available funds. Therefore, once you have delivered a Commercial

Paper Note to a Dealer or its agent as provided herein, the Company shall bear the risk that a Dealer or its agent fails to remit payment for the Commercial Paper Note to you. You shall have no liability to the Company for any failure or inability on the Part of the Dealer to make payment for Commercial Paper Notes. Nothing in this Agreement shall require you to purchase any Commercial Paper Note or expend your own funds for the purchase price of a Commercial Paper Note or Commercial paper Notes.

(f) Except as may otherwise be provided in the Letter or Representation, if at any time the Company instructs you to cease issuing Certificated Commercial paper Notes and to issue only Book-Entry Commercial Paper Notes, you agree that all Commercial Paper Notes will be issued as Book-Entry Commercial paper Notes and that no Cerificated Commercial Paper Notes shall be exchanged for Book-Entry Commercial Paper Notes unless and until you have received written instructions from an Authorized Representative (any such instructions from a Dealer Representative shall not be sufficient for this purpose) to the contrary.

(g) It is understood that you are not under any obligation to assess or review the financial condition or credit worthiness of any person to or for whose account you deliver a Commercial Paper Note pursuant to instructions from an Authorized Representative or Dealer Representative or to advise the Company as to the results of any such appraisal or investigation you may have conducted on your own or of any adverse information concerning any such person that may in any way have come to your attention.

(h) It is understood that DTC may request the delivery of Certificated Commercial Paper Notes in exchange for Book-Entry Commercial Paper Notes upon the termination of DTC's services pursuant to the DTC Letter of Representations. Accordingly, upon such termination, you are authorized to complete and deliver Certificated Commercial Paper Notes in partial or complete substitution for Book-Entry Commercial Paper Notes of the same face

amount and maturity as requested by DTC. Upon the completion or delivery of any such Certificated Commercial Paper Note, you shall annotate your records regarding the Master Note with respect to such Book-Entry Commercial Paper Notes to reflect a corresponding reduction in the face amount of the outstanding Book-Entry Commercial Paper Notes. Your authority to so complete and deliver such Certificated Commercial Paper Notes shall be irrevocable at all times from the time a Book-Entry Commercial Paper Note is purchased until the indebtedness evidenced thereby is paid in full.

(i) If you shall receive written or telecopy instructions (confirmed in writing in accordance with this Agreement) from the Company not to issue or deliver Commercial Paper Notes, until revoked in writing or superseded by further written instructions from the Company, you shall not issue or deliver Commercial Paper Notes, provided, however, that notwithstanding contrary instructions from the Company, you shall be required to deliver Commercial Paper Notes with respect to agreements for the sale of Commercial Paper Notes concluded by an Authorized Representative or Dealer Representative prior to receipt by the Authorized Representative or Dealer Representative of notice of such instructions from the Company, which the Authorized Representative or Dealer Representative shall be required to confirm to you in writing prior to your delivery of the Commercial Paper Notes. For purposes of the preceding provision, you may rely on written notice given or delivered to you by an Authorized Representative or Dealer Representative as to whether any particular Commercial Paper Notes are to be issued in respect of such agreements concluded by such Authorized Representative or Dealer Representative, and you shall have no obligation to make any other or further investigation.

5. Proceeds of Sale of the Commercial Paper Notes. Contemporaneously with the execution and delivery of this Agreement, and for the purposes of the Agreement, you will establish an account designated as the Nordstrom Inc. Note Account in the Company's name

(the "Note Account"). On each day on which a Dealer or its agent receives Commercial Paper Notes (whether through the facilities of DTC in the manner set forth in the Letter of Representations or by delivery in accordance with the provisions of this Agreement), all proceeds received by you in connection with such sale shall be credited in immediately available funds to the Note Account. From time to time upon written instructions received by you from an Authorized Representative, you agree to transfer immediately available funds from the Note Account to any bank or trust company in the United States for the Company's account

6. Payment of Matured Commercial Paper Notes.

(a) By 1:00 pm, New York time, on the date that any Commercial Paper Notes are scheduled to mature, there shall have been transferred to you for deposit in the Note Account immediately available funds at least equal to the amount of Commercial Paper Notes maturing on such date. When any matured Commercial Paper Note is presented to you for payment by the holder thereof (which may, in the case of Book-Entry Commercial Paper Notes held by you pursuant to the Certificate Agreement, be DTC or a nominee of DTC), payment shall be made from and charged to the Note Account to the extent funds are available in said account.

(b) Each Commercial Paper Note presented to you for payment at or prior to 2:15 pm, New York City time, on any Business Day at or after the maturity date of such Commercial Paper Note shall be paid by you on the same day as such presentation (or if presented after 2:15 pm, New York City time on any such Business Day, then on the next succeeding Business Day) to the extent funds are available in the Note Account. In the event that funds are not available or deemed available in the Note Account as set forth above on any Business Day on which Commercial Paper Notes are maturing, the Agent shall deliver to the Bank a

notice of Borrowing under the Revolving Credit Facility Agreement in the form attached thereto as Exhibit A not later than 1:00 p.m. (local time in New York City).

7. Representations and Warranties of the Company. The Company hereby warrants and represents to you, and, each request to issue Commercial Paper Notes shall constitute the Company's continuing warranty and representation, as follows:

(a) This Agreement is, and all Commercial Paper Notes delivered to you pursuant to this Agreement will be, duly authorized, executed and delivered by the Company.

(b) The issuance and delivery of the Commercial Paper Notes will not violate any state or Federal law and the Commercial paper Notes do not require registration under the Securities Act of 1933, as amended.

(c) This Agreement constitutes, and the Commercial Paper Notes, when completed, countersigned, and delivered pursuant hereto, will constitute, the Company's legal, valid and binding obligations enforceable against the Company in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity.

(d) The Company is a corporation duly organized and validly existing under the laws of the State of Washington and no liquidation, dissolution, bankruptcy, windup or similar proceedings have been instituted with respect to the Company.

(e) The Company has, and at all relevant times has had, all necessary power and authority to execute, deliver and perform this Agreement and to issue the Commercial Paper Notes.

(f) All actions on the part of the part of the Company which are required for the authorization of the issuance of the Commercial Paper Notes, and for the authorization, execution, delivery and performance of this Agreement, do not require the approval or consent of any holder or trustee of any indebtedness or obligations of the Company.

(g) The issuance of Commercial paper Notes by the Company (i) does not and will not contravene any provision of any governmental law, regulation or rule applicable to the Company, and (ii) does not and will not conflict with, breach or contravene the provisions of any contract or other instrument binding upon the Company.

8. Reliance on Instructions. Except as otherwise set forth herein, you shall incur no liability to the Company in acting hereunder upon telephonic or other instructions contemplated hereby which you reasonably believed in good faith to have been given by an Authorized Representative or a Dealer Representative, as the case may be. In the event a discrepancy exists with respect to such instructions, the telephonic instructions as understood by you will be deemed the controlling and proper instructions, unless such instructions are required by this Agreement to be in writing.

9. Cancellation of Commercial Paper Notes. Upon payment by you of Certificated Commercial Paper Note(s) presented for payment, you shall mark such Certificated Paper Note(s) as paid and (i) in due course cancel Certificated Commercial Paper Note(s) presented for payment and from time to time return such canceled Commercial Paper Note(s) to the Company, or (ii) destroy such Certificated Commercial

Note(s) and deliver to the Company from time to time a destruction certificate identifying all Certificated Commercial Paper Notes destroyed since the issuance of the prior destruction certificate. After payment of any matured Book-Entry Commercial Paper Notes, you shall annotate your records to reflect the face amount of Book-Entry Commercial Paper Notes outstanding in accordance with the Letter of Representations. Promptly upon the written request of the Company, you agree to cancel and return to the Company all unissued Certificated Commercial Paper Notes in your possession at the time of such request.

10. Notices; Addresses.

(a) All communications by or on behalf of the Company or a Dealer, by writing, telecopy, telex or telephone relating to the completion, delivery or payment of the Commercial Paper Note(s) are to be directed to Commercial Paper Operations.

(b) Notices and other communications hereunder shall (except to the extent otherwise expressly provided) be in writing (which may be by facsimile) and shall be addressed as follows, or to such other address as the party receiving such notice shall have previously specified to the party sending such notice:

if to the Company, at:

concerning daily issuance of
Commercial Paper Notices:

Nordstrom, Inc.
1321 2nd Avenue, 7th Floor
Seattle, WA 98101
Attention: James Ito
Facsimile No.: (206) 233-6455
Telephone No.: (206) 233-6289

concerning all other matters:

Nordstrom, Inc.
1321 2nd Avenue, 7th Floor
Seattle, WA 98101
Attention: Vivian Yun
Facsimile No.: (206) 233-6455
Telephone No.: (206) 233-6289
if to you at:

concerning the daily issuance of
Commercial Paper Notes:

First Trust of New York, National Association
100 Wall Street, 20th Floor
New York, NY 10005
Attention: William Martinez
Facsimile No.: (212) 509-4529
Telephone No.: (212) 361-3841
concerning all other matters:

First Trust of New York, National Association
100 Wall Street, Suite 1600
New York, NY 10005
Attention: Geovanni Barris
Facsimile No.: (212) 809-5459
Telephone No.: (212) 361-2536

(c) In any case where it is provided in this Agreement that a copy of any instruction, demand or other notice is to be delivered to a Dealer, such copy shall be delivered to the Dealer at the address set forth below by the same means as the original thereof shall have been given, provided that the failure of such copy to be given to any Dealer shall not invalidate or adversely affect the original thereof:

Dealer:
CS First Boston
Commercial Paper Trader
Park Avenue Plaza, 6th Floor
New York, New York 10055

Dealer:
BancAmerica Securities, Inc.
555 California Street, 10th Floor
San Francisco, CA 94104

Notices shall be deemed delivered when received at the address specified above. For purposes of this section 10, "when received" shall mean actual receipt (i) of an electronic communication by telecopier or issuance system specified in or pursuant to this Agreement; or (ii) of an oral communication by any person answering the telephone at the office of the individual or department specified in or pursuant to this Agreement; or (iii) of a written communication hand-delivered at the office specified in or pursuant to this Agreement.

(d) The Issuer shall provide written notice to the Agent of any termination of the Commitment and replacement of the Bank at least ten Business Days prior to the effective date thereof whereupon the Agent shall provide written notice thereof to the holders of the Commercial Paper Notes at least five Business Days prior to the effective date thereof.

11. Liability. Neither you nor your officers, employees or agents shall be liable for any act or omission hereunder, except in the case of gross negligence or willful misconduct as described in Section 12 herein. Your duties and obligations and those of your officers and employees shall be determined by the express provisions of this Agreement, the Letter of Representations and the Certificate Agreement (including the documents referred to therein), and you and your officers, employees and agents shall be responsible for the performance of only such duties and obligations as are specifically set forth herein and therein, and no implied covenants shall be read into any such document against you or your officers, employees or agents. Neither you nor your officers or employees or agents shall be required to ascertain whether any issuance or sale of Commercial Paper Note(s) (or any amendment or termination of this Agreement) has been duly authorized or is in compliance with any other agreement to which the Company is party (whether or not you are a party to such other agreement).

12. Indemnity. The Company agrees to indemnify and hold you, your employees and any of your officers and agents harmless from and against, and you shall not be liable for, any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, damages, costs and expenses of any nature (including, without limitation, attorneys' fees and expenses) arising out of or resulting from the exercise of your rights and/or the performance of your duties (or those of your agents and employees) hereunder; provided, however that the Company shall not be liable to indemnify or pay you or any of your officers or employees with respect to any loss, liability, action suit, judgment, demand, damage, cost or expense that results from or is attributable to your gross negligence or willful misconduct or that of your officers or employees. The foregoing indemnity includes, but is not limited to, any action taken or omitted to be taken by you or any of your officers or employees upon written, telecopy, telephonic or other electronically transmitted instructions (authorized herein) received by you from, or believed by you in good faith to have been given by, the proper person or persons. The provisions of this Section 12 shall survive (i) your resignation or removal hereunder and (ii) the termination of this Agreement.

13. Termination.

(a) This Agreement may be terminated at any time by either you or the Company by 15 days' prior written notice to the other, provided that you agree to continue acting as Issuing and Paying Agent hereunder until such time as your successor has been selected and has entered into an agreement with the Company to that effect. Such termination shall not affect the respective liabilities of the parties hereunder arising prior to such termination.

(b) If no successor has been appointed within 30 days, then you have the right to petition a court of competent jurisdiction for the appointment of a successor Issuing and

Paying Agent. You shall be reimbursed for any and all expenses in connection with any such petition and appointment.

(c) On the Business Day following the date of termination of this Agreement, you shall destroy all Certificated Commercial Paper Notes in your possession and shall transfer to the Company all funds, if any, then on deposit in the Note Account. You shall promptly notify the Company of all Certificated Commercial Paper Notes so destroyed.

14. Amendments and Modifications. No amendment, modification or waiver of any provision of this Agreement, nor any consent to any departure by any party from any provision hereof binding upon such party, shall be effective unless the same shall be in writing and signed by all parties hereto.

15. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors, including successors by merger, and assigns; provided, however, that no party hereto may assign any of its rights or obligations hereunder, except with the prior written consent of all the other parties hereto.

16. Governing Law.

(a) This Agreement shall be governed and construed in accordance with the laws of the State of New York applicable to contracts made and performed in the State of New York.

(b) Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the United States Federal courts located in the Borough of Manhattan and the courts of the State of New York located in the Borough of Manhattan.

17. Execution in Counterparts. This Agreement may be executed in any number of counterparts; each counterpart, when so executed and delivered, shall be deemed to be an original; and all of which counterparts, taken together, shall constitute one and the same agreement.

18. Headings. Section headings used in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

19. Compensation and Expenses. The Company shall pay you from time to time following the execution of this Agreement reasonable compensation for all services rendered by you hereunder as agreed between you and the Company. The Company shall reimburse you upon your request for all expenses, disbursements and advances incurred or made by you in accordance with any provision of this Agreement (including the reasonable compensation and the expenses and disbursements of your agents and counsel) except any expense or disbursement attributable to your gross negligence or willful misconduct.

20. Miscellaneous.

(a) No provision of this Agreement shall require you to risk your own funds or otherwise incur any financial liability in the performance of any of your duties hereunder or in the exercise of any of your rights and powers hereunder. If you make a deposit, payment or transfer of funds before you receive the immediately available funds, such deposit, payment or transfer shall represent an advance by you to the Company to be repaid from such funds or by the Company in the event that such funds are not received by you. It is intended that such advance be for no longer than 24 hours. Interest on each such unpaid advance shall be at a rate negotiated between you and the

Company and shall begin to accrue on the day of the advance. The Company shall assure the prompt reimbursement to you of any such advance (including the interest thereon).

(b) You may consult with the counsel, and any advice or written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by you, in the absence of bad faith, gross negligence or willful misconduct on your part, in reliance on such advice or opinion.

(c) You make no representation as to , and shall have no responsibility for, the correctness of any statement contained in, or the validity or sufficiency of, this Agreement or any documents or instruments referred to in this Agreement or as to or for the validity or collectibility of any obligation contemplated by this Agreement. You shall not be accountable for the use or application by any person of disbursements properly made by you in conformity with the provisions of this Agreement.

(d) You may rely and shall be protected in acting upon any document or writing presented to you hereunder and reasonably believed by you to be genuine and to have been signed and presented by an authorized person or persons.

If the foregoing is acceptable to you, please indicate your agreement therewith by signing one or more counterparts of this Agreement in the space provided below, and returning such signed counterpart(s) to the Company, whereupon this letter when signed by you and the Company, will become a binding agreement among us.

NORDSTROM, INC.
By /s/ John A. Goesling

Its Executive Vice President

Agreed to and accepted
this ----- day of October, 1997.
FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION
as Issuing and Paying Agent
By /s/ Geovanni Barris

Its Assistant Vice President

EXHIBIT A

EXHIBIT E-1
FORM OF
NOTICE OF BORROWING

TO: NATIONSBANK OF TEXAS, N.A., as Agent
901 Main Street
13th Floor
Dallas, Texas 75202
Attention: Molly Oxford

Reference is hereby made to the Credit Agreement, dated as of July 24, 1997 (as the same may be amended, supplemented, replaced, renewed or otherwise modified from time to time, the "Credit Agreement"), by and among NORDSTROM, INC., a Washington corporation (the "Borrower"), each of the banks and other financial institutions that either now or in the future are parties thereto as lenders (the "Lenders"), certain Managing Agents and NATIONSBANK OF TEXAS, N.A., a national banking association, in its capacity as administrative agent on behalf of the Lenders (in such capacity, the "Agent"). Terms with initial capital letters used but not defined herein have the meanings assigned to them in the Credit Agreement.

Pursuant to Article 2 of the Credit Agreement:

1. The Borrower hereby requests to borrow Revolving Loans in the aggregate principal amounts and types as follows (the "Loans"): (a) Euro-Dollar Rate Loans in the amount of \$ _____ on _____, 1 [with an Interest Period of _____]2 ; and (b) Base Rate Loans in the amount of \$ _____ on _____, 3; and

2. The Borrower hereby represents and warrants as follows:

(a) All of the representations and warranties contained in Article 4 of the Credit Agreement and in the other Loan Documents are true and correct in all material respects on and as of the date hereof and shall be true and correct in all material respects on and as of each Funding Date proposed herein as though made on and as of each such date (except, in each case, to the extent that such representations and warranties expressly were made only as of a specific date);

(b) No Default or Event of Default exists or would result from the making of the Loans; and

1 Must be a Business Day.
2 For Euro-Dollar Rate Loans. With respect to each Euro-Dollar Rate Loan, permissible Interest Periods are periods of one, two, three or six months.
3 Must be a Business Day.

(c) All other conditions to borrowing set forth in Section 3.2 of the Credit Agreement are satisfied.

Date: _____ ,

NORDSTROM, INC.,
a Washington corporation

By: _____ 4

Name:

Title:

4 Must be a Responsible Officer.

E-1-2

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JAN-31-1998
OCT-31-1997
19,239
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676,252
27,450
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1,878,791
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127,080
1.64
1.64