

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) August 17, 2006

NORDSTROM, INC.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

|   |                             |   |
|---|-----------------------------|---|
| WASHINGTON  | 001-15059                   | 91-0515058                              |
| (STATE OR OTHER JURISDICTION<br>OF INCORPORATION) | (COMMISSION FILE<br>NUMBER) | (I.R.S. EMPLOYER<br>IDENTIFICATION NO.) |

|  |            |
|--|------------|
| 1617 SIXTH AVENUE, SEATTLE, WASHINGTON   | 98101      |
| (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) | (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 filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- 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))

ITEM 2.02 Results of Operations and Financial Condition

On August 17, 2006, Nordstrom, Inc. issued an earnings release announcing its results of operations for the quarter and six months ended July 29, 2006, its financial position as of July 29, 2006, and its cash flows for the six months ended July 29, 2006. A copy of this earnings release is attached as Exhibit 99.1.

ITEM 7.01 Regulation FD Disclosure

On August 17, 2006, Nordstrom, Inc. issued an earnings release announcing its results of operations for the quarter and six months ended July 29, 2006, its financial position as of July 29, 2006, and its cash flows for the six months ended July 29, 2006. A copy of this earnings release is attached as Exhibit 99.1.

ITEM 9.01 Financial Statements and Exhibits

99.1 Nordstrom earnings release dated August 17, 2006 relating to the Company's results of operations for the quarter and six months ended July 29, 2006, its financial position as of July 29, 2006, and its cash flows for the six months ended July 29, 2006.

SIGNATURE

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/Michael G. Koppel  
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Michael G. Koppel  
Executive Vice President and  
Chief Financial Officer

Dated: August 17, 2006

EXHIBIT INDEX

EXHIBIT  
NUMBER

DESCRIPTION

|      |   |
|------|---|
| 99.1 | Nordstrom earnings release dated August 17, 2006 relating to the Company's results of operations for the quarter and six months ended July 29, 2006, its financial position as of July 29, 2006, and its cash flows for the six months ended July 29, 2006. |
|------|---|

For Immediate Release

- - - - -

August 17, 2006

## NORDSTROM REPORTS SECOND QUARTER EARNINGS PER SHARE OF 67 CENTS

SEATTLE - August 17, 2006 - Nordstrom, Inc. (NYSE: JWN) today reported net earnings of \$178.8 million, or \$0.67 per diluted share, for the second quarter ended July 29, 2006. For the same period last year, net earnings were \$148.9 million, or \$0.53 per diluted share.

Total sales for the second quarter of 2006 increased 7.8 percent to \$2.3 billion, compared to sales of \$2.1 billion in the same period last year. Second quarter same-store sales increased 5.7 percent.

## SECOND QUARTER HIGHLIGHTS

Net earnings increased 20.0 percent in the second quarter compared to the same quarter last year, reflecting steady improvement in merchandise execution, inventory productivity, and expense leverage, as well as a one-time Visa/Master card settlement gain. The company continues to focus on providing a differentiated shopping experience and achieving long-term profitable growth.

- Same-store sales increased 5.7 percent for the quarter, higher than the company's one to three percent same-store sales plan. Regular price selling was strong during the quarter and the initial response to fall merchandise was favorable. The following full-line store merchandise divisions performed above the company's average: intimate apparel, accessories, designer apparel, and cosmetics. Also notable, same-store sales in the Rack division increased 11.6 percent.
- Gross profit, as a percent of sales, increased 26 basis points. Overall merchandise margin improved versus the prior year. Better than planned sales results drove incremental leverage on buying and occupancy expenses.
- The same-store sales increase combined with overall on-plan expenses resulted in a 64 basis point reduction in selling, general and administrative expenses on a percent to sales basis.
- As a result of our adoption of SFAS No. 123(R), "Share-Based Payment," we recorded compensation expense of \$2.6 million in buying and occupancy costs and \$4.2 million in selling, general and administrative expenses.
- The company received a one-time payment of \$5.6 million related to the Visa/MasterCard settlement gain, which was recorded in other income.

## FULL YEAR RESULTS

Year-to-date net earnings increased 22.3 percent to \$310.0 million for the period ended July 29, 2006, compared to net earnings of \$253.5 million for the same period last year. Earnings per diluted share for the same periods were \$1.15 and \$0.91, respectively.

Year-to-date total sales increased 7.9 percent to \$4.1 billion compared to prior year sales of \$3.8 billion. Same-store sales increased 5.6 percent.

## EXPANSION UPDATE

No new stores were opened during the second quarter. The company will open a new relocated store at the Westfield Topanga mall in Woodland Hills, Calif., on October 6th.

## SHARE REPURCHASE

Nordstrom repurchased approximately 9.7 million shares of its common stock during the second quarter for \$350.0 million. This reduction in weighted-average shares outstanding had a \$0.01 impact on diluted earnings per share for the quarter.

## 2006 OUTLOOK

For the fiscal year ending February 3, 2007, the company now anticipates diluted earnings per share in the range of \$2.31 to \$2.39, which includes an estimated expense of \$0.06 per diluted share from the adoption of SFAS No. 123(R) regarding expensing of stock options. For the third quarter, the company is planning low single digit same-store sales growth and earnings per share in the range of \$0.40 to \$0.45.

## CONFERENCE CALL INFORMATION:

Company management will be hosting a conference call and webcast to discuss second quarter results at 4:15 p.m. (ET) today. Access to the

conference call is open to the press and general public in a listen only mode. To participate, please dial 212-547-0138 ten minutes prior to the call (passcode: NORD). A telephone replay will be available for 48 hours beginning approximately one hour after the conclusion of the call by dialing 800-348-3536. Interested parties may also access the call over the Internet by visiting the Investor Relations section of the company's corporate website at <http://about.nordstrom.com/aboutus/investor/webcasts.asp>. An archived version of the webcast will be available at this location for 30 days.

Nordstrom, Inc. is one of the nation's leading fashion specialty retailers, with 156 US stores located in 27 states. Founded in 1901 as a shoe store in Seattle, today Nordstrom operates 99 full-line stores, 49 Nordstrom Racks, five Faconnable boutiques, one free-standing shoe store, and two clearance stores. Nordstrom also operates 34 international Faconnable boutiques in Europe. Additionally, Nordstrom serves customers through its online presence at <http://www.nordstrom.com> and through its catalogs. Nordstrom, Inc. is publicly traded on the NYSE under the symbol JWN.

Certain statements in this news release contain "forward-looking" information (as defined in the Private Securities Litigation Reform Act of 1995) that involves risks and uncertainties, including anticipated results for the fiscal year ending February 3, 2007 and the third quarter, store openings and trends in company operations. Actual future results and trends may differ materially from historical results or current expectations depending upon factors including, but not limited to, the impact of economic and competitive market forces, the impact of terrorist activity or the impact of a war on the company, its customers and the retail industry, the company's ability to predict fashion trends, consumer apparel buying patterns, trends in personal bankruptcies and bad debt write-offs, changes in interest rates, employee relations, the company's ability to continue its expansion plans, changes in government or regulatory requirements, the company's ability to control costs, weather conditions and hazards of nature. Our SEC reports, including our Form 10-K for the fiscal year ended January 28, 2006 and our Form 10-Q for the quarter ended July 29, 2006 to be filed with the SEC, contain other information on these and other factors that could affect our financial results and cause actual results to differ materially from any forward-looking information we may provide. The company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events, new information or future circumstances.

Investor Contact:  
RJ Jones, 206-303-3007

Media Contact:  
Deniz Anders, 206-373-3038

NORDSTROM, INC.  
CONSOLIDATED STATEMENTS OF EARNINGS - 2nd Quarter

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(unaudited; amounts in thousands, except per share data and percentages)

|   |  |
|---|--|
| Quarter % of sales (1)  |  |
| Quarter % of sales (1) ended (except as ended (except as 7/29/06 indicated) 7/30/05 indicated) -- |  |
| -----   |  |
| -----   |  |
| ----- Net sales   |  |
| \$2,270,468   |  |
| 100.0%  |  |
| <del>\$2,106,438</del>  |  |
| <del>100.0%</del> Cost of sales and related buying & occupancy costs                              |  |
| (1,446,633)   |  |
| (63.7%)   |  |
| <del>(1,347,515)</del>  |  |
| <del>(64.0%)</del>  |  |
| -----   |  |
| Gross profit  |  |
| 823,835 36.3%   |  |
| <del>758,923 36.0%</del>  |  |

~~Selling, general and administrative expenses~~  
~~(579,552)~~  
~~(25.5%)~~  
~~(551,196)~~  
~~(26.2%)~~

~~Operating income~~  
~~244,283 10.8%~~  
~~207,727 9.9%~~  
~~Interest expense, net~~  
~~(12,783)~~  
~~(0.6%)~~  
~~(10,904)~~  
~~(0.5%)~~  
~~Other income including finance charges, net~~  
~~60,851 2.7%~~  
~~44,970 2.1%~~

~~Earnings before income tax expense~~  
~~292,351 12.9%~~  
~~241,793 11.5%~~  
~~Income tax expense~~  
~~(113,597)~~  
~~(38.9%) (2)~~  
~~(92,875)~~  
~~(38.4%) (2)~~

~~Net earnings~~  
~~\$178,754 7.9%~~  
~~\$148,918 7.1%~~

~~=====~~  
~~=====~~  
~~Earnings per share Basic~~  
~~\$0.68 \$0.54~~  
~~Diluted \$0.67~~  
~~\$0.53~~

ADDITIONAL DATA

~~-----~~  
~~Weighted average shares outstanding~~  
~~Basic~~  
~~261,512~~  
~~273,379~~  
~~Diluted~~  
~~266,226~~  
~~279,169~~

(1) Subtotals and totals may not foot due to rounding.

(2) Percent of earnings before income taxes.

NORDSTROM, INC.  
CONSOLIDATED STATEMENTS OF EARNINGS - Year to Date

(unaudited; amounts in thousands, except per share data and percentages)

Six Months %  
of sales (1)  
Six Months %  
of sales (1)  
ended (except  
as ended  
(except as  
7/29/06  
indicated)  
7/30/05  
indicated) --

-----  
-----

~~- Net sales~~  
~~\$4,057,691~~  
~~100.0%~~  
~~\$3,760,912~~  
~~100.0%~~ Cost  
of sales and  
related  
buying &  
occupancy  
costs  
~~(2,569,636)~~  
~~(63.3%)~~  
~~(2,393,680)~~  
~~(63.6%)~~

~~— Gross  
profit~~  
~~1,488,055~~  
~~36.7%~~  
~~1,367,232~~  
~~36.4%~~  
Selling,  
general and  
administrative  
expenses  
~~(1,073,772)~~  
~~(26.5%)~~  
~~(1,016,618)~~  
~~(27.0%)~~

~~— Operating  
income~~  
~~414,283 10.2%~~  
~~350,614 9.3%~~  
Interest  
expense, net  
~~(23,534)~~  
~~(0.6%)~~  
~~(23,543)~~  
~~(0.6%)~~ Other  
income  
including  
finance  
charges, net  
~~114,689 2.8%~~  
~~87,702 2.3%~~

~~Earnings  
before income~~

|                           |
|---------------------------|
| <del>tax expense</del>    |
| <del>505,438 12.5%</del>  |
| <del>414,773 11.0%</del>  |
| <del>Income tax</del>     |
| <del>expense</del>        |
| <del>(195,453)</del>      |
| <del>(38.7%) (2)</del>    |
| <del>(161,317)</del>      |
| <del>(38.9%) (2)</del>    |
| <hr/>                     |
| <del>Net</del>            |
| <del>earnings</del>       |
| <del>\$309,985 7.6%</del> |
| <del>\$253,456 6.7%</del> |
| <del>=====</del>          |
| <del>=====</del>          |
| <del>Earnings per</del>   |
| <del>share Basic</del>    |
| <del>\$1.17 \$0.93</del>  |
| <del>Diluted \$1.15</del> |
| <del>\$0.91</del>         |

ADDITIONAL DATA

- - - - -

|             |
|-------------|
| Weighted    |
| average     |
| shares      |
| outstanding |
| Basic       |
| 264,501     |
| 273,225     |
| Diluted     |
| 269,556     |
| 278,832     |

(1) Subtotals and totals may not foot due to rounding.

(2) Percent of earnings before income taxes.

NORDSTROM, INC.  
CONSOLIDATED BALANCE SHEETS

-----  
(unaudited; amounts in thousands)

|                          |
|--------------------------|
| 7/29/06                  |
| 1/28/06                  |
| 7/30/05 ----             |
| -----                    |
| -----                    |
| ---- Assets              |
| Current                  |
| assets: Cash             |
| and cash                 |
| equivalents              |
| <del>\$ 280,197</del> \$ |
| <del>462,656</del> \$    |
| 462,875                  |
| Short term               |



~~investments~~  
~~—54,000~~  
~~34,000~~  
~~Accounts~~  
~~receivable,~~  
~~net 712,166~~  
~~639,558~~  
~~701,882~~  
~~Investment~~  
~~in asset~~  
~~backed~~  
~~securities~~  
~~354,348~~  
~~561,136~~  
~~515,596~~  
~~Merchandise~~  
~~inventories~~  
~~1,026,287~~  
~~955,978~~  
~~989,365~~  
~~Current~~  
~~deferred tax~~  
~~assets~~  
~~165,298~~  
~~145,470~~  
~~140,745~~  
~~Prepaid~~  
~~expenses and~~  
~~other 67,452~~  
~~55,359~~  
~~50,101~~  
~~Restricted~~  
~~cash 150,000~~

---

~~Total~~  
~~current~~  
~~assets~~  
~~2,755,748~~  
~~2,874,157~~  
~~2,894,564~~  
~~Land,~~  
~~buildings~~  
~~and~~  
~~equipment,~~  
~~net~~  
~~1,750,304~~  
~~1,773,871~~  
~~1,771,492~~  
~~Goodwill~~  
~~51,714~~  
~~51,714~~  
~~51,714~~  
~~Acquired~~  
~~tradename~~  
~~84,000~~  
~~84,000~~  
~~84,000~~ Other  
~~assets~~  
~~150,911~~  
~~137,607~~  
~~114,643~~

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~~Total~~  
~~assets~~  
~~\$4,792,677~~  
~~\$4,921,349~~  
~~\$4,916,413~~

~~Liabilities~~  
~~and~~  
~~Shareholders'~~  
~~Equity~~  
~~Current~~  
~~liabilities:~~  
~~Accounts~~  
~~payable \$~~

~~725,675~~ \$  
~~540,019~~ \$  
~~714,429~~  
Accrued  
salaries,  
wages and  
related  
benefits  
220,026  
285,982  
226,307  
Other  
current  
liabilities  
378,682  
409,076  
365,569  
Income taxes  
payable  
120,074  
81,617  
107,713  
Current  
portion of  
long term  
debt 307,463  
306,618  
4,840

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— Total  
current  
liabilities  
1,751,920  
1,623,312  
1,418,858  
Long term  
debt, net  
624,861  
627,776  
923,952  
Deferred  
property  
incentives,  
net 356,111  
364,382  
355,197  
Other  
liabilities  
215,425  
213,198  
199,724  
Shareholders'  
equity:  
Common  
stock, no  
par value:  
1,000,000  
shares  
authorized;  
256,500,  
269,549 and  
273,683  
shares  
issued and  
outstanding  
751,281  
685,934  
646,684  
Unearned  
stock  
compensation  
— (327)  
(550)  
Retained  
earnings  
1,095,181  
1,404,366  
1,365,888  
Accumulated  
other

comprehensive  
(loss)  
earnings  
(2,102)  
2,708 6,660

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Total  
shareholders'  
equity  
1,844,360  
2,092,681  
2,018,682

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Total  
liabilities  
and  
shareholders'  
equity  
\$4,792,677  
\$4,921,349  
\$4,916,413

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NORDSTROM, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited; amounts in thousands)

Six Months  
Six Months  
ended ended  
7/29/06  
7/30/05 ---

-----  
Operating  
Activities  
Net  
earnings  
\$309,985  
\$253,456  
Adjustments  
to  
reconcile  
net  
earnings to  
net cash  
provided by  
operating  
activities:  
Depreciation  
and  
amortization  
of  
buildings  
and  
equipment  
138,632  
137,436  
Amortization  
of deferred

property  
incentives  
and other,  
net  
~~(16,280)~~  
~~(15,664)~~  
Stock-based  
compensation  
expense  
14,083  
7,474  
Deferred  
income  
taxes, net  
~~(31,632)~~  
2,420 Tax  
benefit of  
stock-based  
payments  
18,092  
26,872  
Excess tax  
benefit  
from stock-  
based  
payments  
~~(15,109)~~  
Provision  
for bad  
debt  
expense  
6,448  
10,064  
Change in  
operating  
assets and  
liabilities:  
Accounts  
receivable  
~~(78,971)~~  
~~(67,230)~~  
Investment  
in asset  
backed  
securities  
200,803  
~~(94,112)~~  
Merchandise  
inventories  
~~(79,747)~~  
~~(71,717)~~  
Prepaid  
expenses  
~~(11,809)~~  
~~(71)~~ Other  
assets  
~~(1,262)~~  
~~(1,936)~~  
Accounts  
payable  
192,158  
191,087  
Accrued  
salaries,  
wages and  
related  
benefits  
~~(64,777)~~  
~~(67,260)~~  
Other  
current  
liabilities  
~~(29,356)~~  
~~(938)~~  
Income  
taxes  
payable  
38,457  
~~(7,842)~~  
Property  
incentives

8,866  
21,613  
Other  
liabilities  
974 15,959

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Net cash  
provided by  
operating  
activities  
599,555  
339,611

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Investing  
Activities  
Capital  
expenditures  
(115,720)  
(131,384)  
Proceeds  
from sale  
of assets  
128  
Purchases  
of short-  
term  
investments  
(109,550)  
(289,500)  
Sales of  
short-term  
investments  
163,550  
297,325  
Increase in  
restricted  
cash  
(150,000)  
Other, net  
(2,820)  
(139)

---

Net  
cash used  
in  
investing  
activities  
(214,412)  
(123,698)

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Financing  
Activities  
Principal  
payments on  
long-term  
debt  
(2,312)  
(98,650)  
Increase in  
cash book  
overdrafts  
5,604  
35,633  
Proceeds  
from  
exercise of  
stock  
options  
24,700  
55,413  
Proceeds  
from  
employee  
stock  
purchase  
plan 8,370  
8,640  
Excess tax

benefit  
from stock-  
based  
payments  
15,109  
Cash  
dividends  
paid  
(56,249)  
(40,994)  
Repurchase  
of common  
stock  
(562,921)  
(73,913)  
Other, net  
97,210

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Net  
cash used  
in  
financing  
activities  
(567,602)  
(113,661)

---

Net  
(decrease)  
increase in  
cash and  
cash  
equivalents  
(182,459)  
102,252  
Cash and  
cash  
equivalents  
at  
beginning  
of period  
462,656  
360,623

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Cash  
and cash  
equivalents  
at end of  
period \$  
280,197  
\$462,875

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=====  
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