UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)
☒

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

For the fiscal year ended January 31, 2003

OR

o **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.)
1617 Sixth Avenue, Seattle, Washington	**98101**
(Address of principal executive offices)	(Zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, without par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act 12b-2). YES _X_ NO____

As of July 31, 2002 the aggregate market value of the Registrant's voting and non-voting stock held by non-affiliates of the Registrant was approximately $1.8 billion using the closing sales price on this day of $18.90.

On March 17, 2003, 135,457,544 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Nordstrom, Inc. Annual Report to Shareholders for fiscal year ended January 31, 2003 are incorporated into Parts I, II and IV

2. Portions of Proxy Statement for 2003 Annual Meeting of Shareholders scheduled to be held on May 20, 2003 are incorporated into Part III

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PART I

Item 1. Business.

We incorporated in the State of Washington in 1946 as the successor to a retail shoe business that started in 1901. As of January 31, 2003, we operated 88 large specialty stores, selling a wide selection of apparel, shoes and accessories for women, men and children.

We also operated 48 stores under the name “Nordstrom Rack” and one clearance store under the name “Last Chance.” The Nordstrom Rack stores purchase merchandise directly from manufacturers, as well as serving, in part, as outlets for clearance merchandise from our large specialty stores.

We also operated one free-standing shoe store under the name “Nordstrom” and five Specialty Boutiques under the name “Façonnable”. As a result of the acquisition of Façonnable, S.A. of Nice, France in October 2000, we also operated 23 Façonnable boutiques located primarily in Europe. Façonnable is a wholesaler and retailer of high quality men’s and women’s apparel and accessories.

In March 2003, we opened one large specialty store in Houston, Texas. In addition, we plan to open large specialty stores in Richmond, Virginia; Austin, Texas and Wellington Green, Florida as well as Nordstrom Rack stores in Chicago, Illinois and Sunrise, Florida during fiscal 2003.

The west coast and the east coast of the United States are the markets in which we have the largest presence. An economic downturn or other significant event within one of these markets may have a material effect on our operating results.

We purchase merchandise from many suppliers, no one of which accounted for more than 2% of 2002 net purchases. We believe that we are not dependent on any one supplier, and consider our relations with our suppliers to be satisfactory.

We have approximately 99 registered trademarks. The loss or abandonment of the Federally registered names “Nordstrom” or “Façonnable” would materially impact our business. The loss or abandonment of the Federally registered trademarks “Brass Plum”, “Baby N”, “Caslon”, “Classiques Entier”, “Frenchi”, “Halogen” and “Rubbish” may impact our business, but not in a material manner. With the exception of the above-mentioned Federally registered trademarks, the loss or abandonment of any particular trademark would have little, if any, impact on our business.

Due to our anniversary sale in July and holidays in December, sales are higher in the second and fourth quarters of the fiscal year than in the first and third quarters. During the fiscal year ended January 31, 2003, we regularly employed on a full or part-time basis an average of approximately 44,000 employees. Due to the seasonal nature of our business, employment increased to approximately 52,000 employees in July 2002 and 48,000 in December 2002.

Our business is highly competitive. Our stores compete with other national, regional and local retail establishments within our operating areas which carry similar lines of merchandise, including department stores, specialty stores, boutiques, and mail order and Internet businesses. Our specific competitors vary from market to market. We believe the principal methods of competing in our industry include customer service, value, quality of product, fashion, advertising, store location and depth of selection.

Item 1. Business (continued).

We file annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission ("SEC"). You may read and copy any material we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Our Internet website is http://www.nordstrom.com. We make available free of charge on or through our Internet website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We also expect to post on our website the code of business conduct and ethics that we adopt for our directors, officers and employees, as well as waivers and amendments.

Certain other information required under Item 1 is contained within the following sections of our 2002 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Management's Discussion and Analysis

Note 1: Summary of Significant Accounting Policies in Notes to Consolidated Financial Statements

Note 19: Segment Reporting in Notes to Consolidated Financial Statements

Note 21: Nordstrom.com in Notes to Consolidated Financial Statements

Retail Store Facilities

Executive Officers of the Registrant

Name	Age	Title	Officer Since	Family Relationship
Jammie Baugh	50	Executive Vice President	1990	None
Laurie M. Black	44	Executive Vice President	1997	None
Mark S. Brashear	41	Executive Vice President	2001	None
James H. Bromley	39	Executive Vice President and President of Nordstrom Direct, Inc.	2002	None
Dale Cameron	54	Executive Vice President	1985	None
Robert E. Campbell	47	Vice President and Treasurer	1999	None
Linda Toschi Finn	55	Executive Vice President	1998	None
Kevin T. Knight	47	Executive Vice President, Chairman and Chief Executive Officer of Nordstrom fsb, and President of Nordstrom Credit, Inc.	1998	None
Michael G. Koppel	46	Executive Vice President and Chief Financial Officer	1999	None
Llynn (Len) A. Kuntz	42	Executive Vice President	1998	None
David L. Mackie	54	Vice President	1994	None
Robert J. Middlemas	46	Executive Vice President	1993	None
Blake W. Nordstrom	42	President	1991	Brother of Erik B. and Peter E. Nordstrom; son of Bruce A. Nordstrom, a Director of the Company; and nephew of D. Wayne Gittinger, a Director of the Company.
Bruce A. Nordstrom	69	Chairman of the Board of Directors	1966	Father of Blake W., Erik B. and Peter E. Nordstrom; cousin of John N. Nordstrom, a Director of the Company and Brother-in-law of D. Wayne Gittinger, a Director of the Company.
Erik B. Nordstrom	39	Executive Vice President	1995	Brother of Blake W. and Peter E. Nordstrom; son of Bruce A. Nordstrom, a Director of the Company; and nephew of D. Wayne Gittinger, a Director of the Company.

Executive Officers of the Registrant (continued)

Name	Age	Title	Officer Since	Family Relationship
Peter E. Nordstrom	41	Executive Vice President	1995	Brother of Blake W. and Erik B. Nordstrom; son of Bruce A. Nordstrom, a Director of the Company; and nephew of D. Wayne Gittinger, a Director of the Company.
James R. O'Neal	44	Executive Vice President	1997	None
R. Michael Richardson	46	Vice President and Chief Information Officer	2001	None
K.C. (Karen) Shaffer	49	Executive Vice President	2001	None
Joel T. Stinson	53	Executive Vice President and Chief Administrative Officer	1996	None
Delena M. Sunday	42	Executive Vice President	1998	None
Geevy S.K. Thomas	38	Executive Vice President	1998	None

Jammie Baugh was named Executive Vice President Full-line Stores Human Resources in November 2002. Prior to that, she served as Executive Vice President Human Resources from February 2000 to November 2002, Executive Vice President and Northwest General Manager from May 1997 to February 2000, Executive Vice President and General Manager Southern California from 1991 to May 1997, and Vice President and General Manager Southern California from 1990 to 1991.

Laurie M. Black was named Executive Vice President and President of Nordstrom Rack in December 2001. Prior to that, she served as Vice President and Corporate Merchandise Manager for Specialized from May 2000 to December 2001, as Vice President and Northwest Divisional Merchandise Manager for Specialized and Accessories from April 1999 to April 2000, and as Vice President and Northwest/Southwest Divisional Merchandise Manager for Specialized from February 1997 to March 1999. Prior to that, Ms. Black held various merchandise management positions within the Company since 1988.

Mark S. Brashear was named Executive Vice President and President of Façonnable in December 2001. Prior to that, he served as Executive Vice President and Southwest General Manager of the Full-line Store Group from February 2001 to December 2001, as Division Vice President and Strategic Planning Manager of the Southwest Business Unit from April 1999 to February 2001, and as Strategic Planning Manager for California and the Southwest from February 1998 to April 1999. Prior to that, Mr. Brashear held various store management positions with the Company.

Executive Officers of the Registrant (continued)

James H. Bromley was named Executive Vice President of the Company on July 16, 2002, and President of Nordstrom Direct, Inc. on July 16, 2002. Prior to that, he served as Executive Vice President and Chief Financial Officer of Nordstrom.com, Inc. from May 2000 to July 2002. Prior to joining Nordstrom, Mr. Bromley served as Senior Vice President, Chief Financial Officer and Treasurer at Multiple Zones International, a supplier of computer products and services, from June 1999 to May 2000. From May 1998 to May 1999, he served as Managing Director at McDonald Investments, and from March 1996 to May 1998 he served as Managing Director at Dain Rauscher.

Dale Cameron was named Executive Vice President in February 1998, and served as Vice President from March 1985 to February 1998. In addition, Ms. Cameron has served as Corporate Cosmetics Merchandise Manager since April 1976. Prior to that, she held various department manager and buyer positions with us.

Robert E. Campbell was named Vice President Strategy and Planning and Treasurer in May 1999. Prior to that, he was involved with corporate strategy and planning and was responsible for the Company's investor relations function since March 1998, and served as Manager of Financial Analysis since February 1997. Prior to joining us, Mr. Campbell served in a number of financial positions with restaurant and retail companies based on the West Coast.

Linda Toschi Finn was named Executive Vice President Marketing in September 2000. She was promoted to Vice President and Marketing Director for the Full-line Store Group in October 1999. Ms. Finn has been responsible for the development of the Company's marketing strategies since February 1998 when she was named Vice President of Sales Promotion. Prior to that, she held various management positions with the Company in the areas of corporate advertising and sales promotion.

Kevin T. Knight has been an Executive Vice President of Nordstrom, Inc. since September 2000, and also serves as Chairman and Chief Executive Officer of Nordstrom fsb, President of Nordstrom Credit, Inc., and, as of February 2000, President of Nordstrom Credit Group. Prior to that, he served as Vice President of Nordstrom, Inc. and President of Nordstrom fsb (formerly Nordstrom National Credit Bank), President of Nordstrom Credit, Inc., and General Manager of the credit business unit since April 1998. Prior to joining us, he was Senior Vice President of Retailer Financial Services, a unit of General Electric Capital Corporation, since 1995. Prior to that, he held various positions with General Electric since 1977.

Michael G. Koppel was named Executive Vice President and Chief Financial Officer in May 2001. Prior to that he served as Vice President, Corporate Controller and Principal Accounting Officer from August 1999 to May 2001. Prior to joining us, Mr. Koppel served as Chief Operating Officer of CML Group, a specialty retail holding company. From 1997 through 1998, he was Chief Financial Officer of Lids Corporation, a mall based specialty retailer, and from 1984 through 1997 he held a number of financial positions with the May Department Stores, most recently as Vice President-Controller of its Filenes division.

Llynn (Len) A. Kuntz was named Executive Vice President and Washington/Alaska Regional Manager in November 2001. Prior to that he served as Executive Vice President and Northwest General Manager of the Full-line Store Group from February 2001 to November 2001, as Vice President and Director of the Full-line Store Strategy Group from May 1999 to February 2001, as Vice President and East Coast Regional Manager from February 1998 to May 1999, and as General Manager of the Northeast Region from 1995 to February 1998.

Executive Officers of the Registrant (continued)

David L. Mackie was named Vice President Real Estate and Corporate Secretary in December 2002. Prior to that, he served as Vice President Real Estate and Legal Affairs from February 2002 to November 2002, as Vice President Real Estate from April 1994 to January 2002, as Corporate Manager of Legal, Tax and Real Estate from February 1985 to March 1994, and as Corporate Tax Manager from September 1983 to January 1985.

Robert J. Middlemas was named Executive Vice President and Central States Regional Manager in November 2001. Prior to that he served as Executive Vice President and Central States General Manager from November 1997 to November 2001, and as Vice President and Central States General Manager from 1993 to November 1997.

Blake W. Nordstrom was named President of the Company in August 2000. From February 2000 until his appointment as President, he served as Executive Vice President and President of Nordstrom Rack. Prior to that, he served as Co-President responsible for credit, community relations, operations, shoes and Nordstrom Rack business units since June 1995 and as Vice President and General Manager Washington/Alaska since 1991.

Bruce A. Nordstrom was named Chairman of the Board of Directors in August 2000. He has served as a Director of the Company since 1966, and served as Co-Chairman of the Board of Directors from 1971 until 1995. Mr. Nordstrom is the grandson of our founder and, with his cousins John N. Nordstrom and James F. Nordstrom and his former brother-in-law John A. McMillan, he assumed leadership of the Company from the second generation in 1968.

Erik B. Nordstrom was named Executive Vice President Full-line Stores in August 2000. Prior to that, he served as Executive Vice President and Northwest General Manager since February 2000, as Co-President responsible for Nordstrom Product Group since June 1995 and as Store/Regional Manager — Minnesota since 1992.

Peter E. Nordstrom was named Executive Vice President and President of Full-line Stores in September 2000. Prior to that, he served as Executive Vice President and Director of Full-line Store Merchandise Strategy for children’s apparel, cosmetics, junior apparel, lingerie, hosiery, men’s apparel and women’s active wear since February 2000, as Co-President responsible for sales promotion, human resources, and diversity affairs since June 1995, and as Regional Manager of the Orange County area since 1991.

James R. O’Neal was named Executive Vice President and President of Nordstrom Product Group in December 2001. From August 2000 until December 2001 he served as Executive Vice President and General Manager of the East Coast. Prior to that, he served as Executive Vice President and Southwest General Manager since November 1997, as Vice President — Northern California since February 1997, as General Manager Northern California from 1995 to 1997, and as City Regional Manager from 1993 to 1995.

R. Michael Richardson was named Vice President and Chief Information Officer in February 2001. Prior to that, he served as Chief Information Officer since September 2000. From April 2000 to September 2000 Mr. Richardson was not employed by the Company. Prior to his departure from us, he served as Division Vice President of Enterprise Development and Architecture since October 1998, and as IT Development Manager of the Nordstrom Product Group since October 1997. Mr. Richardson has also served as IT Development Manager for various corporate departments since 1992.

Executive Officers of the Registrant (continued)

K.C. (Karen) Shaffer was named Executive Vice President and Nordstrom Rack Northwest Regional Manager in December 2001. Prior to that, she served as Executive Vice President and Nordstrom Rack General Merchandise Manager from February 2001 to December 2001, as Division Vice President and Nordstrom Rack Northwest Regional Manager from April 1999 to February 2001, and as Nordstrom Rack Northwest Regional Manager from June 1998 to April 1999. Prior to that, Ms. Shaffer held various management positions with the Company at the department, store and regional levels.

Joel T. Stinson was named Executive Vice President and Chief Administrative Officer in September 2000. Prior to that, he served as Vice President of Operations since May 1995 and as Corporate Operations Manager since 1993. Mr. Stinson is retiring from the Company on May 15, 2003.

Delena M. Sunday was named Executive Vice President Human Resources and Diversity Affairs in November 2002. Prior to that, she served as Executive Vice President of Diversity Affairs from September 2000 to November 2002, Vice President of Diversity Affairs from February 1998 to September 2000, and Director of Diversity Affairs from 1996 to February 1998. Prior to that, Ms. Sunday held various management positions with the Company at the store and regional levels.

Geevy S.K. Thomas was named Executive Vice President and South Regional Manager in November 2001. Prior to that, he served as Executive Vice President and General Merchandise Manager of Full-line Stores from February 2001 to November 2001, as Executive Vice President of Full-line Stores and Director of Merchandising Strategy from February 2000 to February 2001, as Vice President and Director of Merchandising Strategy from May 1999 to February 2000, as Vice President and Regional Manager of Orange County and Los Angeles from February 1998 to May 1999, and as General Manager of Los Angeles from February 1997 to February 1998. Prior to February 1997, Mr. Thomas held various general, regional and store management positions with us.

The officers are appointed annually by the Board of Directors following each year's Annual Meeting of Shareholders. Officers serve at the discretion of the Board of Directors.

Item 2. Properties.

The following table summarizes the number of retail stores owned or operated by us, and the percentage of total store area represented by each listed category at January 31, 2003:

	Number of stores	% of total store square footage
Owned stores	29	25%
Leased stores	97	32
Owned on leased land	38	41
Partly owned & partly leased	2	2
	166	100%

Item 2. Properties. (continued)

We also operate 6 merchandise distribution centers located throughout the U.S., which are utilized by the Retail Stores segment, all of which are owned. The Catalog/Internet segment utilizes one fulfillment center, which is owned on leased land. Our administrative offices in Seattle, Washington are a combination of leased and owned space. We lease the office building in the Denver, Colorado metropolitan area that serves as the principal offices of Nordstrom fsb and Nordstrom Credit, Inc.

Certain other information required under this item is included in the following sections of our 2002 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Note 13: Land, Buildings and Equipment in Notes to Consolidated Financial Statements

Note 16: Leases in Notes to Consolidated Financial Statements

Retail Store Facilities

Item 3. Legal Proceedings.

The information required under this item is included in the following section of our 2002 Annual Report to Shareholders, which section is incorporated by reference herein from Exhibit 13.1 of this report:

Note 23: Contingent Liabilites in Notes to Consolidated Financial Statements

Item 4. Submission of Matters to a Vote of Security Holders.

None

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

Our Common Stock, without par value, is traded on the New York Stock Exchange under the symbol "JWN." The approximate number of holders of Common Stock as of March 17, 2003 was 75,717.

Certain other information required under this item with respect to stock prices and dividends is included in the following sections of our 2002 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Consolidated Statements of Shareholders' Equity

Note 17: Stock-based Compensation in Notes to Consolidated Financial Statement

Note 24: Selected Quarterly Data (unaudited) in Notes to Consolidated Financial Statements

Item 6. Selected Financial Data.

The information required under this item is included in the following sections of our 2002 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Management's Discussion and Analysis

Note 2: Cumulative Effect of Accounting Change in Notes to Consolidated Financial Statements

Note 3: Acquisition in Notes to Consolidated Financial Statements

Note 20: Restructurings, Impairments, and Other One-Time Charges in Notes to Consolidated Financial Statements

Note 21: Nordstrom.com in Notes to Consolidated Financial Statements

Eleven-Year Statistical Summary

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

The information required under this item is included in the following section of our 2002 Annual Report to Shareholders, which section is incorporated by reference herein from Exhibit 13.1 of this report:

Management's Discussion and Analysis

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We are exposed to market risk from changes in interest rates. In seeking to minimize risk, we manage exposure through our regular operating and financing activities. We do not use financial instruments for trading or other speculative purposes and are not party to any leveraged financial instruments.

Interest rate exposure is managed through our mix of fixed and variable rate borrowings. Short-term borrowing and investing activities generally bear interest at variable rates, but because they have maturities of three months or less, we believe that the risk of material loss is low, and that the carrying amount approximated fair value.

In addition, we have outstanding at January 31, 2003 a $250 million 5.625% fixed-rate debt converted to variable rate through the use of an interest rate swap. Subsequent to January 31, 2003, we sold the interest rate swap and received cash of $2.3 million, which will be recognized as interest income evenly over the remaining life of the related debt.

In the third quarter of 2002, we sold the interest rate swap that converted our $300 million, 8.95% fixed-rate debt to variable rate. We received cash of $4.9 million, which will be recognized as interest income evenly over the remaining life of the related debt.

The table below presents information about our financial instruments that are sensitive to changes in interest rates, which consist of debt obligations and interest rate swaps for the year ended January 31, 2003. For debt obligations, the table presents principal amounts, at book value, by maturity date, and related weighted average interest rates. For interest rate swaps, the table presents notional amounts and weighted average interest rates by expected (contractual) maturity dates. Notional amounts are the predetermined dollar principal on which the exchanged interest payments are based.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk (continued)

Dollars in thousands	2003	2004	2005	2006	2007	Thereafter	Total at January 31, 2003	Fair value of liabilities January 31, 2003
Long-term debt								
Fixed	$5,545	$5,032	$403,554	$303,958	$4,045	$625,237	$1,347,371	$1,443,000
Avg. int. rate	6.1%	6.6%	8.4%	4.9%	8.4%	6.6%	6.7%	
Interest rate swap Fixed to variable	—	—	—	—	—	$250,000	$ 250,000	$ 3,000
Avg. pay rate	—	—	—	—	—	3.3%	3.3%	
Avg. receive rate	—	—	—	—	—	5.6%	5.6%	

Foreign Currency Exchange Risk

The majority of our revenue, expense and capital expenditures are transacted in United States dollars. However, we periodically enter into foreign currency purchase orders for apparel and shoes denominated in Euros. We use forward contracts to hedge against fluctuations in foreign currency prices. There were no forward contracts outstanding as of January 31, 2003. The use of derivatives is limited to only those financial instruments that have been authorized by our Chief Financial Officer and Treasurer.

In addition, the functional currency of Faconnable, S.A.S. of Nice, France is the Euro. Assets and liabilities of Faconnable are translated into U.S. dollars at the exchange rate prevailing at the end of the period. Income and expenses are translated into U.S. dollars at an average exchange rate during the period. Foreign currency gains and losses from the translation of Faconnable's balance sheet and income statement are included in other comprehensive earnings. Foreign currency gains or losses from certain intercompany loans are recorded in service charge income and other, net.

We considered the potential impact of a hypothetical 10% adverse change in foreign exchange rates and we believe that such a change would not have a material impact on our cash flows of financial instruments that are sensitive to foreign currency exchange risk. The model measured the change in cash flows arising from the 10% adverse change in foreign exchange rates, and covered long-term debt denominated in Euros.

Certain other information required under this item is included in the following sections of our 2002 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Note 1: Summary of Significant Accounting Policies in Notes to Consolidated Financial Statements

Note 7: Investment in Notes to Consolidated Financial Statements

Note 14: Notes Payable in Notes to Consolidated Financial Statements

Note 15: Long-Term Debt in Notes to Consolidated Financial Statements

Note 16: Leases in Notes to Consolidated Financial Statements

Note 22: Vulnerability Due to Certain Concentrations in Notes to Consolidated Financial Statements

Item 8. Financial Statements and Supplementary Data.

The information required under this item is included in the following sections of our 2002 Annual Report to Shareholders, which sections are incorporated by reference herein from Exhibit 13.1 of this report:

Consolidated Statements of Earnings

Consolidated Balance Sheets

Consolidated Statements of Shareholders' Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

Independent Auditors' Report

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required under this item with respect to our Directors and compliance with Section 16(a) of the Exchange Act is included in the following sections of our Proxy Statement for our 2003 Annual Meeting of Shareholders, which sections are incorporated by reference herein and will be filed within 120 days after the end of our fiscal year:

Election of Directors

Compliance with Section 16 of the Exchange Act of 1934

The information required under this item with respect to our Executive Officers is incorporated by reference from Part I, Item 1 of this report under "Executive Officers of the Registrant."

Item 11. Executive Compensation.

The information required under this item is included in the following sections of our Proxy Statement for our 2003 Annual Meeting of Shareholders, which sections are incorporated by reference herein and will be filed within 120 days after the end of our fiscal year:

Compensation of Executive Officers in the Year Ended January 31, 2003

Compensation and Stock Option Committee Report on the Fiscal Year Ended January 31, 2003

Stock Price Performance

Compensation of Directors

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required under this item is included in the following section of our Proxy Statement for our 2003 Annual Meeting of Shareholders, which sections are incorporated by reference herein and will be filed within 120 days after the end of our fiscal year:

Security Ownership of Certain Beneficial Owners and Management

Equity Compensation Plan Information

Item 13. Certain Relationships and Related Transactions.

The information required under this item is included in the following sections of our Proxy Statement for our 2003 Annual Meeting of Shareholders, which sections are incorporated by reference herein and will be filed within 120 days after the end of our fiscal year:

Election of Directors

Certain Relationships and Related Transactions

Item 14. Controls and Procedures.

“Disclosure controls” are controls and other procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including our President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. “Internal controls” are procedures that are designed to provide reasonable assurance that our transactions are properly authorized, our assets are safeguarded against unauthorized or improper use and our transactions are properly recorded and reported, all to permit the preparation of our financial statements in conformity with generally accepted accounting principles.

Within the 90-day period prior to the filing of this report, we performed an evaluation under the supervision and with the participation of management, including our President and Chief Financial Officer, of our disclosure controls and procedures. Based upon that evaluation, the President and the Chief Financial Officer concluded that our disclosure controls and procedures are effective in the timely recording, processing, summarizing and reporting of material financial and non-financial information.

We reviewed our internal controls for effectiveness periodically during the period covered by this report. No significant changes were made in our internal controls or in other factors that could significantly affect our internal controls subsequent to the date of their last evaluation.

Item 15. Principal Accountant Fees and Services.

The information required under this item is included in the following section of our Proxy Statement for our 2003 Annual Meeting of Shareholders, which section is incorporated by reference herein and will be filed within 120 days after the end of our fiscal year:

Ratification of Appointment of Auditors

PART IV

Item 16. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a)1. Financial Statements

The following consolidated financial information and statements and the Independent Auditors' Report are incorporated by reference herein from Exhibit 13.1 of this report:

Consolidated Statements of Earnings

Consolidated Balance Sheets

Consolidated Statements of Shareholders' Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

Independent Auditors' Report

(a)2. Financial Statement Schedules

Other schedules for which provision is made in Regulation S-X are not required, are inapplicable, or the information is included in our 2002 Annual Report to Shareholders as incorporated by reference herein from Exhibit 13.1 of this report.

(a)3. Exhibits

(3.1) Articles of Incorporation of the Registrant, as amended and restated on May 21, 2002, are hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended July 31, 2002, Exhibit 3.1.

(3.2) Bylaws of the Registrant, as amended and restated on February 1, 2003, are filed herein as Exhibit 3.2.

(4.1) Indenture between Registrant and Norwest Bank Colorado, N.A., as trustee, dated March 11, 1998 is hereby incorporated by reference from Registration No. 333-47035, Exhibit 4.1.

(4.2) Senior indenture between Registrant and Norwest Bank Colorado, N.A., as trustee, dated January 13, 1999 is hereby incorporated by reference from Registration No. 333-69281, Exhibit 4.3.

(4.3) Form of Subordinated Indenture between Registrant and Norwest Bank Colorado, N.A., as trustee, dated January 13, 1999 is hereby incorporated by reference from Registration No. 333-69281, Exhibit 4.4.

(10.1) Merchant Agreement dated August 30, 1991 between Registrant and Nordstrom National Credit Bank is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1991, Exhibit 10.1.

(a)3. Exhibits (continued)

(10.2) The Nordstrom Supplemental Retirement Plan is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1993, Exhibit 10.3.

(10.3) The 1993 Non-Employee Director Stock Incentive Plan is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1994, Exhibit 10.4.

(10.4) Investment Agreement dated October 8, 1984 between the Registrant and Nordstrom Credit, Inc. is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10, Exhibit 10.1.

(10.5) Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank and Norwest Bank Colorado, N.A., as trustee, is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.1.

(10.6) First Amendment to the Master Pooling and Servicing Agreement dated August 14, 1996, between Nordstrom fsb and Wells Fargo Bank West, N.A., as trustee, dated March 1, 2000 is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.4.

(10.7) Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Nordstrom Credit, Inc. and Norwest Bank Colorado, N.A., as trustee, is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.2.

(10.8) First amendment to the Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Nordstrom Credit, Inc. and Norwest Bank Colorado, N.A., as trustee, dated December 10, 1997 is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 1998, Exhibit 10.13.

(10.9) Second Amendment to the Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996, between Nordstrom Credit, Inc., Nordstrom National Credit Bank and Norwest Bank Colorado, N.A., as trustee, dated February 25, 1999, is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.1.

(10.10) Third Amendment to the Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996, between Nordstrom Credit, Inc., Nordstrom National Credit Bank and Norwest Bank Colorado, N.A., as trustee, dated October 1, 2001 is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.11.

(10.11) Transfer and Administration Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Enterprise Funding Corporation and Nationsbank, N.A. is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.3.

(a)3. Exhibits (continued)

(10.12) First Amendment to the Transfer and Administration Agreement dated August 14, 1996 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A., dated August 19, 1997 is hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.1.

(10.13) Second Amendment to the Transfer and Administration Agreement dated August 14, 1996 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A., dated July 23, 1998 is hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.2.

(10.14) Third Amendment to the Transfer and Administration Agreement dated August 14, 1996 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A., dated August 11, 1999 is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.1.

(10.15) Fourth Amendment to the Transfer and Administration Agreement dated August 14, 1996 between Enterprise Funding Corporation, Nordstrom fsb, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A., dated March 1, 2000 is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.2.

(10.16) Fifth Amendment to the Transfer and Administration Agreement dated August 14, 1996 between Enterprise Funding Corporation, Nordstrom fsb, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A., dated July 20, 2000 is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.3.

(10.17) Receivables Purchase Agreement dated August 14, 1996 between Registrant and Nordstrom Credit, Inc. is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1997, Exhibit 10.12.

(10.18) The Nordstrom, Inc. 1997 Stock Option Plan is hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.4.

(10.19) The Nordstrom, Inc. Profit Sharing and Employee Deferral Retirement Plan is hereby incorporated by reference from the Registrant's Report on Form S-8, Registration No. 333-79791 filed on June 2, 1999.

(10.20) Amended and Restated Revolving Credit Facility between Registrant and a group of commercial banks, dated October 15, 1999 is hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended October 31, 1999, Exhibit 10.1.

(10.21) Commercial Paper Dealer Agreement dated October 2, 1997 between Registrant and Bancamerica Securities, Inc. is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997, Exhibit 10.1.

(a)3. Exhibits (continued)

(10.22) Commercial Paper Agreement dated October 2, 1997 between Registrant and Credit Suisse First Boston Corporation is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997, Exhibit 10.2.

(10.23) Issuing and Paying Agency Agreement dated October 2, 1997 between Registrant and First Trust of New York, N.A. is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997, Exhibit 10.3.

(10.24) Joint Venture Agreement between Nordstrom, Inc. and Nordstorm.com, Inc. dated as of August 24, 1999 is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2000, Exhibit 10.21.

(10.25) Credit Agreement dated as of February 29, 2000, between 1700 Seventh L.P., several lenders from time to time party thereto, with Bank of America, N.A. as Administrative Agent and as Project Administrative Agent, is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2000, Exhibit 10.22.

(10.26) Guaranty Agreement dated as of February 29, 2000, between Registrant, Bank of America, N.A., and the Lenders party to the Credit Agreement (described in 10.25 above), is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2000, Exhibit 10.23.

(10.27) Share Purchase and Contribution Agreement dated as of September 27, 2000 by and among Nordstrom, Inc., Nordstrom European Capital Group, and the Selling Shareholders of Façonnable, S.A., is hereby incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement on Form S-3, Registration No. 333-50028 filed on November 15, 2000.

(10.28) Amendment to the Share Purchase and Contribution Agreement dated as of September 27, 2000 by and among Nordstrom, Inc., Nordstrom European Capital Group, and the Selling Shareholders of Façonnable, S.A., dated October 20, 2000 is hereby incorporated by reference to Exhibit 2.2 to the Registrant's Registration Statement on Form S-3, Registration No. 333-50028 filed on November 15, 2000.

(10.29) The Put Agreement dated November 1, 1999 between Nordstrom, Inc. and the holders of the Series C Preferred Stock of Nordstrom.com, Inc. is hereby incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 2000, Exhibit 10.3.

(10.30) Amended and Restated Revolving Credit Facility between Registrant and a group of commercial banks, dated November 20, 2001 is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2002, Exhibit 10.30.

(10.31) Receivables Purchase Agreement dated October 1, 2001 between Nordstrom Credit, Inc. and Nordstrom Private Label Receivables, LLC is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.21.

(a)3. Exhibits (continued)

(10.32) Transfer and Servicing Agreement dated October 1, 2001 between Nordstrom Private Label Receivables, LLC, Nordstrom fsb, Wells Fargo Bank Minnesota, N.A., and Nordstrom Private Label Credit Card Master Note Trust is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.22.

(10.33) Master Indenture dated October 1, 2001 between Nordstrom Private Label Credit Card Master Note Trust and Wells Fargo Bank Minnesota, N.A., as trustee, is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.23.

(10.34) Series 2001-1 Indenture Supplement dated October 1, 2001 between Nordstrom Private Label Credit Card Master Note Trust and Wells Fargo Bank Minnesota, N.A., as trustee, is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.24.

(10.35) Series 2001-2 Indenture Supplement dated December 4, 2001 between Nordstrom Private Label Credit Card Master Note Trust and Wells Fargo Bank Minnesota, N.A., as trustee, is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.25.

(10.36) Amended and Restated Trust Agreement dated October 1, 2001 between Nordstrom Private Label Receivables, LLC, and Wilmington Trust Company, as trustee, is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.26.

(10.37) Note Purchase Agreement dated December 4, 2001 between Nordstrom Private Label Receivables, LLC, Nordstrom fsb, Falcon Asset Securitization Corporation, and Bank One, NA, as agent, is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2003, Exhibit 10.25.

(10.38) First Amendment to the Note Purchase Agreement dated December 4, 2001 between Nordstrom Private Label Receivables, LLC, Nordstrom fsb, Falcon Asset Securitization Corporation, and Bank One, NA, as agent, dated December 2, 2002 is hereby incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2003, Exhibit 10.26.

(10.39) Receivables Purchase Agreement dated April 1, 2002 between Nordstrom fsb and Nordstrom Credit Card Receivables LLC is filed herein as an Exhibit.

(10.40) Administration Agreement dated April 1, 2002 between Nordstrom Credit Card Master Note Trust and Nordstrom fsb is filed herein as an Exhibit.

(10.41) Amended and Restated Trust Agreement dated April 1, 2002 between Nordstrom Credit Card Receivables LLC and Wilmington Trust Company is filed herein as an Exhibit.

(10.42) Master Indenture dated April 1, 2002 between Nordstrom Credit Card Master Note Trust and Wells Fargo Bank Minnesota, National Association is filed herein as an Exhibit.

(a)3. Exhibits (continued)

(10.43) Series 2002-1 Indenture Supplement dated April 1, 2002 between Nordstrom Credit Card Master Note Trust and Wells Fargo Bank Minnesota, National Association is filed herein as an Exhibit.

(10.44) Transfer and Servicing Agreement dated April 1, 2002 between Nordstrom Credit Card Receivables, LLC, Nordstrom fsb, Wells Fargo Bank Minnesota, National Association and Nordstrom Credit Card Master Note Trust is filed herein as an Exhibit.

(10.45) Performance Undertaking dated September 28, 2001 between Registrant and Bank One, N.A., is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2002, Exhibit 10.37.

(10.46) Performance Undertaking dated December 4, 2001 between Registrant and Bank One, N.A., is hereby incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2002, Exhibit 10.38.

(10.47) Stock Purchase Agreement dated May 13, 2002 between the Registrant and the investors listed on Schedule A thereto, is hereby incorporated by reference from the Registrant's Form 8-K filed on May 17, 2002, Exhibit 10.1.

(10.48) Promissory Note dated April 18, 2002 between 1700 Seventh, L.P. and New York Life Insurance Company, is hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 2002, Exhibit 10.2.

(10.49) Promissory Note dated April 18, 2002 between 1700 Seventh, L.P. and Life Investors Insurance Company of America, is hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 2002, Exhibit 10.3.

(10.50) Guaranty Agreement dated April 18, 2002 between Registrant, New York Life Insurance Company and Life Investors Insurance Company of America, is hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 2002, Exhibit 10.4.

(10.51) The 2002 Nonemployee Director Stock Incentive Plan, is hereby incorporated by reference from the Registrant's Form 10-Q for the quarter ended July 31, 2002, Exhibit 10.1.

(10.52) Purchase and Sale Agreement dated December 16, 2002 between Nordstrom Credit, Inc. and Nudo-Weiner Associates, LLC is hereby incorporated by reference from Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2003, Exhibit 10.30.

(10.53) First Amendment to the Purchase and Sale Agreement dated December 16, 2002 between Nordstrom Credit, Inc. and Nudo-Weiner Associates, LLC, dated December 19, 2002, is hereby incorporated by reference from Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2003, Exhibit 10.31.

(13.1) The Company's 2002 Annual Report to Shareholders is filed herein as an Exhibit.

(21.1) List of the Registrant's Subsidiaries is filed herein as an Exhibit.

(23.1) Independent Auditors' Consent and Report on Schedule is on page 26 of this report.

(a)3. Exhibits (continued)

(99.1) Certification of Chief Executive Officer regarding periodic report containing financial statements, is filed herein as an Exhibit.

(99.2) Certification of Chief Financial Officer regarding periodic report containing financial statements, is filed herein as an Exhibit.

All other exhibits are omitted because they are not applicable, not required, or because the required information is included in our 2002 Annual Report to Shareholders.

(b) Reports on Form 8-K

We filed a Form 8-K on December 9, 2002 to announce the change of our fiscal year under Item 8 of Form 8-K. Beginning February 1, 2003, our fiscal year changed from January 31 to the Saturday closest to January 31.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ Michael G. Koppel

Michael G. Koppel
Executive Vice President and
Chief Financial Officer

Date: April 17, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Principal Financial and Accounting Officer:

/s/ Michael G. Koppel

Michael G. Koppel
Executive Vice President
and Chief Financial Officer

Principal Executive Officer:

/s/ Blake W. Nordstrom

Blake W. Nordstrom
President

Directors:

/s/ D. Wayne Gittinger

D. Wayne Gittinger
Director

/s/ Enrique Hernandez, Jr.

Enrique Hernandez, Jr.
Director

/s/ John A. McMillan

John A. McMillan
Director

/s/ Jeanne P. Jackson

Jeanne P. Jackson
Director

/s/ Bruce A. Nordstrom

Bruce A. Nordstrom
Chairman of the Board of Directors
and Director

/s/ John N. Nordstrom

John N. Nordstrom
Director

/s/ Alfred E. Osborne, Jr.

Alfred E. Osborne, Jr.
Director

/s/ William D. Ruckelshaus

William D. Ruckelshaus
Director

/s/ Stephanie M. Shern

Stephanie M. Shern
Director

/s/ Bruce G. Willison

Bruce G. Willison
Director

/s/ Alison A. Winter

Alison A. Winter
Director

Date: April 17, 2003

CERTIFICATIONS

Certification required by Section 302(a) of the Sarbanes-Oxley Act of 2002

I, Blake W. Nordstrom, certify that:

1. I have reviewed this annual report on Form 10-K of Nordstrom, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 17, 2003

/s/ Blake W. Nordstrom

Blake W. Nordstrom
President

Certification required by Section 302(a) of the Sarbanes-Oxley Act of 2002

I, Michael G. Koppel, certify that:

1. I have reviewed this annual report on Form 10-K of Nordstrom, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 17, 2003

/s/ Michael G. Koppel

Michael G. Koppel
Executive Vice President and
Chief Financial Officer

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT AND REPORT ON SCHEDULE

Shareholders and Board of Directors
Nordstrom, Inc.

We consent to the incorporation by reference in Registration Statement Nos. 33-18321, 333-63403, 333-40064, 333-40066, 333-79791, and 333-101110 on Form S-8 and in Registration Statement Nos. 333-59840 and 333-69281 on Form S-3 of Nordstrom, Inc. of our reports dated March 28, 2003 (which report expresses an unqualified opinion and includes an explanatory paragraph regarding the change in accounting for goodwill and other intangible assets upon adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, for the year ended January 31, 2003, as discussed in Note 2 to the consolidated financial statements), appearing in and incorporated by reference in this Annual Report on Form 10-K of Nordstrom, Inc. and subsidiaries (the Company) for the year ended January 31, 2003.

We have audited the consolidated financial statements of the Company as of January 31, 2003 and 2002, and for each of the three years in the period ended January 31, 2003, and have issued our report thereon dated March 28, 2003 (which report expresses an unqualified opinion and includes an explanatory paragraph regarding the change in accounting for goodwill and other intangible assets upon adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, for the year ended January 31, 2003, as discussed in Note 2 to the consolidated financial statements); such financial statements and report are included in the Company's 2002 Annual Report to Shareholders and are incorporated therein by reference. Our audits also included the consolidated financial statement schedule of the Company, listed in Item 14(a)2. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/Deloitte & Touche LLP

Seattle, Washington
April 17, 2003

NORDSTROM, INC. AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

(Dollars in thousands)

Column A	Column B	Column C	Column D	Column E
		Additions		
Description	Balance at beginning of period	Charged to costs and expenses	Deductions	Balance at end of period
Allowance for doubtful accounts:				
Year ended:				
January 31, 2003	$23,022	$ 29,080	$ 29,717(A)	$22,385
January 31, 2002	$16,531	$ 34,750	$ 28,259(A)	$23,022
January 31, 2001	$15,838	$ 20,369	$ 19,676(A)	$16,531
Allowance for sales return, net:				
Year ended:				
January 31, 2003	$31,721	$520,831	$519,268(B)	$33,284
January 31, 2002	$33,702	$497,662	$499,643(B)	$31,721
January 31, 2001	$25,981	$520,080	$512,359(B)	$33,702

(A) Deductions consist of write-offs of uncollectible accounts, net of recoveries

(B) Deductions consist of actual returns net of related costs and commissions

NORDSTROM INC. AND SUBSIDIARIES

Exhibit Index

	Exhibit	Method of Filing
3.1	Articles of Incorporation as amended and restated on May 21, 2002	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended July 31, 2002, Exhibit 3.1
3.2	Bylaws, as amended and restated on February 1, 2003	Filed herewith electronically
4.1	Indenture between Registrant and Norwest Bank Colorado, N.A.,as trustee, dated March 11, 1998	Incorporated by reference from Registration No. 333-47035, Exhibit 4.1
4.2	Senior indenture between Registrant and Norwest Bank Colorado, N.A., as trustee, dated January 13, 1999	Incorporated by reference from Registration No. 333-69281, Exhibit 4.3
4.3	Form of Subordinated Indenture between Registrant and Norwest Bank Colorado, N.A., as trustee, dated January 13, 1999	Incorporated by reference from Registration No. 333-69281, Exhibit 4.4
10.1	Merchant Agreement dated August 30, 1991 between Registrant and Nordstrom National Credit Bank	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1991, Exhibit 10.1
10.2	Nordstrom Supplemental Retirement Plan	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1993, Exhibit 10.3
10.3	1993 Non-Employee Director Stock Incentive Plan	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 1994, Exhibit 10.4
10.4	Investment Agreement dated October 8, 1984 between the Registrant and Nordstrom Credit, Inc.	Incorporated by reference from the Nordstrom Credit, Inc. Form 10, Exhibit 10.1
10.5	Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank and Norwest Bank Colorado, N.A., as trustee	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.1
10.6	First Amendment to the Master Pooling and Servicing Agreement dated August 14, 1996, between Nordstrom fsb and Wells Fargo Bank West, N.A., as trustee, dated March 1, 2000	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.4

	Exhibit	Method of Filing
10.7	Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Nordstrom Credit, Inc. and Norwest Bank Colorado, N.A., as trustee	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.2
10.8	First amendment to the Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Nordstrom Credit, Inc. and Norwest Bank Colorado, N.A., as trustee, dated December 10, 1997	Incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 1998, Exhibit 10.13
10.9	Second Amendment to the Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996, between Nordstrom Credit, Inc., Nordstrom National Credit Bank and Norwest Bank Colorado, N.A., as trustee, dated February 25, 1999	Incorporated by reference from the Nordstrom Credit, Inc. Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.1
10.10	Third Amendment to the Series 1996-A Supplement to Master Pooling and Servicing Agreement dated August 14, 1996, between Nordstrom Credit, Inc., Nordstrom National Credit Bank and Norwest Bank Colorado, N.A., as trustee, dated October 1, 2001	Incorporated by reference from the Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.11
10.11	Transfer and Administration Agreement dated August 14, 1996 between Nordstrom National Credit Bank, Enterprise Funding Corporation and Nationsbank, N.A	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996, Exhibit 10.3
10.12	First Amendment to the Transfer and Administration Agreement dated August 14, 1996 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A., dated August 19, 1997	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.1
10.13	Second Amendment to the Transfer and Administration Agreement dated August 14, 1996 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A., dated July 23, 1998	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 1999, Exhibit 10.2
10.14	Third Amendment to the Transfer and Administration Agreement dated August 14, 1996 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank N.A., dated August 11, 1999	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.1

	Exhibit	Method of Filing
10.15	Fourth Amendment to the Transfer and Administration Agreement dated August 14, 1996 between Enterprise Funding Corporation, Nordstrom fsb, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A., dated March 1, 2000	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.2
10.16	Fifth Amendment to the Transfer and Administration Agreement dated August 14, 1996 between Enterprise Funding Corporation, Nordstrom fsb, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A., dated July 20, 2000	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended July 31, 2000, Exhibit 10.3
10.17	Receivables Purchase Agreement dated August 14, 1996 between Registrant and Nordstrom Credit, Inc. ended	Incorporated by reference from the Registrant's Form 10-K for the year January 31, 1997, Exhibit 10.12
10.18	1997 Nordstrom Stock Option Plan	Incorporated by reference from the Registrant's Form 10-Q for the quarter Ended April 30, 1999, Exhibit 10.4
10.19	The Nordstrom, Inc. Profit Sharing and Employee Deferral Retirement Plan	Incorporated by reference from the Registrant's Report on Form S-8, Registration No. 333-79791 filed on June 2, 1999
10.20	Amended and Restated Revolving Credit Facility between Registrant and a group of commercial banks, dated October 15, 1999	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended October 31, 1999, Exhibit 10.1
10.21	Commercial Paper Dealer Agreement dated October 2, 1997 between Registrant and Bancamerica Securities, Inc.	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997, Exhibit 10.1
10.22	Commercial Paper Agreement dated October 2, 1997 between Registrant and Credit Suisse First Boston Corporation	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997, Exhibit 10.2
10.23	Issuing and Paying Agency Agreement dated October 2, 1997 between Registrant and First Trust of New York, N.A	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997, Exhibit 10.3
10.24	Joint Venture Agreement between Nordstrom, Inc. and Nordstrom.com, Inc. dated as of August 24, 1999	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2000, Exhibit 10.21

	Exhibit	Method of Filing
10.25	Credit Agreement dated as of February 29, 2000, between 1700 Seventh L.P., several lenders from time to time party thereto, with Bank of America, N.A. as Administrative Agent and as Project Administrative Agent	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2000, Exhibit 10.22
10.26	Guaranty Agreement dated as of February 29, 2000, between Registrant, Bank of America, N.A., and the Lenders party to the Credit Agreement (described in 10.25 above)	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2000, Exhibit 10.23
10.27	Share Purchase and Contribution Agreement dated as of September 27, 2000 by and among Nordstrom, Inc., Nordstrom European Capital Group, and the Selling Shareholders of Façonnable, S.A.	Incorporated by reference from the Registrant's Form S-3, Registration No. 333-50028 filed on November 15, 2000, Exhibit 2.1
10.28	Amendment to the Share Purchase and Contribution Agreement dated as of September 27, 2000 by and among Nordstrom, Inc., Nordstrom European Capital Group, and the Selling Shareholders of Façonnable, S.A., dated October 20, 2000	Incorporated by reference from the Registrant's Form S-3, Registration No. 333-50028 filed on November 15, 2000, Exhibit 2.2
10.29	The Put Agreement dated November 1, 1999 between Nordstrom, Inc. and the holders of the Series C Preferred Stock of Nordstrom.com, Inc.	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended October 31, 2000, Exhibit 10.3
10.30	Amended and Restated Revolving Credit Facility between Registrant and a group of commercial banks, dated November 20, 2001	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2002, Exhibit 10.30
10.31	Receivables Purchase Agreement dated October 1, 2001 between Nordstrom, Credit, Inc. and Nordstrom Private Label Receivables, LLC	Incorporated by reference from Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.21
10.32	Transfer and Servicing Agreement dated October 1, 2001 between Nordstrom Private Label Receivables, LLC, Nordstrom fsb, Wells Fargo Bank Minnesota, N.A., and Nordstrom Private Label Credit Card Master Note Trust	Incorporated by reference from Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.22
10.33	Master Indenture dated October 1, 2001 between Nordstrom Private Label Credit Card Master Note Trust and Wells Fargo Bank Minnesota, N.A., as trustee	Incorporated by reference from Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.23

	Exhibit	Method of Filing
10.34	Series 2001-1 Indenture Supplement dated October 1, 2001 between Nordstrom Private Label Credit Card Master Note Trust and Wells Fargo Bank Minnesota, N.A., as trustee	Incorporated by reference from Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.24
10.35	Series 2001-2 Indenture Supplement dated December 4, 001 between Nordstrom Private Label Credit Card Master Note Trust and Wells Fargo Bank Minnesota, N.A., as trustee	Incorporated by reference from Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.25
10.36	Amended and Restated Trust Agreement dated October 1, 2001 between Nordstrom Private Label Receivables, LLC, and Wilmington Trust Company, as trustee	Incorporated by reference from Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2002, Exhibit 10.26
10.37	Note Purchase Agreement dated December 4, 2001 between Nordstrom Private Label Receivables, LLC, Nordstrom fsb, Falcon Asset Securitization Corporation, and Bank One, NA, as agent	Incorporated by reference from Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2003, Exhibit 10.25
10.38	First Amendment to the Note Purchase Agreement dated December 4, 2001 between Nordstrom Private label Receivables, LLC, Nordstrom fsb, Falcon Asset Securitization Corporation, and Bank One, NA, as agent, dated December 2, 2002	Incorporated by reference from Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2003, Exhibit 10.26
10.39	Receivables Purchase Agreement dated April 1, 2002 between Nordstrom fsb and Nordstrom Credit Card Receivables LLC	Filed herewith electronically
10.40	Administration Agreement dated April 1, 2002 between Nordstrom Credit Card Master Note Trust and Nordstrom fsb	Filed herewith electronically
10.41	Amended and Restated Trust Agreement dated April 1, 2002 between Nordstrom Credit Card Receivables LLC and Wilmington Trust Company	Filed herewith electronically
10.42	Master Indenture dated April 1, 2002 between Nordstrom Credit Card Master Note Trust and Wells Fargo Bank Minnesota, National Association	Filed herewith electronically
10.43	Series 2002-1 Indenture Supplement dated April 1, 2002 between Nordstrom Credit Card Master Note Trust and Wells Fargo Bank Minnesota, National Association	Filed herewith electronically

	Exhibit	Method of Filing
10.44	Transfer and Servicing Agreement dated April 1, 2002 between Nordstrom Credit Card Receivables, LLC, Nordstrom fsb, Wells Fargo Bank Minnesota, National Association and Nordstrom Credit Card Master Note Trust	Filed herewith electronically
10.45	Performance Undertaking dated September 28, 2001 between Registrant and Bank One, N.A	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2002, Exhibit 10.37
10.46	Performance Undertaking dated December 4, 2001 between Registrant and Bank One, N.A	Incorporated by reference from the Registrant's Form 10-K for the year ended January 31, 2002, Exhibit 10.38
10.47	Stock Purchase Agreement dated May 13, 2002 between the Registrant and the investors listed on Schedule A thereto	Incorporated by reference from the Registrant's Form 8-K filed on May 17, 2002, Exhibit 10.1
10.48	Promissory Note dated April 18, 2002 between 1700 Seventh, L.P. and New York Life Insurance Company	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 2002, Exhibit 10.2
10.49	Promissory Note dated April 18, 2002 between 1700 Seventh, L.P. and Life Investors Insurance Company of America	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 2002, Exhibit 10.3
10.50	Guaranty Agreement dated April 18, 2002 between Registrant, New York Life Insurance Company and Life Investors Insurance Company of America	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended April 30, 2002, Exhibit 10.4
10.51	The 2002 Nonemployee Director Stock Incentive Plan	Incorporated by reference from the Registrant's Form 10-Q for the quarter ended July 31, 2002, Exhibit 10.1
10.52	Purchase and Sale Agreement dated December 16, 2002 between Nordstrom Credit, Inc. and Nudo-Weiner Associates, LLC	Incorporated by reference from Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2003, Exhibit 10.30
10.53	First Amendment to the Purchase and Sale Agreement dated December 16, 2002 between Nordstrom Credit, Inc. and Nudo-Weiner Associates, LLC, dated December 19, 2002	Incorporated by reference from Nordstrom Credit, Inc. Form 10-K for the year ended January 31, 2003, Exhibit 10.31
13.1	2002 Annual Report to Shareholders	Filed herewith electronically
21.1	Subsidiaries of the Registrant	Filed herewith electronically

	Exhibit	Method of Filing
23.1	Independent Auditors' Consent and Report on Schedule	Filed as page 26 of this report
99.1	Certification of Chief Executive Officer regarding periodic report containing financial statements	Filed herewith electronically
99.2	Certification of Chief Financial Officer regarding periodic report containing financial statements	Filed herewith electronically

EXHIBIT 3.2

BYLAWS
OF
NORDSTROM, INC.

(Amended and Restated as of February 1, 2003)

ARTICLE I
Offices

The principal office of the corporation in the state of Washington shall be located in the city of Seattle. The corporation may have such other offices, either within or without the state of Washington, as the Board of Directors may designate or as the business of the corporation may require from time to time.

The registered office of the corporation required by the Washington Business Corporation Act to be maintained in the state of Washington may be, but need not be, identical with the principal office in the state of Washington and the address of the registered office may be changed from time to time by the Board of Directors or by officers designated by the Board of Directors.

ARTICLE II
Shareholders

Section 1. Annual Meetings. The annual meeting of the shareholders shall be held on the third Tuesday in the month of May each year, at the hour of 11:00 a.m., unless the Board of Directors shall have designated a different hour and day in the month of May to hold said meeting. The meeting shall be for the purpose of electing directors and the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the state of Washington and if the Board of Directors has not designated some other day in the month of May for such meeting, such meeting shall be held at the same hour and place on the next succeeding business day not a holiday. The failure to hold an annual meeting at the time stated in these Bylaws does not affect the validity of any corporate action. If the election of directors shall not be held on the day designated herein or by the Board of Directors for any annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as conveniently may be.

Section 2. Special Meetings. Special meetings of the shareholders may be called for any purpose or purposes, unless otherwise prescribed by statute, at any time by the Chairman (or any Co-Chairman) of the Board of Directors, by the President (or any Co-President) if there is not then a Chairman (or Co-Chairman) of the Board of Directors or by the Board of Directors and shall be called by the Chairman (or any Co-Chairman) of the Board of Directors or the President (or any Co-President) at the request of holders of not less than 15% of all outstanding shares of

the corporation entitled to vote on any issue proposed to be considered at the meeting. Only business within the purpose or purposes described in the meeting notice may be conducted at a special shareholder's meeting.

Section 3. Place of Meeting. The Board of Directors may designate any place, either within or without the state of Washington, as the place of meeting for any annual meeting or for any special meeting of the corporation. If no such designation is made, the place of meeting shall be the principal offices of the corporation in the state of Washington.

Section 4. Notice of Meetings. Written notice of annual or special meetings of shareholders stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by the Secretary, or persons authorized to call the meeting, to each shareholder of record entitled to vote at the meeting, not less than ten (10) nor more than sixty (60) days prior to the date of the meeting, unless otherwise prescribed by statute.

Section 5. Waiver of Notice. Notice of the time, place and purpose of any meeting may be waived in writing (either before or after such meeting) and will be waived by any shareholder by attendance of the shareholder in person or by proxy, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting. Any shareholder waiving notice of a meeting shall be bound by the proceedings of the meeting in all respects as if due notice thereof had been given.

Section 6. Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a record date for any such determination of shareholders, such date to be not more than seventy (70) days and, in the case of a meeting of shareholders, not less than ten (10) days, prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the day before the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section, the determination shall apply to any adjournment thereof, unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned more than one hundred twenty (120) days after the date fixed for the original meeting.

Section 7. Voting Lists. After fixing a record date for a shareholders' meeting, the corporation shall prepare an alphabetical list of the names of all shareholders on the record date who are entitled to notice of the shareholders' meeting. The list shall show the address of and number of shares held by each shareholder. A shareholder, shareholder's agent, or a shareholder's attorney may inspect the shareholder list, at the shareholder's expense, beginning ten days prior to the shareholders' meeting and continuing through the meeting, at the

corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held during regular business hours. The shareholder list shall be kept open for inspection at the time and place of such meeting or any adjournment.

Section 8. Quorum and Adjourned Meetings. Unless the Articles of Incorporation or applicable law provide otherwise, a majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. Once a share is represented at a meeting, other than to object to holding the meeting or transacting business, it is deemed to be present for the remainder of the meeting and any adjournment thereof unless a new record date is set or is required to be set for the adjourned meeting. A majority of the shares represented at a meeting, even if less than a quorum, may adjourn the meeting from time to time without further notice. At a reconvened meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting. Business may continue to be conducted at a duly organized meeting and at any adjournment of such meeting (unless a new record date is or must be set for the adjourned meeting), notwithstanding the withdrawal of enough shares from either meeting to leave less than a quorum.

Section 9. Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by the shareholder's duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Section 10. Voting of Shares. Every shareholder of record shall have the right at every shareholders' meeting to one vote for every share standing in the shareholder's name on the books of the corporation. If a quorum exists, action on a matter, other than election of directors, is approved by the shareholders if the votes cast favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation or applicable law require a greater number of affirmative votes. Notwithstanding the foregoing, shares of the corporation may not be voted if they are owned, directly or indirectly, by another corporation and the corporation owns, directly or indirectly, a majority of shares of the other corporation entitled to vote for directors of the other corporation.

Section 11. Acceptance of Votes. If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of a shareholder of the corporation, the corporation may accept the vote, consent, waiver or proxy appointment and give effect to it as the act of the shareholder if: (i) the shareholder is an entity and the name signed purports to be that of an officer, partner or agent of the entity; (ii) the name signed purports to be that of an administrator, executor, guardian or conservator representing the shareholder; (iii) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder; (iv) the name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder; or (v) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all co-owners.

Section 12. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the corporation. Nominations of persons for election to the Board of Directors may be made at any annual meeting of shareholders (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any shareholder of the corporation (i) who is a shareholder of record on the date of the giving of the notice provided for in this Section 10 and on the record date for the determination of shareholders entitled to vote at the annual meeting and (ii) who timely complies with the notice procedures and form of notice set forth in this Section 12.

To be timely, a shareholder's notice must be given to the Secretary of this corporation and must be delivered to or mailed and received at the principal executive offices of the corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after the anniversary date, or no annual meeting was held in the immediately preceding year, notice by the shareholder in order to be timely must be so received no later than the close of business on the tenth (10th) days following the day on which the notice of the annual meeting date was mailed to shareholders.

To be in the proper form, a shareholder's notice must be in written form and must set forth (a) as to each person whom the shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations proxies for election of director pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Act") and the rules and regulations promulgated thereunder and (b) as to the shareholder giving the notice (i) the name and record address of the shareholder, (ii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or by record by the shareholder, (iii) a description of all arrangements or understandings between the shareholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by the shareholder, (iv) a representation that the shareholder intends to appear in person or by proxy at the meeting to nominate the person named in its notice, and (v) any other information relating to the shareholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. The notice must be accompanied by a written consent of each proposed nominee to be named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this Section 12. If the chairman of the annual meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairman shall declare to the meeting that the nomination was defective and the defective nomination shall be disregarded.

Section 13. Business at Annual Meetings. No business may be transacted at an annual meeting of shareholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (c) otherwise properly brought before the annual meeting by any shareholder of the corporation (i) who is a shareholder of record on the date of the giving of the notice provided for in this Section 13 and on the record date for the determination of shareholders of record on the date for the determination of shareholders entitled to vote at the annual meeting and (ii) who timely complies with the notice procedures and form of notice set forth in this Section 13.

To be timely, a shareholder's notice must be given to the Secretary of the corporation and must be delivered to or mailed and received at the principal executive offices of the corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after the anniversary date, notice by the shareholder in order to be timely must be so received no later than the close of business on the tenth (10th) day following the day on which the notice of the annual meeting date was mailed to shareholders.

To be in proper form, a shareholder's notice must be in written form and must set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for documenting the business at the annual meeting, (ii) the name and record address of the shareholder, (iii) the number of shares of capital stock of the corporation which are owned beneficially or of record by each shareholder, (iv) a description of all arrangements or understandings between the shareholder and any other person or persons (including their names) in connection with the proposal of the business and (v) a representation that the shareholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of shareholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 13; provided, however, that, once the business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 13 shall be deemed to preclude discussion by any shareholder of any such business. If the chairman of the annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and the business shall not be transacted.

ARTICLE III
Board of Directors

Section 1. General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction

of, its Board of Directors, except as may be otherwise provided in these Bylaws, the Amended and Restated Articles of Incorporation or the Washington Business Corporation Act.

Section 2. Number, Tenure and Qualifications. The number of directors of the corporation shall be eleven (11). Each director shall hold office until the next annual meeting of shareholders and until his successors shall have been elected and qualified. Directors need not be residents of the state of Washington or shareholders of the corporation.

Section 3. Regular Meeting. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after and at the same place as, the annual meeting of shareholders. Regular meetings of the Board of Directors shall be held at such place and on such day and hour as shall from time to time be fixed by the Chairman (or any Co-Chairman) of the Board of Directors, the President (or any Co-President) or the Board of Directors. No other notice of regular meeting of the Board of Directors shall be necessary.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman (or any Co-Chairman) of the Board of Directors, the President (or any Co-President) or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the state of Washington, as the place for holding any special meeting of the Board of Directors called by them.

Section 5. Notice. Notice of any special meeting shall be given at least two days previously thereto by either oral or written notice. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Quorum. A majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. A vacancy on the Board of Directors created by reason of an increase in the number of directors may be filled by election by the Board of Directors for a term of the office continuing only until the next election of directors by the shareholders.

Section 9. Compensation. By resolution of the Board of Directors, each director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors and at each meeting of a committee of the Board of Directors and may be paid a stated salary as director, a fixed sum for attendance at each such meeting, or both. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 10. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 11. Committees. The Board of Directors, by resolution adopted by the greater of a majority of the Board of Directors then in office and the number of directors required to take action in accordance these Bylaws, may create standing or temporary committees, including an Executive Committee, and appoint members form its own number and invest such committees with such powers as it may see fit, subject to such conditions as may be prescribed by the Board of Directors, the Articles of Incorporation, these Bylaws and applicable law. Each committee must have two or more members, who shall serve at the pleasure of the Board of Directors.

Section 11.1. Authority of Committees. Except for the executive committee which, when the Board of Directors is not in session, shall have and may exercise all of the authority of the Board of Directors except to the extent, if any, that such authority shall be limited by the resolutions appointing the executive committee, each committee shall have and may exercise all of the authority of the Board of Directors to the extent provided in the resolution of the Board of Directors creating the committee and any subsequent resolutions adopted in like manner, except that no such committee shall have the authority to: (1) authorize or approve a distribution except according to a general formula or method prescribed by the Board of Directors, (2) approve or propose to shareholders sections or proposal required by the Washington Business Corporation Act to be approved by shareholders, (3) fill vacancies on the Board or any committee thereof, (4) amend the Articles of Incorporation pursuant to RCW 23B.10.020, (5) adopt, amend or repeal Bylaws, (6) approve a plan of merger not requiring shareholder approval, or (7) authorize or approve the issuance or sale or contact for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares except that the Board may authorize a committee or a senior executive officer of the corporation to do so within limits specifically prescribed by the Board.

Section 11.2. Removal. The Board of Directors may remove any member of any committee elected or appointed by it but only by the affirmative vote of the greater of a majority of the directors then in office and the number of directors required to take action in accordance with these Bylaws.

Section 11.3. Minutes of Meetings. All committees shall keep regular minutes of their meetings and shall cause them to be recorded in books kept for that purpose.

ARTICLE IV
Special Measures Applying to Both Shareholder and Director Meetings

Section 1. Actions by Written Consent. Any corporate action required or permitted by the Articles of Incorporation, Bylaws, or the laws under which the corporation is formed, to be voted upon or approved at a duly called meeting of the directors, committee of directors, or shareholders may be accomplished without a meeting if one or more unanimous written consents of the respective directors or shareholders, setting forth the actions so taken, shall be signed, either before or after the action taken, by all the directors, committee members or shareholders, as the case may be. Action taken by unanimous written consent of the directors or a committee of the Board of Directors is effective when the last director or committee member signs the consent, unless the consent specifies a later effective date. Action taken by unanimous written consent of the shareholders is effective when all consents have been delivered to the corporation, unless the consent specifies a later effective date.

Section 2. Meetings by Conference Telephone. Members of the Board of Directors, members of a committee of directors, or shareholders may participate in their respective meetings by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time; participation in a meeting by such means shall constitute presence in person at such meeting.

Section 3. Written or Oral Notice. Oral notice may be communicated in person, or by telephone, wire or wireless equipment, which does not transmit a facsimile of the notice. Oral notice is effective when communicated. Written notice may be transmitted by mail, private carrier, or personal delivery; telegraph or teletype; or telephone, wire or wireless equipment which transmits a facsimile of the notice. Written notice to a shareholder is effective when mailed, if mailed with first class postage prepaid and correctly addressed to the shareholder's address shown in the corporation's current record of shareholders. In all other instances, written notice is effective on the earliest of the following: (a) when dispatched to the person's address, telephone number, or other number appearing on the records of the corporation by telegraph, teletype or facsimile equipment; (b) when received; (c) five days after deposit in the United States mail, as evidenced by the postmark, if mailed with first class postage, prepaid and correctly addressed; or (d) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested and the receipt is signed by or on behalf of the addressee. In addition, notice may be given in any manner not inconsistent with the foregoing provisions and applicable law.

ARTICLE V
Officers

Section 1. Number. The offices and officers of the corporation shall be as designated from time to time by the Board of Directors. Such offices may include a Chairman or two or

more Co-Chairmen of the Board of Directors, a President or two or more Co-Presidents, one or more Vice Presidents, a Secretary and a Treasurer. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same persons.

Section 2. Election and Term of Office. The officers of the corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until a successor shall have been duly elected and qualified, or until the officer's death or resignation, or the officer has been removed in the manner hereinafter provided.

Section 3. Removal. Any officer or agent may be removed by the Board of Directors whenever in its judgment, the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. Chairman of the Board of Directors. The Chairman or Co-Chairmen of the Board of Directors, subject to the authority of the Board of Directors, shall preside at meetings of shareholders and directors and, together with the President and Co-Presidents, shall have general supervision and control over the business and affairs of the corporation. The Chairman or a Co-Chairman of the Board of Directors may sign any and all documents, deeds, mortgages, bonds, contracts, leases, or other instruments in the ordinary course of business with or without the signature of a second corporate officer, may sign certificates for shares of the corporation with the Secretary or Assistant Secretary of the corporation and may sign any documents which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general may perform all duties which are normally incident to the office of Chairman of the Board of Directors or President and such other duties, authority and responsibilities as may be prescribed by the Board of Directors from time to time.

Section 6. President. The President or Co-Presidents, together with the Chairman or Co-Chairmen of the Board of Directors, shall have general supervision and control over the business and affairs of the corporation subject to the authority of the Chairman or Co-Chairmen of the Board of Directors and the Board of Directors. The President or a Co-President may sign any and all documents, mortgages, bonds, contracts, leases, or other instruments in the ordinary course of business with or without the signature of a second corporate officer, may sign certificates for shares of the corporation with the Secretary or Assistant Secretary of the corporation and may sign any documents which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or

shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties, authority and responsibilities as may be prescribed by the Chairman or Co-Chairmen of the Board of Directors or the Board of Directors from time to time.

Section 7. The Vice President. In the absence of the President and all Co-Presidents, or in the event of their death, inability or refusal to act, the Executive Vice President, if one is designated and otherwise the Vice Presidents in the order designated at the time of their election or in the absence of any designation, then in the order of their election, shall perform the duties of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to the Vice President by the Chairman or Co-Chairmen of the Board of Directors, President or any Co-President, or by the Board of Directors.

Section 8. The Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents and the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholders; (e) sign with the Chairman or Co-Chairmen of the Board of Directors, President or a Co-President, or with a Vice President, certificates for shares of the corporation, or contracts, deeds or mortgages the issuance or execution of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation subject to the authority delegated to a transfer agent or registrar if appointed; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Chairman or Co-Chairmen of the Board of Directors, President or any Co-President, or by the Board of Directors.

Section 9. The Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for monies due and payable to the corporation from any source whatsoever and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VII of these Bylaws; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Chairman or Co-Chairmen of the Board of Directors, President or any Co-President, or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 10. Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries, when authorized by the Board of Directors, may sign with the Chairman or Co-Chairmen of the Board of Directors, President or a Co-President, or with a Vice President, certificates for shares of the corporation or contracts, deeds or mortgages, the issuance or execution of which shall have

been authorized by a resolution of the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the Chairman or Co-Chairmen of the Board of Directors, President or any Co-President, or by the Board of Directors.

ARTICLE VI

Contracts, Loans, Checks and Deposits

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks. Drafts. etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officers, agent or agents of the corporation and in such manner as shall from time to time be determined by the Board of Directors.

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VII

Certificates for Shares and Their Transfer

Section 1. Certificates for Shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the Chairman (or any Co-Chairman) of the Board of Directors, the President (or any Co-President) or a Vice President and by the Secretary or an Assistant Secretary and sealed with the corporate seal or a facsimile thereof. The signatures of such officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or one of its employees. If any officer who signed a certificate, either manually or in facsimile, no longer holds such office when the certificate is issued, the certificate is nevertheless valid. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or

mutilated certificate a new one may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors may prescribe.

Section 2. Transfer of Shares. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation, or with its transfer agent, if any, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

ARTICLE VIII
Fiscal Year

The fiscal year of the corporation shall begin in January or February and end in January or February each year, based upon the 4-5-4 calendar as defined by the National Retail Federation ("NRF").

ARTICLE IX
Dividends

The Board of Directors may, from time to time, declare and the corporation may pay dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its articles of incorporation.

ARTICLE X
Corporate Seal

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation and the words, "Corporate Seal."

ARTICLE XI
Indemnification of Directors, Officers and Others

Section 1. Right to Indemnification. Each person (including a person's personal representative) who was or is made a party or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or by or in the right of the corporation, or otherwise (hereinafter a "proceeding") by reason of the fact that he or she (or a person of whom he or she is a personal representative) is or was a director or officer of the corporation or an officer of a division of the corporation, or is or was acting at the request of

the corporation as a director, officer, partner, trustee, employee, agent or in any other relationship or capacity whatsoever, of any other foreign or domestic corporation, partnership, joint venture, employee benefit plan or trust or other trust, enterprise or other private or governmental entity, agency, board, commission, body or other unit whatsoever (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action or inaction in an official capacity as a director, officer, partner, trustee, employee, agent or in any other relationship or capacity whatsoever, shall be indemnified and held harmless by the corporation to the fullest extent not prohibited by the Washington Business Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment does not prohibit the corporation from providing broader indemnification rights than prior to the amendment), against all expenses, liabilities and losses (including but not limited to attorneys' fees, judgments, claims, fines, ERISA and other excise and other taxes and penalties and other adverse effects and amounts paid in settlement), reasonably incurred or suffered by the indemnitee; provided, however, that no such indemnity shall indemnify any person from or on account of acts or omissions of such person finally adjudged to be intentional misconduct or a knowing violation of law, or from or on account of conduct of a director finally adjudged to be in violation of RCW 23B.08.310, or from or on account of any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which the person was not legally entitled; and further provided, however, that except as provided in Section 2 of this Article with respect to suits relating to rights to indemnification, the corporation shall indemnify any indemnitee in connection with a proceeding (or part thereof) initiated by the indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation.

The right to indemnification granted in this Article is a contract right and includes the right to payment by, and the right to receive reimbursement from, the corporation of all expenses as they are incurred in connection with any proceeding in advance of its final disposition (hereinafter an "advance of expenses"); provided, however, that an advance of expenses received by an indemnitee in his or her capacity as a director or officer of the corporation, as an officer of a division of the corporation, or, acting at the request of the corporation, as director or officer of any other foreign or domestic corporation, partnership, joint venture, employee benefit plan or trust or other trust, enterprise or other private or governmental entity, agency, board, commission, body or other unit whatsoever (and not in any other capacity in which service was or is rendered by such indemnitee unless such service was authorized by the Board of Directors) shall be made only upon (i) receipt by the corporation of a written undertaking (hereinafter an "undertaking") by or on behalf of such indemnitee, to repay advances of expenses if and to the extent it shall ultimately be determined by order of a court having jurisdiction (which determination shall become final upon expiration of all rights to appeal), hereinafter a "final adjudication", that the indemnitee is not entitled to be indemnified for such expenses under this Article, (ii) receipt by the corporation of written affirmation by the indemnitee of his or her good faith belief that he or she has met the standard of conduct applicable (if any) under the Washington Business Corporation Act necessary for indemnification by the corporation under this Article, and (iii) a determination of the Board of Directors, in its good faith belief, that the indemnitee has met the standard of conduct applicable (if any) under the Washington Business Corporation Act necessary for indemnification by the corporation under this Article.

Section 2. Right of Indemnitee to Bring Suit. If any claim for indemnification under Section 1 of this Article is not paid in full by the corporation within sixty days after a written claim has been received by the corporation, except in the case of a claim for an advance of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If the indemnitee is successful in whole or in part in any such suit, or in any suit in which the corporation seeks to recover an advance of expenses, the corporation shall also pay to the indemnitee all the indemnitee's expenses in connection with such suit. The indemnitee shall be presumed to be entitled to indemnification under this Article upon the corporation's receipt of indemnitee's written claim (and in any suits relating to rights to indemnification where the required undertaking and affirmation have been received by the corporation) and thereafter the corporation shall have the burden of proof to overcome that presumption. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or shareholders) to have made a determination prior to other commencement of such suit that the indemnitee is entitled to indemnification, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or shareholders) that the indemnitee is not entitled to indemnification, shall be a defense to the suit or create a presumption that the indemnitee is not so entitled. It shall be a defense to a claim for an amount of indemnification under this Article (other than a claim for advances of expenses prior to final disposition of a proceeding where the required undertaking and affirmation have been received by the corporation) that the claimant has not met the standards of conduct applicable (if any) under the Washington Business Corporation Act to entitle the claimant to the amount claimed, but the corporation shall have the burden of proving such defense. If requested by the indemnitee, determination of the right to indemnity and amount of indemnity shall be made by final adjudication (as defined above) and such final adjudication shall supersede any determination made in accordance with RCW 23B.08.550.

Section 3. Non-Exclusivity of Rights. The rights to indemnification (including, but not limited to, payment, reimbursement and advances of expenses) granted in this Article shall not be exclusive of any other powers or obligations of the corporation or of any other rights which any person may have or hereafter acquire under any statute, the common law, the corporation's Articles of Incorporation or Bylaws, agreement, vote of shareholders or disinterested directors, or otherwise. Notwithstanding any amendment to or repeal of this Article, any indemnitee shall be entitled to indemnification in accordance with the provisions hereof with respect to any acts or omissions of such indemnitee occurring prior to such amendment or repeal.

Section 4. Insurance, Contracts and Funding. The corporation may purchase and maintain insurance, at its expense, to protect itself and any person (including a person's personal representative) who is or was a director, officer, employee or agent of the corporation or who is or was a director, officer, partner, trustee, employee, agent, or in any other relationship or capacity whatsoever, of any other foreign or domestic corporation, partnership, joint venture, employee benefit plan or trust or other trust, enterprise or other private or governmental entity, agency, board, commission, body or other unit whatsoever, against any expense, liability or loss, whether or not the power to indemnify such person against such expense, liability or loss is now or hereafter granted to the corporation under the Washington Business Corporation Act. The corporation may enter into contracts granting indemnity, to any such person whether or not in furtherance of the provisions of this Article and may create trust funds, grant security interests

and use other means (including, without limitation, letters of credit) to secure and ensure the payment of indemnification amounts.

Section 5. Indemnification of Employees and Agents. The corporation may, by action of the Board of Directors, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agent of the corporation with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the corporation or pursuant to rights granted under, or provided by, the Washington Business Corporation Act or otherwise.

Section 6. Separability of Provisions. If any provision or provisions of this Article shall be held to be invalid, illegal or unenforceable for any reason whatsoever (i) the validity, legality and enforceability of the remaining provisions of this Article (including without limitation, all portions of any sections of this Article containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Article (including, without limitation, all portions of any paragraph of this Article containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Section 7. Partial Indemnification. If an indemnitee is entitled to indemnification by the corporation for some or a portion of expenses, liabilities or losses, but not for the total amount thereof, the corporation shall nevertheless indemnify the indemnitee for the portion of such expenses, liabilities and losses to which the indemnitee is entitled.

Section 8. Successors and Assigns. All obligations of the corporation to indemnify any indemnitee: (i) shall be binding upon all successors and assigns of the corporation (including any transferee of all or substantially all of its assets and any successor by merger or otherwise by operation of law), (ii) shall be binding on and inure to the benefit of the spouse, heirs, personal representatives and estate of the indemnitee, and (iii) shall continue as to any indemnitee who has ceased to be a director, officer, partner, trustee, employee or agent (or other relationship or capacity).

ARTICLE XII
Books and Records

Section 1. Books of Accounts, Minutes and Share Register. The corporation shall keep as permanent records minutes of all meetings of its shareholders and Board of Directors, a record of all actions taken by the shareholders or Board of Directors without a meeting and a record of all actions taken by a committee of the Board of Directors exercising the authority of the Board of Directors on behalf of the corporation. The corporation shall maintain appropriate accounting records. The corporation or its agent shall maintain a record of its shareholders, in a form that permits preparation of a list of the names and addresses of all shareholders, in alphabetical order showing the number and class of shares held by each. The corporation shall keep a copy of the

following records at its principal office: the Articles or Restated Articles of Incorporation and all amendments currently in effect; the Bylaws or Restated Bylaws and all amendments currently in effect; the minutes of all shareholders' meetings and records of all actions taken by shareholders without a meeting, for the past three years; its financial statements for the past three years, including balance sheets showing in reasonable detail the financial condition of the corporation as of the close of each fiscal year and an income statement showing the results of its operations during each fiscal year prepared on the basis of generally accepted accounting principles or, if not, prepared on a basis explained therein; all written communications to shareholders generally within the past three years; a list of the names and business addresses of its current directors and officers; and its most recent annual report delivered to the Secretary of State of the State of Washington.

Section 2. Copies of Resolutions. Any person dealing with the corporation may rely upon a copy of any of the records of the proceedings, resolutions, or votes of the Board of Directors or shareholders, when certified by the Chairman (or any Co-Chairman) of the Board of Directors, President (or any Co-President) or Secretary.

ARTICLE XIII
Amendment of Bylaws

These Bylaws may be amended, altered, or repealed by the affirmative vote of a majority of the full Board of Directors at any regular or special meeting of the Board of Directors.

Exhibit 10.39

NORDSTROM fsb,
as Seller,

and

NORDSTROM CREDIT CARD RECEIVABLES LLC,
as Purchaser

RECEIVABLES PURCHASE AGREEMENT
Dated as of April 1, 2002

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RECEIVABLES PURCHASE AGREEMENT

This Receivables Purchase Agreement, dated as of April 1, 2002, is between Nordstrom fsb (the "Bank"), a federal savings bank (the "Seller"), and Nordstrom Credit Card Receivables LLC, a Delaware limited liability company (the "Purchaser").

WHEREAS, in the regular course of its business, the Seller has originated, and in the future may originate or acquire, certain credit card accounts and the related receivables;

WHEREAS, the Purchaser desires to purchase, from time to time, certain Receivables; and

WHEREAS, the Seller desires to sell and assign, from time to time, the Receivables to the Purchaser upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual terms and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE

DEFINITIONS

Section 1.01. Definitions. Whenever used in this Agreement, the following words and phrases shall have the following meanings:

"Account" has the meaning set forth in the Transfer and Servicing Agreement.

"Account Owner" has the meaning set forth in the Transfer and Servicing Agreement.

"Addition Cut-Off Date" has the meaning set forth in the Transfer and Servicing Agreement.

"Addition Date" has the meaning set forth in the Transfer and Servicing Agreement.

"Addition Notice Date" has the meaning specified in Section 2.02(a).

"Additional Account" has the meaning set forth in the Transfer and Servicing Agreement.

"Adverse Effect" has the meaning set forth in the Transfer and Servicing Agreement.

"Agreement" means this Receivables Purchase Agreement, as amended or supplemented from time to time.

"Bank" means Nordstrom fsb, a federal savings bank, and its successors.

"Bankruptcy Code" means Title 11 of the United States Code, as amended.

"Closing Date" means May 1, 2002.

"Collection Account" has the meaning set forth in the Indenture.

"Collections" has the meaning set forth in the Transfer and Servicing Agreement.

"Conveyance" has the meaning specified in Section 2.01(a).

"Conveyance Papers" has the meaning specified in Section 4.01(a)(iii).

"Credit Adjustment" means, with respect to one or more Receivables previously conveyed by the Seller to the Purchaser, an amount equal to the aggregate of (i) the reduction in the principal balance of the related Receivables described in Section 3.02 multiplied by the quotient (expressed as a percentage) of (ii) the Purchase Price for Principal Receivables payable on the related Distribution Date divided by the aggregate of the Principal Receivables transferred to the Purchaser on such Addition Date.

"Credit Card Agreement" has the meaning set forth in the Transfer and Servicing Agreement.

"Credit Card Guidelines" has the meaning set forth in the Transfer and Servicing Agreement.

"Date of Processing" has the meaning set forth in the Transfer and Servicing Agreement.

"Debtor Relief Laws" means (i) the Bankruptcy Code and (ii) all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, readjustment of debt, marshalling of assets or similar debtor relief laws of the United States, any state or any foreign country from time to time in effect affecting the rights of creditors generally.

"Determination Date" has the meaning set forth in the related Indenture Supplement.

"Distribution Date" has the meaning set forth in the related Indenture Supplement.

"Document Delivery Date" has the meaning set forth in Section 2.03.

"Eligible Account" has the meaning set forth in the Transfer and Servicing Agreement, except that the word "Seller" shall be substituted for each occurrence of the word "Transferor", the word "Purchaser" shall be substituted for each occurrence of the word "Trust" and all references to the Notes shall be ignored.

"Eligible Receivable" has the meaning set forth in the Transfer and Servicing Agreement, except that the word "Seller" shall be substituted for each occurrence of the word "Transferor", the word "Purchaser" shall be substituted for each occurrence of the word "Trust" and all references to the Notes shall be ignored.

"Event of Default" has the meaning set forth in the Indenture.

"Finance Charge Receivables" has the meaning set forth in the Transfer and Servicing Agreement.

"Governmental Authority" has the meaning set forth in the Transfer and Servicing Agreement.

"Indenture" means the Master Indenture, as supplemented by the related Indenture Supplement, as the same may be amended, supplemented or modified from time to time.

"Indenture Supplement" means the indenture supplement pursuant to which a Series is issued.

"Indenture Trustee" means Wells Fargo Bank Minnesota, National Association, as trustee under the Indenture, and its successors.

"Ineligible Receivables" has the meaning set forth in the Transfer and Servicing Agreement.

"Initial Account" has the meaning set forth in the Transfer and Servicing Agreement.

"Initial Cut-Off Date" means the close of business on February 28, 2002.

"Insolvency Event" has the meaning set forth in the Transfer and Servicing Agreement.

"Interchange" has the meaning set forth in the Transfer and Servicing Agreement.

"Lien" has the meaning set forth in the Transfer and Servicing Agreement.

"Master Indenture" means the master indenture, dated as of April 1, 2002, between the Trust, as Issuer, and the Indenture Trustee, as acknowledged and agreed by the Transferor and the Servicer, as the same may be amended, supplemented or otherwise modified from time to time.

"Monthly Period" has the meaning set forth in the related Indenture Supplement.

"Noteholder" has the meaning set forth in the Transfer and Servicing Agreement.

"Obligor" has the meaning set forth in the Transfer and Servicing Agreement.

"Offered Notes" has the meaning set forth in the related Indenture.

"Owner Trustee" means Wilmington Trust Company, as trustee under the Trust Agreement, and its successors.

"Pay Out Event" has the meaning set forth in the related Indenture.

"Periodic Rate Finance Charges" has the meaning set forth in the Credit Card Agreement applicable to each Account for finance charges (due to periodic rate) or any similar term.

"Principal Receivables" has the meaning set forth in the Transfer and Servicing Agreement.

"Purchase Price" means, with respect to (i) Receivables transferred to the Purchaser on the Closing Date, an amount equal $254,490,213, which amount includes $199,388,450 from the net cash proceeds from the private placement by the Purchaser of the Offered Notes and $55,101,763 from the capital contribution from the Seller to the Purchaser made pursuant to Section 3.03, and (ii) Receivables transferred to the Purchaser after the Closing Date, an amount equal to 100% of the aggregate balance of Principal Receivables in the related Accounts as of the Addition Cut-Off Date or an amount determined to be the fair market value of such Receivables and the related Purchased Assets.

"Purchased Assets" has the meaning set forth in Section 2.01.

"Purchaser" means Nordstrom Credit Card Receivables LLC, in its capacity as purchaser of the Receivables under this Agreement, and its successors.

"Rating Agency" has the meaning set forth in the related Indenture.

"Rating Agency Condition" has the meaning set forth in the related Indenture.

"Receivables" means all amounts shown on the Bank's records as amounts payable by Obligors on any Account from time to time including amounts payable for Principal Receivables and Finance Charge Receivables.

"Receivables Purchase Agreement" means (i) this Agreement or (ii) any receivables purchase agreement entered into between the Transferor and an Account Owner, as the same may be amended, supplemented or otherwise modified from time to time.

"Removed Accounts" has the meaning set forth in the Transfer and Servicing Agreement.

"Requirements of Law" has the meaning set forth in the Transfer and Servicing Agreement.

"Securities" means any one of the Notes (as such term is defined in the Indenture) or the Certificates (as such term is defined in the Trust Agreement).

"Seller" means Nordstrom fsb, in its capacity as seller of the Receivables under this Agreement, and its successors.

"Series" has the meaning set forth in the Indenture.

"Servicer" means Nordstrom fsb, in its capacity as servicer under the Transfer and Servicing Agreement, and its successors.

"Supplemental Accounts" has the meaning set forth the Transfer and Servicing Agreement.

"Supplemental Conveyance" has the meaning set forth in Section 2.03.

"Tax Opinion" has the meaning set forth in the Indenture.

"Transfer Date" has the meaning set forth in the Indenture.

"Transfer and Servicing Agreement" means the transfer and servicing agreement, dated as of April 1, 2002, among the Bank, the Purchaser and the Trust, as amended or supplemented from time to time.

"Transferor" means Nordstrom Credit Card Receivables LLC, in its capacity as Transferor under the Transfer and Servicing Agreement, and its successors.

"Trust" means the Nordstrom Credit Card Master Note Trust.

"Trust Agreement" means the trust agreement, dated as of April 1, 2002, between the Purchaser, as Transferor, and the Owner Trustee, as amended or supplemented from time to time.

"UCC" means the Uniform Commercial Code, as amended from time to time, as in effect in the applicable jurisdiction.

Section 1.02. Other Definitional Provisions.

(a) Except as otherwise specified herein or as the context may otherwise require, for all purposes of this Agreement, capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Transfer and Servicing Agreement, the Trust Agreement or the Indenture, as the case may be.

(b) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, (i) terms used herein include, as appropriate, all genders and the plural as well as the singular, (ii) references to this Agreement include all Exhibits hereto, (iii) references to words such as "herein", "hereof" and the like shall refer to this Agreement as a whole and not to any particular part, Article or Section within this Agreement, (iv) references to an Article or Section such as "Article One" or "Section 1.01" and the like shall refer to the applicable Article or Section of this Agreement, (v) the term "include" and all variations thereof shall mean "include without limitation", (vi) the term "or" shall include "and/or" and (vii) the term "proceeds" shall have the meaning ascribed to such term in the UCC.

(c) All determinations of the principal or finance charge balance of Receivables, and of any collections thereof, shall be made in accordance with the Transfer and Servicing Agreement and the Indenture.

ARTICLE TWO

PURCHASE AND CONVEYANCE OF RECEIVABLES

Section 2.01. Purchase.

(a) The Seller hereby sells, transfers, assigns, sets over and otherwise conveys to the Purchaser (collectively, the "Conveyance"), without recourse except as provided herein, all its right, title and interest in, to and under (i) the Receivables existing at the close of business on the Initial Cut-Off Date, in the case of Receivables arising in the Initial Accounts, and on each Addition Cut-Off Date, in the case of Receivables arising in the Additional Accounts, and in each case thereafter created from time to time until the termination of this Agreement pursuant to Article Eight, (ii) Collections and all Interchange and Recoveries allocable to the Purchaser as provided herein and all monies due or to become due and all amounts received or receivable with respect thereto (including proceeds of the reassignment of the Receivables to the Seller pursuant to Sections 6.01(b) and 6.02), (iii) the rights of the Seller in the Receivables Purchase Agreements, (iv) all Insurance Proceeds relating to the Receivables, (v) all money, accounts, general intangibles, chattel paper, instruments, documents, goods, investment property, deposit accounts, certificates of deposit, letters of credit and advices of credit consisting of, arising from, or related to the foregoing, (vi) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and (vii) any and all proceeds of the foregoing (collectively, the "Purchased Assets").

(b) In connection with such Conveyance, the Seller agrees (i) to record and file, at its own expense, any financing statements (and continuation statements with respect to such financing statements when applicable) with respect to the Receivables existing as of the Initial Cut-Off Date and thereafter created in the Initial Accounts, and existing as of the Addition Cut-Off Date and thereafter created in the Additional Accounts, meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect the first priority nature of the Purchaser's interest in the Receivables and other Purchased Assets, and maintain perfection of, the Conveyance of such Receivables and other Purchased Assets from the Seller to the Purchaser, (ii) that such financing statements shall name the Seller, as seller, and the Purchaser, as purchaser, of the Receivables and other Purchased Assets and (iii) to deliver a file-stamped copy of such financing statements or other evidence of such filings to the Purchaser as soon as is practicable after filing.

(c) In connection with such Conveyance, the Seller further agrees that it will, at its own expense, (i) on or prior to (A) the Closing Date, in the case of Initial Accounts, (B) the applicable Addition Date, in the case of Additional Accounts, and (C) the applicable Removal Date, in the case of Removed Accounts, indicate in its computer files that, in the case of the Initial Accounts or the Additional Accounts, Receivables created in connection with such Accounts have been conveyed to the Purchaser in accordance with this Agreement and have been conveyed by the Purchaser to the Trust pursuant to the Transfer and Servicing Agreement and have been pledged by the Trust to the Indenture Trustee pursuant to the Indenture for the benefit of the Noteholders by indicating in such computer files the transfer of the Receivables to the Purchaser, or in the case of a Removed Account related to the Receivables, that such Receivables have been reassigned to the Purchaser and (ii) on or prior to (A) the Closing Date, in the case of

the Initial Accounts, (B) the applicable Addition Date, in the case of designation of Supplemental Accounts and (C) the applicable Removal Date, in the case of Removed Accounts, and (iii) to deliver to the Purchaser a computer file or microfiche list containing a true and complete list of all such Accounts specifying for each such Account, as of the Initial Cut-Off Date, in the case of the Initial Accounts, the applicable Addition Cut-Off Date, in the case of Supplemental Accounts and the applicable Removal Date, in the case of Removed Accounts, (1) its account number, (2) the aggregate amount outstanding in such Account and (3) the aggregate amount of Principal Receivables in such Account. Each such computer file or microfiche list, as supplemented from time to time to reflect Additional Accounts or Removed Accounts, shall be marked as Schedule 1 to this Agreement, shall be delivered to the Purchaser and is hereby incorporated into and made a part of this Agreement. The Seller further agrees not to alter the computer code referenced in clause (i) of this paragraph with respect to any Account during the term of this Agreement unless and until such Account becomes a Removed Account.

(d) The parties hereto intend that the conveyance of the Seller's right, title and interest in and to the Purchased Assets shall constitute an absolute sale, conveying good title free and clear of any Liens or rights of others from the Seller to the Purchaser. It is the intention of the parties hereto that the arrangements with respect to the Purchased Assets shall constitute a purchase and sale of such Purchased Assets and not a loan. In the event, however, that it were to be determined that the transactions evidenced hereby constitute a loan and not a purchase and sale, it is the intention of the parties hereto that this Agreement shall constitute a security agreement under applicable law, and that the Seller shall be deemed to have granted and does hereby grant to the Purchaser a first priority perfected security interest, in all of the Seller's right, title and interest, whether owned on the Initial Cut-Off Date or thereafter acquired, in, to and under the Purchased Assets and all money, accounts, payment intangibles, chattel paper, instruments, documents, goods, investment property, deposit accounts, certificates of deposit, letters of credit and advices of credit consisting of, arising from or related to the Purchased Assets and all proceeds thereof to secure the obligations of the Seller hereunder.

Section 2.02. Additional Accounts.

(a) If the Purchaser becomes obligated to designate Supplemental Accounts pursuant to Section 2.09(a)(i) of the Transfer and Servicing Agreement, then the Purchaser may, at its option, give the Seller written notice thereof on or before the tenth Business Day (the "Addition Notice Date") prior to the Addition Date therefor, and upon receipt of such notice the Seller shall on or before the Addition Date, designate sufficient Eligible Accounts to be included as Supplemental Accounts so that after the inclusion thereof the Purchaser will be in compliance with the requirements of Section 2.09(a)(i) of the Transfer and Servicing Agreement. Additionally, subject to Sections 2.09(b) and (c) of the Transfer and Servicing Agreement and Section 2.02(b), from time to time Eligible Accounts may be designated to be included as Supplemental Accounts, upon the mutual agreement of the Purchaser and the Seller. In either event, the Seller shall have sole responsibility for selecting such Supplemental Accounts.

(b) On the Addition Date with respect to any designation by the Seller of Eligible Accounts to be Supplemental Accounts pursuant to Section 2.02(a), the Purchaser shall purchase the Seller's right, title and interest in, to and under the Receivables in such Supplemental

Accounts (and such Receivables shall be deemed to be Receivables) and the related Purchased Assets, subject to the satisfaction of the following conditions on such Addition Date:

(i) all such Supplemental Accounts shall be Eligible Accounts;

(ii) the Seller shall have delivered to the Purchaser copies of UCC-1 financing statements covering such Supplemental Accounts, if necessary to perfect the Purchaser's interest in the Receivables arising therein;

(iii) to the extent required of the Purchaser by Section 2.09(c) of the Transfer and Servicing Agreement, the Seller shall have transferred to the Servicer for deposit in the Collection Account all Collections with respect to such Supplemental Accounts since the Addition Cut-Off Date;

(iv) as of each of the Addition Cut-Off Date and the Addition Date, no Insolvency Event with respect to the Seller shall have occurred nor shall the transfer of the Receivables arising in the Supplemental Accounts to the Purchaser have been made in contemplation of the occurrence thereof;

(v) the Rating Agency Condition shall have been satisfied with respect to such Additional Account;

(vi) the Seller shall have delivered to the Purchaser an Officer's Certificate, dated the Addition Date, confirming, to the extent applicable, the items set forth in clauses (i) through (v) above; and

(vii) the transfer of the Receivables arising in the Supplemental Accounts to the Purchaser will not result in an Adverse Effect and, in the case of such Supplemental Accounts, the Seller shall have delivered to the Purchaser an Officer's Certificate, dated the related Addition Date, stating that the Seller reasonably believes that the transfer of the Receivables arising in such Supplemental Accounts to the Purchaser will not have an Adverse Effect.

(c) In addition to designating Additional Accounts pursuant to Section 2.02(a), the Seller may, subject to the satisfaction by the Purchaser of the conditions relating to the designation by the Purchaser of Accounts to the Trust set forth in Section 2.09(a)(iii) of the Transfer and Servicing Agreement, automatically convey newly originated Eligible Accounts to the Purchaser upon their establishment.

Section 2.03. Delivery of Documents. In the case of the designation of Supplemental Accounts, the Seller shall deliver to the Purchaser (i) the computer file or microfiche list required to be delivered pursuant to Section 2.01(c) with respect to such Supplemental Accounts on the date such file or list is required to be delivered pursuant to Section 2.01(c) (the "Document Delivery Date") and (ii) a duly executed, written assignment (including an acceptance by the Purchaser), substantially in the form of Exhibit A (the "Supplemental Conveyance"), on the Document Delivery Date.

Section 2.04. Representations and Warranties as to the Security Interest of the Purchaser in the Receivables. The Seller makes the following representations and warranties to the Purchaser. The representations and warranties speak as of the execution and delivery of this Agreement and as of the Closing Date. Such representations and warranties shall survive the sale, transfer and assignment of the Receivables to the Transferor and the Trust, the pledge thereof to the Indenture Trustee and the termination of this Agreement and shall not be waived by any party hereto unless the Rating Agency Condition is satisfied.

(a) This Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in the Receivables in favor of the Purchaser, which security interest is prior to all other Liens other than the Lien of each of the Indenture and the Trust, and is enforceable as such as against creditors of and purchasers from the Seller.

(b) The Receivables constitute "accounts" within the meaning of the applicable UCC.

(c) The Seller owns and has good and marketable title to the Receivables free and clear of any Lien, claim or encumbrance of any Person.

(d) The Seller has caused or will have caused, within ten days, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Receivables granted to the Purchaser hereunder.

(e) Other than the security interest granted to the Purchaser pursuant to this Agreement, the Seller has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Receivables. The Seller has not authorized the filing of and is not aware of any financing statements against the Seller that include a description of collateral covering the Receivables other than any financing statement relating to the security interest granted to the Purchaser hereunder or that has been terminated. The Seller is not aware of any judgment or tax lien filings against the Seller.

ARTICLE THREE

CONSIDERATION AND PAYMENT

Section 3.01. Purchase Price. The Purchase Price for Receivables relating to (i) Initial Accounts as of the Initial Cut-Off Date and the related Purchased Assets conveyed to the Purchaser under this Agreement shall be payable on the Closing Date and (ii) Initial Accounts, Additional Accounts and the related Purchased Assets to be conveyed after the Closing Date to the Purchaser under this Agreement, shall be payable in cash on the Distribution Date following the Monthly Period in which such Receivables and the related Purchased Assets are conveyed by the Seller to the Purchaser.

Section 3.02. Adjustments to Purchase Price. The Purchase Price shall be adjusted on each Distribution Date by an amount equal to the Credit Adjustment with respect to any one or more Receivables previously conveyed to the Purchaser by the Seller which have since been reduced by the Seller or the Servicer because of a rebate, refund, unauthorized charge or billing error to an Obligor because such Receivable was created in respect of merchandise which was refused or returned by an Obligor or due to the occurrence of any other event referred to in Section 3.09 of the Transfer and Servicing Agreement. In the event that the Credit Adjustment pursuant to this Section causes the Purchase Price to be a negative number, the Seller agrees that, not later than 1:00 p.m., New York City time, on such Distribution Date, the Seller shall pay or cause to be paid to the Purchaser an amount equal to the amount by which the Credit Adjustment exceeds the Purchase Price. Notwithstanding the foregoing, if as a result of the occurrence of any event giving rise to a Credit Adjustment, Purchaser is required to deposit funds into the Special Funding Account pursuant to Section 3.09 of the Transfer and Servicing Agreement, Seller shall pay Purchaser an amount equal to such required deposit in immediately available funds on or before the date Purchaser is required to make such deposit to the Special Funding Account.

Section 3.03. Capital Contribution. Simultaneously with the closing of the Purchaser of the private placement of the Offered Notes, the Seller shall make a capital contribution to the Purchaser of $55,101,763 in consideration of a membership interest in the Purchaser.

ARTICLE FOUR

REPRESENTATIONS AND WARRANTIES

Section 4.01. Representations and Warranties of the Seller.

(a) The Seller hereby represents and warrants to, and agrees with, the Purchaser as of the date of this Agreement, as of the Closing Date and on each Addition Date, that:

(i) Organization and Good Standing. The Seller is a federal savings bank validly existing under the laws of the United States of America, with power and authority to own its properties and conduct its business as such properties are currently owned and such business is presently conducted, and had at all relevant times, and has, power, authority and legal right to acquire, own and sell the Receivables. The Seller is a member of the Federal Deposit Insurance Corporation.

(ii) Due Qualification. The Seller is duly qualified to do business and has obtained all necessary licenses and approvals in each jurisdiction in which the failure to so qualify or to obtain such licenses and approvals would, in the reasonable judgment of the Seller, materially and adversely affect the performance by the Seller of its obligations under this Agreement and the Receivables Purchase Agreements, or the validity or enforceability of this Agreement, the Receivables Purchase Agreements or the Receivables.

(iii) Power and Authority. The Seller has the power and authority to execute, deliver and perform its obligations under this Agreement and to carry out its terms; and the execution, delivery and performance of this Agreement, each Receivables Purchase Agreement, any other document or instrument delivered pursuant hereto, including any Supplemental Conveyance, to which the Seller is a party (the "Conveyance Papers") and the sale of the Receivables has been duly authorized by it by all necessary corporate action.

(iv) No Violation. The execution, delivery and performance by the Seller of this Agreement, each Receivables Purchase Agreement, each Conveyance Paper and the sale of the Receivables, the consummation of the transactions contemplated hereby and by the Receivables Purchase Agreements and the fulfillment of the terms hereof and thereof will not conflict with, result in a breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, its charter or bylaws, or conflict with or breach any of the material terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under, any indenture, agreement or other instrument to which it is a party or by which it shall be bound; nor result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than this Agreement); nor violate any law or, to its knowledge, any order, rule or regulation applicable to it of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over it or its properties, which breach,

default, conflict, Lien or violation would have a material adverse effect on the Seller's earnings, business affairs or business prospects or the Receivables.

(v) No Proceedings. There are no proceedings or investigations pending, or to the best knowledge of the Seller, threatened against the Seller, before any court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Seller or its properties: (A) asserting the invalidity of this Agreement, the Receivables Purchase Agreements or the Conveyance Papers, (B) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement, the Receivables Purchase Agreements or the Conveyance Papers, (C) seeking any determination or ruling that might materially and adversely affect the performance by the Seller of its obligations under this Agreement, the Receivables Purchase Agreements or Conveyance Papers or (D) seeking to affect adversely the income tax attributes of the Trust under federal or applicable state income or franchise tax systems.

(vi) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or any Governmental Authority required in connection with the execution and delivery by Seller of this Agreement or any of the Conveyance Papers and the performance of the transactions contemplated by this Agreement or any of the Conveyance Papers by Seller have been obtained.

(vii) Insolvency. Seller is not insolvent and no Insolvency Event with respect to Seller has occurred, and the transfer of the Receivables and Purchased Assets by Seller to Purchaser contemplated hereby has not been made in contemplation of such insolvency or Insolvency Event.

(b) The representations and warranties set forth in this Section shall survive the transfer and assignment of the Receivables to the Purchaser. Upon discovery by the Seller or the Purchaser of a breach of any of the foregoing representations and warranties, the party discovering such breach shall give written notice to the other party, the Owner Trustee and the Indenture Trustee within three Business Days following such discovery.

Section 4.02. Representations and Warranties as to the Agreement and the Receivables.

(a) Representations and Warranties. The Seller hereby represents and warrants to the Purchaser as of the date of this Agreement and as of the Closing Date with respect to the Initial Accounts (and the Receivables arising therein), and, with respect to Additional Accounts (and the Receivables arising therein), as of the related Addition Date that:

(i) this Agreement and, in the case of Supplemental Accounts, the related Supplemental Conveyance, each constitutes a legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as such enforceability may be limited by applicable Debtor Relief Laws or general principles of equity;

(ii) as of the Initial Cut-Off Date, with respect to the Initial Accounts (and the Receivables arising therein) and as of the related Addition Cut-Off Date with respect

to Additional Accounts (and the Receivables arising therein), Schedule 1 to this Agreement, as supplemented to such date, is an accurate and complete listing in all material respects of all the Accounts relating to Receivables as of the Initial Cut-Off Date or such Addition Cut-Off Date, as the case may be, and the information contained therein with respect to the identity of such Accounts and the Receivables existing thereunder is true and correct in all material respects as of the Initial Cut-Off Date or such applicable Addition Cut-Off Date, as the case may be;

(iii) each Receivable conveyed to the Purchaser by the Seller has been conveyed to the Purchaser free and clear of any Lien of any Person claiming through or under the Seller or any of its Affiliates (other than Liens permitted under Section 5.01(b)) and in compliance with all Requirements of Law applicable to the Seller;

(iv) all authorizations, consents, orders or approvals of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by the Seller in connection with the conveyance by the Seller of the Receivables to the Purchaser have been duly obtained, effected or given and are in full force and effect;

(v) this Agreement or, in the case of Supplemental Accounts, the related Supplemental Conveyance, upon execution and delivery by the Seller, constitutes an absolute sale, transfer and assignment to the Purchaser of all right, title and interest of the Seller in the Receivables and other Purchased Assets conveyed to the Purchaser by the Seller and the proceeds thereof and Recoveries identified as relating to the Receivables conveyed to the Purchaser by the Seller or, if this Agreement or, in the case of Supplemental Accounts, the related Supplemental Conveyance, does not constitute a sale of such property, it constitutes a grant of a first priority perfected "security interest" (as defined in the UCC) in such property to the Purchaser, which, in the case of Receivables in Initial Accounts and the proceeds thereof and Recoveries, is enforceable upon execution and delivery of this Agreement, or, with respect to then existing Receivables in Additional Accounts, as of the applicable Addition Date, and which will be enforceable with respect to such Receivables hereafter and thereafter created and the proceeds thereof upon such creation; and upon the filing of the financing statements and, in the case of Receivables hereafter created and the proceeds thereof, upon the creation thereof, the Purchaser shall have a first priority perfected security or ownership interest in such property and proceeds;

(vi) on the Initial Cut-Off Date, each Initial Account specified in Schedule 1 with respect to the Seller is an Eligible Account and, on the applicable Addition Cut-Off Date, each related Additional Account specified in Schedule 1 with respect to the Seller is an Eligible Account;

(vii) on the Initial Cut-Off Date, each Receivable in Initial Accounts conveyed to the Purchaser by the Seller is an Eligible Receivable and, on the applicable Addition Cut-Off Date, each Receivable conveyed in the related Additional Accounts conveyed to the Purchaser by the Seller is an Eligible Receivable;

(viii) as of the date of the creation of any new Receivable transferred to the Purchaser by the Seller, such Receivable is an Eligible Receivable; and

(ix) the Seller has used random selection procedures and no selection procedures believed by the Seller to be materially adverse to the interests of the Noteholders have been used in selecting Accounts relating to Receivables.

(b) Notice of Breach. The representations and warranties set forth in this Section shall survive the transfer and assignment of the Receivables to the Purchaser and the transfer and assignment by the Purchaser of the Receivables to the Issuer. Upon discovery by either the Seller or the Purchaser of a breach of any of the representations and warranties set forth in this Section, the party discovering such breach shall give written notice to the other party, the Owner Trustee and the Indenture Trustee within three Business Days following such discovery; provided that the failure to give notice within three Business Days does not preclude subsequent notice. The Seller hereby acknowledges that the Purchaser intends to rely on the representations hereunder in connection with representations made by the Purchaser to secured parties, assignees or subsequent transferees including transfers made by the Purchaser to the Trust pursuant to the Transfer and Servicing Agreement and the pledge by the Trust to the Indenture Trustee pursuant to the Indenture and that the Owner Trustee and the Indenture Trustee may enforce such representations directly against the Seller.

Section 4.03. Representations and Warranties of the Purchaser.

(a) As of the Closing Date and each Addition Date, the Purchaser hereby represents and warrants to, and agrees with, the Seller that:

(i) Organization and Good Standing. The Purchaser has been duly formed and is validly existing as a limited liability company in good standing under the laws of the State of Delaware, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted, and had at all relevant times, and has, power, authority and legal right to acquire, own and purchase the Receivables.

(ii) Due Qualification. The Purchaser is duly qualified to do business as a foreign limited liability company in good standing and has obtained all necessary licenses and approvals in each jurisdiction in which the failure to so qualify or to obtain such licenses and approvals would, in the reasonable judgment of the Purchaser, materially and adversely affect the performance by the Purchaser of its obligations under, or the validity or enforceability of, this Agreement.

(iii) Power and Authority. The Purchaser has the power and authority to execute, deliver and perform its obligations under this Agreement and to carry out its terms; and the execution, delivery and performance of this Agreement and the Conveyance Papers has been duly authorized by the Purchaser by all necessary limited liability company action.

(iv) No Violation. The execution, delivery and performance by the Purchaser of this Agreement and the Conveyance Papers and of the purchase of the

Receivables and the consummation of the transactions contemplated hereby and by the Conveyance Papers and the fulfillment of the terms hereof and thereof does not conflict with, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time or both) a default under, the limited liability company agreement of the Purchaser, nor conflict with or violate any of the material terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under, any indenture, agreement or other instrument to which the Purchaser is a party or by which it shall be bound; nor result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than this Agreement); nor violate any law or any order, rule or regulation applicable to the Purchaser of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Purchaser or its properties, which breach, default, conflict, Lien or violation would have a material adverse effect on the earnings, business affairs or business prospects of the Purchaser or on the ability of the Purchaser to perform its obligations under this Agreement.

(v) No Proceedings. There are no proceedings or investigations pending, or to the best knowledge of the Purchaser, threatened against the Purchaser, before any Governmental Authority having jurisdiction over the Purchaser or its properties: (A) asserting the invalidity of this Agreement or any Conveyance Papers, (B) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement, (C) seeking any determination or ruling that might materially and adversely affect the performance by the Purchaser of its obligations under this Agreement or the Conveyance Papers or (D) seeking to affect adversely the income tax attributes of the Trust under federal or applicable state income or franchise tax systems.

(vi) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or any Governmental Authority required in connection with the execution and delivery by Purchaser of this Agreement or any of the Conveyance Papers and the performance of the transactions contemplated by this Agreement or any of the Conveyance Papers by Purchaser have been obtained, effected or given and are in full force and effect.

(b) The representations and warranties set forth in this Section shall survive the Conveyance of the Receivables to the Purchaser. Upon discovery by the Purchaser or the Seller of a breach of any of the foregoing representations and warranties, the party discovering such breach shall give prompt written notice to the other party, the Owner Trustee and the Indenture Trustee.

ARTICLE FIVE

COVENANTS

Section 5.01. Covenants of the Seller. The Seller hereby covenants and agrees with the Purchaser as follows:

(a) Receivables Not to be Evidenced by Promissory Notes. Except in connection with its enforcement or collection of any Receivable, the Seller will take no action to cause any Receivable conveyed by it to the Purchaser to be evidenced by any instrument (as defined in the UCC) and if any Receivable is so evidenced (whether or not in connection with the enforcement or collection of a Receivable), it shall be deemed to be an Ineligible Receivable and shall be reassigned to the Seller in accordance with Section 6.01(b).

(b) Security Interests. Except for the conveyances hereunder, the Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on, any Receivable conveyed by it to the Purchaser, whether now existing or hereafter created, or any interest therein, and the Seller shall defend the right, title and interest of the Purchaser in, to and under the Receivables, whether now existing or hereafter created, against all claims of third parties claiming through or under the Seller; provided, however, that nothing in this Section shall prevent or be deemed to prohibit the Seller from suffering to exist upon any of the Receivables transferred by it to the Purchaser any Liens for municipal or other local taxes if such taxes shall not at the time be due and payable or if the Seller shall currently be contesting the validity thereof in good faith by appropriate proceedings and shall have set aside on its books adequate reserves with respect thereto.

(c) Account Allocations. In the event that the Seller is unable for any reason to transfer Receivables to the Purchaser in accordance with the provisions of this Agreement (including by reason of the application of the provisions of Section 8.02 or any order of any Governmental Authority), then the Seller agrees (except as prohibited by any such order) to allocate and pay to the Purchaser, after the date of such inability, all amounts in the manner by which the Purchaser will allocate and pay such amounts to the Trust after such inability by the Purchaser to transfer Receivables to the Trust pursuant to Section 2.11 of the Transfer and Servicing Agreement.

(d) Delivery of Collections or Recoveries. In the event that the Seller receives Collections or Recoveries, the Seller agrees to pay to the Purchaser (or to the Servicer if the Purchaser so directs) all such Collections and Recoveries as soon as practicable after receipt thereof but in no event later than two Business Days after the Date of Processing thereof.

(e) Notice of Liens. The Seller shall notify the Purchaser promptly after becoming aware of any Lien on any Receivable (or on the underlying receivable) other than the conveyances hereunder, under any Receivables Purchase Agreements, under the Transfer and Servicing Agreement or under the Indenture.

(f) Continuous Perfection. The Seller shall not change its name, identity or structure in any manner that might cause any financing or continuation statement filed pursuant to this Agreement to be seriously misleading unless the Seller shall have delivered to the Purchaser at least 30 days' prior written notice thereof and, no later than 30 days after making such change, shall have taken all action necessary or advisable to amend such financing statement or continuation statement so that it is not misleading. The Seller shall not change the jurisdiction under whose laws it is organized, its chief execution office or change the location of its principal records concerning the Receivables unless it has delivered to the Purchaser at least 30 days' prior written notice of its intention to do so and has taken such action as is necessary or advisable to cause the interest of the Purchaser in the Receivables and other Purchased Assets to continue to be perfected with the priority required by this Agreement.

(g) Interchange. With respect to any Distribution Date, on or prior to the immediately preceding Determination Date, the Servicer shall notify the Seller of the amount of Interchange required to be included as Collections of Finance Charge Receivables with respect to such Monthly Period, which amount for any Series shall be specified in the related Indenture Supplement. Not later than 1:00 p.m., New York City time, on the related Transfer Date, the Seller shall deposit, or cause to be deposited, into the Collection Account, in immediately available funds, the amount of the Interchange to be so included as Collections of Finance Charge Receivables with respect to such Monthly Period.

Section 5.02. Covenants of the Seller with Respect to Receivables Purchase Agreements. The Seller, in its capacity as purchaser of Receivables from the Account Owner pursuant to the Receivables Purchase Agreements between the Seller and the Account Owner, hereby covenants that it will at all times enforce the covenants and agreements of the Account Owner in such Receivables Purchase Agreements, including covenants substantially to the effect set forth below:

(a) Periodic Rate Finance Charges. Except (i) as otherwise required by any Requirements of Law or (ii) as is deemed by the Account Owner to be necessary in order for it to maintain its credit card business on a competitive basis based on a good faith assessment by it of the nature of the competition in the credit card business, it shall not at any time reduce the annual percentage rate of the Periodic Rate Finance Charges assessed on the Receivables transferred by it to the Purchaser or other fees charged on any of the Accounts owned by it if either (A) as a result of any such reduction, such Account Owner's reasonable expectation is that such reduction will cause a Pay Out Event or Event of Default to occur or (B) such reduction is not also applied to all comparable segments of the VISA(R) or other retail consumer revolving credit card accounts owned by such Account Owner which have characteristics the same as, or substantially similar to, such Accounts.

(b) Credit Card Agreements and Guidelines. Subject to compliance with all Requirements of Law and Section 5.02(a), the Account Owner may change the terms and provisions of the Credit Card Agreements or the Credit Card Guidelines with respect to any of the Accounts owned by it in any respect (including the calculation of the amount

or the timing of charge-offs and the Periodic Rate Finance Charges and other fees to be assessed thereon) only if such change is made applicable to all comparable segments of the VISA(R) or other retail consumer revolving credit card accounts owned by such Account Owner which have characteristics the same as, or substantially similar to, such Accounts. Notwithstanding the foregoing, unless required by Requirements of Law or as permitted by Section 5.02(a), no Account Owner will take any action with respect to the Credit Card Agreements or the Credit Card Guidelines, which, at the time of such action, the Account Owner reasonably believes will have a material adverse effect on the Noteholders.

The Seller further covenants that it will not enter into any amendments to the Receivables Purchase Agreements or enter into a new Receivables Purchase Agreement unless the Rating Agency Condition has been satisfied.

The Purchaser covenants that it will provide the Seller with such information as the Seller may reasonably request to enable the Seller to determine compliance with the covenants contained in Section 5.02(b).

ARTICLE SIX

REPURCHASE OBLIGATION

Section 6.01. Reassignment of Ineligible Receivables.

(a) In the event any representation or warranty under Section 4.02(a)(ii), (iii), (iv), (vi), (vii), (viii) or (ix) is not true and correct in any material respect as of the date specified therein with respect to any Receivable or the related Account and as a result of such breach the Purchaser is required to accept reassignment of Ineligible Receivables previously sold by the Seller to the Purchaser pursuant to Section 2.05(a) of the Transfer and Servicing Agreement, the Seller shall accept reassignment of such Ineligible Receivables on the terms and conditions set forth in Section 6.01(b).

(b) The Seller shall accept reassignment of any Ineligible Receivables previously sold by the Seller to the Purchaser from the Purchaser on the date on which such reassignment obligation arises, and shall pay for such reassigned Ineligible Receivables by paying to the Purchaser, not later than 3:00 p.m., New York City time, on such date, an amount equal to the product of (i) 100% and (ii) the sum of (A) the unpaid principal balance of such Ineligible Receivables plus (B) accrued and unpaid finance charges at the annual percentage rate applicable to such Receivables from the last date billed through the end of the Monthly Period in which such reassignment obligation arises. Upon reassignment of such Ineligible Receivables, the Purchaser shall automatically and without further action be deemed to sell, transfer, assign, set-over and otherwise convey to the Seller, without recourse, representation or warranty, all the right, title and interest of the Purchaser in and to such Ineligible Receivables, all Recoveries related thereto, all monies and amounts due or to become due with respect thereto and all proceeds thereof; and such reassigned Ineligible Receivables shall be treated by the Purchaser as collected in full as of the date on which they were transferred. The Purchaser shall execute such documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested by the Seller to effect the conveyance of such Ineligible Receivables and other property pursuant to this subsection.

Section 6.02. Reassignment. In the event any representation or warranty set forth in Section 4.01(a) or (c) or Section 4.02(a)(i) or (v) is not true and correct in any material respect and as a result of such breach the Purchaser is required to accept a reassignment of the Receivables previously sold by the Seller to the Purchaser pursuant to Section 2.06 of the Transfer and Servicing Agreement, the Seller shall be obligated to accept a reassignment of such Receivables on the terms set forth below.

The Seller shall pay to the Purchaser by depositing in the Collection Account in immediately available funds, not later than 1:00 p.m., New York City time, two Business Days after which such reassignment obligation arises, in payment for such reassignment, an amount equal to the amount specified in Section 2.06 of the Transfer and Servicing Agreement. Upon reassignment of the Receivables on such Transfer Date, the Purchaser shall automatically and without further action be deemed to sell, transfer, assign, set-over and otherwise convey to the Seller, without recourse, representation or warranty, all the right, title and interest of the Purchaser in and to the Receivables, all Recoveries related thereto and all monies and amounts

due or to become due with respect thereto and all proceeds thereof. The Purchaser shall execute such documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested by the Seller to effect the conveyance of such property pursuant to this Section.

ARTICLE SEVEN

CONDITIONS PRECEDENT

Section 7.01. Conditions to the Purchaser's Obligations Regarding Initial Receivables. The obligations of the Purchaser to purchase the Receivables in the Initial Accounts on the Closing Date shall be subject to the satisfaction of the following conditions:

(a) all representations and warranties of the Seller contained in this Agreement shall be true and correct on the Closing Date with the same effect as though such representations and warranties had been made on such date;

(b) all information concerning the Initial Accounts provided to the Purchaser shall be true and correct as of the Initial Cut-Off Date in all material respects;

(c) the Seller shall have (i) delivered to the Purchaser a computer file or microfiche list containing a true and complete list of all Initial Accounts identified by account number and by the Receivables balance as of the Initial Cut-Off Date and (ii) substantially performed all other obligations required to be performed by the provisions of this Agreement;

(d) the Seller shall have recorded and filed, at its expense, any financing statement with respect to the Receivables (other than Receivables in Additional Accounts) now existing and hereafter created for the transfer of accounts (as defined in the applicable UCC) meeting the requirements of applicable law in such manner and in such jurisdictions as would be necessary to perfect the sale of and security interest in the Receivables from the Seller to the Purchaser, and shall deliver a file-stamped copy of such financing statements or other evidence of such filings to the Purchaser;

(e) on or before the Closing Date, (i) the Purchaser and the Owner Trustee shall have entered into the Trust Agreement, (ii) the Purchaser, the Bank, the Indenture Trustee and the Trust shall have entered into the Transfer and Servicing Agreement, (iii) the Trust and the Indenture Trustee shall have entered into the Indenture and (iv) the closing under all such agreements shall take place simultaneously with the initial closing hereunder; and

(f) all corporate and legal proceedings and all instruments in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to the Purchaser, and the Purchaser shall have received from the Seller copies of all documents (including records of corporate proceedings) relevant to the transactions herein contemplated as the Purchaser may reasonably have requested.

Section 7.02. Conditions Precedent to the Seller's Obligations. The obligations of the Seller to sell Receivables in the Initial Accounts on the Closing Date shall be subject to the satisfaction of the following conditions:

(a) all representations and warranties of the Purchaser contained in this Agreement shall be true and correct with the same effect as though such representations and warranties had been made on such date;

(b) payment or provision for payment of the Purchase Price in accordance with the provision of Section 3.01 shall have been made; and

(c) all corporate and legal proceedings and all instruments in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to the Seller, and the Seller shall have received from the Purchaser copies of all documents (including records of corporate proceedings) relevant to the transactions herein contemplated as the Seller may reasonably have requested.

ARTICLE EIGHT

TERM AND PURCHASE TERMINATION

Section 8.01. Term. This Agreement shall commence as of the date of execution and delivery hereof and shall continue until at least the termination of the Trust as provided in Article Eight of the Trust Agreement. Thereafter, this Agreement may be terminated by the mutual agreement of the parties hereto.

Section 8.02. Purchase Termination. If an Insolvency Event occurs with respect to the Seller, then the Seller shall immediately cease to transfer Principal Receivables to the Purchaser and shall promptly give notice to the Purchaser, the Owner Trustee and the Indenture Trustee of such Insolvency Event. Notwithstanding any cessation of the transfer to the Purchaser of additional Principal Receivables, Principal Receivables transferred to the Purchaser prior to the occurrence of such Insolvency Event and Collections in respect of such Principal Receivables and Finance Charge Receivables whenever created, accrued in respect of such Principal Receivables, shall continue to be property of the Purchaser available for transfer by the Purchaser to the Trust pursuant to the Transfer and Servicing Agreement.

ARTICLE NINE

MISCELLANEOUS PROVISIONS

Section 9.01. Amendment. This Agreement and any Conveyance Papers and the rights and obligations of the parties hereunder and thereunder may not be changed orally, but only by an instrument in writing signed by the Purchaser and the Seller in accordance with this Section. This Agreement and any Conveyance Papers may be amended from time to time by the Purchaser and the Seller (i) to cure any ambiguity, (ii) to correct or supplement any provisions herein which may be inconsistent with any other provisions herein or in any such other Conveyance Papers, (iii) to add any other provisions with respect to matters or questions arising under this Agreement or any Conveyance Papers which shall not be inconsistent with the provisions of this Agreement or any Conveyance Papers, (iv) to change or modify the Purchase Price and (v) to change, modify, delete or add any other obligation of the Seller or the Purchaser; provided, however, that no amendment pursuant to clause (ii), (iii), (iv) or (v) shall be effective unless the Seller and the Purchaser have been notified in writing that the Rating Agency Condition has been satisfied; provided further that the Seller shall have delivered to the Purchaser an Officer's Certificate, dated the date of such action, stating that the Seller reasonably believes that such action will not have an Adverse Effect unless the Owner Trustee and the Indenture Trustee shall consent thereto. Any reconveyance executed in accordance with the provisions hereof shall not be considered to be an amendment to this Agreement. A copy of any amendment to this Agreement shall be sent to the Rating Agency.

Section 9.02. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1041 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 9.03. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all demands, notices, instruction, directions and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at, mailed by registered mail, return receipt requested or sent by facsimile transmission to (i) in the case of the Seller, 7320 East Butherus Drive, Suite 100, Scottsdale, Arizona 85260-2438, Attention: Legal Department (facsimile no. (303) 397-4767), (ii) in the case of the Purchaser, 13531 East Caley Avenue, Englewood, Colorado 80111, Attention: Legal Department (facsimile no. (303) 397-4767), (iii) in the case of the Owner Trustee, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration (facsimile no. (302) 651-1576), (iv) in the case of the Indenture Trustee, 1740 Broadway, Denver, Colorado 80274-8693, Attention: Corporate Trust and Escrow Services (facsimile no. (303) 863-5645); or (v) as to each party, at such other address or facsimile number as shall be designated by such party in a written notice to each other party.

Section 9.04. Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement or any Conveyance Paper shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be

deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement or any Conveyance Paper and shall in no way affect the validity or enforceability of the remaining covenants, agreements, provisions or terms of this Agreement or of any Conveyance Paper.

Section 9.05. Merger, Consolidation of, or Assignment of Obligations of Seller.

(a) The Seller shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person unless:

(i) the Person formed by such consolidation or into which the Seller is merged or the Person which acquires by conveyance or transfer the properties and assets of Seller substantially as an entirety shall be, if the Seller is not the surviving entity, an entity organized and existing under the laws of the United States or any State and if the Seller is not the surviving entity, such entity expressly assumes, by an agreement supplemental hereto, executed and delivered to the Purchaser and the Indenture Trustee in form reasonably satisfactory to the Purchaser and the Indenture Trustee, the performance of every covenant and obligation of the Seller hereunder;

(ii) the Seller has delivered to the Purchaser and the Indenture Trustee (A) an Officer's Certificate stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with and (B) an Opinion of Counsel to the effect that such supplemental agreement is a valid and binding obligation of such surviving entity enforceable against such surviving entity in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(iii) the Seller shall have delivered to the Purchaser and Indenture Trustee and each Rating Agency a Tax Opinion, dated the date of such consolidation, merger, conveyance or transfer; and

(iv) if the Seller is not the surviving entity, the surviving entity shall file new UCC-1 financing statements with respect to the interest of the purchaser in the Receivables.

(b) This Section shall not be construed to prohibit or in any way limit the Seller's ability to effectuate any consolidation or merger pursuant to which the Seller would be the surviving entity.

(c) The Seller shall notify each Rating Agency promptly after any consolidation, merger, conveyance or transfer effected pursuant to this Section;

(d) The obligations of the Seller hereunder shall not be assignable nor shall any Person succeed to the obligations of the Seller hereunder except in each case in accordance with

(i) the provisions of the foregoing paragraphs or (ii) conveyances, mergers, consolidations, assumptions, sales or transfers to other entities (A) for which the Seller delivers an Officer's Certificate to the Purchaser and the Indenture Trustee indicating that the Seller reasonably believes that such action will not adversely affect in any material respect the interests of the Purchaser or any Noteholder, (B) which meet the requirements of clause (ii) of paragraph (a) and (C) for which such purchaser, transferee, pledgee or entity shall expressly assume, in an agreement supplemental hereto, executed and delivered to the Purchaser and the Indenture Trustee in writing in form satisfactory to the Seller and the Indenture Trustee, the performance of every covenant and obligation of the Seller thereby conveyed.

Section 9.06. Acknowledgement and Agreement of the Seller. By execution below, the Seller expressly acknowledges and agrees that all of the Purchaser's right, title, and interest in, to, and under this Agreement, including all of the Purchaser's right, title, and interest in and to the Receivables purchased pursuant to this Agreement, may be assigned by the Purchaser to the Trust, and a security interest therein may be granted by the Trust to the Indenture Trustee for the benefit of the beneficiaries of the Trust, including the Noteholders, and the Seller consents to such assignment and grant. The Seller further agrees that notwithstanding any claim, counterclaim, right of setoff or defense which it may have against the Purchaser, due to a breach by the Purchaser of this Agreement or for any other reason, and notwithstanding the bankruptcy of the Purchaser or any other event whatsoever, the Seller's sole remedy shall be a claim against the Purchaser for money damages, and then only to the extent of funds available to the Purchaser, and in no event shall the Seller assert any claim on or any interest in the Receivables or any proceeds thereof or take any action which would reduce or delay receipt by the Trust of collections with respect to the Receivables. Additionally, the Seller agrees that any amounts payable by the Seller to the Purchaser hereunder which are to be paid by the Purchaser to the Indenture Trustee shall be paid by the Seller, on behalf of the Purchaser, directly to the Indenture Trustee.

Section 9.07. Further Assurances. The Purchaser and the Seller agree to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by the other party and their respective permitted successors and assigns, the Owner Trustee or the Indenture Trustee more fully to effect the purposes of this Agreement and the Conveyance Papers, including the execution of any financing statements or continuation statements relating to the Receivables for filing under the provisions of the UCC of any applicable jurisdiction.

Section 9.08. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Purchaser or the Seller, any right, remedy, power or privilege under this Agreement, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided under this Agreement are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

Section 9.09. Counterparts. This Agreement and all Conveyance Papers may be executed in separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument.

Section 9.10. Third-Party Beneficiaries. This Agreement and the Conveyance Papers will inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. The Trust and the Indenture Trustee shall be considered third-party beneficiaries of this Agreement. Except as otherwise expressly provided in this Agreement, no other Person will have any right or obligation hereunder.

Section 9.11. Merger and Integration. Except as specifically stated otherwise herein, this Agreement and the Conveyance Papers set forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement and the Conveyance Papers. This Agreement and the Conveyance Papers may not be modified, amended, waived or supplemented except as provided herein.

Section 9.12. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 9.13. Schedules and Exhibits. The schedules and exhibits attached hereto and referred to herein shall constitute a part of this Agreement and are incorporated into this Agreement for all purposes.

Section 9.14. Survival of Representations and Warranties. All representations, warranties and agreements contained in this Agreement or contained in any Supplemental Conveyance shall remain operative and in full force and effect and shall survive conveyance of the Receivables by the Purchaser to the Trust pursuant to the Transfer and Servicing Agreement and the grant of a security interest therein by the Trust to the Indenture Trustee pursuant to the Indenture.

Section 9.15. Nonpetition Covenant. To the fullest extent permitted by law, notwithstanding any prior termination of this Agreement, the Seller shall not, prior to the date which is one year and one day after the termination of this Agreement, acquiesce, petition or otherwise invoke or cause the Purchaser or the Trust to invoke the process of any Governmental Authority for the purpose of commencing or sustaining a case against the Purchaser or the Trust under any Debtor Relief Law or appointing a receiver, conservator, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser or the Trust or any substantial part of its property or ordering the winding-up or liquidation of the affairs of the Purchaser or the Trust.

IN WITNESS WHEREOF, the Purchaser and the Seller have caused this Receivables Purchase Agreement to be duly executed by their respective officers as of the day and year first above written.

NORDSTROM fsb,
as Seller

By: /s/ Denny D. Dumler

Name: Denny D. Dumler
Title: President

NORDSTROM CREDIT CARD RECEIVABLES LLC,
as Servicer

By: /s/ Kevin T. Knight

Name: Kevin T. Knight
Title: President

EXHIBIT A

FORM OF SUPPLEMENTAL CONVEYANCE

(As required by Section 2.03 of the Receivables Purchase Agreement)

This Supplemental Conveyance No. ___ dated as of _____, 200_, is between Nordstrom fsb, as seller (the "Seller"), and Nordstrom Credit Card Receivables LLC, as purchaser (the "Purchaser"), pursuant to the Receivables Purchase Agreement referred to below.

WHEREAS, the Seller and the Purchaser are parties to a receivables purchase agreement, dated as of April 1, 2002 (as such agreement may have been amended or supplemented from time to time, the "Receivables Purchase Agreement");

WHEREAS, pursuant to the Receivables Purchase Agreement, the Seller wishes to designate Additional Accounts to be included as Accounts and the Seller wishes to convey its right, title and interest in the Receivables of such Additional Accounts, whether now existing or hereafter created, to the Purchaser pursuant to the Receivables Purchase Agreement (as each such term is defined in the Receivables Purchase Agreement); and

WHEREAS, the Purchaser is willing to accept such designation and conveyance subject to the terms and conditions hereof.

NOW, THEREFORE, the Seller and the Purchaser hereby agree as follows:

1. Defined Terms. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Receivables Purchase Agreement.

"Addition Date" means, with respect to the Additional Accounts designated hereby _____ ___, ____.

"Addition Cut-Off Date" means, with respect to the Additional Accounts designated hereby, _____ ___, ____.

2. Designation of Additional Accounts. The Seller delivers herewith a computer file or microfiche list containing a true and complete schedule identifying all such Additional Accounts (the "Additional Accounts") and specifying for each such Additional Account, as of the Addition Cut-Off Date, its account number, the aggregate amount outstanding in such Account and the aggregate amount of Principal Receivables in such Account. Such computer file, microfiche list or other documentation shall be as of the date of this Supplemental Conveyance incorporated into and made part of this Supplemental Conveyance and is marked as Schedule 1 to this Supplemental Conveyance.

3. Conveyance of Receivables.

(a) The Seller does hereby sell, transfer, assign, set over and otherwise convey to the Purchaser, without recourse except as provided in the Receivables Purchase

Agreement, all its right, title and interest in, to and under the Receivables arising in such Additional Accounts, existing at the close of business on the Addition Cut-Off Date and thereafter created until termination of the Receivables Purchase Agreement, all Interchange and Recoveries with respect to such Receivables, all monies due or to become due and all amounts received or receivable with respect thereto and all proceeds thereof.

(b) In connection with such sale and if necessary, the Seller agrees to record and file, at its own expense, one or more financing statements (and continuation statements with respect to such financing statements when applicable) with respect to the Receivables, existing on the Addition Cut-Off Date and thereafter created, meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect the sale and assignment of and the security interest in the Receivables to the Purchaser, and to deliver a file-stamped copy of such financing statement or other evidence of such filing to the Purchaser.

(c) In connection with such sale, the Seller further agrees, at its own expense, on or prior to the date of this Supplemental Conveyance, to indicate in the appropriate computer files or microfiche list that all Receivables created in connection with the Additional Accounts designated hereby have been conveyed to the Purchaser pursuant to this Supplemental Conveyance.

4. Acceptance by the Purchaser. The Purchaser hereby acknowledges its acceptance of all right, title and interest to the property, existing on the Addition Cut-Off Date and thereafter created, conveyed to the Purchaser pursuant to Section 3(a) and declares that it shall maintain such right, title and interest. The Purchaser further acknowledges that, prior to or simultaneously with the execution and delivery of this Supplemental Conveyance, the Seller delivered to the Purchaser the computer file or microfiche list described in Section 2.

5. Representations and Warranties of the Seller. The Seller hereby represents and warrants to the Purchaser as of the date of this Supplemental Conveyance and as of the Addition Date that:

(a) Legal, Valid and Binding Obligation. This Supplemental Conveyance constitutes a legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as such enforceability may be limited by applicable Debtor Relief Laws or general principles of equity.

(b) Eligibility of Accounts. On the Addition Cut-Off Date, each Additional Account designated hereby is an Eligible Account.

(c) No Liens. Each Receivable in an Additional Account designated hereby has been conveyed to the Purchaser free and clear of any Lien and each underlying receivable is free and clear of all Liens.

(d) Eligibility of Receivables. On the Addition Cut-Off Date, each Receivable existing in an Additional Account designated hereby is an Eligible Receivable

and as of the date of creation of any Receivable in an Additional Account designated hereby, such Receivable is an Eligible Receivable.

(e) Selection Procedures. Each Account has been randomly selected and no selection procedures believed by the Seller to be adverse to the interests of the Purchaser or the Noteholders were utilized in selecting the Additional Accounts.

(f) Transfer of Receivables. This Supplemental Conveyance constitutes an absolute sale, transfer and assignment to the Purchaser of all right, title and interest of the Seller in the Receivables arising in the Additional Accounts designated hereby existing on the Addition Cut-Off Date or thereafter created, the Recoveries with respect thereto, all monies due or to become due and all amounts received with respect thereto and the "proceeds" (including "proceeds" as defined in Article 9 of the UCC) thereof.

(g) No Conflict. The execution and delivery of this Supplemental Conveyance, the performance of the transactions contemplated by this Supplemental Conveyance and the fulfillment of the terms hereof, will not conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of trust or other instrument to which the Seller is a party or by which it or its properties are bound.

(h) No Violation. The execution and delivery of this Supplemental Conveyance by the Seller, the performance of the transactions contemplated by this Supplemental Conveyance and the fulfillment of the terms hereof applicable to the Seller will not conflict with or violate any Requirements of Law applicable to the Seller.

(i) No Proceedings. There are no proceedings or investigations, pending or, to the best knowledge of the Seller, threatened, against the Seller before any Governmental Authority (i) asserting the invalidity of this Supplemental Conveyance, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Supplemental Conveyance, (iii) seeking any determination or ruling that, in the reasonable judgment of the Seller, would materially and adversely affect the performance by the Seller of its obligations under this Supplemental Conveyance or (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Supplemental Conveyance.

(j) All Consents. All authorizations, consents, orders or approvals of any Governmental Authority required to be obtained by the Seller in connection with the execution and delivery of this Supplemental Conveyance by the Seller and the performance of the transactions contemplated by this Supplemental Conveyance by the Seller, have been obtained.

6. Ratification of the Receivables Purchase Agreement. The Receivables Purchase Agreement is hereby ratified, and all references to the "Receivables Purchase Agreement", "this Agreement" and "herein" shall be deemed from and after the Addition Date to be a reference to the Receivables Purchase Agreement as supplemented by this Supplemental Conveyance.

Except as expressly amended hereby, all the representations, warranties, terms, covenants and conditions of the Receivables Purchase Agreement shall remain unamended and shall continue to be, and shall, remain, in full force and effect in accordance with its terms and except as expressly provided herein shall not constitute or be deemed to constitute a waiver of compliance with or consent to non-compliance with any term or provision of the Receivables Purchase Agreement.

7. Counterparts. This Supplemental Conveyance may be executed in separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument.

8. Governing Law. This Supplemental Conveyance shall be construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the General Obligations Law), and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

IN WITNESS WHEREOF, the undersigned have caused this Supplemental Conveyance to be duly executed and delivered by their respective duly authorized officers on the day and the year first above written.

NORDSTROM fsb,
as Seller

By:

Name:
Title:

NORDSTROM CREDIT CARD RECEIVABLES LLC,
as Purchaser

By:

Name:
Title:

Schedule 1 to
Supplemental
Conveyance

Additional Accounts

Schedule 1

List of Accounts

[Delivered to the Owner Trustee and Indenture Trustee at Closing]

Exhibit 10.40

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NORDSTROM CREDIT CARD MASTER NOTE TRUST,
as Issuer,

and

NORDSTROM fsb,
as Administrator

ADMINISTRATION AGREEMENT
Dated as of April 1, 2002

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ADMINISTRATION AGREEMENT

This Administration Agreement, dated as of April 1, 2002 (the "Agreement"), is between Nordstrom Credit Card Master Note Trust, as issuer (the "Issuer"), and Nordstrom fsb (the "Bank"), as administrator (in such capacity, the "Administrator").

WHEREAS, the Issuer has entered into a master indenture, dated as of April 1, 2002 (the "Master Indenture"), between the Issuer and Wells Fargo Bank Minnesota, National Association, as trustee (the "Indenture Trustee"), as supplemented by the series 2002-1 indenture supplement, dated as of April 1, 2002 (the "Series 2002-1 Indenture Supplement", and together with the Master Indenture, the "Indenture"), between the Issuer and the Indenture Trustee to provide for the issuance of asset backed notes (the "Notes") from time to time pursuant to one or more indenture supplements;

WHEREAS, the Issuer has entered into certain agreements in connection with the issuance of the Notes, the issuance of the beneficial ownership interest of the Issuer and transactions related thereto, including (i) the Master Indenture; (ii) the Series 2002-1 Indenture Supplement; (iii) a transfer and servicing agreement, dated as of April 1, 2002 (as amended, supplemented or otherwise modified form time to time, the "Transfer and Servicing Agreement"), among Nordstrom Credit Card Receivables LLC, as transferor (the "Transferor"), the Bank, as servicer (in such capacity, the "Servicer"), the Indenture Trustee and the Issuer and (iv) an amended and restated trust agreement, dated as of April 1, 2002 (as amended, supplemented or otherwise modified form time to time, the "Trust Agreement" and, together with the Master Indenture, the Series 2002-1 Indenture Supplement and the Transfer and Servicing Agreement, as each may be amended, supplemented or otherwise modified form time to time, the "Related Agreements"), between the Transferor, as transferor, and Wilmington Trust Company, as trustee (the "Owner Trustee");

WHEREAS, pursuant to the Related Agreements, the Issuer and the Owner Trustee are required to perform certain duties in connection with (i) the Notes and the collateral therefor pledged pursuant to the Indenture (the "Collateral") and (ii) the beneficial ownership interest in the Issuer (the holder of such interest being referred to herein as the "Owner");

WHEREAS, the Issuer and the Owner Trustee desire to have the Administrator perform certain of the duties of the Issuer and the Owner Trustee referred to in the preceding clause and to provide such additional services consistent with the terms of this Agreement and the Related Agreements as the Issuer and the Owner Trustee may from time to time request; and

WHEREAS, the Administrator has the capacity to provide the services required hereby and is willing to perform such services for the Issuer and the Owner Trustee on the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

Section 1.01. Capitalized Terms; Interpretive Provisions.

(a) Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto or incorporated by reference in the Trust Agreement, the Transfer and Servicing Agreement or the Indenture, as the case may be. Whenever used herein, unless the context otherwise requires, the following words and phrases shall have the following meanings:

"Agreement" has the meaning set forth in the Preamble.

"Indenture" has the meaning set forth in the Preamble.

"Master Indenture" has the meaning set forth in the Preamble.

"Related Agreements" has the meaning set forth in the Preamble.

"Series 2002-1 Indenture Supplement" has the meaning set forth in the Preamble.

"Transfer and Servicing Agreement" has the meaning set forth in the Preamble.

"Trust Agreement" has the meaning set forth in the Preamble.

(b) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, (i) terms used in this Agreement include, as appropriate, all genders and the plural as well as the singular, (ii) references to this Agreement include all Exhibits hereto, (iii) references to words such as "herein", "hereof" and the like shall refer to this Agreement as a whole and not to any particular part, Article or Section within this Agreement, (iv) the term "include" and all variations thereof shall mean "include without limitation", (v) the term "or" shall include "and/or" and (vi) the term "proceeds" shall have the meaning ascribed to such term in the UCC.

Section 1.02. Duties of Administrator.

(a) Duties with Respect to the Related Agreements.

The Administrator shall consult with the Owner Trustee regarding the duties of the Issuer and the Owner Trustee under the Related Agreements. The Administrator shall monitor the performance of the Issuer and shall advise the Owner Trustee when action is necessary to comply with the Issuer's or the Owner Trustee's duties under the Related Agreements. The Administrator shall prepare for execution by the Issuer or the Owner Trustee or shall cause the preparation by other appropriate persons of all such documents, reports, filings, instruments, orders, certificates and opinions as shall be the duty of the Issuer or the Owner Trustee to prepare, file or deliver pursuant to any Related Agreement. In addition to the foregoing, the Administrator shall take all appropriate action that is the duty of the Issuer or the Owner Trustee to take pursuant to the Indenture including such of the foregoing as are required with respect to the following matters under the Indenture (references are to Sections of the Master Indenture):

(i) the preparation of or obtaining of the documents and instruments required for execution, authentication and delivery of the Notes (whether upon initial issuance,

transfer or exchange or otherwise), if any, and delivery of the same to the Indenture Trustee (if applicable) (Sections 2.03, 2.05, 2.06, 2.12(c) or 2.15);

(ii) the duty to cause the Note Register to be kept, to appoint a successor Transfer Agent and Registrar, if necessary, and to give the Indenture Trustee notice of any appointment of a new Transfer Agent and Registrar and the location, or change in location, of the Note Register (Section 2.05);

(iii) the furnishing of the Indenture Trustee, the Servicer, any Noteholder or the Paying Agent with the names and addresses of Noteholders after receipt of a written request therefor from the Indenture Trustee, the Servicer, any Noteholder or the Paying Agent, respectively, or as otherwise specified in the Indenture (Sections 2.09(a), 2.10 and 7.01);

(iv) the preparation of an Issuer Request regarding cancellation of any Notes. (Section 2.10);

(v) the preparation, obtaining or filing of the instruments, opinions and certificates and other documents required for the release of collateral (Section 2.11);

(vi) the duty to cause the Issuer to maintain an office or agency within the City of Minneapolis, State of Minnesota (and as otherwise set forth in an Indenture Supplement) and to give the Indenture Trustee and the Noteholders notice of the location, or change in location, of such office or agency (Section 3.02);

(vii) the duty to direct the Indenture Trustee to deposit with any Paying Agent the sums specified in the Indenture and the preparation of an Issuer Order directing the investment of such funds in Eligible Investments (Section 3.03);

(viii) the duty to cause newly appointed Paying Agents, if any, to deliver to the Indenture Trustee the instrument specified in the Indenture regarding funds held in trust (Section 3.03);

(ix) the direction to Paying Agents to pay to the Indenture Trustee all sums held in trust by such Paying Agents (Section 3.03);

(x) the duty to cause the Issuer to keep in full effect its existence, rights and franchises as a Delaware business trust and the obtaining and preservation of the Issuer's qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of the Indenture, the Notes, the Collateral and each other related instrument and agreement (Section 3.04);

(xi) the preparation of all supplements, amendments, financing statements, continuation statements, if any, instruments of further assurance and other instruments necessary to protect, maintain and enforce the Collateral (Section 3.05);

(xii) the obtaining of the Opinion of Counsel on the Series Issuance Date and the annual delivery of Opinions of Counsel s to the Collateral (Section 3.06);

(xiii) the identification to the Indenture Trustee in an Officer's Certificate of a Person with whom the Issuer has contracted to assist it in performing its duties under the Indenture (Section 3.07(b));

(xiv) the duty to cause the Issuer to punctually perform and observe all of the obligations and agreements contained in the Indenture and the other Transaction Documents and in the instruments and agreements relating to the Collateral, including filing or causing to be filed all UCC financing Statements required to be filed by the terms of the Indenture and the Transfer and Servicing Agreement in accordance with and in the applicable time periods (Section 3.07(c));

(xv) causing the delivery of notice by the Indenture Trustee to the Rating Agencies of the occurrence of any Servicer Default of which the Issuer has knowledge and the action, if any, being taken in connection with such default (Section 3.07(d));

(xvi) the delivery of any computer files or microfiche lists of Accounts that the Issuer has received from the Transferor pursuant to the Transfer and Servicing Agreement (Section 3.07(g));

(xvii) the delivery to the Indenture Trustee, within 120 days after the end of each fiscal year of the Issuer of an Officer's Certificate with respect to various matters relating to compliance with the Indenture (Section 3.09);

(xviii) the preparation and obtaining of documents, certificates, opinions and instruments required in connection with the consolidation or merger by the Issuer with or into any other Person or the sale of the Issuer's assets substantially as an entirety to any Person (Section 3.10);

(xix) the delivery of notice to the Indenture Trustee and each Rating Agency of (1) each Event of Default, (2) each default by the Servicer or the Transferor under the Transfer and Servicing Agreement, (3) each default by a Seller under a Receivables Purchase Agreement and (4) any action taken by the Indenture Trustee pursuant to Section 5.05 of the Master Indenture (Section 3.19);

(xx) the monitoring of the Issuer's obligations as to the satisfaction and discharge of the Indenture and the preparation and delivery of an Officer's Certificate and the obtaining of the Opinion of Counsel and the Independent Certificate relating thereto (Section 4.01);

(xxi) the compliance with any directive of the Indenture Trustee with respect to the sale of the Collateral if an Event of Default shall have occurred and be continuing and the Notes have been accelerated (Section 5.05);

(xxii) the preparation and delivery of an Officer's Certificate to be delivered to the Indenture Trustee and the deliverance of such Officer's Certificate to the Noteholders (Section 6.03(b));

(xxiii) the removal of the Indenture Trustee, if necessary and in compliance with the Indenture, and the appointment of a successor (Section 6.08);

(xxiv) the preparation and delivery of various reports to be filed with the Indenture Trustee and the Commission, as applicable (Section 7.03);

(xxv) the preparation of an Issuer Order and Officer's Certificate and the obtaining of an Opinion of Counsel and Independent Certificates, if necessary, for the release of the Collateral (Sections 8.09 and 8.10);

(xxvi) the preparation and delivery of Issuer Orders, agreements, certificates, instruments, consents and other documents and the obtaining of Opinions of Counsel with respect to the execution of supplemental indentures (Sections 3.07(f), 10.01, 10.02 and 10.03);

(xxvii) the execution of new Notes conforming to any supplemental indenture (Section 10.06);

(xxviii) in connection with a Defeasance, compliance with the provisions of Section 11.04 of the Master Indenture (Section 11.04);

(xxix) the preparation of all Officers' Certificates, Opinions of Counsel and, if necessary, Independent Certificates with respect to any requests by the Issuer to the Indenture Trustee to take any action under the Indenture (Section 12.01(a));

(xxx) the preparation and delivery of Officers' Certificates and the obtaining of Independent Certificates, if necessary, in connection with the deposit of any Collateral or other property or securities with the Indenture Trustee that is to be made the basis for the release of property from the lien of the Indenture (Section 12.01(b));

(xxxi) the preparation and delivery to Noteholders and the Indenture Trustee of any agreements with respect to alternate payment and notice provisions (Section 12.06); and

(xxxii) compliance with the provisions of the Transfer and Servicing Agreement, Indenture Supplement and Trust Agreement applicable to the Issuer.

(b) Additional Duties.

(i) In addition to the duties of the Administrator set forth above, but subject to Sections 1.02(c)(ii) and 1.06, the Administrator shall perform all duties and obligations of the Issuer under the Related Agreements and shall perform such calculations and shall prepare for execution by the Issuer and shall cause the preparation by other appropriate persons of all such documents, reports, filings, instruments, certificates and opinions as it shall be the duty of the Issuer or the Owner Trustee to prepare, file or deliver pursuant to the Related Agreements and shall administer the Trust in the interest of the holders of the Notes and the Transferor Certificates and at the request of the Issuer shall take all appropriate action that is the duty of the Issuer or the Owner Trustee to take pursuant to

the Related Agreements. Subject to Sections 1.02(c)(ii) and 1.06, and in accordance with the directions of the Issuer, the Administrator shall administer, perform or supervise the performance of such other activities in connection with the Collateral (including the Related Agreements) as are not covered by any of the foregoing provisions and as are expressly requested by the Owner Trustee and are reasonably within the capability of the Administrator.

(ii) The Administrator shall perform any duties expressly required to be performed by the Administrator under the Trust Agreement.

(iii) In carrying out the foregoing duties or any of its other obligations under this Agreement, the Administrator may enter into transactions with or otherwise deal with any of its Affiliates; provided, however, that the terms of any such transactions or dealings shall be in accordance with any directions received from the Issuer and shall be, in the Administrator's opinion, no less favorable to the Issuer than would be available from unaffiliated parties.

(iv) It is the intention of the parties hereto that the Administrator shall, and the Administrator hereby agrees to, prepare, file and deliver on behalf of the Issuer all such documents, reports, filings, instruments, certificates and opinions as it shall be the duty of the Issuer to prepare, file or deliver pursuant to the Related Agreements. In furtherance thereof, the Owner Trustee shall, on behalf of the Issuer, execute and deliver to the Administrator and its agents, and to each successor Administrator appointed pursuant to the terms hereof, one or more powers of attorney substantially in the form of Exhibit A hereto, appointing the Administrator the attorney-in-fact of the Issuer for the purpose of executing on behalf of the Issuer all such documents, reports, filings, instruments, certificates and opinions.

(c) Non-Ministerial Matters.

(i) With respect to matters that in the reasonable judgment of the Administrator are non-ministerial, the Administrator shall not take any action unless within a reasonable time before the taking of such action, the Administrator shall have notified the Transferor of the proposed action and the Transferor shall not have withheld consent or provided an alternative direction. For the purpose of the preceding sentence, "non-ministerial matters" shall include:

(A) the amendment of or any supplement to the Indenture;

(B) the initiation of any claim or lawsuit by the Issuer and the compromise of any action, claim or lawsuit brought by or against the Issuer (other than in connection with the collection or enforcement of the Collateral);

(C) the amendment, change or modification of the Related Agreements;

(D) the appointment of each successor Transfer Agent and Registrar, each successor Paying Agent and each successor Indenture Trustee pursuant to

the Indenture or the appointment of successor Administrators, or the consent to the assignment by each of the Transfer Agent and Registrar, Paying Agent or Indenture Trustee of its obligations under the Indenture; and

(E) the removal of the Indenture Trustee.

(ii) Notwithstanding anything to the contrary in this Agreement, the Administrator shall not be obligated to, and shall not, (A) make any payments from its own funds to the Noteholders, the Owner or any other Person under the Related Agreements, (B) sell the Collateral pursuant to Section 5.05 of the Master Indenture other than pursuant to a written directive of the Indenture Trustee or (C) take any other action that the Issuer directs the Administrator not to take on its behalf.

Section 1.03. Records. The Administrator shall maintain appropriate books of account and records relating to services performed hereunder, which books of account and records shall be accessible for inspection by the Issuer, the Owner Trustee, the Indenture Trustee, the Servicer and the Transferor at any time during normal business hours.

Section 1.04. Compensation. As compensation for the performance of the Administrator's obligations under this Agreement, the Administrator shall be entitled to $100 per month which shall be payable in accordance with Section 3.01(e) of the Transfer and Servicing Agreement. The Transferor shall be responsible for payment of the Administrator's fees (to the extent not paid pursuant to Section 3.01(e) of the Transfer and Servicing Agreement).

Section 1.05. Additional Information to be Furnished to Issuer. The Administrator shall furnish to the Issuer from time to time such additional information regarding the Collateral as the Issuer shall reasonably request.

Section 1.06. Independence of Administrator. For all purposes of this Agreement, the Administrator shall be an independent contractor and shall not be subject to the supervision of the Issuer or the Owner Trustee with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by the Issuer, the Administrator shall have no authority to act for or represent the Issuer or the Owner Trustee in any way and shall not otherwise be deemed an agent of the Issuer or the Owner Trustee.

Section 1.07. No Joint Venture. Nothing contained in this Agreement shall (i) constitute the Administrator and either of the Issuer or the Owner Trustee as members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (ii) be construed to impose any liability as such on any of them or (iii) be deemed to confer on any of them any express, implied or apparent authority to incur any obligation or liability on behalf of the others.

Section 1.08. Other Activities of Administrator. Nothing herein shall prevent the Administrator or its Affiliates from engaging in other businesses or, in its sole discretion, from acting in a similar capacity as an administrator for any other Person or entity even though such Person or entity may engage in business activities similar to those of the Issuer, the Owner Trustee or the Indenture Trustee.

Section 1.09. Term of Agreement; Resignation and Removal of Administrator.

(a) This Agreement shall continue in force until the termination of the Issuer, upon which event this Agreement shall automatically terminate.

(b) Subject to Sections 1.09(e) and (f), the Administrator may resign its duties hereunder by providing the Issuer with at least 60 days' prior written notice.

(c) Subject to Sections 1.09(e) and (f), the Issuer may remove the Administrator without cause by providing the Administrator with at least 60 days' prior written notice.

(d) Subject to Sections 1.09(e) and (f), at the sole option of the Issuer, the Administrator may be removed immediately upon written notice of termination from the Issuer to the Administrator if any of the following events shall occur:

(i) the Administrator shall default in the performance of any of its duties under this Agreement and, after notice of such default, shall not cure such default within 30 days (or, if such default cannot be cured in such time, shall not give within 30 days such assurance of cure as shall be reasonably satisfactory to the Issuer);

(ii) a court having jurisdiction in the premises shall enter a decree or order for relief, and such decree or order shall not have been vacated within 60 days, in respect of the Administrator in any involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or appoint a receiver, conservator, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Administrator or any substantial part of its property or order the winding-up or liquidation of its affairs; or

(iii) the Administrator shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Administrator or any substantial part of its property, shall consent to the taking of possession by any such official of any substantial part of its property, shall make any general assignment for the benefit of creditors, shall admit in writing its inability to pay its debts generally as they become due or shall fail generally to pay its debts as they become due.

The Administrator agrees that if any of the events specified in clause (ii) or (iii) above shall occur, it shall give written notice thereof to the Issuer and the Indenture Trustee within seven days after the happening of such event.

(e) No resignation or removal of the Administrator pursuant to this Section shall be effective until (i) a successor Administrator shall have been appointed by the Issuer and (ii) such successor Administrator shall have agreed in writing to be bound by the terms of this Agreement in the same manner as the Administrator is bound hereunder.

(f) The appointment of any successor Administrator shall be effective only after satisfaction of the Rating Agency Condition with respect to the proposed appointment.

Section 1.10. Action upon Termination, Resignation or Removal. Promptly upon the effective date of termination of this Agreement pursuant to Section 1.09(a) or the resignation or removal of the Administrator pursuant to Sections 1.09(b), (c) or (d), respectively, the Administrator shall be entitled to be paid all fees and reimbursable expenses accruing to it pursuant to Section 1.04 of this Agreement and Section 3.01(e) of the Transfer and Servicing Agreement to the date of such termination, resignation or removal. The Administrator shall forthwith upon such termination pursuant to Section 1.09(a) deliver to the Transferor all property and documents of or relating to the Collateral then in the custody of the Administrator. In the event of the resignation or removal of the Administrator pursuant to Sections 1.09(b), (c) or (d), respectively, the Administrator shall cooperate with the Issuer and take all reasonable steps requested to assist the Issuer in making an orderly transfer of the duties of the Administrator.

Section 1.11. Notices. Any notice, report or other communication given hereunder shall be in writing and addressed as follows:

If to the Issuer or the Owner Trustee, to

Nordstrom Credit Card Master Note Trust
c/o Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890-0001
Attention: Corporate Trust Administration
(facsimile no. (302) 636-4140)

If to the Administrator, to

Nordstrom fsb
7320 East Butherus Drive, Suite 100
Scottsdale, Arizona 85260-2438
(facsimile no. (303) 397-4488)

If to the Indenture Trustee, to

Wells Fargo Bank Minnesota, National Association
Wells Fargo Corporate Trust
Asset Backed Securities
625 Marquette Avenue, MAC N9311-161
Minneapolis, Minnesota 55480
(facsimile no. (612) 667-3464)

If to the Transferor, to

Nordstrom Credit Card Receivables LLC
13531 East Caley Avenue
Englewood, Colorado 80111
(facsimile no. (303) 397-4488)

or to such other address as any party shall have provided to the other parties in writing. Any notice required to be in writing hereunder shall be deemed given if personally delivered at, mailed by registered mail, return receipt requested, or sent by facsimile transmission, as provided above.

Section 1.12. Amendments. This Agreement may be amended from time to time, by a written amendment duly executed and delivered by the Issuer and the Administrator, as acknowledged and accepted by the Transferor, with the written consent of the Owner Trustee (as such and in its individual capacity), without the consent of any of the Noteholders or the Owner, to cure any ambiguity, to correct or supplement any provisions in this Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or modifying in any manner the rights of the Noteholders or Owner; provided, however, that (i) such amendment will not, as evidenced by an Officer's Certificate of the Administrator addressed and delivered to the Owner Trustee, materially and adversely affect the interests of any Noteholder or the Owner and (ii) the Rating Agency Condition will have been satisfied with respect to such amendment.

This Agreement may also be amended from time to time, by a written amendment duly executed and delivered by the Issuer, the Administrator and the Transferor, with the written consent of the Owner Trustee (as such and in its individual capacity), the Noteholders evidencing not less than a majority in the Outstanding Amount and the Owner, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or modifying in any manner the rights of Noteholders or the Owner; provided, however, that, without the consent of the Holders of all of the Notes then Outstanding, no such amendment shall (i) increase or reduce in any manner the amount of, or accelerate or delay the timing of, collections of payments on the Receivables or distributions that are required to be made for the benefit of the Noteholders or (ii) reduce the aforesaid portion of the Outstanding Amount of the Notes of all Series, the Holders of which are required to consent to any such amendment.

Prior to the execution of any such amendment or consent, the Administrator shall furnish written notification of the substance of such amendment or consent to each Rating Agency. Promptly after the execution of any such amendment or consent, the Administrator shall furnish written notification of the substance of such amendment or consent to the Indenture Trustee.

It shall not be necessary for the consent of Noteholders pursuant to this Section to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof.

Section 1.13. Successors and Assigns. This Agreement may not be assigned by the Administrator unless such assignment is previously consented to in writing by the Issuer, the Transferor and the Owner Trustee (as such and in its individual capacity) and subject to the satisfaction of the Rating Agency Condition in respect thereof. An assignment with such consent and satisfaction, if accepted by the assignee, shall bind the assignee hereunder in the same manner as the Administrator is bound hereunder. Notwithstanding the foregoing, upon notice to the Rating Agencies, this Agreement may be assigned by the Administrator without the consent of the Issuer, the Transferor, the Owner Trustee or the Rating Agencies to a corporation or other organization that is a successor (by merger, consolidation or purchase of assets) to the

Administrator, provided that such successor organization executes and delivers to the Issuer, the Transferor and the Owner Trustee an agreement in which such corporation or other organization agrees to be bound hereunder by the terms of said assignment in the same manner as the Administrator is bound hereunder. Subject to the foregoing, this Agreement shall bind any successors or assigns of the parties hereto.

Section 1.14. GOVERNING LAW. THIS AGREEMENT AND EACH NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 1.15. Effect of Headings and Table of Contents. The headings herein and Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.16. Counterparts. This Agreement may be executed in counterparts, each of which when so executed shall together constitute but one and the same agreement.

Section 1.17. Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions and terms of this Agreement and shall in no way affect the validity or enforceability of the other covenants, agreements, provisions and terms of this Agreement.

Section 1.18. Not Applicable to Nordstrom fsb in Other Capacities. Nothing in this Agreement shall affect any obligation Nordstrom fsb may have in any other capacity, other than as Administrator.

Section 1.19. Limitation of Liability of Owner Trustee. Notwithstanding anything contained herein to the contrary, this instrument has been signed by Wilmington Trust Company not in its individual capacity but solely in its capacity as Owner Trustee of the Issuer and in no event shall Wilmington Trust Company in its individual capacity or any beneficial owner of the Issuer have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder, as to all of which recourse shall be had solely to the assets of the Issuer. For all purposes of this Agreement, in the performance of any duties or obligations hereunder, the Owner Trustee (as such or in its individual capacity) shall be subject to, and entitled to the benefits of, the terms and provisions of the Trust Agreement.

Section 1.20. Third-Party Beneficiary. The Owner Trustee is a third-party beneficiary to this Agreement and is entitled to the rights and benefits hereunder and may enforce the provisions hereof as if it were a party hereto.

Section 1.21. Nonpetition Covenant. Notwithstanding any prior termination of this Agreement, to the fullest extent permitted by law, the Administrator shall not at any time with respect to the Issuer or the Transferor acquiesce, petition or otherwise invoke or cause the Issuer or the Transferor to invoke the process of any court or government authority for the purpose of

commencing or sustaining a case against the Issuer or the Transferor under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, conservator, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or the Transferor or any substantial part of its property or ordering the winding up or liquidation of the affairs of the Issuer or the Transferor; provided, however, that this Section shall not operate to preclude any remedy described in Article Five of the Master Indenture.

Section 1.22. Successor Administrator. In the event of a servicing transfer pursuant to Article Seven of the Transfer and Servicing Agreement, the successor servicer under the Transfer and Servicing Agreement shall, upon the date of such servicing transfer, become the successor Administrator hereunder. "Administrator" shall mean initially Nordstrom fsb and thereafter its permitted successor and assigns as provided in Section 1.13 or any successor Administrator as provided in this Section.

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

NORDSTROM CREDIT CARD MASTER NOTE TRUST,
as Issuer

By: WILMINGTON TRUST COMPANY,
not in its individual capacity,
but solely as Owner Trustee

By: /s/ James P. Lawler

Name: James P. Lawler
Title: Vice-President

NORDSTROM fsb,
as Administrator

By: /s/ Denny D. Dumler

Name: Denny D. Dumler
Title: President

Acknowledged and Accepted:

NORDSTROM CREDIT CARD RECEIVABLES LLC,
as Transferor

By: /s/ Kevin T. Knight

Name: Kevin T. Knight
Title: President

EXHIBIT A

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that Nordstrom Credit Card Master Note Trust, a Delaware business trust (the "Trust"), does hereby make, constitute and appoint Nordstrom fsb, as Administrator under the Administration Agreement (as defined below), and its agents and attorneys, as Attorneys-in-Fact to execute on behalf of the Trust all such documents, reports, filings, instruments, certificates, notices and opinions as it shall be the duty of the Trust to prepare, file or deliver pursuant to the Related Agreements, including, without limitation, to appear for and represent the Trust in connection with the preparation, filing and audit of federal, state and local tax returns pertaining to the Trust, and with full power to perform any and all acts associated with such returns and audits that the Trust could perform, including without limitation, the right to distribute and receive confidential information, defend and assert positions in response to audits, initiate and defend litigation, and to execute waivers of restriction on assessments of deficiencies, consents to the extension of any statutory or regulatory time limit, and settlements. For the purpose of this Power of Attorney, the term "Administration Agreement" means the administration agreement, dated as of April 1, 2002, between the Trust and Nordstrom fsb, as administrator (the "Administrator"), as amended from time to time.

This power of attorney is coupled with an interest and shall survive and not be affected by the subsequent bankruptcy or dissolution of the Trust.

All powers of attorney for this purpose heretofore filed or executed by the Trust are hereby revoked.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Administration Agreement.

EXECUTED this ____ day of ____, 2002.

NORDSTROM CREDIT CARD MASTER NOTE TRUST

By: WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee

By: _____
Name:
Title:

Exhibit 10.41

NORDSTROM CREDIT CARD RECEIVABLES LLC,
as Transferor,

and

WILMINGTON TRUST COMPANY,
as Owner Trustee

AMENDED AND RESTATED TRUST AGREEMENT
Dated as of April 1, 2002

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AMENDED AND RESTATED TRUST AGREEMENT

This Amended and Restated Trust Agreement, dated as of April 1, 2002, is between Nordstrom Credit Card Receivables LLC, a Delaware limited liability company, as Transferor, and Wilmington Trust Company, a Delaware banking corporation, as Owner Trustee.

ARTICLE ONE

DEFINITIONS

Section 1.01. Capitalized Terms. Whenever used in this Agreement, the following words and phrases shall have the meanings set forth below:

"Administration Agreement" means the administration agreement, dated as of April 1, 2002, between the Issuer and the Bank, as amended or supplemented from time to time.

"Administrator" means the Bank, in its capacity as Administrator under the Administration Agreement, or any successor in such capacity.

"Agreement" means this Amended and Restated Trust Agreement, as amended or supplemented from time to time.

"Bank" means Nordstrom fsb and its successors.

"Business Trust Statute" means Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. Section 3801, et seq., as amended or supplemented from time to time.

"Certificate of Trust" means the Certificate of Trust in the form attached hereto as Exhibit C which has been filed for the Trust pursuant to Section 3810(a) of the Business Trust Statute.

"Certificateholder" means a holder of a Certificate.

"Certificates" means, unless otherwise indicated, the Transferor Certificates, the Supplemental Certificates and the Ownership Interest Certificate.

"Closing Date" means May 1, 2002.

"Corporate Trust Office" means, with respect to the Owner Trustee, the principal corporate trust office of the Owner Trustee located at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration (facsimile no. (302) 636-4140); or such other address as the Owner Trustee may designate by notice to the Transferor, or the principal corporate trust office of any successor Owner Trustee (the address of which the successor Owner Trustee will notify the Owner and the Transferor).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Expenses" means any and all liabilities, obligations, losses, damages, taxes, claims, actions and suits, and any and all reasonable costs, expenses and disbursements (including reasonable legal fees and expenses) of any kind and nature whatsoever.

"Indemnified Parties" means the Owner Trustee and its successors, assigns, directors, officers, agents, employees and servants.

"Indenture" means the Master Indenture, as supplemented by the related Indenture Supplement, as the same may be amended, supplemented or otherwise modified from time to time.

"Indenture Supplement" means the indenture supplement pursuant to which a Series is issued.

"Indenture Trustee" means Wells Fargo Bank Minnesota, National Association, not in its individual capacity but solely as Indenture Trustee under the Master Indenture, and its successors.

"Issuer" means the Trust.

"Master Indenture" means the master indenture, dated as of April 1, 2002, between the Trust and the Indenture Trustee, as amended, supplemented or otherwise modified from time to time.

"Offered Notes" has the meaning set forth in the related Indenture.

"Owner" means the Transferor in its capacity as beneficial owner of the Trust hereunder, and its successors.

"Owner Trustee" means Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee under this Agreement, and its successors.

"Ownership Interest Certificate" means the certificate evidencing the beneficial ownership interest of the Owner in the Trust, substantially in the form attached hereto as Exhibit A.

"Secretary of State" means the Secretary of State of the State of Delaware or any successor thereto.

"Supplemental Certificate" has the meaning specified in Section 3.06(b).

"Transfer and Servicing Agreement" means the transfer and servicing agreement, dated as of April 1, 2002, among the Issuer, the Transferor, the Indenture Trustee and the Bank, as amended or supplemented from time to time.

"Transferor" means Nordstrom Credit Card Receivables LLC, and its successors.

"Transferor Certificate Supplement" has the meaning specified in Section 3.06(b).

"Transferor Certificates" means the certificates executed by the Owner Trustee on behalf of the Trust and authenticated by or on behalf of the Owner Trustee, substantially in the form attached hereto as Exhibit B.

"Trust" means Nordstrom Credit Card Master Note Trust.

"Trust Assets" has the meaning set forth in the Transfer and Servicing Agreement.

"Trust Termination Date" means the day on which the rights of all Series of Notes to receive payment from the Trust have terminated.

Section 1.02. Other Definitional Provisions. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Transfer and Servicing Agreement or in the Indenture, as the case may be.

(a) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(b) As used in this Agreement and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Agreement or in any such certificate or other document, and accounting terms partly defined in this Agreement or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under GAAP. To the extent that the definitions of accounting terms in this Agreement or in any such certificate or other document are inconsistent with the meanings of such terms under GAAP, the definitions contained in this Agreement or in any such certificate or other document shall control.

(c) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, (i) terms used herein include, as appropriate, all genders and the plural as well as the singular, (ii) references to this Agreement include all Exhibits hereto, (iii) references to words such as "herein", "hereof" and the like shall refer to this Agreement as a whole and not to any particular part, Article or Section within this Agreement, (iv) references to an Article or Section such as "Article One" or "Section 1.01" and the like shall refer to the applicable Article or Section of this Agreement, (v) the term "include" and all variations thereof shall mean "include without limitation", (vi) the term "or" shall include "and/or" and (vii) the term "proceeds" shall have the meaning ascribed to such term in the UCC.

ARTICLE TWO

ORGANIZATION

Section 2.01. Name. The Trust continued hereby shall be known as "Nordstrom Credit Card Master Note Trust", in which name the Trust and the Owner Trustee on behalf of the Trust shall each have power and authority and is hereby authorized and empowered to and may conduct the business of the Trust and may engage in the activities permitted in this Agreement, make and execute contracts and other instruments on behalf of the Trust and sue and be sued, to the extent provided herein. This Agreement amends and restates in its entirety the trust agreement dated March 25, 2002, between the Transferor and the Owner Trustee.

Section 2.02. Office. The office of the Trust shall be in care of the Owner Trustee at the Corporate Trust Office or at such other address in the State of Delaware as the Owner Trustee may designate by written notice to the Owner, the Indenture Trustee and the Transferor.

Section 2.03. Purpose and Powers. The sole purpose of the Trust is to engage in the activities set forth in this Section. The Trust shall have power and authority and is hereby authorized and empowered, without the need for further action on the part of the Trust, and the Owner Trustee shall have power and authority, and is hereby authorized and empowered, in the name and on behalf of the Trust, to do or cause to be done all acts and things necessary, appropriate or convenient to cause the Trust to engage in the activities set forth in this Section as follows:

(i) to execute, deliver and issue the Notes pursuant to the Indenture and the Certificates pursuant to this Agreement, and to sell the Notes upon the written order of the Transferor;

(ii) with the net proceeds of the sale of the Notes, to acquire the Trust Assets and to pay transactional expenses;

(iii) to pay interest on and principal of the Notes and the Certificates and any excess collections to the Transferor, as holder of the Transferor Certificate pursuant to the Series 2002-1 Indenture Supplement;

(iv) to assign, grant, pledge and mortgage the Collateral pursuant to the Indenture to the Indenture Trustee as security for the Notes and to hold, manage and distribute to the Transferor, the Owner or the Noteholders pursuant to the terms of this Agreement and the Transaction Documents any portion of the Collateral released from the lien of, and remitted to the Trust pursuant to, the Indenture;

(v) to enter into, execute, deliver and perform the Transaction Documents to which it is to be a party;

(vi) to engage in those activities, including entering into agreements, that are necessary, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith; and

(vii) subject to compliance with the Transaction Documents, to engage in such other activities as may be required in connection with conservation of the Trust Assets and the making of payments to the Noteholders and the Certificateholders and distributions to the Transferor.

Notwithstanding the grant of power and authority to the Owner Trustee set forth herein, the Transferor may, in its sole discretion, sign and file registration statements on behalf of the Trust under the Securities Act, registering the offer and sale of Notes or Certificates issued by the Trust and periodic reports relating to such Notes or Certificates required to be filed under the Exchange Act, and the rules and regulations of the Commission thereunder. Furthermore, the Trust shall not have power, authority or authorization to, and shall not, engage in any activity other than in connection with the foregoing or other than as required or authorized by the terms of this Agreement or the other Transaction Documents.

Section 2.04. Appointment of Owner Trustee. The Transferor hereby appoints the Owner Trustee as trustee of the Trust effective as of the date hereof, to have all the rights, powers and duties set forth herein and, to the extent not inconsistent herewith, in the Business Trust Statute, and the Owner Trustee hereby accepts such appointment.

Section 2.05. Initial Capital Contribution of Trust Assets. The Transferor hereby sells, assigns, transfers, conveys and sets over to the Owner Trustee, as of the date hereof, the sum of $10.00. The Owner Trustee hereby acknowledges receipt in trust from the Transferor, as of such date, of the foregoing contribution, which shall constitute the initial Trust Assets and shall be held by the Owner Trustee. The Transferor shall pay the organizational expenses of the Trust as they may arise or shall, upon the request of the Owner Trustee, promptly reimburse the Owner Trustee for any such expenses paid by the Owner Trustee.

Section 2.06. Declaration of Trust. The Owner Trustee hereby declares that it will hold the Trust Assets in trust upon and subject to the conditions set forth herein for the use and benefit of the Certificateholders, who are intended to be "beneficial owners" within the meaning of the Business Trust Statute subject to the obligations of the Trust under the Transaction Documents. It is the intention of the parties hereto that the Trust constitute a business trust under the Business Trust Statute and that this Agreement constitute the governing instrument of such business trust. The parties hereto agree that they will take no action contrary to the foregoing intention. Effective as of the date hereof, the Owner Trustee shall have all rights, powers and duties set forth herein and, to the extent not inconsistent herewith, in the Business Trust Statute with respect to accomplishing the purposes of the Trust.

Section 2.07. Title to Trust Property. Legal title to the Trust Assets shall be vested at all times in the Trust as a separate legal entity except where applicable law in any jurisdiction requires title to any part of the Trust Assets to be vested in a trustee or trustees, in which case title shall be deemed to be vested in the Owner Trustee, a co-trustee and/or a separate trustee, as the case may be.

Section 2.08. Situs of Trust. The Trust will be located in Delaware and administered in the State of Delaware and the location of the Administrator. All bank accounts maintained by the Owner Trustee on behalf of the Trust shall be located in Washington, Colorado, Delaware or

New York. The Trust shall not have any employees in any State other than Delaware; provided, however, that nothing herein shall restrict or prohibit the Owner Trustee from having employees within or without the State of Delaware. Payments will be received by the Trust only in Washington, Colorado, Delaware or New York, and payments will be made by the Trust only in such States. The only office of the Trust will be at the Corporate Trust Office.

Section 2.09. Representations and Warranties of Transferor. The Transferor hereby represents and warrants to the Owner Trustee that:

(a) The Transferor is a limited liability company duly organized and validly existing in good standing under the laws of the State of Delaware, with power, authority and legal right to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted, and had at all relevant times, and has, power, authority and legal right to acquire, own and sell the Receivables.

(b) The Transferor is duly qualified to do business as a limited liability company and is in good standing and has obtained all necessary licenses and approvals in each jurisdiction in which the failure to so qualify or to obtain such licenses and approvals would materially and adversely affect the performance by the Transferor of its obligations under, or the validity or enforceability of, this Agreement, any of the other Transaction Documents to which it is a party, the Receivables, the Notes or the Certificates.

(c) The Transferor has (i) the power and authority to execute and deliver this Agreement and to carry out its terms, (ii) the power and authority to transfer the Owner Trust Assets to and deposit the same with the Trust, (iii) duly authorized such transfer and deposit to the Trust by all necessary action and (iv) duly authorized the execution, delivery and performance of this Agreement by all necessary action.

(d) Each of this Agreement and the other Transaction Documents to which it is a party constitutes a legal, valid and binding obligation of the Transferor, enforceable in accordance with its terms, except as such enforceability may be subject to or limited by bankruptcy, liquidation, insolvency, reorganization, moratorium, liquidation, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity, regardless of whether such enforceability shall be considered in a proceeding in equity or in law.

(e) The execution, delivery and performance by the Transferor of this Agreement and the other Transaction Documents to which the Transferor is a party, the consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof do not conflict with, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the limited liability company agreement of the Transferor, or conflict with or violate any of the material terms or provisions of, or constitute (with or without notice or lapse of time) a default under, any indenture, agreement or other instrument to which the Transferor is a party or by which it is bound; nor result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other

instrument (other than pursuant to the Transaction Documents); nor violate any law or, to the best of the Transferor's knowledge, any order, rule or regulation applicable to the Transferor of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Transferor or its properties; which breach, default, conflict, Lien or violation would have a material adverse effect on the earnings, business affairs or business prospects of the Transferor.

(f) There are no proceedings or investigations pending or, to the Transferor's knowledge, threatened, before any court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Transferor or its properties: (i) asserting the invalidity of this Agreement, any of the other Transaction Documents, the Notes or the Certificates, (ii) seeking to prevent the issuance of the Notes or the Certificates or the consummation of any of the transactions contemplated by this Agreement and any of the other Transaction Documents or (iii) seeking any determination or ruling that might materially and adversely affect the performance by the Transferor of its obligations under, or the validity or enforceability of, this Agreement, any of the other Transaction Documents, the Receivables, the Notes or the Certificates.

Section 2.10. Liability of Certificateholders. The Certificateholders shall be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware.

ARTICLE THREE

CERTIFICATES

Section 3.01. Initial Ownership. The Owner as the holder of the Ownership Interest Certificate, and each Transferor, as the holder of a Transferor Certificate, (i) shall be the only beneficial owners of the Trust and (ii) shall be bound by the provisions of this Trust Agreement.

Section 3.02. Form of Certificates.

(a) The Ownership Interest Certificate shall be issued in registered form in substantially the form attached hereto as Exhibit A and initially registered as provided in Annex 1 to Exhibit A. A Transferor Certificate shall be issued in registered form in substantially the form attached hereto as Exhibit B and initially registered as provided in Annex 1 to Exhibit B.

(b) The Certificates shall be executed by manual or facsimile signature of the Owner Trustee. The Certificates bearing the manual or facsimile signatures of individuals who were, at the time when such signatures shall have been affixed, authorized to sign on behalf of the Trust, shall, when duly authenticated pursuant to Section 3.03, be validly issued and fully paid undivided beneficial interests in the assets of the Trust and entitled to the benefits of this Agreement, notwithstanding that such individuals or any of them shall have ceased to be so authorized prior to the authentication and delivery of the Certificates or did not hold such offices at the date of authentication and delivery of the Certificates.

Section 3.03. Authentication of Certificates. On the Initial Closing Date, the Owner Trustee shall execute, authenticate and deliver the Ownership Interest Certificate and the Transferor Certificate upon the written order of the Transferor, signed by its chairman of the board, its president, any vice president, secretary, any assistant treasurer or any authorized signatory, without further corporate action by the Transferor. No Certificate shall be entitled to any benefit under this Agreement, or be valid for any purpose, unless there appears on such Certificate a certificate of authentication substantially in the form set forth in Exhibits A and B, respectively, executed by the Owner Trustee by the manual signature of a duly authorized signatory, and such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated, validly issued and delivered hereunder. Each Certificate shall be dated the date of its authentication. Upon issuance, execution, authentication and delivery pursuant to the terms hereof, the Certificateholders shall be entitled to the benefits of this Agreement.

Section 3.04. Restrictions on Transfer. Except to the extent set forth in Section 2.07(c) of the Transfer and Servicing Agreement, to the fullest extent permitted by applicable law, the Certificates (or any interest therein) may not be sold, transferred, assigned, participated, pledged or otherwise disposed of to any Person; provided, however, subject to Section 3.06, a Certificate (or any interest therein) may be sold, transferred, assigned, participated, pledged or otherwise disposed of if the transferor thereof has provided the Owner Trustee and the Indenture Trustee with a Tax Opinion relating to such sale, transfer, assignment, participation, pledge or other disposition. The Transferor Certificates may not be purchased by or transferred to any

"employee benefit plan" within the meaning of Section 3(3) of ERISA (whether or not subject to ERISA, and including foreign or government plans) or any "plan" described in Section 4975(e)(1) of the Code, or any entity whose underlying assets include "plan assets" of any of the foregoing by reason of a plan's investment in such entity.

Section 3.05. Mutilated, Destroyed, Lost or Stolen Certificate. If (i) a mutilated Certificate shall be surrendered to the Owner Trustee, or if the Owner Trustee shall receive evidence to its satisfaction of the destruction, loss or theft of a Certificate and (ii) there shall be delivered to the Owner Trustee (as such and in its individual capacity) such security or indemnity as may be required by it to save it harmless, then the Owner Trustee on behalf of the Trust shall execute and the Owner Trustee shall authenticate and deliver, in exchange for or in lieu of the mutilated, destroyed, lost or stolen Certificate, a new Certificate of like tenor and denomination. In connection with the issuance of any new Certificate under this Section, the Owner Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge or expense that may be imposed in connection therewith. Any duplicate Certificate issued pursuant to this Section shall constitute conclusive evidence of ownership in the Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

Section 3.06. Issuance of New Transferor Certificates.

(a) Taken together, the Transferor Certificates shall represent an undivided beneficial interest in the Trust Assets, subject to the Lien of the Indenture Trustee as provided in the Indenture, including the right to receive Collections with respect to the Receivables and other amounts at the times and in the amounts specified in the Master Indenture and any Indenture Supplement to be paid to the Transferor on behalf of all holders of the Transferor Certificates.

(b) At any time the Transferor may surrender its Transferor Certificate to the Owner Trustee in exchange for a newly issued Transferor Certificate and a second certificate (a "Supplemental Certificate"), the form and terms of which shall be defined in a supplement (a "Transferor Certificate Supplement") to this Agreement (which Transferor Certificate Supplement shall be subject to Section 11.01 to the extent that it amends any of the terms of this Agreement) to be delivered to or upon the order of the Transferor. The issuance of any such Supplemental Certificate shall be subject to satisfaction of the following conditions:

(i) on or before the fifth day immediately preceding the Transferor Certificate surrender and exchange, the Transferor shall have given the Owner Trustee, the Servicer, the Indenture Trustee and each Rating Agency notice (unless such notice requirement is otherwise waived) of such Transferor Certificate surrender and exchange;

(ii) the Transferor shall have delivered to the Owner Trustee and the Indenture Trustee any related Transferor Certificate Supplement in form satisfactory to the Owner Trustee and the Indenture Trustee, executed by each party hereto;

(iii) the Rating Agency Condition shall have been satisfied with respect to such Transferor Certificate surrender and exchange;

(iv) such surrender and exchange will not result in any Adverse Effect and the Transferor shall have delivered to the Owner Trustee and the Indenture Trustee an

Officer's Certificate, dated the date of such surrender and exchange to the effect that the Transferor reasonably believes that such surrender and exchange will not, based on the facts known to such officer at the time of such certification, have an Adverse Effect and that all other conditions to the issuance of such Supplemental Certificate have been satisfied;

(v) the Transferor shall have delivered to the Owner Trustee and Indenture Trustee (with a copy to each Rating Agency) a Tax Opinion, dated the date of such surrender and exchange with respect to such surrender and exchange; and

(vi) the aggregate amount of Principal Receivables as of the date of such surrender and exchange shall be greater than the Required Minimum Principal Balance as of the date of such surrender and exchange after giving effect to such surrender and exchange.

Any Supplemental Certificate held by any Person at any time after the date of its initial issuance may be transferred or exchanged only upon the delivery to the Owner Trustee and Indenture Trustee of a Tax Opinion dated as of the date of such transfer or exchange, as the case may be, with respect to such transfer or exchange.

ARTICLE FOUR

ACTIONS BY OWNER TRUSTEE

Section 4.01. Prior Notice to Owner and Transferor with Respect to Certain Matters. With respect to the following matters, unless otherwise instructed by the Transferor, the Trust shall not take action unless at least 30 days before the taking of such action the Owner Trustee shall have notified the Transferor in writing:

(a) the initiation of any claim or lawsuit by the Trust (except claims or lawsuits brought in connection with the collection of the Receivables) and the settlement of any action, claim or lawsuit brought by or against the Trust (except with respect to the aforementioned claims or lawsuits for collection of the Receivables brought by the Trust);

(b) the election by the Trust to file an amendment to the Certificate of Trust (unless such amendment is required to be filed under the Business Trust Statute);

(c) the amendment of the Master Indenture by a supplemental indenture or otherwise in circumstances where the consent of any Noteholder is required;

(d) the amendment of the Master Indenture by a supplemental indenture or any other Transaction Document to which the Trust is a party in circumstances where the consent of any Noteholder is not required and such amendment materially adversely affects the interest of the Certificateholders;

(e) the amendment, change or modification of the Administration Agreement, except to cure any ambiguity or to amend or supplement any provision in a manner or add any provision that would not materially adversely affect the interests of the Certificateholders; or

(f) the appointment pursuant to the Indenture of a replacement or successor Transfer Agent and Registrar, Administrator or Indenture Trustee, or the consent to the assignment by the Transfer Agent and Registrar, Administrator or Indenture Trustee of its obligations under the Indenture.

Section 4.02. Restrictions on Power.

(a) The Owner Trustee shall not be required to take or refrain from taking any action if such action or inaction would be contrary to any obligation of the Trust or the Owner Trustee under any of the Transaction Documents or would be contrary to Section 2.03.

(b) The Owner Trustee shall have no power to create, assume or incur indebtedness or other liabilities in the name of the Trust other than as contemplated in this Agreement, the Transfer and Servicing Agreement and the Indenture.

ARTICLE FIVE

AUTHORITY AND DUTIES OF OWNER TRUSTEE

Section 5.01. General Authority. The Owner Trustee shall administer the Trust in the interest of the Certificateholders, subject to the lien of the Indenture in accordance with this Agreement. Each of the Trust and the Owner Trustee in the name and on behalf of the Trust shall have power and authority, and is hereby authorized and empowered, to execute and deliver the Transaction Documents to which the Trust is to be a party and each certificate or other document attached as an exhibit to or contemplated by the Transaction Documents to which the Trust is to be a party, or any amendment thereto or other agreement, in each case in such form as the Transferor shall approve as evidenced conclusively by the Owner Trustee's execution thereof and the Transferor's execution of the related documents. In addition to the foregoing, the Owner Trustee in the name and on behalf of the Trust shall also have power and authority and is hereby authorized and empowered, but shall not be obligated, to take all actions required of the Trust pursuant to the Transaction Documents. The Owner Trustee in the name and on behalf of the Trust shall also have power and authority and is hereby authorized and empowered from time to time to take such action as the Transferor or the Administrator directs in writing with respect to the Transaction Documents.

Section 5.02. General Duties. Subject to Section 2.03, it shall be the duty of the Owner Trustee to discharge (or cause to be discharged) all of its responsibilities pursuant to the terms of this Agreement and to administer the Trust in the interest of the Transferor, subject to the Transaction Documents and in accordance with the provisions of this Agreement. Notwithstanding the foregoing, the Owner Trustee shall be deemed to have discharged (or caused to be discharged) its duties and responsibilities hereunder and under the other Transaction Documents to the extent the Administrator has agreed in the Administration Agreement or another Transaction Document to perform any act or to discharge any duty of the Owner Trustee or the Trust under any Transaction Document, and the Owner Trustee shall not be liable for the default or failure of the Administrator to carry out its obligations thereunder.

Section 5.03. Action Upon Instruction.

(a) The Owner Trustee shall not be required to take any action hereunder or under any other Transaction Document if the Owner Trustee shall have reasonably determined, or shall have been advised by counsel, that such action is likely to result in liability on the part of the Owner Trustee or is contrary to the terms of any Transaction Document or is otherwise contrary to law.

(b) Subject to Article Four, whenever the Owner Trustee is unable to decide between alternative courses of action permitted or required by the terms of any Transaction Document, the Owner Trustee shall promptly give notice (in such form as shall be appropriate under the circumstances) to the Transferor requesting instruction as to the course of action to be adopted, and to the extent the Owner Trustee acts or refrains from acting in good faith in accordance with any such instruction of the Transferor received, the Owner Trustee shall not be liable on account of such action or inaction to any Person. If the Owner Trustee shall not have received appropriate instruction within ten days of such notice (or within such shorter period of time as

reasonably may be specified in such notice or may be necessary under the circumstances) it may, but shall be under no duty to, take or refrain from taking such action, not in violation of the Transaction Documents, as it shall deem to be in the best interest of the Certificateholders, and shall have no personal liability to any Person for such action or inaction.

(c) Subject to Article Four, the event that the Owner Trustee is unsure as to the application of any provision of any Transaction Document or any such provision is ambiguous as to its application, or is, or appears to be, in conflict with any other applicable provision, or in the event that this Agreement permits any determination by the Owner Trustee or is silent or is incomplete as to the course of action that the Owner Trustee is required to take with respect to a particular set of facts, the Owner Trustee may give notice (in such form as shall be appropriate under the circumstances) to the Transferor requesting instruction and, to the extent that the Owner Trustee acts or refrains from acting in good faith in accordance with any such instruction received, the Owner Trustee shall not be liable, on account of such action or inaction, to any Person. If the Owner Trustee shall not have received appropriate instruction within ten days of such notice (or within such shorter period of time as reasonably may be specified in such notice or may be necessary under the circumstances) it may, but shall be under no duty to, take or refrain from taking such action, not in violation of the Transaction Documents, as it shall deem to be in the best interests of the Certificateholders, and shall have no liability to any Person for such action or inaction.

Section 5.04. No Duties Except as Specified in this Agreement or in Instructions. The Owner Trustee shall not have any duty or obligation to manage, make any payment with respect to, register, record, sell, dispose of, or otherwise deal with the Trust or the Trust Assets, or to otherwise take or refrain from taking any action under, or in connection with, this Agreement or any document contemplated hereby to which the Trust is a party, except as expressly provided by the terms of this Agreement or in any document or written instruction received by the Owner Trustee pursuant to Section 5.03; and no implied duties or obligations shall be read into any Transaction Document against the Owner Trustee. The Owner Trustee shall have no responsibility for any filing or recording, including filing any financing or continuation statement in any public office at any time or to otherwise perfect or maintain the perfection of any security interest or lien granted to it or the Trust hereunder or to prepare or file any Commission filing for the Trust or to record any Transaction Document. The Owner Trustee in its individual capacity nevertheless agrees that it will, at its own cost and expense, promptly take all action as may be necessary to discharge any Liens (other than the Lien of the Indenture) on any part of the Trust Assets that result from actions by, or claims against, the Owner Trustee in its individual capacity that are not related to the ownership or the administration of the Trust Assets or the transactions contemplated by the Transaction Documents.

Section 5.05. No Action Except under Specified Documents or Instructions. The Owner Trustee shall not manage, control, use, sell, dispose of or otherwise deal with any part of the Trust Assets except in accordance with (i) the powers granted to and the authority conferred upon the Owner Trustee pursuant to this Agreement, (ii) the Transaction Documents or (iii) any document or instruction delivered to the Owner Trustee pursuant to Section 5.03.

Section 5.06. Restrictions. The Owner Trustee shall not take any action (i) that would violate the purposes of the Trust set forth in Section 2.03 or (ii) that, to the actual knowledge of

the Owner Trustee, would result in the Trust becoming taxable as a corporation for federal income tax purposes. The Transferor shall not direct the Owner Trustee to take action that would violate the provisions of this Section.

ARTICLE SIX

CONCERNING THE OWNER TRUSTEE

Section 6.01. Acceptance of Trusts and Duties. The Owner Trustee accepts the trusts hereby created and agrees to perform its duties hereunder with respect to such trusts, but only upon the terms of this Agreement. The Owner Trustee also agrees to disburse all monies actually received by it constituting part of the Trust Assets upon the terms of this Agreement. The Owner Trustee shall not be answerable or accountable under any Transaction Document under any circumstances, except (i) for its own willful misconduct, bad faith or gross negligence in the performance of its duties or the omission to perform any such duties or (ii) in the case of the inaccuracy of any representation or warranty contained in Section 6.03 expressly made by the Owner Trustee in its individual capacity. In particular, but not by way of limitation (and subject to the exceptions set forth in the preceding sentence):

(a) the Owner Trustee shall not be liable for any error of judgment made in good faith by the Owner Trustee;

(b) the Owner Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the instructions of the Administrator or the Transferor;

(c) no provision of this Agreement or any other Transaction Document shall require the Owner Trustee to expend or risk its own funds or otherwise incur any financial liability in the exercise or performance of any of its duties, rights or powers hereunder or under any other Transaction Document, if the Owner Trustee shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured or provided to it;

(d) under no circumstances shall the Owner Trustee be liable for indebtedness evidenced by or arising under any of the Transaction Documents, including the principal of and interest on the Notes;

(e) the Owner Trustee shall not be responsible for or in respect of the validity or sufficiency of this Agreement, the due execution hereof by the Transferor or the form, character, genuineness, sufficiency, value or validity of any of the Trust Assets, the Transaction Documents, the Notes or the Certificates other than the genuineness of the Owner Trustee's signature on the Certificates and on the certificate of authentication on the Certificates, and the Owner Trustee shall in no event assume or incur any personal liability, duty or obligation to any Noteholder or to the Owner or any other Person, other than as expressly provided for herein or expressly agreed to in the other Transaction Documents;

(f) the Owner Trustee shall not be liable for the default or misconduct of the Transferor, the Servicer, the Administrator or the Indenture Trustee or any other Person under any of the Transaction Documents or otherwise, and the Owner Trustee shall have no obligation or personal liability to perform the obligations of the Trust under the

Transaction Documents, including those that are required to be performed by the Administrator under the Administration Agreement, the Indenture Trustee under the Indenture or the Servicer under the Transfer and Servicing Agreement;

(g) the Owner Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement, or to institute, conduct or defend any litigation under this Agreement or otherwise or in relation to this Agreement or any other Transaction Document, at the request, order or direction of the Transferor, unless the Transferor has offered to the Owner Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred by the Owner Trustee therein or thereby; the right of the Owner Trustee to perform any discretionary act enumerated in this Agreement or any other Transaction Document shall not be construed as a duty, and the Owner Trustee shall not be answerable or liable to any Person for any such act other than liability to the Trust and the beneficial owners of the Trust for its own gross negligence or willful misconduct in the performance of any such act or the omission to perform any such act; and

(h) notwithstanding anything contained herein to the contrary, the Owner Trustee shall not be required to take any action in any jurisdiction other than in the State of Delaware if the taking of such action will (i) require the registration with, licensing by or the taking of any other similar action in respect of, any state or other governmental authority or agency of any jurisdiction other than the State of Delaware by or with respect to the Owner Trustee, (ii) result in any fee, tax or other governmental charge under the laws of any jurisdiction or any political subdivision thereof in existence on the date hereof other than the State of Delaware becoming payable by the Owner Trustee or (iii) subject the Owner Trustee to personal jurisdiction in any jurisdiction other than the State of Delaware for causes of action arising from acts unrelated to the consummation of the transactions by the Owner Trustee contemplated hereby; the Owner Trustee shall be entitled to obtain advice of counsel (which advice shall be an expense of the Transferor) to determine whether any action required to be taken pursuant to the Agreement results in the consequences described in clauses (i), (ii) and (iii) of this subsection; and in the event that said counsel advises the Owner Trustee that such action will result in such consequences, the Transferor shall appoint an additional trustee pursuant to Section 9.05 to proceed with such action.

Section 6.02. Furnishing of Documents. The Owner Trustee shall furnish to the Transferor and the Indenture Trustee, promptly upon written request therefor, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and any other instruments furnished to the Owner Trustee under the Transaction Documents.

Section 6.03. Representations and Warranties. The Owner Trustee hereby represents and warrants to the Transferor that:

(a) it is a Delaware banking corporation duly organized and validly existing in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement;

(b) it has taken all corporate action necessary to authorize the execution and delivery by it of this Agreement, and this Agreement will be executed and delivered by one of its officers who is duly authorized to execute and deliver this Agreement on its behalf;

(c) neither the execution nor the delivery by it of this Agreement, nor the consummation by it of the transactions contemplated hereby nor compliance by it with any of the terms or provisions hereof will contravene any federal or Delaware law, governmental rule or regulation governing the banking or trust powers of the Owner Trustee or any judgment or order binding on it, or constitute any default under its charter documents or by-laws or any indenture, mortgage, contract, agreement or instrument to which it is a party or by which any of its properties may be bound or result in the imposition of any Lien, charge or encumbrance on the Trust Assets resulting from actions by or claims against the Owner Trustee individually that are related to this Agreement or the other Transaction Documents; and

(d) each of this Agreement and each other Transaction Document to which it is a party has been duly executed and delivered by it and constitutes the legal, valid and binding agreement of it, enforceable against the Owner Trustee in accordance with its terms, except as enforceability may be limited by bankruptcy, liquidation, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

Section 6.04. Reliance; Advice of Counsel.

(a) The Owner Trustee shall incur no liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond, or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. The Owner Trustee may accept a certified copy of a resolution of the board of directors or other governing body of any Person as conclusive evidence that such resolution has been duly adopted by such body and that the same is in full force and effect. As to any fact or matter the method of the determination of which is not specifically prescribed herein, the Owner Trustee may for all purposes hereof rely on a certificate, signed by the president or any vice president or by the treasurer or other authorized officer of an appropriate Person, as to such fact or matter, and such certificate shall constitute full protection to the Owner Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon.

(b) In the exercise or administration of the trusts hereunder and in the performance of its duties and obligations under this Agreement or the other Transaction Documents, the Owner Trustee (i) may act directly or through its agents or attorneys pursuant to agreements entered into with any of them, and the Owner Trustee shall not be liable for the conduct or misconduct of such agents or attorneys if such agents or attorneys shall have been selected by the Owner Trustee with reasonable care, and (ii) may consult with counsel, accountants and other skilled Persons to be selected with reasonable care and employed by it. The Owner Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the written opinion or written advice of any such counsel, accountants or other such Persons.

Section 6.05. Not Acting in Individual Capacity. Except as expressly provided in this Article, in accepting the trusts hereby created, Wilmington Trust Company acts solely as Owner Trustee hereunder and not in its individual capacity, and all Persons having any claim against the Owner Trustee by reason of the transactions contemplated by any Transaction Document shall look only to the Trust Assets for payment or satisfaction thereof.

Section 6.06. Owner Trustee Not Liable for Certificates, Notes or Receivables. The statements contained herein and in the Certificates, Notes and other Transaction Documents (other than the genuineness of the signature and authentication (as applicable) of the Owner Trustee on the Certificates and its representations and warranties in Section 6.03) shall be taken as the statements of the Transferor, and the Owner Trustee assumes no responsibility for the correctness thereof. The Owner Trustee makes no representations as to the validity or sufficiency of this Agreement, any other Transaction Document or the Certificates (other than the genuineness of the signature and authentication (as applicable) of the Owner Trustee on the Certificates and its representations and warranties in Section 6.03), the Notes or related documents. The Owner Trustee shall at no time have any responsibility or liability for or with respect to the legality, validity and enforceability of the Receivables or the perfection and priority of any security interest in the Receivables or the maintenance of any such perfection and priority, or for or with respect to the sufficiency of the Trust Assets or its ability to generate the payments to be distributed to the Noteholders under the Indenture, including the existence, condition and ownership of the Receivables, the existence and contents of the Receivables on any computer or other record thereof, the validity of the assignment of the Receivables to the Trust or of any intervening assignment, the completeness of the Receivables; the performance or enforcement of the Receivables, the compliance by the Transferor with any warranty or representation made under any Transaction Document or in any related document or the accuracy of any such warranty or representation or any action of the Administrator, the Servicer or the Indenture Trustee taken in the name of the Owner Trustee.

Section 6.07. Owner Trustee May Own Notes. The Owner Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may deal with the Transferor, the Administrator, the Servicer and the Indenture Trustee in banking transactions with the same rights as it would have if it were not Owner Trustee.

ARTICLE SEVEN

COMPENSATION OF OWNER TRUSTEE

Section 7.01. Owner Trustee's Fees and Expenses. The Owner Trustee shall receive as compensation for its services hereunder such fees as have been separately agreed upon before the date hereof among the Transferor, the Servicer and the Owner Trustee, and the Owner Trustee shall be entitled to be reimbursed by the Transferor (and if not by the Transferor, by the Servicer) for its other reasonable expenses hereunder, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Owner Trustee may employ in connection with the exercise and performance of its rights and its duties hereunder and under the Transaction Documents; provided, however, that the Owner Trustee shall have no recourse to the assets pledged under the Indenture with respect to any payments under this Section and the Owner Trustee's right to enforce such obligation shall be subject to the provisions of 11.09.

Section 7.02. Indemnification. To the fullest extent permitted by law, the Transferor (and if not the Transferor, the Servicer) shall indemnify, defend and hold harmless the Indemnified Parties from and against Expenses which may at any time be imposed on, incurred by, or asserted against the Owner Trustee or any Indemnified Party in any way relating to or arising out of the Transaction Documents, the Trust Assets, the acceptance and administration of the Trust Assets or any action or inaction of the Owner Trustee; provided that the Transferor shall not be liable for or required to indemnify any Indemnified Party from and against Expenses arising or resulting from any of the matters described in the third sentence of Section 6.01, Expenses for which indemnification is actually received under other Transaction Documents or income taxes or any fees received by the Owner Trustee; provided further that the Transferor shall not be liable for or required to indemnify an Indemnified Party from and against expenses arising or resulting from (i) the Indemnified Party's own willful misconduct, bad faith or gross negligence, (ii) income taxes or (iii) the inaccuracy of any representation or warranty contained in Section 6.03. No Indemnified Party shall have any recourse to the assets pledged under the Indenture with respect to any Expenses payable by the Transferor pursuant to this Section. An Indemnified Party's right to enforce such obligation shall be subject to the provisions of Section 11.09. The indemnities contained in this Section shall survive the resignation and termination of the Owner Trustee or the termination of this Agreement. In any event of claim, action or proceeding for which indemnity will be sought pursuant to this Section, the Indemnified Party's choice of legal counsel shall be subject to approval of the Transferor, which approval shall not be unreasonably withheld.

Section 7.03. Payments to the Owner Trustee. Any amounts paid to an Indemnified Party pursuant to this Article shall not be construed to be a part of the Trust Assets.

ARTICLE EIGHT

TERMINATION OF TRUST AGREEMENT

Section 8.01. Termination of Trust Agreement.

(a) The Trust shall dissolve upon the earlier of (i) at the option of the Transferor (written notice of which shall be provided to the Owner Trustee), the Trust Termination Date and (ii) dissolution of the Trust in accordance with applicable law. After satisfaction of liabilities of the Trust as provided by applicable law, any money or other property held as part of the Trust Assets following such distribution shall be distributed to the Transferor. The bankruptcy, liquidation, dissolution, termination, death or incapacity of the Transferor shall not (A) operate to terminate this Agreement or annul, dissolve or terminate the Trust, (B) entitle the Transferor's legal representatives or heirs to claim an accounting or to take any action or proceeding in any court for a partition or winding up of all or any part of the Trust or Trust Assets or (C) otherwise affect the rights, obligations and liabilities of the parties hereto.

(b) Except as provided in Section 8.01(a), the Transferor shall not be entitled to revoke, dissolve or terminate the Trust. The Owner shall not be entitled to revoke, dissolve or terminate the Trust.

(c) Upon completion of the winding up of the Trust in accordance with the Business Trust Statute, the Owner Trustee shall cause the Certificate of Trust to be canceled by filing a certificate of cancellation with the Secretary of State in accordance with the provisions of Section 3810 of the Business Trust Statute and thereupon the Trust and this Agreement (other than Articles Six and Seven and Section 11.09) shall terminate.

ARTICLE NINE

SUCCESSOR AND ADDITIONAL OWNER TRUSTEES

Section 9.01. Eligibility Requirements for Owner Trustee. The Owner Trustee shall at all times (i) be a Person satisfying the provisions of Section 3807(a) of the Business Trust Statute; (ii) be authorized to exercise trust powers; (iii) have, or have a corporate parent that has, a combined capital and surplus of at least $50,000,000; (iv) be subject to supervision or examination by federal or state authorities; and (v) have (or have a parent which has) a rating of at least Baa3 by Moody's, at least BBB- by Standard & Poor's and, if rated by Fitch, at least BBB- by Fitch, or otherwise be acceptable to each Rating Agency. If such Person shall publish reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purpose of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Owner Trustee shall cease to be eligible in accordance with the provisions of this Section, the Owner Trustee shall resign immediately in the manner and with the effect specified in Section 9.02.

Section 9.02. Resignation or Removal of Owner Trustee. The Owner Trustee may at any time resign and be discharged from the trusts hereby created by giving written notice thereof to the Transferor; provided, however, that such resignation and discharge shall only be effective upon the appointment of a successor Owner Trustee. Upon receiving such notice of resignation, the Transferor shall promptly appoint a successor Owner Trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Owner Trustee and one copy to the successor Owner Trustee. If no successor Owner Trustee shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Owner Trustee at the expense of the Transferor may petition any court of competent jurisdiction for the appointment of a successor Owner Trustee.

If at any time the Owner Trustee shall cease to be eligible in accordance with the provisions of Section 9.01 and shall fail to resign after written request therefor by the Transferor, or if at any time the Owner Trustee shall be legally unable to act, or shall be adjudged bankrupt or insolvent, or a receiver of the Owner Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Owner Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Transferor may, but shall not be required to, remove the Owner Trustee. If the Transferor shall remove the Owner Trustee under the authority of the immediately preceding sentence, the Transferor shall promptly (i) appoint a successor Owner Trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the outgoing Owner Trustee so removed and one copy to the successor Owner Trustee and (ii) pay all amounts owed to the outgoing Owner Trustee.

Any resignation or removal of the Owner Trustee and appointment of a successor Owner Trustee pursuant to any of the provisions of this Section shall not become effective until acceptance of appointment by the successor Owner Trustee pursuant to Section 9.03 and, in the case of removal, payment of all fees and expenses owed to the outgoing Owner Trustee. The Transferor shall provide notice of such resignation or removal of the Owner Trustee to each Rating Agency.

Section 9.03. Successor Owner Trustee. Any successor Owner Trustee appointed pursuant to Section 9.02 shall execute, acknowledge and deliver to the Transferor and to its predecessor Owner Trustee an instrument accepting such appointment under this Agreement, and thereupon the resignation or removal of the predecessor Owner Trustee shall become effective and such successor Owner Trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor under this Agreement, with like effect as if originally named as Owner Trustee. The predecessor Owner Trustee shall upon payment of its fees and expenses deliver to the successor Owner Trustee all documents and statements and monies held by it under this Agreement; and the Transferor and the predecessor Owner Trustee shall execute and deliver such instruments and do such other things as may reasonably be required for fully and certainly vesting and confirming in the successor Owner Trustee all such rights, powers, duties and obligations.

No successor Owner Trustee shall accept appointment as provided in this Section unless at the time of such acceptance such successor Owner Trustee shall be eligible pursuant to Section 9.01.

Upon acceptance of appointment by a successor Owner Trustee pursuant to this Section, the Transferor shall mail notice of such acceptance of appointment including the name of such successor Owner Trustee to the Transferor, the Indenture Trustee, the Noteholders and each Rating Agency. If the Transferor shall fail to mail such notice within ten days after acceptance of appointment by the successor Owner Trustee, the successor Owner Trustee shall cause such notice to be mailed at the expense of the Transferor.

Upon acceptance of appointment by a successor Owner Trustee pursuant to this Section, such successor Owner Trustee shall file an amendment to the Certificate of Trust with the Secretary of State identifying the name and principal place of business of such successor Owner Trustee in the State of Delaware.

Section 9.04. Merger or Consolidation of Owner Trustee. Notwithstanding anything herein to the contrary, any Person into which the Owner Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Owner Trustee shall be a party, or any Person succeeding to all or substantially all of the corporate trust business of the Owner Trustee, shall be the successor of the Owner Trustee hereunder (provided that such Person shall meet the eligibility requirements set forth in Section 9.01), without the execution or filing of any instrument or any further act on the part of any of the parties hereto; provided further that (i) the Owner Trustee shall mail notice of such merger or consolidation to each Rating Agency and (ii) the Owner Trustee shall file any necessary amendments to the Certificate of Trust with the Secretary of State.

Section 9.05. Appointment of Co-Trustee or Separate Trustee. Notwithstanding any other provisions of this Agreement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Assets may at the time be located, the Transferor and the Owner Trustee acting jointly shall have the power and shall execute and deliver all instruments to appoint one or more Persons approved by each of the Transferor and the Owner Trustee to act as co-trustee, jointly with the Owner Trustee, or separate trustee or separate trustees, of all or any part of the Trust Assets, and to vest in such Person, in such

capacity, such title to the Trust, or any part thereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Transferor and the Owner Trustee may consider necessary or desirable. If the Transferor shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, the Owner Trustee alone shall have the power to make such appointment. No co-trustee or separate trustee under this Agreement shall be required to meet the terms of eligibility as a successor trustee pursuant to Section 9.01, and no notice of the appointment of any co-trustee or separate trustee shall be required pursuant to Section 9.03.

Each separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Owner Trustee shall be conferred upon and exercised or performed by the Owner Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Owner Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Owner Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties, and obligations (including the holding of title to the Trust or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Owner Trustee;

(ii) no trustee under this Agreement shall be personally liable by reason of any act or omission of any other trustee under this Agreement; and

(iii) the Transferor and the Owner Trustee acting jointly may at any time accept the resignation of or remove any separate trustee or co-trustee.

Any notice, request or other writing given to the Owner Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Agreement and the conditions of this Article. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Owner Trustee or separately, as may be provided therein, subject to all the provisions of this Agreement, specifically including every provision of this Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Owner Trustee. Each such instrument shall be filed with the Owner Trustee and a copy thereof given to the Transferor.

Any separate trustee or co-trustee may at any time appoint the Owner Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Agreement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Owner Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

ARTICLE TEN

TAX MATTERS

Section 10.01. Tax and Accounting Characterization. It is the intent of the parties hereto that the Trust not constitute a separate entity for federal income tax or state income or franchise tax (where such franchise taxes are based solely upon or measured by net income) purposes. It is the intent of the Transferor, the Noteholders and the Certificateholders that the Class A Notes be treated as indebtedness of the Transferor secured by the Trust Assets and the payments on the Receivables for federal income tax and state income and franchise tax purposes. If there are multiple Certificateholders at any point in time for federal, state and local income and franchise tax purposes, it is the intention of the parties that the Trust qualify as a partnership during the period there are multiple Certificateholders, with the assets of the partnership being the Owner Trust Assets and the partners of the partnership being the Certificateholders and the Notes being debt of the partnership. The parties agree that the Trust shall not file or cause to be filed annual returns, reports or other forms and will treat the Trust in a manner consistent with the characterization that the Trust is not a separate entity for tax purposes unless there are multiple Certificateholders at the same time or, unless there are future changes in the federal or state income or franchise tax (where such franchise taxes are based solely upon or measured by net income) laws, whereby existing trusts with a single Certificateholder are treated as a separate entity for purposes of the aforementioned taxes.

Section 10.02. Signature on Returns; Tax Matters Partner.

(a) In the event that the Trust shall be required to file federal or other income tax returns as a partnership, such returns shall be signed by an authorized signatory for the Transferor or such other Person as shall be required by law to sign such returns of the Trust.

(b) By acceptance of its beneficial interest in a Certificate, each Certificateholder agrees that in the event that the Trust is classified as a partnership for federal income tax purposes, the Transferor shall be the "tax matters partner" of the Trust pursuant to the Code so long as the Transferor holds any Certificate.

Section 10.03. Tax Reporting. Unless otherwise required by appropriate tax authorities, the Trust shall not file or cause to be filed annual or other income or franchise tax returns and shall not be required to obtain a taxpayer identification number.

ARTICLE ELEVEN

MISCELLANEOUS

Section 11.01. Supplements and Amendments.

(a) This Agreement may be amended from time to time by a written amendment duly executed and delivered by the Transferor and the Owner Trustee, with the written consent of the Indenture Trustee, but without the consent of any of the Noteholders, and upon satisfaction of the Rating Agency Condition, to cure any ambiguity, to correct or supplement any provisions in this Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or modifying in any manner the rights of the Noteholders; provided, however, that any such amendment will not (i) in the good faith judgment of the parties thereto, materially adversely affect the interest of any Noteholder and (ii) as evidenced by an Opinion of Counsel addressed and delivered to the Owner Trustee and the Indenture Trustee, cause the Trust to be classified as an association (or a publicly traded partnership) taxable as a corporation for federal income tax purposes; provided, further, that Section 2.03 may be amended only with the consent of the Holders of Notes evidencing not less than a majority of the Outstanding Amount of the Notes. Additionally, notwithstanding the preceding sentence, this Agreement will be amended by the Transferor and the Owner Trustee without the consent of the Indenture Trustee or any of the Noteholders to add, modify or eliminate such provisions as may be necessary or advisable in order to enable all or a portion of the Trust (i) to qualify as, and to permit an election to be made to cause the Trust to be treated as, a "financial asset securitization investment trust" as described in the provisions of Section 860L of the Code, and (ii) to avoid the imposition of state or local income or franchise taxes imposed on the Trust's property or its income; provided, however, that (i) the Transferor delivers to the Indenture Trustee and the Owner Trustee an Officer's Certificate to the effect that the proposed amendments meet the requirements set forth in this Section, (ii) the Rating Agency Condition shall have been satisfied with respect to such amendment and (iii) such amendment does not affect the rights, benefits, protections, privileges, immunities, duties or obligations of the Owner Trustee hereunder. The amendments which the Transferor may make without the consent of Noteholders pursuant to the preceding sentence may include, without limitation, the addition of a sale of Receivables.

(b) This Agreement may also be amended from time to time by a written amendment duly executed and delivered by the Transferor and the Owner Trustee, with the consent of the Indenture Trustee and the Holders of Notes evidencing not less than a majority of the Outstanding Amount and upon satisfaction of the Rating Agency Condition for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or of modifying in any manner the rights of the Noteholders; provided, however, that without the consent of all Noteholders, no such amendment shall (i) increase or reduce in any manner the amount of, or accelerate or delay the timing of distributions that are required to be made for the benefit of the Noteholders or (ii) reduce the aforesaid percentage of the Outstanding Amount of the Notes of all Series, the Holders of which are required to consent to any such amendment; provided further, that such amendment will not, as evidenced by an Opinion of Counsel addressed and delivered to the Owner Trustee and the Indenture Trustee, cause the Trust

to be classified as an association (or a publicly traded partnership) taxable as a corporation for federal income tax purposes.

(c) Promptly after the execution of any such amendment or consent, the Transferor shall furnish written notification of the substance of such amendment or consent to the Indenture Trustee and each Rating Agency. It shall not be necessary for the consent of the Noteholders pursuant to this Section to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof.

(d) Promptly after the execution of any amendment to the Certificate of Trust, the Owner Trustee shall cause the filing of such amendment with the Secretary of State.

(e) The Owner Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Officer's Certificate of the Transferor to the effect that the conditions to amendment have been satisfied. The Owner Trustee may, but shall not be obligated to, enter into, and unless it has consented thereto in writing shall not be bound by, any amendment which affects the Owner Trustee's own rights, duties, benefits, protections, privileges or immunities (as such or in its individual capacity) under this Agreement or otherwise.

Section 11.02. No Legal Title to Trust Assets in Transferor. The Transferor shall not have legal title to any part of the Trust Assets. No transfer, by operation of law or otherwise, of any right, title, and interest of the Transferor to and in its undivided beneficial interest in the Trust Assets shall operate to terminate this Agreement or annul, dissolve or terminate the Trust or entitle any transferee to an accounting or to the transfer to it of legal title to any part of the Trust Assets.

Section 11.03. Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Owner Trustee, the other Indemnified Parties, the Transferor, the holder of any Certificate and, to the extent expressly provided herein, the Indenture Trustee and the Noteholders, and nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Trust Assets or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

Section 11.04. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all demands, notices, instructions, directions and communications under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered at, mailed by registered mail, return receipt requested or sent by facsimile transmission (except that notice to the Owner Trustee, the Transferor or Indenture Trustee shall be deemed given only upon actual receipt by the Owner Trustee, the Transferor or Indenture Trustee), if to (i) the Owner Trustee, addressed to the Corporate Trust Office; (ii) the Indenture Trustee, addressed to Wells Fargo Bank Minnesota, National Association, 625 Marquette Avenue, MAC N9311-161, Minneapolis, Minnesota 55479, Attention: Corporate Trust Asset-Backed Securities (facsimile no. (612) 667-3464); or (iii) the Transferor, addressed to Nordstrom Credit Card Receivables LLC, 13531 East Caley Avenue, Englewood, Colorado 80111, Attention: Legal Department (facsimile no. (303) 397-4488); or as to each party, at such other address or facsimile number as shall be designated by such party in a written notice to each other party.

Section 11.05. Severability. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid or unenforceable, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other covenants, agreements, provisions or terms of this Agreement or of the Certificates or the rights of the Certificateholders thereof.

Section 11.06. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument.

Section 11.07. Successors and Assigns. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Transferor, the Owner Trustee and each Certificateholder and their respective successors and permitted assigns, all to the extent as herein provided. Any request notice, direction, consent, waiver or other instrument or action by a Certificateholder shall bind the successors and assigns of the Transferor or such Certificateholder.

Section 11.08. Third-Party Beneficiaries. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Except as otherwise expressly provided in this Agreement, no other Person will have any right or obligation hereunder.

Section 11.09. Nonpetition Covenants. Notwithstanding any prior termination of the Trust or this Agreement, the Owner Trustee, individually or in its capacity as Owner Trustee, and the Transferor shall not, prior to the date which is one year and one day after the termination of the Trust or this Agreement, acquiesce, petition or otherwise invoke or cause the Trust to invoke the process of any court or Governmental Authority for the purpose of commencing or sustaining a case against the Trust under any Federal or state bankruptcy, insolvency or similar law or appointing a receiver, conservator, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Trust or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Trust; provided, however, that this Section shall not operate to preclude any remedy described in Article Five of the Master Indenture.

Section 11.10. No Recourse. Each Person holding or owning a Certificate, by accepting the Certificates, acknowledges that the Certificates do not represent interest in or obligations of the Servicer, the Owner Trustee, the Indenture Trustee or any Affiliate thereof (other than the Trust), and no recourse may be had against such parties or their assets, or against the assets pledged under the Indenture, except as expressly agreed by such party in the Transaction Documents.

Section 11.11. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 11.12. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF

DELAWARE, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS, AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 11.13. Acceptance of Terms of Agreement. The receipt and acceptance of the Ownership Interest Certificate by the Owner and the Transferor Certificate by the Transferor, without any signature or further manifestation of assent, shall constitute the unconditional acceptance by the Owner and the Transferor, respectively, of all the terms and provisions of this Agreement, and shall constitute the agreement of the Trust that the terms and provisions of this Agreement shall be binding, operative and effective as among the Trust, the Owner and the Transferor.

Section 11.14. Merger and Integration. Except as specifically stated otherwise herein, this Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written and oral, are superseded by this Agreement. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

Section 11.15. Certificates Nonassessable and Fully Paid. Certificateholders shall not be personally liable for obligations of the Issuer. The interests represented by the Certificates shall be nonassessable for any losses or expenses of the Issuer or for any reason whatsoever, and, upon the authentication thereof by the Owner Trustee pursuant to Section 3.03, 3.04, 3.05 or 3.06, the Certificates are and shall be deemed fully paid.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers hereunto duly authorized, as of the day and year first above written.

WILMINGTON TRUST COMPANY,
as Owner Trustee

By: /s/ James P. Lawler

Name: James P. Lawler
Title: Vice-President

NORDSTROM CREDIT CARD RECEIVABLES LLC,
as Transferor

By: /s/ Kevin T. Knight

Name: Kevin T. Knight
Title: President

EXHIBIT A

FORM OF OWNERSHIP INTEREST CERTIFICATE

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THIS CERTIFICATE (OR ANY INTEREST HEREIN) MAY NOT BE TRANSFERRED TO ANY PERSON EXCEPT IN ACCORDANCE WITH THE TRUST AGREEMENT.

NORDSTROM CREDIT CARD MASTER NOTE TRUST
OWNER CERTIFICATE

R-1

(This Certificate does not represent an interest in or obligation of Nordstrom Credit Card Receivables LLC or any of its affiliates, except to the extent described below.)

This certifies that Nordstrom Credit Card Receivables LLC is the registered Owner of the Nordstrom Credit Card Master Note Trust (the "Trust"). The Trust was created pursuant to (i) the filing of the Certificate of Trust with the Secretary of State of the State of Delaware and (ii) the Trust Agreement, dated as of March 25, 2002, as amended and restated as of April 1, 2002 (the "Trust Agreement"), between Nordstrom Credit Card Receivables LLC (the "Transferor") and Wilmington Trust Company, as trustee (the "Owner Trustee"). Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement.

This Certificate is the duly authorized Certificate evidencing a beneficial ownership interest in the Trust (the "Certificate"). This Certificate is issued under and is subject to the terms, provisions and conditions of the Trust Agreement, including the rights of the holder of the Transferor Certificate to which Trust Agreement the holder by virtue of the acceptance hereof assents and by which the holder is bound.

Notwithstanding any prior termination of the Trust Agreement, the holder, by its acceptance of this Certificate, covenants and agrees that it shall not at any time with respect to the Trust, acquiesce, petition or otherwise invoke or cause the Trust to invoke the process of any court or governmental authority for the purpose of commencing or sustaining a case against the Trust under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, conservator, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Trust or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Trust.

Unless the certificate of authentication hereon shall have been executed by the Owner Trustee, by manual signature, this Certificate shall not entitle the holder hereof to any benefit under the Trust Agreement, the Transfer and Servicing Agreement or the Indenture or be valid for any purpose.

THIS CERTIFICATE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE HOLDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

IN WITNESS WHEREOF, the Trust has caused this Certificate to be duly executed.

NORDSTROM CREDIT CARD MASTER NOTE TRUST

By: WILMINGTON TRUST COMPANY,
not in its individual capacity but
solely as Owner Trustee

Dated: _____ __, 2002

By: _____
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is the Certificate referred to in the within-mentioned Trust Agreement.

WILMINGTON TRUST COMPANY,
not in its individual capacity but
solely as Owner Trustee

By: _____
Authorized Signatory

Registered Owner and address:

Nordstrom Credit Card Receivables LLC
13531 East Caley Avenue
Englewood, Colorado 80111

Tax Identification Number: _____

EXHIBIT B

FORM OF TRANSFEROR CERTIFICATE

THIS TRANSFEROR CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NEITHER THIS TRANSFEROR CERTIFICATE NOR ANY PORTION HEREOF MAY BE OFFERED OR SOLD EXCEPT IN COMPLIANCE WITH THE REGISTRATION PROVISIONS OF SUCH ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM SUCH REGISTRATION PROVISIONS.

THIS TRANSFEROR CERTIFICATE IS NOT PERMITTED TO BE TRANSFERRED, ASSIGNED, EXCHANGED OR OTHERWISE PLEDGED OR CONVEYED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE TRUST AGREEMENT REFERRED TO HEREIN.

No. R-2 One Unit

NORDSTROM CREDIT CARD MASTER NOTE TRUST
TRANSFEROR CERTIFICATE

Evidencing an interest in a trust, the corpus of which consists primarily of receivables generated from time to time in the ordinary course of business in a portfolio of revolving credit card accounts transferred by Nordstrom Credit Card Receivables LLC (the "Transferor").

(Not an interest in or obligation of the Transferor
or any affiliate thereof)

This certifies that Nordstrom Credit Card Receivables LLC is the registered owner of an undivided beneficial interest in the assets of the Nordstrom Credit Card Master Note Trust (the "Trust"), subject to the lien of the Notes as provided in the Master Indenture, dated April 1, 2002 (the "Master Indenture"), between Wells Fargo Bank Minnesota, National Association, as trustee (the "Indenture Trustee"), as supplemented by the Series 2002-1 Indenture Supplement, dated as of April 1, 2002 (the "Series 2002-1 Indenture Supplement," and together with the Master Indenture, the "Indenture"), between the Indenture Trustee and the Trust, as the same may be amended, modified or otherwise supplemented from time to time, and the Trust, established pursuant to the Amended and Restated Trust Agreement, dated as of April 1, 2002, as amended and supplemented (the "Trust Agreement"), between the Transferor and Wilmington Trust Company, as trustee (the "Owner Trustee"). The corpus of the Trust consists of (a) a portfolio of certain receivables (the "Receivables") existing in the revolving credit card accounts identified under the Transfer and Servicing Agreement, dated as of April 1, 2002, as amended from time to time (the "Transfer and Servicing Agreement"), among the Transferor, Nordstrom fsb, as servicer (the "Servicer"), the Indenture Trustee and the Trust, as issuer, from time to time (the "Accounts"), (b) certain funds collected or to be collected from accountholders in respect of the Receivables, (c) all funds which are from time to time on deposit in the Collection Account, Special Funding Account and in the Series Accounts, (d) the benefits of any Series Enhancements issued and to be issued by Series Enhancers with respect to one or more Series of

Notes and (e) all other assets and interests constituting the Trust, including Interchange and Recoveries allocated to the Trust pursuant to the Transfer and Servicing Agreement. Although a summary of certain provisions of the Transfer and Servicing Agreement, the Trust Agreement and the Indenture (collectively, the "Agreements") is set forth below, this Certificate does not purport to summarize the Agreements and reference is made to the Agreements for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Owner Trustee. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Agreements.

This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreements, to which Agreements, as amended and supplemented from time to time, the Transferor by virtue of the acceptance hereof assents and is bound.

The Receivables consist of Principal Receivables which arise generally from the purchase of merchandise and services and amounts advanced to cardholders as cash advances and Finance Charge Receivables which arise generally from Periodic Rate Finance Charges, Late Fees and other fees and charges with respect to the Accounts.

This Certificate (this "Certificate") is the Transferor Certificate, which represents the undivided beneficial interest in certain assets of the Trust, subject to the lien of the Notes, including the right to receive a portion of the Collections and other amounts at the times and in the amounts specified in the Indenture. In addition to the Transferor Certificate, (a) Notes will be issued to investors pursuant to the Indenture and (b) Supplemental Certificates may be issued pursuant to the Trust Agreement.

Unless otherwise specified in an Indenture Supplement with respect to a particular Series, the Transferor has entered into the Transfer and Servicing Agreement, and this Certificate is issued, with the intention that, for federal, state and local income and franchise tax purposes, (a) the Notes of each Series which are characterized as indebtedness at the time of their issuance will qualify as indebtedness of the Transferor secured by the Receivables and (b) the Trust shall not be treated as an association (or a publicly traded partnership) taxable as a corporation. The Transferor by the acceptance of this Certificate, agrees to treat the Notes for federal, state and local income and franchise tax purposes as indebtedness of the Transferor.

Subject to certain conditions and exceptions specified in the Agreements, the obligations created by the Agreements and the Trust created thereby shall terminate upon the earlier of (a) at the option of the Transferor, the day on which the rights of all Series of Notes to receive payments from the Trust have terminated (the "Trust Termination Date") or (b) dissolution of the Trust in accordance with applicable law.

Unless the certificate of authentication hereon has been executed by or on behalf of the Owner Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trust has caused this Certificate to be duly executed.

NORDSTROM CREDIT CARD MASTER NOTE TRUST

By: WILMINGTON TRUST COMPANY,
not in its individual capacity but
solely as OwnerTrustee

By: _____
Name:
Title:

Dated: _____ __, 2002

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is the Transferor Certificate described in the Trust Agreement.

WILMINGTON TRUST COMPANY,
not in its individual capacity but
solely as Owner Trustee

By: _____
Authorized Signatory

Registered Owner and address:

Nordstrom Credit Card Receivables LLC
13531 East Caley Avenue
Englewood, Colorado 80111

Tax Identification Number: _____

EXHIBIT C

FORM OF CERTIFICATE OF TRUST

NORDSTROM CREDIT CARD MASTER NOTE TRUST

This Certificate of Trust of Nordstrom Credit Card Master Note Trust (the "Trust") is being duly executed and filed by the undersigned, as trustee, to form a business trust under the Delaware Business Trust Act (12 Del. C. Section 3801 et seq.) (the "Act").

1. Name. The name of the business trust created hereby is Nordstrom Credit Card Master Note Trust.

2. Delaware Trustee. The name and business address of the trustee of the Trust having its principal place of business in the State of Delaware are Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration.

3. Effective Date. This Certificate of Trust shall be effective upon its filing with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Trust in accordance with Section 3811(a)(1) of the Act.

WILMINGTON TRUST COMPANY,
as trustee

By: _____
Name:
Title:

Exhibit 10.42

NORDSTROM CREDIT CARD MASTER NOTE TRUST,
as Issuer,

and

WELLS FARGO BANK MINNESOTA, NATIONAL ASSOCIATION,
as Indenture Trustee

MASTER INDENTURE
Dated as of April 1, 2002

RECONCILIATION AND TIE BETWEEN TRUST INDENTURE

ACT OF 1939 AND INDENTURE PROVISIONS*

Trust Indenture Act Section	Indenture Section
310(a)(1)	6.11
(a)(2)	6.11
(a)(3)	6.10
(a)(4)	Not Applicable
(a)(5)	6.11
(b)	6.08, 6.11
(c)	Not Applicable
311(a)	6.12
(b)	6.12
(c)	Not Applicable
312(a)	7.01, 7.02(a)
(b)	7.02(b)
(c)	7.02(c)
313(a)	7.04
(b)	7.04
(c)	7.03, 7.04
(d)	7.04
314(a)	3.09, 7.03(a)
(b)	3.06
(c)(1)	2.11, 8.09(c), 12.01(a)
(c)(2)	2.11, 8.09(c), 12.01(a)
(c)(3)	2.11, 8.09(c), 12.01(a)
(d)(1)	2.11, 8.09(c), 12.01(b)
(d)(2)	Not Applicable
(d)(3)	Not Applicable
(e)	12.01(a)
315(a)	6.01(b)
(b)	6.02
(c)	6.01(c)
(d)	6.01(d)
(d)(1)	6.01(d)
(d)(2)	6.01(d)
(d)(3)	6.01(d)
(e)	5.14
316(a)(1)(A)	5.12
316(a)(1)(B)	5.13
316(a)(2)	Not Applicable
316(b)	5.08
317(a)(1)	5.04
317(a)(2)	5.04(d)
317(b)	5.04(a)
318(a)	12.07

* This reconciliation and tie shall not, for any purpose, be deemed to be part of the within indenture.

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MASTER INDENTURE

This MASTER INDENTURE, dated as of April 1, 2002, is between Nordstrom Credit Card Master Note Trust, a business trust organized under the laws of the State of Delaware (herein, together with its permitted successors and assigns, the "Issuer"), and Wells Fargo Bank Minnesota, National Association, a national banking association, as indenture trustee (herein, together with its successors in the trusts hereunder, the "Indenture Trustee").

PRELIMINARY STATEMENT

The Issuer has duly authorized the execution and delivery of this Master Indenture to provide for the issue of its asset backed notes (the "Notes") as provided in this Master Indenture. All covenants and agreements made by the Issuer herein are for the benefit and security of the Noteholders. The Issuer is entering into this Master Indenture, and the Indenture Trustee is accepting the trusts created hereby, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

Simultaneously with the delivery of this Master Indenture, the Issuer is entering into the Transfer and Servicing Agreement with Nordstrom Credit Card Receivables LLC, a Delaware limited liability company, as Transferor (the "Transferor"), Nordstrom fsb, a federal banking association, as Servicer (the "Servicer"), and Wells Fargo Bank Minnesota, National Association, as Indenture Trustee (the "Indenture Trustee") pursuant to which (a) the Transferor will convey to the Issuer all of its right, title and interest in, to and under the Receivables and certain related assets and (b) the Servicer will agree to service the Receivables and make collections thereon on behalf of the Noteholders.

Under the Transfer and Servicing Agreement, Receivables arising in Accounts from time to time will be conveyed thereunder to the Issuer.

GRANTING CLAUSES

The Issuer hereby Grants to the Indenture Trustee, for the benefit of the Holders of the Notes and any Series Enhancers, all of the Issuer's right, title and interest, whether now owned or hereafter acquired, in, to and under (i) the Receivables existing at the close of business on the Initial Cut-Off Date, in the case of Receivables arising in the Initial Accounts, and on each Addition Cut-Off Date, in the case of Receivables arising in the Additional Accounts, and in each case thereafter created from time to time until the termination of the Issuer, (ii) Collections and all Interchange and Recoveries allocable to the Issuer as provided in the Transfer and Servicing Agreement and all monies due or to become due and all amounts received or receivable with respect thereto (including proceeds of the reassignment of the Receivables to the Transferor pursuant to Sections 2.05(a) or 2.06 of the Transfer and Servicing Agreement), (iii) all Eligible Investments and all monies, investment properties, instruments and other property credited to the Collection Account, the Series Accounts and the Special Funding Account (including any subaccount of any such account), and all interest, dividends, earnings, income and other distributions from time to time received, receivable or otherwise distributed or distributable thereto or in respect thereof (including any accrued discount realized on liquidation of any investment purchased at a discount), (iv) all rights, remedies, powers, privileges and

claims of the Issuer under or with respect to any Series Enhancement, the Trust Agreement or the Transfer and Servicing Agreement (whether arising pursuant to the terms of such Enhancement Agreement, the Trust Agreement or the Transfer and Servicing Agreement or otherwise available to the Issuer at law or in equity), including the rights of the Issuer to enforce such Enhancement Agreement, the Trust Agreement or the Transfer and Servicing Agreement, and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to such Series Enhancement, the Trust Agreement or the Transfer and Servicing Agreement to the same extent as the Issuer could but for the assignment and security interest granted to the Indenture Trustee for the benefit of the Noteholders, (v) the property conveyed to the Issuer under any Participation Interest Supplement and the right to receive Recoveries attributed to cardholder charges for merchandise and services in the Accounts, (vi) the rights of the Seller under the Receivables Purchase Agreements, (vii) all money, accounts, general intangibles, chattel paper, instruments, documents, goods, investment property, deposit accounts, certificates of deposit, letters of credit and advices of credit consisting of, arising from, or related to the foregoing, (viii) all proceeds of any derivative contracts between the Trust and a counterparty, as described in an Indenture Supplement, (ix) all Insurance Proceeds relating to the Receivables, (x) any rights of the Transferor under the Receivables Purchase Agreements, (xi) all other property of the Issuer, (xii) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and (xiii) any and all proceeds of the foregoing; in each case, including any rights of the Owner trustee and the Trust pursuant to the Transaction Documents, but excluding the Transferor Interest and all amounts distributable to the holders of any Certificates pursuant to the terms of any Transaction Document (collectively, the "Collateral").

LIMITED RECOURSE

The obligation of the Issuer to make payments of principal of, interest on and other amounts with respect to, the Notes is limited by recourse only to the Collateral.

ARTICLE ONE

DEFINITIONS

Section 1.01. Definitions. Whenever used in this Master Indenture, the following words and phrases shall have the following meanings:

"Account Owner" has the meaning set forth in the Transfer and Servicing Agreement.

"Accounts" has the meaning set forth in the Transfer and Servicing Agreement.

"Accumulation Period" means, with respect to any Series, or any Class within a Series, a period following the Revolving Period during which Collections of Principal Receivables are accumulated in an account for the benefit of the Noteholders of such Series or Class, which shall be the controlled accumulation period, the principal accumulation period, the early accumulation period, the optional accumulation period, the limited accumulation period or other accumulation period, in each case as defined with respect to such Series or Class in the related Indenture Supplement.

"Act" has the meaning set forth in Section 12.03(a).

"Addition Cut-Off Date" has the meaning set forth in the Transfer and Servicing Agreement.

"Additional Accounts" has the meaning set forth in the Transfer and Servicing Agreement.

"Adjusted Invested Amount" has the meaning set forth in the related Indenture Supplement.

"Administration Agreement" means the Administration Agreement, dated as of April 1, 2002, between the Issuer and the Administrator, as the same may be amended, supplemented or otherwise modified from time to time.

"Administrator" means Nordstrom fsb, or its successors and permitted assigns, or any successor Administrator under the Administration Agreement.

"Adverse Effect" has the meaning set forth in the Transfer and Servicing Agreement.

"Affiliate" has the meaning set forth in the Transfer and Servicing Agreement.

"Aggregate Investor Percentage" means, with respect to Principal Receivables, Finance Charge Receivables and Defaulted Receivables, as the case may be, as of any date of determination, the sum of such series percentages of all Series of Notes issued and outstanding on such date of determination; provided, however, that the Aggregate Investor Percentage shall not exceed 100%.

"Amortization Period" means, with respect to any Series, or any Class within a Series, a period following the Revolving Period during which Collections of Principal Receivables are distributed to the related Noteholders of such Series or Class, which shall be the controlled amortization period, the principal amortization period, the optional amortization period, the limited amortization period, the early amortization period or other amortization period, in each case as defined with respect to such Series in the related Indenture Supplement.

"Applicants" has the meaning set forth in Section 2.09(a).

"Authorized Officer" means, with respect to:

(i) the Issuer, any officer of the Owner Trustee who is authorized to act for the Owner Trustee in matters relating to the Issuer and any Vice President or more senior officer of the Administrator who is authorized to act for the Administrator in matters relating to the Issuer and to be acted upon by the Administrator pursuant to the Administration Agreement and who is identified on the list of Authorized Officers (containing the specimen signatures of such officers) delivered by the Administrator to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter);

(ii) the Transferor, any officer of the Transferor who is authorized to act for the Transferor in matters relating to the Transferor and who is identified on the list of Authorized Officers, containing the specimen signature of each such Person, delivered by the Transferor to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter);

(iii) the Servicer, any officer of the Servicer who is authorized to act for the Servicer in matters relating to the Servicer and who is identified on the list of Authorized Officers, containing the specimen signature of each such Person, delivered by the Servicer to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter); and

(iv) the Seller, any officer of the Seller who is authorized to act for the Seller in matters relating to the Seller and who is identified on the list of Authorized Officers, containing the specimen signature of each such Person, delivered by the Seller to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter).

"Bank" means Nordstrom fsb and its successors and permitted assigns.

"Bearer Notes" means any Series or Class of Notes, together with the Indenture Trustee's certificate of authentication related thereto, issued in bearer form.

"Beneficial Owner" means, with respect to a Book-Entry Note, the Person who is the owner of such Book-Entry Note, as reflected on the books of the Clearing Agency or Foreign Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency or Foreign Clearing Agency (directly as a Clearing Agency Participant or as an Indirect Participant, in accordance with the rules of such Clearing Agency or Foreign Clearing Agency).

"Book-Entry Notes" means beneficial interests in the Notes, ownership and transfers of which shall be made through book entries by a Clearing Agency or Foreign Clearing Agency as described in Section 2.13.

"Business Day" has the meaning set forth in the Transfer and Servicing Agreement.

"Certificate of Trust" has the meaning set forth in the Trust Agreement.

"Certificates" has the meaning set forth in the Trust Agreement.

"Class" means, with respect to any Series, any one of the classes of Notes of that Series.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act, and serving as clearing agency for a Series or Class of Book-Entry Notes.

"Clearing Agency Participant" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

"Clearstream" means Clearstream Banking, societe anonyme, a professional depository incorporated under the laws of Luxembourg, and its successors.

"Closing Date" means, with respect to any Series, the closing date specified in the related Indenture Supplement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" has the meaning set forth in the Granting Clause of this Master Indenture.

"Collection Account" has the meaning set forth in Section 8.03.

"Collections" has the meaning set forth in the Transfer and Servicing Agreement.

"Commission" means the Securities and Exchange Commission, and its successors.

"Corporate Trust Office" means the principal office of the Indenture Trustee at which at any particular time its corporate trust business shall be administered, which office at date of the execution of this Master Indenture is located at MAC N9311-161, 6th Street and Marquette Avenue, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services-Asset Backed Administration, or at such other address as the Indenture Trustee may designate from time to time by notice to the Noteholders and the Transferor, or the principal corporate trust office of any successor Indenture Trustee (the address of which the successor Indenture Trustee will notify the Noteholders and the Transferor).

"Coupon" means, collectively, the interest coupons attached to Bearer Notes.

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"Defaulted Receivables" has the meaning set forth in the Transfer and Servicing Agreement.

"Defeasance" has the meaning set forth in Section 11.04(a).

"Defeased Series" has the meaning set forth in Section 11.04(a).

"Definitive Notes" means Notes issued in definitive, fully registered form.

"Deposit Date" means each day on which the Servicer deposits Collections in the Collection Account.

"Determination Date" means, unless otherwise specified in an Indenture Supplement for a particular Series, the fifth Business Day preceding each Distribution Date.

"Discount Percentage" has the meaning set forth in the Transfer and Servicing Agreement.

"Distribution Date" with respect to any Series, has the meaning set forth in the applicable Indenture Supplement.

"Dollars", "$" or "U.S. $" means United States dollars.

"DTC" means The Depository Trust Company, and its successors.

"Eligible Institution" means a depository institution organized under the laws of the United States or any State thereof (or any domestic branch of a foreign bank) which at all times (i) has either (a) a long-term unsecured debt rating of Aa3 or better by Moody's or (b) a certificate of deposit rating of Prime-1 by Moody's, (ii) has either a long-term unsecured debt rating of AA- or better or a certificate of deposit rating of A-1+ by Standard & Poor's and (iii) is a member of the FDIC. Notwithstanding the previous sentence, any institution the appointment of which satisfies the Rating Agency Condition shall be considered an Eligible Institution. If so qualified, the Indenture Trustee may be considered an Eligible Institution for the purposes of this definition.

"Eligible Investments" means, as of any date of determination, the following instruments, investment property, or other property:

(i) direct obligations of, or obligations fully guaranteed as to timely payment by, the United States;

(ii) demand deposits, time deposits or certificates of deposit (having original maturities of no more than 365 days) of depository institutions or trust companies incorporated under the laws of the United States or any State thereof (or domestic branches of foreign banks) and subject to supervision and examination by federal or state banking or depository institution authorities; provided that at the time of the Trust's investment or contractual commitment to invest therein, the debt rating of such depository institution or trust company shall be the highest short-term debt rating of each Rating Agency, or with respect to ratings issued by Moody's, have a long-term debt rating of at least A2 and/or a short-term debt rating of Prime-1;

(iii) commercial paper or other short-term obligations (having original or remaining maturities of no more than 30 days) (including short-term obligations of Nordstrom, Inc. and the Bank) having, at the time of investment or contractual commitment to invest therein, the highest credit rating for such obligation issued by Standard & Poor's or be a long-term debt rating of at least A2 and/or a short-term debt rating of Prime-1 issued by Moody's;

(iv) demand deposits, time deposits and certificates of deposit which (a) are scheduled to mature on a date occurring no later than the Transfer Date in the Monthly Period immediately succeeding the Monthly Period in which such investment is made, (b) are fully insured by the FDIC and (c) have, at the time of the Trust's investment therein, a rating in the highest rating category of each Rating Agency;

(v) bankers' acceptances (having original maturities of no more than 365 days) issued by any depository institution or trust company referred to in clause (ii) above;

(vi) money market funds having, at the time of the Trust's investment therein, a rating in the highest rating category of each Rating Agency (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor);

(vii) time deposits (other than those referred to in clause (iv) above), with a Person the commercial paper of which has a credit rating satisfactory to each Rating Agency and which are scheduled to mature on a date occurring no later than the Transfer Date in the Monthly Period immediately succeeding the Monthly Period in which such investment is made; or

(viii) any other relatively risk-free investments having a specified maturity and bearing interest or sold at a discount that satisfies Rating Agency Condition.

"Eligible Servicer" has the meaning set forth in the Transfer and Servicing Agreement.

"Enhancement Agreement" means any agreement, instrument or document governing the terms of any Series Enhancement or pursuant to which any Series Enhancement is issued or outstanding.

"Euroclear Operator" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"Event of Default" has the meaning set forth in Section 5.02.

"Excess Allocation Series" means a Series that, pursuant to the related Indenture Supplement, is entitled to receive certain excess Collections of Finance Charge Receivables, as more specifically set forth in such Indenture Supplement. If so specified in the Indenture Supplement for a Group of Series, each such Series may be an Excess Allocation Series only for the other Series in such Group.

"Excess Finance Charge Collections" means, with respect to a Distribution Date, the aggregate amount for all outstanding Series of Collections of Finance Charge Receivables which the related Supplements specify are to be treated as "Excess Finance Charge Collections" for such Distribution Date.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"FDIC" has the meaning specified in the Transfer and Servicing Agreement.

"Fitch" has the meaning set forth in the Transfer and Servicing Agreement

"Finance Charge Receivables" has the meaning set forth in the Transfer and Servicing Agreement.

"Finance Charge Shortfalls" means, with respect to a Distribution Date, the aggregate amount for all outstanding Series which the related Indenture Supplements specify are "Finance Charge Shortfalls" for such Series and such Distribution Date.

"Foreign Clearing Agency" means Clearstream and the Euroclear Operator.

"GAAP" means generally accepted accounting principles in the United States in effect from time to time.

"Global Note" has the meaning set forth in Section 2.16.

"Grant" means to mortgage, pledge, bargain, warrant, alienate, remise, release, convey, assign, transfer, create, and grant a lien upon and a security interest in and right of set-off against, deposit, set over and confirm pursuant to Master Indenture. A Grant of the Collateral or of any other agreement or instrument shall include all rights, powers and options (but none of the obligations) of the Granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for principal and interest payments in respect of the Collateral and all other monies payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the Granting party or otherwise and generally to do and receive anything that the Granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Group" means, with respect to any Series, the group of Series, if any, in which the related Indenture Supplement specifies such Series is to be included.

"Indenture Supplement" means, with respect to any Series, a supplement to the Master Indenture, executed by the parties hereto and delivered in connection with the original issuance of the Notes of such Series pursuant to Section 10.01, and an amendment to the Master Indenture executed pursuant to Sections 10.01 or 10.02, and, in either case, including all amendments thereof and supplements thereto.

"Indenture Trustee" means Wells Fargo Bank Minnesota, National Association, in its capacity as trustee under this Master Indenture, its successors in interest and any successor indenture trustee under this Master Indenture.

"Independent" means, when used with respect to any specified Person, that the Person (i) is in fact independent of the Issuer, any other obligor upon the Notes, the Transferor, the Seller and any of their respective Affiliates, (ii) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Transferor, the Seller or any of their respective Affiliates and (iii) is not connected with the Issuer, any such other obligor, the Transferor, the Seller or any of their respective Affiliates as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

"Independent Certificate" means a certificate or opinion to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 12.01, made by an Independent appraiser or other expert appointed by an Issuer Order, and such opinion or certificate shall state that the signer has read the definition

of "Independent" in this Master Indenture and that the signer is Independent within the meaning thereof.

"Indirect Participant" means other Persons such as securities brokers and dealers, banks and trust companies that clear or maintain a custodial relationship with a participant of DTC, either directly or indirectly.

"Initial Accounts" has the meaning set forth in the Transfer and Servicing Agreement.

"Initial Cut-Off Date" has the meaning set forth in the Transfer and Servicing Agreement.

"Insolvency Event" has the meaning set forth in the Transfer and Servicing Agreement.

"Insurance Proceeds" has the meaning set forth in the Transfer and Servicing Agreement.

"Interchange" has the meaning set forth in the Transfer and Servicing Agreement.

"Invested Amount" means, with respect to any Series and for any date, an amount equal to the "Invested Amount" or "Adjusted Invested Amount," as applicable, specified in the related Indenture Supplement.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Issuer" means the Trust, and its successors.

"Issuer Order" and "Issuer Request" means a written order or request signed in the name of the Issuer by any one of its Authorized Officers and delivered to the Indenture Trustee.

"Lien" has the meaning set forth in the Transfer and Servicing Agreement.

"Master Indenture" means this master indenture, dated as of April 1, 2002, between the Issuer and the Indenture Trustee, as the same may be amended, supplemented or otherwise modified from time to time including, with respect to any Series or Class, the related Indenture Supplement.

"Monthly Period" means, with respect to each Distribution Date, unless otherwise provided in an Indenture Supplement, the period from and including the first day of the preceding calendar month to and including the last day of such calendar month; provided, however, that the initial Monthly Period with respect to any Series will commence on the Closing Date with respect to such Series and end on last day of the calendar month preceding the first Distribution Date.

"Moody's" has the meaning set forth in the Transfer and Servicing Agreement.

"New Issuance" has the meaning set forth in Section 2.12(a).

"Note Interest Rate" means, as of any particular date of determination and with respect to any Series or Class, the interest rate as of such date specified therefor in the related Indenture Supplement.

"Note Owner" means, with respect to a Book-Entry Note, the Person who is the owner of such Book-Entry Note, as reflected on the books of the Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency (directly as a Clearing Agency Participant or as an Indirect Participant, in accordance with the rules of such Clearing Agency).

"Note Register" has the meaning set forth in Section 2.05.

"Noteholder" or "Holder" means the Person in whose name a Note is registered on the Note Register and, if applicable, the holder of any Bearer Note, Global Note or Coupon, as the case may be, or such other Person deemed to be a "Noteholder" or "Holder" in any related Indenture Supplement.

"Notes" means all Series of Notes issued by the Trust pursuant to the Master Indenture and the related Indenture Supplement.

"Notice of Default" has the meaning set forth in Section 5.02(c).

"Officer's Certificate" means, unless otherwise specified in this Master Indenture, a certificate delivered to the Indenture Trustee signed by any Authorized Officer of the Issuer, Seller, Transferor or the Servicer, as applicable, under the circumstances described in, and otherwise complying with, the applicable requirements of Section 12.01.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for, or an employee of, the Person providing the opinion and who shall be reasonably acceptable to the Indenture Trustee; provided that a Tax Opinion shall be an opinion of nationally recognized tax counsel.

"Outstanding" means, as of the date of determination, all Notes theretofore authenticated and delivered under this Master Indenture except:

(i) Notes theretofore canceled by the Transfer Agent and Registrar or delivered to the Transfer Agent and Registrar for cancellation;

(ii) Notes or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Notes (provided, however, that if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Master Indenture or provision therefor, satisfactory to the Indenture Trustee, has been made); and

(iii) Notes in exchange for or in lieu of other Notes which have been authenticated and delivered pursuant to this Master Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Notes are held by a Protected Purchaser;

provided that, in determining whether the Holders of the requisite Outstanding Amount of the Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Issuer, any other obligor upon the Notes, the Transferor, the Servicer or any Affiliate of any shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such

request, demand, authorization, direction, notice, consent or waiver, only Notes that a Responsible Officer of the Indenture Trustee actually knows to be so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Issuer, any other obligor upon the Notes, the Transferor, the Servicer or any of their respective Affiliates. In making any such determination, the Indenture Trustee may rely on the representations of the pledgee and shall not be required to undertake any independent investigation.

"Outstanding Amount" means the aggregate principal amount of all Notes Outstanding at the date of determination and, with respect to the Notes of a particular Series, the aggregate principal amount of all Notes of such Series which are Outstanding at the date of determination.

"Owner Trustee" means Wilmington Trust Company, not in its individual capacity, but solely as owner trustee under the Trust Agreement, its successors in interest and any successor owner trustee under the Trust Agreement.

"Paired Series" means (i) each Series which has been paired with another Series (which Series may be prefunded or partially prefunded), such that the reduction of the Invested Amount or Adjusted Invested Amount of such Series results in the increase of the Invested Amount of such other Series, as described in the related Indenture Supplements, and (ii) such other Series.

"Participation Interest Supplements" has the meaning set forth in the Transfer and Servicing Agreement.

"Pay Out Event" means, with respect to any Series, a Trust Pay Out Event or a Series Pay Out Event.

"Paying Agent" means any paying agent appointed pursuant to Section 2.08 and shall initially be the Indenture Trustee; provided that if the Indenture Supplement for a Series so provides, a separate or additional Paying Agent may be appointed with respect to such Series.

"Permitted Assignee" means any Person who, if it were to purchase Receivables (or interests therein) in connection with a sale thereof pursuant to Sections 5.05(a) and 5.16, would not cause the Trust to be taxable as a publicly traded partnership for federal income tax purposes, but shall not include the Transferor and its Affiliates.

"Person" has the meaning set forth in the Transfer and Servicing Agreement.

"Principal Receivables" has the meaning set forth in the Transfer and Servicing Agreement.

"Principal Sharing Series" means a Series that, pursuant to the Indenture Supplement therefor, is entitled to receive Shared Principal Collections. If so specified in the Indenture Supplement for a Group of Series, each such Series may be Principal Sharing Series only for the other Series in such Group.

"Principal Shortfalls" means, with respect to a Distribution Date, the aggregate amount for all outstanding Series which the related Indenture Supplements specify are "Principal Shortfalls" for such Series and for such Distribution Date.

"Principal Terms" means, with respect to any Series, (i) the name or designation; (ii) the initial principal amount (or method for calculating such amount), the Invested Amount and the Required Transferor Interest; (iii) the Note Interest Rate for each Class of Notes of such Series (or method for the determination thereof); (iv) the payment date or dates and the date or dates from which interest shall accrue; (v) the method for allocating Collections to Noteholders; (vi) the designation of any Series Accounts and the terms governing the operation of any such Series Accounts; (vii) the Servicing Fee; (viii) the issuer and terms of any form of Series Enhancements with respect thereto; (ix) the terms on which the Notes of such Series may be exchanged for Notes of another Series, repurchased by the Transferor or remarketed to other investors; (x) the Series Final Maturity Date; (xi) the number of Classes of Notes of such Series and, if more than one Class, the rights and priorities of each such Class; (xii) the extent to which the Notes of such Series will be issuable in temporary or permanent global form (and, in such case, the depositary for such global note or notes, the terms and conditions, if any, upon which such global note may be exchanged, in whole or in part, for Definitive Notes, and the manner in which any interest payable on a temporary or global note will be paid); (xiii) whether the Notes of such Series may be issued in bearer form and any limitations imposed thereon; (xiv) the priority of such Series with respect to any other Series; (xv) whether such Series will be part of a Group; (xvi) whether such Series will be a Principal Sharing Series; (xvii) whether such Series will be an Excess Allocation Series; (xviii) the Distribution Date; (xix) whether such Series will or may be a Paired Series and the Series with which it will be paired, if applicable; and (xx) any other terms of such Series.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Protected Purchaser" has the meaning set forth in the New York UCC.

"Qualified Account" means either (i) a segregated account with an Eligible Institution or (ii) a segregated trust account with the corporate trust department of a depository institution organized under the laws of the United States or any State thereof (or any domestic branch of a foreign bank), and acting as a trustee for funds deposited in such account, so long as any of the unsecured, unguaranteed senior debt securities of such depository institution shall have a credit rating from each Rating Agency in one of its generic credit rating categories that signifies investment grade.

"Rating Agency" means, with respect to any outstanding Series or Class, each rating agency, as specified in the applicable Indenture Supplement, selected by the Transferor to rate the Notes of such Series or Class.

"Rating Agency Condition" means, with respect to any action, that each Rating Agency shall have notified the Transferor and the Indenture Trustee in writing that such action will not result in a reduction or withdrawal of their current rating of any outstanding Series or Class with respect to which it is a Rating Agency or, with respect to any outstanding Series or Class not

rated by any Rating Agency, the written consent of the Noteholders of such Series or Class as specified in the Indenture Supplement for such Series.

"Reallocated Principal Collections" has, with respect to any series, the meaning set forth in the related Indenture Supplement.

"Receivables" has the meaning set forth in the Transfer and Servicing Agreement.

"Receivables Purchase Agreement" means (i) the receivables purchase agreement, dated as of April 1, 2002, between Nordstrom fsb, as seller, and Nordstrom Credit Card Receivables LLC, as purchaser, as the same may be amended, supplemented or otherwise modified from time to time or (ii) any receivables purchase agreement entered into between the Transferor and an Account Owner, as the same may be amended, supplemented or otherwise modified from time to time.

"Recoveries" has the meaning set forth in the Transfer and Servicing Agreement.

"Record Date" means, with respect to any Distribution Date, (i) for Definitive Notes, the last day of the calendar month immediately preceding such Distribution Date or (ii) for Book-Entry Notes, the Business Day immediately preceding such Distribution Date unless otherwise specified for a Series in the related Indenture Supplement.

"Redemption Date" means, with respect to any Series, the date or dates, if any, specified in the related Indenture Supplement.

"Registered Notes" means any Series or Class of Notes, together with the Indenture Trustee's certificate of authentication related thereto, issued in fully registered form.

"Removed Accounts" has the meaning set forth in the Transfer and Servicing Agreement.

"Required Minimum Principal Balance" has the meaning set forth in the Transfer and Servicing Agreement.

"Required Transferor Interest" means, with respect to any date, an amount equal to the product of (i) the Required Transferor Percentage and (ii) the aggregate amount of Principal Receivables.

"Required Transferor Percentage" means 9.0%; provided, however, that the Transferor may reduce the Required Transferor Percentage upon (i) 30 days' prior notice to the Indenture Trustee and each Rating Agency, (ii) satisfaction of the Rating Agency Condition with respect thereto and (iii) delivery to the Indenture Trustee of a certificate of a Vice President or more senior officer of the Transferor stating that the Transferor reasonably believes that such reduction will not, based on the facts known to such officer at the time of such certification, then or thereafter have an Adverse Effect.

"Responsible Officer" means, when used with respect to the Indenture Trustee, any officer (i) within the Corporate Trust Office, including any vice president, assistant vice president, assistant treasurer, assistant secretary, trust officer or any other officer of the Indenture

Trustee customarily performing functions similar to those performed by the individuals who at the time shall be such officers or to whom any corporate trust matter is referred at the Corporate Trust Office because of such officer's knowledge of and familiarity with the particular subject and (ii) who shall have direct responsibility for the administration of this Master Indenture and the other Transaction Documents.

"Revolving Period" means, with respect to each Series, the period specified in the related Indenture Supplement.

"Securities Act" means the Securities Act of 1933, as amended.

"Seller" means Nordstrom fsb, in its capacity as seller under the Receivables Purchase Agreement, or any other seller under a Receivables Purchase Agreement, and their respective successors.

"Series" means any series of Notes issued pursuant to this Master Indenture and the related Indenture Supplement.

"Series Account" means any deposit, trust, securities escrow or similar account maintained for the benefit of the Noteholders of any Series or Class, as specified in any Indenture Supplement.

"Series Enhancement" means the rights and benefits provided to the Trust or the Noteholders of any Series or Class pursuant to any letter of credit, surety bond, cash collateral account, collateral invested amount, spread account, reserve account, guaranteed rate agreement, maturity liquidity facility, tax protection agreement, interest rate swap agreement, interest rate cap agreement or other similar arrangement. The subordination of any Series or Class to another Series or Class shall be deemed to be a Series Enhancement.

"Series Enhancer" means the Person or Persons providing any Series Enhancement, other than (except to the extent otherwise provided with respect to any Series in the related Indenture Supplement) the Noteholders of any Series or Class which is subordinated to another Series or Class.

"Series Final Maturity Date" means, with respect to any Series, the final maturity date for such Series specified in the related Indenture Supplement.

"Series Issuance Date" means, with respect to any Series, the date on which the Notes of such Series are to be originally issued in accordance with Section 2.12 and the related Indenture Supplement.

"Series Pay Out Event" has, with respect to any Series, the meaning specified pursuant to the related Indenture Supplement.

"Servicer" has the meaning set forth in the Transfer and Servicing Agreement.

"Servicer Default" has the meaning set forth in the Transfer and Servicing Agreement.

"Servicing Fee" has the meaning set forth in the Transfer and Servicing Agreement.

"Shared Excess Finance Charge Collections" means, with respect to any Distribution Date, the aggregate amount for all outstanding Series that the related Indenture Supplements specify are to be treated as "Shared Excess Finance Charge Collections" for such Distribution Date.

"Shared Principal Collections" means, with respect to a Distribution Date, the aggregate amount for all outstanding Series of Collections of Principal Receivables which the related Indenture Supplements specify are to be treated as "Shared Principal Collections" for such Distribution Date.

"Special Funding Account" has the meaning set forth in Section 8.03.

"Special Funding Amount" means the amount on deposit in the Special Funding Account.

"Standard & Poor's" has the meaning set forth in the Transfer and Servicing Agreement.

"State" means any state of the United States and the District of Columbia.

"Successor Servicer" has the meaning set forth in the Transfer and Servicing Agreement.

"Tax Opinion" means, with respect to any action, an Opinion of Counsel to the effect that, for federal income tax purposes, such action will not (i) adversely affect the tax characterization as debt of the Notes of any outstanding Series or Class that were characterized as debt at the time of their issuance, (ii) cause the Trust to be deemed to be an association (or publicly traded partnership) taxable as a corporation and (iii) cause or constitute an event in which gain or loss would be recognized by any Noteholder.

"Termination Notice" has the meaning set forth in the Transfer and Servicing Agreement.

"Transaction Documents" means, with respect to any Series of Notes, the Certificate of Trust, the Trust Agreement, each related Receivables Purchase Agreement, the Transfer and Servicing Agreement, this Master Indenture, the related Indenture Supplement, any Enhancement Agreement, the Administration Agreement, and such other documents and certificates delivered in connection therewith.

"Transfer Agent and Registrar" has the meaning set forth in Section 2.05.

"Transfer and Servicing Agreement" means the Transfer and Servicing Agreement, dated as of April 1, 2002, among the Transferor, the Servicer, the Indenture Trustee and the Issuer, as the same may be amended, supplemented or otherwise modified from time to time.

"Transfer Date" means the Business Day immediately preceding each Distribution Date.

"Transfer Restriction Event" has the meaning set forth in the Transfer and Servicing Agreement.

"Transferor" has the meaning set forth in the Transfer and Servicing Agreement.

"Transferor Interest" means on any date of determination an amount equal to (i) the sum of (a) an amount equal to the aggregate balance of Principal Receivables plus (b) the Special Funding Amount, in each case, at the end of the day immediately prior to such date of determination, minus (ii) the aggregated Invested Amounts with respect to all Series of Notes issued and outstanding on such date of determination.

"Transferor Percentage" means, on any date of determination, when used with respect to Principal Receivables, Finance Charge Receivables and Defaulted Receivables, a percentage equal to 100% minus the Aggregate Investor Percentage with respect to such category of Receivables.

"Trust" means the Nordstrom Credit Card Master Note Trust.

"Trust Agreement" means the Trust Agreement relating to the Trust, dated as of April 1, 2002, between Nordstrom Credit Card Receivables LLC, as transferor, and the Owner Trustee, as the same may be amended, supplemented or otherwise modified from time to time.

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939, as amended.

"Trust Pay Out Event" has the meaning set forth in Section 5.01.

"Trustees" means the Indenture Trustee and the Owner Trustee.

"UCC" shall have the meaning set forth in the Transfer and Servicing Agreement.

"United States" means the United States of America.

Section 1.02. Other Definitional Provisions.

(a) With respect to any Series, capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement, the Transfer and Servicing Agreement or the related Indenture Supplement, as the case may be.

(b) All terms defined in this Master Indenture shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) As used in this Master Indenture and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Master Indenture or in any such certificate or other document, and accounting terms partly defined in this Master Indenture or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under GAAP. To the extent that the definitions of accounting terms in this Master Indenture or in any such certificate or other document are inconsistent with the meanings of such terms under GAAP, the definitions contained in this Master Indenture or in any such certificate or other document shall control.

(d) Any reference to each Rating Agency shall only apply to any specific rating agency if such rating agency is then rating any outstanding Series.

(e) Unless otherwise specified, references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day.

(f) Whenever this Master Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Master Indenture have the following meanings:

"indenture securities" means the Notes.

"indenture security holder" means a Noteholder.

"indenture to be qualified" means this Master Indenture.

"indenture trustee" or "institutional trustee" means the Indenture Trustee.

"obligor" on the indenture securities means the Issuer and any other obligor on the indenture securities.

All other TIA terms used in this Master Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule have the meaning assigned to them by such definitions.

(g) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, (i) terms used herein include, as appropriate, all genders and the plural as well as the singular, (ii) references to this Agreement include all Exhibits hereto, (iii) references to words such as "herein", "hereof" and the like shall refer to this Agreement as a whole and not to any particular part, Article or Section within this Agreement, (iv) references to an Article or Section such as "Article One" or "Section 1.01" and the like shall refer to the applicable Article or Section of this Agreement, (v) the term "include" and all variations thereof shall mean "include without limitation", (vi) the term "or" shall include "and/or" and (vii) the term "proceeds" shall have the meaning ascribed to such term in the UCC.

ARTICLE TWO
THE NOTES

Section 2.01. Form Generally. Any Series or Class of Notes, together with the Indenture Trustee's certificate of authentication related thereto, may be issued in bearer form with attached interest coupons and a special coupon or in fully registered form and shall be in substantially the form of an exhibit to the related Indenture Supplement with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Master Indenture or such Indenture Supplement, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note. The terms of any Notes set forth in an exhibit to the related Indenture Supplement are part of the terms of this Master Indenture, as applicable.

The Definitive Notes shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods, all as determined by the officers executing such Notes, as evidenced by its execution of such Notes.

Each Note will be dated the Closing Date and each Definitive Note will be dated as of the date of its authentication.

Section 2.02. Denominations. Except as otherwise specified in the related Indenture Supplement and the Notes, each class of Notes of each Series shall be issued in fully registered form in minimum amounts of $100,000 and in integral multiples of $1,000 in excess thereof (except that one Note of each Class may be issued in a different amount, so long as such amount exceeds the applicable minimum denomination for such Class), and shall be issued upon initial issuance as one or more Notes in an aggregate original principal amount equal to the applicable Invested Amount for such Class or Series.

Section 2.03. Execution, Authentication and Delivery. Each Note shall be executed by manual or facsimile signature on behalf of the Issuer by an Authorized Officer. Notes bearing the manual or facsimile signature of an individual who was, at the time when such signature was affixed, authorized to sign on behalf of the Issuer shall not be rendered invalid, notwithstanding the fact that such individual ceased to be so authorized prior to the authentication and delivery of such Notes or does not hold such office at the date of issuance of such Notes.

At any time and from time to time after the execution and delivery of this Master Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication and delivery, and the Indenture Trustee shall authenticate at the written direction of the Issuer and deliver such Notes as provided in this Master Indenture or the related Indenture Supplement and not otherwise. Each Note shall be dated its date of authentication.

No Note shall be entitled to any benefit under this Master Indenture or the applicable Indenture Supplement or be valid or obligatory for any purpose, unless there appears on such

Note a certificate of authentication substantially in the form provided for herein or in the related Indenture Supplement executed by or on behalf of the Indenture Trustee by the manual signature of a duly authorized signatory, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

Section 2.04. Authenticating Agent.

(a) The Indenture Trustee may appoint one or more authenticating agents with respect to the Notes which shall be authorized to act on behalf of the Indenture Trustee in authenticating the Notes in connection with the issuance, delivery, registration of transfer, exchange or repayment of the Notes. Whenever reference is made in this Master Indenture to the authentication of Notes by the Indenture Trustee or the Indenture Trustee's certificate of authentication, such reference shall be deemed to include authentication on behalf of the Indenture Trustee by an authenticating agent and a certificate of authentication executed on behalf of the Indenture Trustee by an authenticating agent. Each authenticating agent must be acceptable to the Issuer and the Servicer.

(b) Any institution succeeding to the corporate agency business of an authenticating agent shall continue to be an authenticating agent without the execution or filing of any power or any further act on the part of the Indenture Trustee or such authenticating agent.

(c) An authenticating agent may at any time resign by giving written notice of resignation to the Indenture Trustee, the Issuer and the Servicer. The Indenture Trustee may at any time terminate the agency of an authenticating agent by giving notice of termination to such authenticating agent and to the Issuer and the Servicer. Upon receiving such a notice of resignation or upon such a termination, or in case at any time an authenticating agent shall cease to be acceptable to the Indenture Trustee or the Issuer and the Servicer, the Indenture Trustee may promptly appoint a successor authenticating agent. Any successor authenticating agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an authenticating agent. No successor authenticating agent shall be appointed unless acceptable to the Issuer and the Servicer.

(d) The Issuer agrees to pay to each authenticating agent from time to time reasonable compensation for its services under this Section.

(e) The provisions of Sections 6.01 and 6.04 shall be applicable to any authenticating agent.

(f) Pursuant to an appointment made under this Section, the Notes may have endorsed thereon, in lieu of or in addition to the Indenture Trustee's certificate of authentication, an alternative certificate of authentication in substantially the following form:

This is one of the Notes described in the within-mentioned Agreement.

as Authenticating Agent
for the Indenture Trustee

By:

Authorized Signatory

Section 2.05. Registration of and Limitations on Transfer and Exchange of Notes. The Issuer shall cause to be kept a register (the "Note Register") in which the entity acting as transfer agent and registrar (the "Transfer Agent and Registrar") shall provide for the registration of Notes and the registration of transfers of Notes. The Indenture Trustee initially shall be the Transfer Agent and Registrar for the purpose of registering Notes and transfers of Notes as herein provided. Upon any resignation of any Transfer Agent and Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Transfer Agent and Registrar.

If a Person other than the Indenture Trustee is appointed by the Issuer as Transfer Agent and Registrar, the Issuer will give the Indenture Trustee prompt written notice of the appointment of a Transfer Agent and Registrar and of the location, and any change in the location, of the Transfer Agent and Registrar and Note Register. The Indenture Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof, and the Indenture Trustee shall have the right to rely upon a certificate executed on behalf of the Transfer Agent and Registrar by an officer thereof as to the names and addresses of the Noteholders and the principal amounts and numbers of such Notes.

Upon surrender for registration of transfer of any Note at the office or agency of the Transfer Agent and Registrar, to be maintained as provided in Section 3.02, if the requirements of Section 8-401 of the UCC are met, the Issuer shall execute, and upon receipt of such surrendered Note the Indenture Trustee shall authenticate and deliver to the Noteholder, in the name of the designated transferee or transferees, one or more new Notes (of the same Series and Class) in any authorized denominations of like aggregate principal amount.

At the option of a Noteholder, Notes may be exchanged for other Notes (of the same Series and Class) in any authorized denominations and of like aggregate principal amount, upon surrender of such Notes to be exchanged at the office or agency of the Transfer Agent and Registrar. Whenever any Notes are so surrendered for exchange, if the requirements of Section 8-401 of the UCC are met, the Issuer shall execute, and upon receipt of such surrendered Note the Indenture Trustee shall authenticate and deliver to the Noteholder, the Notes which the Noteholder making the exchange is entitled to receive.

All Notes issued upon any registration of transfer or exchange of Notes shall evidence the same obligations, evidence the same debt, and be entitled to the same rights and privileges under this Master Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by a written instrument of transfer in a form satisfactory to the Indenture Trustee duly executed by, the Noteholder thereof or its attorney-in-fact duly authorized in writing, and by such other documents as the Indenture Trustee may reasonably require.

The registration of transfer of any Note shall be subject to the additional requirements, if any, set forth in the related Indenture Supplement.

No service charge shall be made for any registration of transfer or exchange of Notes, but the Issuer and Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of such Notes.

All Notes surrendered for registration of transfer and exchange shall be canceled by the Issuer and delivered to the Indenture Trustee for subsequent destruction without liability on the part of either. The Indenture Trustee shall destroy the Global Note upon its exchange in full for Definitive Notes and shall deliver a certificate of destruction to the Transferor. Such certificate shall also state that a certificate or certificates of each Foreign Clearing Agency referred to in the applicable Indenture Supplement was received with respect to each portion of the Global Note exchanged for Definitive Notes.

Unless otherwise set forth in an Indenture Supplement, the preceding provisions of this Section notwithstanding, the Issuer shall not be required to make, and the Transfer Agent and Registrar need not register, transfers or exchanges of Notes for a period of 20 days preceding the due date for any payment with respect to the Note.

If and so long as any Series of Notes are listed on the Luxembourg Stock Exchange and such exchange shall so require, the Indenture Trustee shall appoint a co-transfer agent and co-registrar in Luxembourg or another European city. Any reference in this Master Indenture to the Transfer Agent and Registrar shall include any co-transfer agent and co-registrar unless the context otherwise requires. The Indenture Trustee will enter into any appropriate agency agreement with any co-transfer agent and co-registrar not a party to this Master Indenture, which will implement the provisions of this Master Indenture that relate to such agent.

Section 2.06. Mutilated, Destroyed, Lost or Stolen Notes. If (i) any mutilated Note is surrendered to the Indenture Trustee, or the Indenture Trustee receives evidence to its reasonable satisfaction of the destruction, loss or theft of any Note, and (ii) in case of destruction, loss, or theft there is delivered to the Indenture Trustee such security or indemnity as may be required by it to hold the Issuer, the Noteholders, the Transfer Agent, the Registrar and the Indenture Trustee harmless, then, in the absence of notice to the Issuer, the Transfer Agent and Registrar or the Indenture Trustee that such Note has been acquired by a Protected Purchaser, the Issuer shall execute, and the Indenture Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note

of like tenor (including the same date of issuance) and principal amount, bearing a number not contemporaneously outstanding; provided, however, that if any such mutilated, destroyed, lost or stolen Note shall have become or within seven days shall be due and payable, or shall have been selected or called for redemption, instead of issuing a replacement Note, the Issuer may pay such Note without surrender thereof, except that any mutilated Note shall be surrendered. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a Protected Purchaser of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, the Issuer and the Indenture Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any Person taking such replacement Note from such Person to whom such replacement Note was delivered or any assignee of such Person, except a Protected Purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Indenture Trustee in connection therewith.

Upon the issuance of any replacement Note under this Section, the Issuer may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Indenture Trustee or the Transfer Agent and Registrar) connected therewith.

Every replacement Note issued pursuant to this Section in replacement of any mutilated, destroyed, lost or stolen Note shall constitute complete and indefeasible evidence of debt of the Trust, as if originally issued, whether or not the mutilated, destroyed, lost or stolen Note shall be found at any time, and shall be entitled to all the benefits of this Master Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 2.07. Persons Deemed Owners. Prior to due presentment for registration of transfer of any Note, the Issuer, the Indenture Trustee and any agent of the Transferor, the Issuer or the Indenture Trustee shall treat the Person in whose name any Note is registered as the owner of such Note for the purpose of receiving distributions pursuant to the terms of the applicable Indenture Supplement and for all other purposes whatsoever, whether or not such Note is overdue, and neither the Issuer, the Transferor, the Indenture Trustee nor any agent of the Issuer, the Transferor or the Indenture Trustee shall be affected by any notice to the contrary.

Section 2.08. Appointment of Paying Agent.

(a) The Issuer reserves the right at any time to vary or terminate the appointment of a Paying Agent for the Notes, and to appoint additional or other Paying Agents, provided that it will at all times maintain the Indenture Trustee as Paying Agent.

If and so long as any Notes are listed on the Luxembourg Stock Exchange and such exchange shall so require, the Indenture Trustee will appoint a co-paying agent in Luxembourg or another European city. The Indenture Trustee will enter into any appropriate agency agreement with any co-paying agent not a party to this Master Indenture, which will implement the provisions of this Master Indenture that relate to such agent. The Indenture Trustee initially appoints Kredietbank S.A. Luxembourgeoise, at its office located at 43 Boulevard Royal, L-2955 Luxembourg, as Paying Agent for each Series of Notes listed on the Luxembourg Stock Exchange.

Notice of all changes in the identity or specified office of a Paying Agent will be delivered promptly to the Noteholders by the Indenture Trustee.

(b) The Indenture Trustee shall cause the Paying Agent (other than itself) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee that it will hold all sums, if any, held by it for payment to the Noteholders in trust for the benefit of the Noteholders entitled thereto until such sums shall be paid to such Noteholders and shall agree, and if the Indenture Trustee is the Paying Agent it hereby agrees, that it shall comply with all requirements of the Code regarding the withholding by the Indenture Trustee of payments in respect of federal income taxes due from the Beneficial Owners.

Section 2.09. Access to List of Noteholders' Names and Addresses.

(a) The Indenture Trustee will furnish or cause to be furnished to the Issuer, the Servicer, any Noteholder or the Paying Agent, within five Business Days after receipt by the Indenture Trustee of a written request therefor from the Issuer, the Servicer, such Noteholder or the Paying Agent, respectively, a list of the names and addresses of the Noteholders. Unless otherwise provided in the related Indenture Supplement, holders of 10% of the Outstanding Amount of the Notes of any Series (the "Applicants") may apply in writing to the Indenture Trustee, and if such application states that the Applicants desire to communicate with other Noteholders of any Series with respect to their rights under this Master Indenture or under the Notes and is accompanied by a copy of the communication which such Applicants propose to transmit, then the Indenture Trustee, after having been adequately indemnified by such Applicants for its costs and expenses, shall afford or shall cause the Transfer Agent and Registrar to afford such Applicants access during normal business hours to the most recent list of Noteholders held by the Indenture Trustee and shall give the Servicer notice that such request has been made, within five Business Days after the receipt of such application. Such list shall be as of a date no more than 45 days prior to the date of receipt of such Applicants' request.

(b) Every Noteholder, by receiving and holding a Note, agrees that none of the Issuer, the Owner Trustee, the Indenture Trustee, the Transfer Agent and Registrar and the Servicer or any of their respective agents and employees shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Noteholders hereunder, regardless of the sources from which such information was derived.

Section 2.10. Cancellation. All Notes surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and shall be promptly canceled by it. Pursuant to an Issuer

Request, the Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any lawful manner whatsoever, and all Notes so delivered shall be promptly canceled by the Indenture Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section, except as expressly permitted by this Master Indenture. All canceled Notes held by the Indenture Trustee shall be destroyed unless the Issuer shall direct by a timely order that they be returned to it.

Section 2.11. Release of Collateral. Subject to Section 12.01, the Indenture Trustee shall release property from the lien of this Master Indenture only upon receipt of an Issuer Request accompanied by an Officer's Certificate, an Opinion of Counsel and Independent Certificates in accordance with TIA Section 314(c) and 314(d) or an Opinion of Counsel in lieu of such Independent Certificates to the effect that the TIA does not require any such Independent Certificates.

Section 2.12. New Issuances.

(a) Pursuant to one or more Indenture Supplements, the Transferor may from time to time direct the Owner Trustee in writing, on behalf of the Issuer, to issue one or more new Series of Notes (each, a "New Issuance"). The Notes of all outstanding Series shall be equally and ratably entitled as provided herein to the benefits of this Master Indenture without preference, priority or distinction, all in accordance with the terms and provisions of this Master Indenture and the applicable Indenture Supplement except, with respect to any Series or Class, as provided in the related Indenture Supplement. Interest on and principal of the Notes of each outstanding Series shall be paid on each Distribution Date as specified in the Indenture Supplement relating to such outstanding Series.

(b) On or before the Series Issuance Date relating to any new Series of Notes, the parties hereto will execute and deliver an Indenture Supplement which will specify the Principal Terms of such Series. The terms of such Indenture Supplement may modify or amend the terms of this Master Indenture solely as applied to such new Series. The obligation of the Owner Trustee to execute, on behalf of the Issuer, the Notes of any Series and of the Indenture Trustee to authenticate such Notes and to execute and deliver the related Indenture Supplement (other than any Series issued pursuant to an Indenture Supplement dated as of April 1, 2002) is subject to the satisfaction of the following conditions:

(i) on or before the fifth day immediately preceding the Series Issuance Date, the Transferor shall have given the Trustees, the Servicer and each Rating Agency notice (unless such notice requirement is otherwise waived) of such issuance and the Series Issuance Date;

(ii) the Transferor shall have delivered to the Trustees any related Indenture Supplement, in form satisfactory to the Owner Trustee (as such and in its individual capacity) and the Indenture Trustee, executed by the parties thereto;

(iii) the Transferor shall have delivered to the Trustees any related Enhancement Agreement executed by the parties thereto;

(iv) the Transferor shall have delivered to the Trustees (with a copy to each Rating Agency) a Tax Opinion, dated the Series Issuance Date;

(v) the Rating Agency Condition shall have been satisfied with respect to such issuance;

(vi) such issuance will not result in any Adverse Effect and the Transferor shall have delivered to the Trustees an Officer's Certificate, dated the Series Issuance Date, to the effect that (A) the Transferor reasonably believes that such issuance will not, based on the facts known to such officer at the time of such certification, result in an Adverse Effect, and (B) all conditions precedent to such execution, authentication, and delivery have been satisfied; and

(vii) the aggregate amount of Principal Receivables shall be greater than the Required Minimum Principal Balance and the Transferor Interest shall be greater than the Required Transferor Interest, each as of the Series Issuance Date and after giving effect to such issuance.

Any Note held by the Transferor at any time after the date of its initial issuance may be transferred or exchanged only upon the delivery to the Trust and the Indenture Trustee of a Tax Opinion dated as of the date of such transfer or exchange, as the case may be, with respect to such transfer or exchange.

(c) Upon satisfaction of the above conditions, pursuant to Section 2.03, the Owner Trustee, on behalf of the Issuer, shall execute and the Indenture Trustee shall authenticate and deliver the Notes of such Series as provided in this Master Indenture and the applicable Indenture Supplement. Notwithstanding the provisions of this Section, prior to the execution of any Indenture Supplement (other than an Indenture Supplement dated as of April 1, 2002), the Indenture Trustee and Owner Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such Indenture Supplement is authorized or permitted by this Master Indenture and any Indenture Supplement related to any outstanding Series. The Indenture Trustee and Owner Trustee may, but shall not be obligated to, enter into any such Indenture Supplement which adversely affects the Indenture Trustee's or Owner Trustee's (as such or in its individual capacity) own rights, duties, benefits, protections, privileges or immunities under this Master Indenture.

(d) The Issuer may direct the Indenture Trustee to deposit the net proceeds from any New Issuance in the Special Funding Account. The Issuer may also specify that on any Transfer Date the proceeds from the sale of any new Series may be withdrawn from the Special Funding Account and treated as Shared Principal Collections.

Section 2.13. Book-Entry Notes. Unless otherwise provided in any related Indenture Supplement, the Notes, upon original issuance, shall be issued in the form of Global Notes representing the Book-Entry Notes.

The Global Notes of each Series representing the Book-Entry Notes shall, unless otherwise provided in the related Indenture Supplement, initially be registered in the Note Register in the name of the nominee of the Clearing Agency or Foreign Clearing Agency for

such Book-Entry Notes and shall be delivered to the Indenture Trustee or, pursuant to such Clearing Agency's or Foreign Clearing Agency's instructions held by the Indenture Trustee's agent as custodian for the Clearing Agency or Foreign Clearing Agency.

Unless and until Definitive Notes are issued under the limited circumstances described in Section 2.15, no Beneficial Owner shall be entitled to receive a Definitive Note representing such Beneficial Owner's interest in such Note. Unless and until Definitive Notes have been issued to the Beneficial Owners pursuant to Section 2.15:

(a) the provisions of this Section shall be in full force and effect with respect to each such Series;

(b) the Indenture Trustee shall be entitled to deal with the Clearing Agency or Foreign Clearing Agency and the Clearing Agency Participants for all purposes of this Master Indenture (including the payment of principal of and interest on the Notes of each such Series) as the authorized representatives of the Beneficial Owners;

(c) to the extent that the provisions of this Section conflict with any other provisions of this Master Indenture, the provisions of this Section shall control with respect to each such Series;

(d) the rights of Beneficial Owners of each such Series shall be exercised only through the Clearing Agency or Foreign Clearing Agency and the applicable Clearing Agency Participants and shall be limited to those established by law and agreements between such Beneficial Owners and the Clearing Agency or Foreign Clearing Agency and/or the Clearing Agency Participants; pursuant to the depository agreement applicable to a Series, unless and until Definitive Notes of such Series are issued pursuant to Section 2.15, the initial Clearing Agency shall make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal and interest on the Notes to such Clearing Agency Participants; and

(e) whenever this Master Indenture requires or permits actions to be taken based upon instructions or directions of the Holders of Notes evidencing a specified percentage of the Outstanding Amount of the Notes, the Clearing Agency or Foreign Clearing Agency shall be deemed to represent such percentage only to the extent that they have received instructions to such effect from the Beneficial Owners and/or Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in the Notes and has delivered such instructions to a Responsible Officer of the Indenture Trustee.

Section 2.14. Notices to Clearing Agency or Foreign Clearing Agency. Whenever a notice or other communication to the Noteholders is required under this Master Indenture, unless and until Definitive Notes shall have been issued to Beneficial Owners pursuant to Section 2.15, the Indenture Trustee shall give all such notices and communications specified herein to be given to Noteholders to the Clearing Agency or Foreign Clearing Agency, as applicable, and shall have no obligation to the Beneficial Owners.

Section 2.15. Definitive Notes. If so specified in the related Indenture Supplement, Notes may be issued as Definitive Notes. If (i) (a) the Issuer advises the Indenture Trustee in writing that the Clearing Agency or Foreign Clearing Agency is no longer willing or able to discharge properly its responsibilities as Clearing Agency or Foreign Clearing Agency with respect to the Book-Entry Notes of a given Class and (b) the Indenture Trustee or Issuer is unable to locate and reach an agreement on satisfactory terms with a qualified successor, (ii) the Issuer, at its option, advises the Indenture Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency or Foreign Clearing Agency with respect to such Class or (iii) after the occurrence of a Servicer Default, Beneficial Owners having an aggregate of a majority of the Outstanding Amount of the Notes (or such other percentage as specified in the related Indenture Supplement) of such Class advise the Indenture Trustee and the applicable Clearing Agency or Foreign Clearing Agency through the applicable Clearing Agency Participants in writing that the continuation of a book-entry system is no longer in the best interests of the Beneficial Owners of such Class, the Clearing Agency or Foreign Clearing Agency, as the case may be, shall notify all Beneficial Owners of such Class of the occurrence of such event and of the availability of Definitive Notes to Beneficial Owners of such Class requesting the same. Upon surrender to the Indenture Trustee of the Notes of such Class, accompanied by registration instructions from the applicable Clearing Agency, the Issuer shall execute and the Indenture Trustee shall authenticate Definitive Notes of such Class and shall recognize the registered holders of such Definitive Notes as Noteholders under this Master Indenture. Neither the Issuer nor the Indenture Trustee shall be liable for any delay in delivery of such instructions, and the Issuer and the Indenture Trustee may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Notes of such Series, all references herein to obligations imposed upon or to be performed by the applicable Clearing Agency or Foreign Clearing Agency shall be deemed to be imposed upon and performed by the Indenture Trustee, to the extent applicable with respect to such Definitive Notes to the extent that the Indenture Trustee is able to so perform, and the Indenture Trustee shall recognize the registered holders of the Definitive Notes of such Series as Noteholders of such Series hereunder. Definitive Notes will be transferable and exchangeable at the offices of the Transfer Agent and Registrar.

Section 2.16. Global Notes. Unless otherwise specified in the related Indenture Supplement for any Series, Notes may be initially issued in the form of temporary or permanent Global Notes (each, a "Global Note") in bearer form, without interest coupons, in the denomination of the initial Invested Amount and substantially in the form attached to the related Indenture Supplement. Unless otherwise specified in the related Indenture Supplement, the provisions of this Section shall apply to such Global Notes. Each Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Definitive Notes. The Global Note may be exchanged in the manner described in the related Indenture Supplement for Registered Notes or Bearer Notes in definitive form. Except as otherwise specifically provided in the Indenture Supplement, any Notes that are issued in bearer form pursuant to this Master Indenture shall be issued in accordance with the requirements of Code Section 163(f)(2).

Section 2.17. Meetings of Noteholders. To the extent provided by the Indenture Supplement for any Series issued in whole or in part in Bearer Notes, the Servicer or the Indenture Trustee may at any time call a meeting of the Noteholders of such Series, to be held at

such time and at such place as the Servicer or the Indenture Trustee, as the case may be, shall determine, for the purpose of approving a modification of or amendment to, or obtaining a waiver of, any covenant or condition set forth in this Master Indenture with respect to such Series or in the Notes of such Series, subject to Article Ten.

Section 2.18. Uncertificated Classes. Notwithstanding anything to the contrary contained in this Article or in Article Eleven, unless otherwise specified in any Indenture Supplement, any provisions contained in this Article and in Article Eleven relating to the registration, form, execution, authentication, delivery, presentation, cancellation and surrender of Notes shall not be applicable to any uncertificated Notes, provided, however, that, except as otherwise specifically provided in the Indenture Supplement, any such uncertificated Notes shall be issued in "registered form" within the meaning of Code Section 163(f)(1).

ARTICLE THREE
COVENANTS OF ISSUER

Section 3.01. Payment of Principal and Interest.

(a) The Issuer will duly and punctually pay principal and interest in accordance with the terms of the Notes as specified in the relevant Indenture Supplement.

(b) The Noteholders of a Series as of the Record Date in respect of a Distribution Date shall be entitled to the interest accrued and payable and principal payable on such Distribution Date as specified in the related Indenture Supplement. All payment obligations under a Note are discharged to the extent such payments are made to the Noteholder of record.

Section 3.02. Maintenance of Office or Agency. The Issuer will maintain an office or agency within the city of Minneapolis, Minnesota and such other locations as may be set forth in an Indenture Supplement where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Master Indenture may be served. The Issuer hereby initially appoints the Indenture Trustee at its Corporate Trust Office to serve as its agent for the foregoing purposes. The Issuer will give prompt written notice to the Indenture Trustee and the Noteholders of the location, and of any change in the location, of any such office or agency. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Issuer hereby appoints the Indenture Trustee at its Corporate Trust Office as its agent to receive all such presentations, surrenders, notices and demands.

Section 3.03. Money for Note Payments to be Held in Trust. As specified in Section 8.03 and in the related Indenture Supplement, all payments of amounts due and payable with respect to the Notes which are to be made from amounts withdrawn from the Collection Account and the Special Funding Account shall be made on behalf of the Issuer by the Indenture Trustee or by the Paying Agent, and no amounts so withdrawn from the Collection Account or the Special Funding Account shall be paid over to or at the direction of the Issuer except as provided in this Section and in the related Indenture Supplement.

Whenever the Issuer shall have a Paying Agent in addition to the Indenture Trustee, it will, on or before the Business Day next preceding each Distribution Date, direct the Indenture Trustee to deposit with such Paying Agent on or before such Distribution Date an aggregate sum sufficient to pay the amounts then becoming due, such sum to be (i) held in trust for the benefit of Persons entitled thereto and (ii) invested, pursuant to an Issuer Order, by the Paying Agent in an Eligible Investment in accordance with the terms of the related Indenture Supplement. For all investments made by a Paying Agent under this Section, such Paying Agent shall be entitled to all of the rights and obligations of the Indenture Trustee under the related Indenture Supplement, such rights and obligations being incorporated in this paragraph by this reference.

The Issuer will cause each Paying Agent other than the Indenture Trustee to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section, that such Paying Agent, in acting as Paying Agent, is an express agent of the Issuer and, further, that such Paying Agent will:

(i) hold all sums held by it for the payment of amounts due with respect to the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Indenture Trustee notice of any default by the Issuer (or any other obligor upon the Notes) of which it has actual knowledge in the making of any payment required to be made with respect to the Notes;

(iii) at any time during the continuance of any such default, upon the written request of the Indenture Trustee, immediately pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to the Indenture Trustee all sums held by it by in trust for the payment of Notes if at any time it ceases to meet the standards required to be met by a Paying Agent at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Master Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Section 3.04. Existence. The Issuer will keep in full effect its existence, rights and franchises as a business trust under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other State or of the United States, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Master Indenture, the Notes, the Collateral and each other related instrument or agreement.

Section 3.05. Protection of Trust. The Issuer will from time to time prepare, or cause to be prepared, execute and deliver all such supplements and amendments hereto and all such

financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(a) grant more effectively all or any portion of the Collateral as security for the Notes;

(b) maintain or preserve the lien (and the priority thereof) of this Master Indenture or to carry out more effectively the purposes hereof;

(c) perfect, publish notice of, or protect the validity of any Grant made or to be made under this Master Indenture;

(d) enforce any Grant of the Collateral; or

(e) preserve and defend title to the Collateral securing the Notes and the rights therein of the Indenture Trustee and the Noteholders secured thereby against the claims of all Persons and parties.

The Issuer hereby designates the Indenture Trustee its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section.

The Issuer shall pay or cause to be paid any taxes levied on all or any part of the Collateral securing the Notes.

Section 3.06. Opinions as to Collateral.

(a) On the Series Issuance Date relating to any new Series of Notes, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel (with a copy to each Rating Agency) either stating that, in the opinion of such counsel, such action has been taken to perfect the lien and the security interest of this Master Indenture, including with respect to the recording and filing of this Master Indenture, any indentures supplemental hereto, and any other requisite documents, and with respect to the execution and filing of any financing statements and continuation statements, as are so necessary and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to maintain the lien and the perfection of such security interest, and that such perfected security interest is of first priority.

(b) On or before April 30 in each calendar year, beginning in 2003, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel (with a copy to each Rating Agency) either stating that, in the opinion of such counsel, such action has been taken to perfect the lien and security interest of this Master Indenture, including with respect to the recording, filing, re-recording and refiling of this Master Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any financing statements and continuation statements as is so necessary and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain the lien and the perfection of such security interest, and that such perfected security interest is of first priority. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of this Master Indenture, any indentures supplemental hereto and any other requisite documents and the

execution and filing of any financing statements and continuation statements that will, in the opinion of such counsel, be required to maintain the perfection of the lien and security interest of this Master Indenture until May 30 in the following calendar year.

Section 3.07. Performance of Obligations; Servicing of Receivables.

(a) The Issuer will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's material covenants or obligations under any instrument or agreement included in the Collateral or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except as expressly provided in this Master Indenture, the Transfer and Servicing Agreement or other Transaction Documents.

(b) The Issuer may contract with other Persons to assist it in performing its duties under this Master Indenture, and any performance of such duties by a Person identified to the Indenture Trustee in an Officer's Certificate of the Issuer shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Administrator to assist the Issuer in performing its duties under this Master Indenture.

(c) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Master Indenture, the other Transaction Documents and in the instruments and agreements relating to the Collateral, including filing or causing to be filed all UCC financing statements and continuation statements required to be filed by the terms of this Master Indenture and the Transfer and Servicing Agreement in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly provided herein or therein, the Issuer shall not waive, amend, modify, supplement or terminate any Transaction Document or any provision thereof without the consent of the Holders of at least 66 2/3% of the Outstanding Amount of the Notes of each adversely affected Series.

(d) If the Issuer shall have knowledge of the occurrence of a Servicer Default under the Transfer and Servicing Agreement, the Issuer shall cause the Indenture Trustee to promptly notify the Rating Agencies thereof, and shall cause the Indenture Trustee to specify in such notice the action, if any, being taken with respect to such default. If a Servicer Default shall arise from the failure of the Servicer to perform any of its duties or obligations under the Transfer and Servicing Agreement with respect to the Receivables, the Issuer shall take all reasonable steps available to it to remedy such failure.

(e) On and after the receipt by the Servicer of a Termination Notice pursuant to Section 7.01 of the Transfer and Servicing Agreement, the Servicer shall continue to perform all servicing functions under the Transfer and Servicing Agreement until the date specified in the Termination Notice or otherwise specified by the Indenture Trustee or until a date mutually agreed upon by the Servicer and the Indenture Trustee. As promptly as possible after the giving of a Termination Notice to the Servicer, the Indenture Trustee shall appoint a Successor Servicer, and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Indenture Trustee. In the event that a Successor Servicer has not been appointed and accepted its appointment at the time when the Servicer ceases to act as Servicer,

the Indenture Trustee without further action shall automatically be appointed the Successor Servicer. The Indenture Trustee may delegate any of its servicing obligations to an Affiliate or agent in accordance with Section 3.01(b) and Section 5.07 of the Transfer and Servicing Agreement. Notwithstanding the foregoing, the Indenture Trustee shall, if it is legally unable so to act, petition at the expense of the Servicer a court of competent jurisdiction to appoint any established institution qualifying as an Eligible Servicer as the Successor Servicer. The Indenture Trustee shall give prompt notice to each Rating Agency and each Series Enhancer upon the appointment of a Successor Servicer. Upon its appointment, the Successor Servicer shall be the successor in all respects to the Servicer with respect to servicing functions under the Transfer and Servicing Agreement and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer by the terms and provisions thereof, and all references in this Master Indenture to the Servicer shall be deemed to refer to the Successor Servicer. In connection with any Termination Notice, the Indenture Trustee will review any bids which it obtains from Eligible Servicers and shall be permitted to appoint any Eligible Servicer submitting such a bid as a Successor Servicer for servicing compensation, subject to the limitations set forth in Section 7.02 of the Transfer and Servicing Agreement.

(f) Without derogating from the absolute nature of the assignment granted to the Indenture Trustee under this Master Indenture or the rights of the Indenture Trustee hereunder, the Issuer agrees (i) that it will not, without the prior written consent of the Indenture Trustee and holders of at least 66 2/3% of the Outstanding Amount of the Notes of each Series, amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, supplement, termination, waiver or surrender of, the terms of any Collateral (except to the extent otherwise provided in the Transfer and Servicing Agreement) or the Transaction Documents (except to the extent otherwise provided in the Transaction Documents), or waive timely performance or observance by the Servicer or the Transferor under the Transfer and Servicing Agreement and (ii) that any such amendment shall not (A) increase or reduce in any manner the amount of, or accelerate or delay the timing of, collections of payments on the Receivables or distributions that are required to be made for the benefit of the Noteholders or (B) reduce the aforesaid percentage of the Notes that is required to consent to any such amendment, without the consent of the Holders of all the Outstanding Notes. If any such amendment, modification, supplement or waiver shall be so consented to by the Indenture Trustee and such Noteholders, the Issuer agrees, promptly following a request by the Indenture Trustee to do so, to execute and deliver, in its own name and at its own expense, such agreements, instruments, consents and other documents as the Indenture Trustee may deem necessary or appropriate in the circumstances and to provide each Rating Agency with notice of such amendment, modification, supplement or waiver.

(g) The Issuer shall deliver to the Indenture Trustee any computer files or microfiche lists of Accounts that the Issuer has received from the Transferor pursuant to the Transfer and Servicing Agreement. Such computer files or microfiche lists of Accounts, as supplemented or amended from time to time, are hereby incorporated into and made part of this Master Indenture.

Section 3.08. Negative Covenants. So long as any Notes are Outstanding, the Issuer will not:

(a) sell, transfer, exchange, or otherwise dispose of any part of the Collateral except as expressly permitted by this Master Indenture, any Indenture Supplement, the Trust Agreement or the Transfer and Servicing Agreement;

(b) claim any credit on, or make any deduction from, the principal and interest payable in respect of the Notes (other than amounts properly withheld from such payments under the Code or applicable State law) or assert any claim against any present or former Noteholder by reason of the payment of any taxes levied or assessed upon any part of the Collateral;

(c) (i) permit the validity or effectiveness of this Master Indenture to be impaired, or permit the lien of this Master Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Notes under this Master Indenture except as may be expressly permitted hereby, (ii) permit any Lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the Lien of this Master Indenture) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof or (iii) permit the Lien of this Master Indenture not to constitute a valid first priority security interest in the Collateral; or

(d) voluntarily dissolve or liquidate in whole or in part.

Section 3.09. Statements as to Compliance. The Issuer will deliver to the Indenture Trustee, within 120 days after the end of each fiscal year of the Issuer (commencing within 120 days after the end of the fiscal year 2002), an Officer's Certificate stating, as to the Authorized Officer signing such Officer's Certificate, that

(i) a review of the activities of the Issuer during the 12-month period ending at the end of such fiscal year (or in the case of the fiscal year ending January 31, 2003, the period from the Closing Date to January 31, 2003) and of performance under this Master Indenture has been made and

(ii) based on such review, the Issuer has complied with all conditions and covenants under this Master Indenture throughout such year, or, if there has been a default in the compliance of any such condition or covenant, specifying each such default and the nature and status thereof.

Section 3.10. Issuer May Consolidate, Etc., Only on Certain Terms.

(a) The Issuer shall not consolidate or merge with or into any other Person, unless:

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger (A) shall be a Person organized and existing under the laws of the United States or any State, (B) shall not be subject to registration under the Investment Company Act and (C) shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the obligation to make due and punctual payment of the principal of

and interest on all Notes and the performance of every covenant of this Master Indenture on the part of the Issuer to be performed or observed;

(ii) immediately after giving effect to such transaction, no Event of Default, no Pay Out Event shall have occurred and be continuing;

(iii) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel each stating that (A) such consolidation or merger and such supplemental indenture comply with this Section, (B) all conditions precedent in this Section relating to such transaction have been complied with (including any filing required by the Exchange Act) and (C) such supplemental indenture is duly authorized, executed and delivered and is valid, binding and enforceable against such Person;

(iv) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(v) the Issuer shall have received a Tax Opinion and an Opinion of Counsel dated the date of such consolidation or merger (and shall have delivered copies thereof to the Indenture Trustee and each Rating Agency) to the effect that such transaction will not have any material adverse tax consequence to any Noteholder; and

(vi) any action that is necessary to maintain the lien and security interest created by this Master Indenture shall have been taken.

(b) The Issuer shall not convey or transfer any of its properties or assets, including those included in the Collateral, substantially as an entirety to any Person, unless:

(i) the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is hereby restricted, shall (A) be a United States citizen or a Person organized and existing under the laws of the United States or any State, (B) expressly assume, by a supplemental indenture hereto, executed and delivered to the Indenture Trustee, in form satisfactory to the Indenture Trustee, the obligation to make due and punctual payment of the principal of and interest on all Notes and the performance or observance of every agreement and covenant of this Master Indenture on the part of the Issuer to be performed or observed, all as provided herein, (C) expressly agree by means of such supplemental indenture that all right, title and interest so conveyed or transferred shall be subject and subordinate to the rights of Holders of the Notes, (D) unless otherwise provided in such supplemental indenture, expressly agree to indemnify, defend and hold harmless the Issuer against and from any loss, liability or expense arising under or related to this Master Indenture and the Notes, (E) expressly agree by means of such supplemental indenture that such Person (or if a group of Persons, then one specified Person) shall make all filings with the Commission (and any other appropriate Person) required by the Exchange Act in connection with the Notes and (F) not be an "investment company" as defined in the Investment Company Act;

(ii) immediately after giving effect to such transaction, no Event of Default, no Pay Out Event shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have received a Tax Opinion and an Opinion of Counsel (and shall have delivered copies thereof to the Indenture Trustee) to the effect that such transaction will not have any material adverse tax consequence to any Noteholder;

(v) any action that is necessary to maintain the lien and security interest created by this Master Indenture shall have been taken; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel each stating that such conveyance or transfer and such supplemental indenture comply with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with (including any filing required by the Exchange Act).

Section 3.11. Successor Substituted. Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 3.10, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Master Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Master Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section shall be released from its obligations under this Master Indenture as issued immediately upon the effectiveness of such conveyance or transfer, provided that the Issuer shall not be released from any obligations or liabilities to the Indenture Trustee or the Noteholders arising prior to such effectiveness.

Section 3.12. No Other Business. The Issuer shall not engage in any business other than the activities set forth in Section 2.03 of the Trust Agreement and all activities incidental thereto or other than as required or authorized by the terms of the Transaction Documents.

Section 3.13. No Borrowing. The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness except as expressly provided for pursuant to the terms of the Transaction Documents and the Notes.

Section 3.14. Servicer's Obligations. The Issuer shall cause the Servicer to comply with all of its obligations under the Transaction Documents.

Section 3.15. Guarantees, Loans, Advances and Other Liabilities. Except as contemplated by this Master Indenture or the Transfer and Servicing Agreement, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

Section 3.16. Capital Expenditures. The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

Section 3.17. Removal of Administrator. So long as any Notes are outstanding, the Issuer shall not remove the Administrator without cause unless the Rating Agency Condition shall have been satisfied in connection with such removal.

Section 3.18. Restricted Payments. The Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to the Owner Trustee or any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of the Issuer or to the Servicer, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (iii) set aside or otherwise segregate any amounts for any such purpose. Notwithstanding the foregoing, the Issuer may make, or cause to be made, (a) distributions as contemplated by, and to the extent funds are available for such purpose under, the Transfer and Servicing Agreement or the Trust Agreement and (b) payments to the Indenture Trustee pursuant to Section 6.07. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account except in accordance with the Transaction Documents.

Section 3.19. Notice of Events of Default. The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of each Event of Default hereunder and, immediately after obtaining knowledge of any of the following occurrences, written notice of each default on the part of the Servicer or the Transferor of its obligations under the Transfer and Servicing Agreement, each default on the part of a Seller of its obligations under the Receivables Purchase Agreement and any action taken by the Indenture Trustee pursuant to Section 5.05.

Section 3.20. Further Instruments and Acts. Upon request of the Indenture Trustee, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Master Indenture.

Section 3.21. Representations and Warranties as to the Security Interest of the Indenture Trustee in the Receivables. The Trust makes the following representations and warranties to the Indenture Trustee. The representations and warranties speak as of the execution and delivery of this Master Indenture and as of each Closing Date. Such representations and warranties shall survive the pledge of the Receivables by the Trust to the Indenture Trustee and the termination of this Master Indenture and shall not be waived by any party hereto unless the Rating Agency Condition is satisfied.

(a) This Master Indenture creates a valid and continuing security interest (as defined in the applicable UCC) in the Collateral in favor of the Indenture Trustee, which security interest is prior to all other Liens, and is enforceable as such as against creditors of and purchasers from the Trust.

(b) The Receivables constitute "accounts" within the meaning of the applicable UCC.

(c) The Trust has rights in or the power to transfer the collateral and its title to the Collateral is free and clear of any Lien, claim or encumbrance of any Person.

(d) The Trust has caused or will have caused, within ten days, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Collateral granted to the Indenture Trustee hereunder.

(e) Other than the security interest granted to the Indenture Trustee pursuant to this Master Indenture, the Trust has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral. The Trust has not authorized the filing of and is not aware of any financing statements against the Trust that include a description of collateral covering the Collateral other than any financing statement relating to the security interest granted to the Indenture Trustee hereunder or that has been terminated. The Trust is not aware of any judgment or tax lien filings against the Trust.

ARTICLE FOUR
SATISFACTION AND DISCHARGE

Section 4.01. Satisfaction and Discharge of this Master Indenture. This Master Indenture shall cease to be of further effect with respect to the Notes except as to (a) rights of registration of transfer and exchange, (b) substitution of mutilated, destroyed, lost or stolen Notes, (c) the rights of Noteholders to receive payments of principal thereof and interest thereon, (d) Sections 3.03, 3.07, 3.08, 3.11, 3.12 and 12.16, (e) the rights and immunities of the Indenture Trustee hereunder, including the rights of the Indenture Trustee under Section 6.07, and the obligations of the Indenture Trustee under Section 4.02 and (f) the rights of Noteholders as beneficiaries hereof with respect to the property so deposited with the Indenture Trustee and payable to all or any of them, and the Indenture Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Master Indenture with respect to the Notes when:

(i) either

(A) all Notes theretofore authenticated and delivered (other than (1) Notes which have been destroyed, lost or stolen and which have been replaced, or paid as provided in Section 2.06, and (2) Notes for whose full payment (principal and interest) money has theretofore been deposited in trust or segregated and held in trust by the Indenture Trustee) have been delivered to the Indenture Trustee for cancellation; or

(B) all Notes not theretofore delivered to the Indenture Trustee for cancellation:

(1) have become due and payable;

(2) will become due and payable at the Series Final Maturity Date for such Class or Series of Notes; or

(3) are to be called for redemption within one year under arrangements satisfactory to the Indenture Trustee for the giving of notice of redemption by the Indenture Trustee in the name, and at the expense, of the Issuer;

and the Issuer, in the case of (1), (2) or (3) above, has irrevocably deposited or caused to be irrevocably deposited with the Indenture Trustee cash or direct obligations of or obligations guaranteed by the United States (which will mature prior to the date such amounts are payable), in trust for such purpose, in an amount sufficient to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Indenture Trustee for cancellation when due at the Series Final Maturity Date for such Class or Series of Notes or the Redemption Date (if Notes shall have been called for redemption pursuant to the related Indenture Supplement), as the case may be;

(ii) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and

(iii) the Issuer has delivered to the Indenture Trustee an Officer's Certificate, an Opinion of Counsel and (if required by the TIA or the Indenture Trustee) an Independent Certificate from a firm of certified public accountants, each meeting the applicable requirements of Section 12.01(a) and each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Master Indenture have been complied with.

Section 4.02. Application of Trust Money. All monies deposited with the Indenture Trustee pursuant to Section 4.01 shall be held in trust and applied by it, in accordance with the provisions of the Notes, this Master Indenture and the applicable Indenture Supplement, to make payments, either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Noteholders and for the payment in respect of which such monies have been deposited with the Indenture Trustee, of all sums due and to become due thereon for principal and interest; but such monies need not be segregated from other funds except to the extent required herein or in the Transfer and Servicing Agreement or required by law.

ARTICLE FIVE
PAY OUT EVENTS, DEFAULTS AND REMEDIES

Section 5.01. Pay Out Events. If any one of the following events (each, a "Trust Pay Out Event") shall occur:

(a) an Insolvency Event occurs with respect to Nordstrom, Inc., the Transferor, the Bank, any other Account Owner or the Servicer; provided, however, that if the Rating Agency Condition is first satisfied with respect to an Insolvency Event with respect to Nordstrom fsb, such Insolvency Event shall not be a Trust Pay Out Event;

(b) a Transfer Restriction Event shall occur; or

(c) the Trust shall become subject to registration under the Investment Company Act;

then a Pay Out Event with respect to all Series of Notes shall occur without any notice or other action on the part of the Indenture Trustee or the Noteholders immediately upon the occurrence of such event.

Upon the occurrence of a Pay Out Event, an Amortization Period or Early Accumulation Period, as specified in the related Indenture Supplement, shall commence and payment on the Notes of each Series will be made in accordance with the terms of the related Indenture Supplement.

Section 5.02. Events of Default. "Event of Default", wherever used herein, means with respect to any Series any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of the principal of any Note of that Series, if and to the extent not previously paid, when the same becomes due and payable;

(b) default in the payment of any interest on any Note of that Series when the same becomes due and payable, and such default shall continue for a period of 35 days;

(c) default in the observance or performance of any covenant or agreement of the Issuer made in this Master Indenture made in respect of the Notes of such Series (other than a covenant, or agreement, a default in the observance or performance of which is elsewhere in this Section specifically dealt with) (all of such covenants and agreements in this Master Indenture which are not expressly stated to be for the benefit of a particular Series being deemed to be in respect of the Notes of all Series for this purpose), and such default shall continue or not be cured for a period of 60 days after there shall have been given, by written registered, certified mail or overnight delivery by a nationally recognized carrier, return receipt requested to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least 25% of the

Outstanding Amount of the Notes of such Series, a written notice specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Holders of the Notes are materially and adversely affected and will continue to be materially and adversely affected during the 60-day period;

(d) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, conservator, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Issuer or ordering the winding-up or liquidation of the Issuer's affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days;

(e) the commencement by the Issuer of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer to the entry of an order for relief in an involuntary case under any such law, or the consent by the Issuer to the appointment of or the taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator, conservator or similar official of the Issuer, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay, or the admission in writing by the Issuer of its inability to pay, its debts as such debts become due, or the taking of action by the Issuer in furtherance of any of the foregoing; or

(f) any additional events specified in the Indenture Supplement related to such Series.

The Issuer shall deliver to the Indenture Trustee, within five days after the occurrence thereof, written notice in the form of an Officer's Certificate of any event which with the giving of notice and the lapse of time would become an Event of Default, its status and what action the Issuer is taking or proposes to take with respect thereto.

Section 5.03. Acceleration of Maturity; Rescission and Annulment. If an Event of Default described in paragraph (a), (b) or (c) of Section 5.02 should occur and be continuing with respect to a Series, then and in every such case the Indenture Trustee or the Holders of Notes representing at least 25% of the Outstanding Amount of such Series may declare all the Notes of such Series to be immediately due and payable, by a notice in writing to the Issuer (and to the Indenture Trustee if declared by Noteholders), and upon any such declaration the unpaid principal amount of such Notes, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

If an Event of Default described in paragraph (d) or (e) of Section 5.02 should occur and be continuing, then the unpaid principal of the Notes, together with accrued and unpaid interest thereon through the date of acceleration, shall automatically become, and shall be deemed to be declared, due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter in this Article provided, the Holders of Notes representing at least 66 2/3% of the Outstanding Amount of the Notes of such Series, by written notice to the Issuer and the Indenture Trustee and in accordance with Section 5.13, may rescind and annul such declaration and its consequences; provided, that:

(a) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:

(i) all payments of principal of and interest on all Notes and all other amounts that would then be due hereunder or upon such Notes if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee and its agents and counsel; and

(b) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

Section 5.04. Collection of Indebtedness and Suits for Enforcement by Indenture Trustee.

(a) The Issuer covenants that if (i) default is made in the payment of any interest on any Note when the same becomes due and payable, and such default continues for a period of 35 days following the date on which such interest became due and payable, or (ii) default is made in the payment of principal of any Note, if and to the extent not previously paid, when the same becomes due and payable, the Issuer will, upon demand of the Indenture Trustee, pay to it, for the benefit of the Holders of the Notes of the affected Series, the whole amount then due and payable on such Notes for principal and interest, with interest upon the overdue principal, and, to the extent payment at such rate of interest shall be legally enforceable, interest upon overdue installments of interest, at the applicable Note Interest Rate borne by the Notes of such Series, and in addition thereto will pay such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel.

(b) In case the Issuer shall fail forthwith to pay such amounts upon such demand, the Indenture Trustee, in its own name and as trustee of an express trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and may enforce the same against the Issuer or other obligor upon such Notes and collect in the manner provided by law out of the property of the Issuer or other obligor upon such Notes, wherever situated, the monies adjudged or decreed to be payable.

(c) If an Event of Default occurs and is continuing, the Indenture Trustee may, as more particularly provided in Section 5.05, in its discretion, proceed to protect and enforce its rights and the rights of the Noteholders of the affected Series, by such appropriate Proceedings as the Indenture Trustee shall deem necessary to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Master Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Indenture Trustee by this Master Indenture or by law.

(d) In case there shall be pending, relative to the Issuer or any other obligor upon the Notes of the affected Series, or any Person having or claiming an ownership interest in the Collateral, Proceedings under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or in case a receiver, conservator, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator, custodian or other similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial Proceedings relative to the Issuer or other obligor upon the Notes of such Series, or to the creditors or property of the Issuer or such other obligor, the Indenture Trustee, irrespective of whether the principal of any Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such Proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Notes of such Series and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for reasonable compensation to the Indenture Trustee and each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence or bad faith) and of the Noteholders of such Series allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Holders of Notes of such Series in any election of a trustee, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Noteholders of such Series and of the Indenture Trustee on their behalf; and

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee or the Holders of Notes of such Series allowed in any judicial Proceedings relative to the Issuer, its creditors and its property;

and any trustee, receiver, conservator, liquidator, custodian, assignee, sequestrator or other similar official in any such Proceeding is hereby authorized by each of such Noteholders to make

payments to the Indenture Trustee, and, in the event that the Indenture Trustee shall consent to the making of payments directly to such Noteholders, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or bad faith.

(e) Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Indenture Trustee to vote in respect of the claim of any Noteholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(f) All rights of action and of asserting claims under this Master Indenture, or under any of the Notes, may be enforced by the Indenture Trustee without the possession of any of the Notes or the production thereof in any trial or other Proceedings relative thereto, and any such action or Proceedings instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Indenture Trustee, each predecessor Indenture Trustee and their respective agents and attorneys, shall be for the benefit of the Holders of the Notes of the affected Series as provided herein.

(g) In any Proceedings brought by the Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Master Indenture to which the Indenture Trustee shall be a party), the Indenture Trustee shall be held to represent all the Holders of the Notes of the affected Series, and it shall not be necessary to make any such Noteholder a party to any such Proceedings.

Section 5.05. Remedies; Priorities.

(a) If an Event of Default shall have occurred and be continuing with respect to any Series, and the Notes of such Series have been accelerated pursuant to Section 5.03, the Indenture Trustee may do one or more of the following (subject to Sections 5.06 and 12.16):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Notes of the affected Series or under this Master Indenture with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon such Notes monies adjudged due;

(ii) subject to the last paragraph of this Section 5.05(a), take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee and the Holders of the Notes of the affected Series; and

(iii) at the direction of the Holders of a majority of the Outstanding Amount of such Notes, cause the Issuer to sell Principal Receivables in an amount equal to the

Invested Amount with respect to the accelerated Series and the related Finance Charge Receivables (or interests therein) in accordance with Section 5.16;

provided, however, that the Indenture Trustee may not exercise the remedy described in subparagraph (iii) above unless one of the following conditions is satisfied: (A) the Holders of 100% of the Outstanding Amount of the Notes of the affected Series consent in writing thereto, (B) the Indenture Trustee determines that any proceeds of such exercise distributable to the Noteholders of the affected Series are sufficient to discharge in full all amounts then due and unpaid upon the Notes for principal and interest or (C) the Indenture Trustee determines that the Collateral may not continue to provide sufficient funds for the payment of principal of and interest on the Notes as they would have if the Notes had not been declared due and payable, and the Indenture Trustee obtains the consent of Holders of at least 66 2/3% of the Outstanding Amount of each Class of the Notes of such Series. In determining such sufficiency or insufficiency with respect to clause (B) and (C), the Indenture Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

The remedies provided in this Section are the exclusive remedies provided to the Noteholders with respect to an Event of Default and each of the Noteholders (by their acceptance of their respective interests in the Notes) and the Indenture Trustee hereby expressly waive any other remedy that may be available under the applicable UCC.

(b) If the Indenture Trustee collects any money or property pursuant to this Article following the acceleration of the maturities of the Notes of the affected Series pursuant to Section 5.03 (so long as such declaration shall not have been rescinded or annulled), it shall pay the money or property in the following order:

(i) to the Indenture Trustee for amounts due pursuant to Section 6.07;

(ii) to Holders of the Class A Notes of such Series for amounts due and unpaid on such Class A Notes for interest and principal, ratably, without preference or priority of any kind, according to the amounts due and payable on such Class A Notes for interest and principal;

(iii) to Holders of the Class B Notes of such Series for amounts due and unpaid on such Class B Notes for interest and principal, ratably, without preference or priority of any kind, according to the amounts due and payable on such Class B Notes for interest and principal;

(iv) to the Holders of the Class C Notes of such Series for amounts due and unpaid on such Class C Notes for interest and principal, ratably, without preference or priority of any kind, according to the amounts due and payable on such Class C Notes for interest and principal;

(v) to the Holders of all other Classes of Notes, if any, of such Series for amounts due and unpaid on such Notes for interest and principal, according to the

amounts due and payable on each such Class of Notes for interest and principal, sequentially in the priority for payment under the related Indenture Supplement; and

(vi) to the Issuer for distribution pursuant to Article Four of the related Indenture Supplement.

(c) The Indenture Trustee may, upon notification to the Issuer, fix a record date and payment date for any payment to Noteholders of the affected Series pursuant to this Section. At least 15 days before such record date, the Indenture Trustee shall mail or send by facsimile to each such Noteholder a notice that states the record date, the payment date and the amount to be paid.

(d) In addition to the application of money or property referred to in Section 5.05(b) for an accelerated Series, amounts then held in the Collection Account, Special Funding Account or any Series Accounts for such Series and any amounts available under the Series Enhancement for such Series shall be used to make payments to the Holders of the Notes of such Series and the Series Enhancer for such Series in accordance with the terms of this Master Indenture, the related Indenture Supplement and the Series Enhancement for such Series. Following the sale of any Principal Receivables and related Finance Charge Receivables pursuant to Section 5.05(a)(iii) (or interests therein) for a Series and the application of the proceeds of such sale to such Series and the application of the amounts then held in the Collection Account, the Special Funding Account and any Series Accounts for such Series as are allocated to such Series and any amounts available under the Series Enhancement for such Series, such Series shall no longer be entitled to any allocation of Collections or other property constituting the Collateral under this Master Indenture and the Notes of such Series shall no longer be Outstanding.

Section 5.06. Optional Preservation of the Collateral. If the Notes of any Series have been declared to be due and payable under Section 5.03 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, and the Indenture Trustee has not received directions from the Noteholders pursuant to Section 5.12, the Indenture Trustee may, but need not, elect to maintain possession of the portion of the Collateral which secures such Notes and apply proceeds of the Collateral to make payments on such Notes to the extent such proceeds are available therefor. It is the desire of the parties hereto and the Noteholders that there be at all times sufficient funds for the payment of principal of and interest on the Notes, and the Indenture Trustee shall take such desire into account when determining whether or not to maintain possession of the Collateral. In determining whether to maintain possession of the Collateral, the Indenture Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

Section 5.07. Limitation on Suits. No Noteholder shall have any right to institute any Proceedings, judicial or otherwise, with respect to this Master Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) the Holders of not less than 25% of the Outstanding Amount of any affected Series of Notes have made written request to the Indenture Trustee to institute such proceeding in its own name as indenture trustee;

(b) such Noteholder or Noteholders has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(c) such Noteholder or Noteholders has offered to the Indenture Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Indenture Trustee for 60 days after its receipt of such request and offer of indemnity has failed to institute any such Proceeding; and

(e) no direction inconsistent with such written request has been given to the Indenture Trustee during such 60-day period by at least 66 2/3% of the Outstanding Amount of the Notes of such Series;

it being understood and intended that no one or more Noteholders of the affected Series shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Master Indenture to affect, disturb or prejudice the rights of any other Noteholders of such Series or to obtain or to seek to obtain priority or preference over any other Noteholders of such Series or to enforce any right under this Master Indenture, except in the manner herein provided.

In the event the Indenture Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Noteholders of such affected Series, each representing less than a majority of the Outstanding Amount of such Notes, the Indenture Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of this Master Indenture.

Section 5.08. Unconditional Rights of Noteholders to Receive Principal and Interest. Notwithstanding any other provision in this Master Indenture, each Holder of a Note shall have the right which is absolute and unconditional to receive payment of the principal of and interest in respect of such Note as such principal and interest becomes due and payable and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Noteholder.

Section 5.09. Restoration of Rights and Remedies. If the Indenture Trustee or any Noteholder has instituted any Proceeding to enforce any right or remedy under this Master Indenture and such Proceeding has been discontinued or abandoned, or has been determined adversely to the Indenture Trustee or to such Noteholder, then and in every such case the Issuer, the Indenture Trustee and the Noteholder shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Noteholders shall continue as though no such Proceeding had been instituted.

Section 5.10. Rights and Remedies Cumulative. No right, remedy, power or privilege herein conferred upon or reserved to the Indenture Trustee or to the Noteholders is intended to

be exclusive of any other right, remedy, power or privilege, and every right, remedy, power or privilege shall, to the extent permitted by law, be cumulative and in addition to every other right, remedy, power or privilege given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or exercise of any right or remedy shall not preclude any other further assertion or the exercise of any other appropriate right or remedy.

Section 5.11. Delay or Omission Not Waiver. No failure to exercise and no delay in exercising, on the part of the Indenture Trustee or of any Noteholder or other Person, any right or remedy occurring hereunder upon any Event of Default shall impair any such right or remedy or constitute a waiver thereof of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Indenture Trustee or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Noteholders, as the case may be.

Section 5.12. Rights of Noteholders to Direct Indenture Trustee. Holders of at least 25% of the Outstanding Amount of the Notes of any affected Series (if an Event of Default with respect to such Series has occurred and is continuing) shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee with respect to the Notes or exercising any trust or power conferred on the Indenture Trustee with respect to the Notes; provided, however, that subject to Section 6.01 the Indenture Trustee shall have the right to decline any such direction if :

(a) the Indenture Trustee, after being advised by counsel, determines that the action so directed is in conflict with any rule of law or with this Master Indenture, and

(b) the Indenture Trustee in good faith shall, by a Responsible Officer of the Indenture Trustee, determine that the Proceedings so directed would be illegal or involve the Indenture Trustee in personal liability or be unjustly prejudicial to the Noteholders not parties to such direction.

Section 5.13. Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the Notes of the affected Series as provided in Section 5.03, at least 66 2/3% of the Outstanding Amount of the Notes of such Series (or with respect to any such Series with two or more Classes, of each Class) may, on behalf of all such Noteholders, waive by written notice to the Issuer and the Indenture Trustee any past default with respect to such Notes and its consequences, except a default:

(a) in the payment of the principal or interest in respect of any Note of such Series, or

(b) in respect of a covenant or provision hereof that under Section 10.02 cannot be modified or amended without the consent of the Noteholder of each Outstanding Note affected.

Upon any such written waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Master Indenture; but no such waiver shall extend to any subsequent or other default or impair any right

consequent thereon. The Servicer shall give each Rating Agency prompt notice of any waiver of an Event of Default.

Section 5.14. Undertaking for Costs. All parties to this Master Indenture agree, and each Noteholder by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Master Indenture, or in any suit against the Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Indenture Trustee, to any suit instituted by any Noteholder, or group of Noteholders (in compliance with Section 5.08), holding in the aggregate more than 10% of the principal balance of the Outstanding Notes of the affected Series, or to any suit instituted by any Noteholder for the enforcement of the payment of the principal or interest in respect of any Note on or after the Distribution Date on which any of such amounts was due (or, in the case of redemption, on or after the applicable Redemption Date).

Section 5.15. Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may adversely affect the covenants or the performance of this Master Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 5.16. Sale of Receivables.

(a) The method, manner, time, place and terms of any sale of Receivables (or interests therein) pursuant to Section 5.05(a)(iii) shall be commercially reasonable. The Indenture Trustee may from time to time postpone any sale by public announcement made at the time and place of such sale. The Indenture Trustee hereby expressly waives its right to any amount fixed by law as compensation for any sale.

(b) The Indenture Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer in connection with any sale of Receivables pursuant to Section 5.05(a)(iii). No purchaser or transferee at any such sale shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any monies.

(c) In its exercise of the foreclosure remedy pursuant to Section 5.05(a)(iii), the Indenture Trustee shall solicit bids from Permitted Assignees for the sale of Principal Receivables in an amount equal to the product of (i) the Invested Amount with respect to the affected Series of Notes at the time of sale and (ii) a fraction, the numerator of which is one and

the denominator of which is equal to the difference between one and the Discount Percentage, and the related Finance Charge Receivables (or interests therein).

Section 5.17. Action on Notes. The Indenture Trustee's right to seek and recover judgment on the Notes or under this Master Indenture shall not be affected by the seeking or obtaining of or application for any other relief under or with respect to this Master Indenture. Neither the lien of this Master Indenture nor any rights or remedies of the Indenture Trustee or the Noteholders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Collateral or upon any of the assets of the Issuer. Any money or property collected by the Indenture Trustee shall be applied as specified in the applicable Indenture Supplement.

ARTICLE SIX

THE INDENTURE TRUSTEE

Section 6.01. Duties of the Indenture Trustee.

(a) If an Event of Default has occurred and is continuing with respect to a Series of Notes and a Responsible Officer shall have actual knowledge or written notice of such Event of Default, the Indenture Trustee shall, prior to the receipt of directions, if any, from at least 25% of the Outstanding Amount of the Notes of such Series, exercise the rights and powers vested in it by this Master Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture, and no implied covenants or obligations shall be read into this Master Indenture against the Indenture Trustee; and

(ii) in the absence of bad faith or negligence on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Master Indenture; provided, however, the Indenture Trustee, upon receipt of any resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to the Indenture Trustee which are specifically required to be furnished pursuant to any provision of this Master Indenture or any Indenture Supplement, shall examine them to determine whether they substantially conform to the requirements of this Master Indenture or any Indenture Supplement; and the Indenture Trustee shall give prompt written notice to the Noteholders of such Series and each Rating Agency of any material lack of conformity of any such instrument to the applicable requirements of this Master Indenture or any Indenture Supplement discovered by the Indenture Trustee which would entitle a majority of the Outstanding Amount of the Notes of such Series to take any action pursuant to this Master Indenture or any Indenture Supplement.

(c) In case a Pay Out Event has occurred and is continuing with respect to a Series and a Responsible Officer shall have actual knowledge or written notice of such Pay Out Event, the Indenture Trustee shall, prior to the receipt of directions, if any, from a majority of the Outstanding Amount of the Notes of such Series, exercise such of the rights and powers vested in it by this Master Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(d) No provision of this Master Indenture shall be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) Section (b) or (d) shall not be construed to limit the effect of Section 601(a);

(ii) the Indenture Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Indenture Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with this Master Indenture and/or the direction of a majority of the Outstanding Amount of the Notes of each outstanding Series of Notes relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or for exercising any trust or power conferred upon the Indenture Trustee, under this Master Indenture; and the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Servicer, the Transferor or the Trust in compliance with the terms of this Master Indenture or any Indenture Supplement.

(e) No provision of this Master Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) Every provision of this Master Indenture that in any way relates to the Indenture Trustee is subject to subsections (a), (b), (c), (d) and (e) of this Section.

(g) Except as expressly provided in this Master Indenture, the Indenture Trustee shall have no power to vary the Collateral, including, without limitation, by (i) accepting any substitute payment obligation for a Receivable initially transferred to the Trust under the Transfer and Servicing Agreement, (ii) adding any other investment, obligation or security to the Trust or (iii) withdrawing from the Trust any Receivable (except as otherwise provided in the Transfer and Servicing Agreement).

(h) The Indenture Trustee shall have no responsibility or liability for investment losses on Eligible Investments (other than Eligible Investments on which the institution acting as Indenture Trustee is an obligor).

(i) The Indenture Trustee shall notify each Rating Agency (i) of any change in any rating of the Notes by any other Rating Agency of which a Responsible Officer has actual knowledge, (ii) immediately of the occurrence of any Event of Default or Pay Out Event of which a Responsible Officer has actual knowledge and (iii) immediately of potential Pay Out Events or Events of Default of which a Responsible Officer has actual notice from the Servicer.

(j) For all purposes under this Master Indenture, the Indenture Trustee shall not be deemed to have notice or knowledge of any Event of Default, Pay Out Event or Servicer Default unless a Responsible Officer has actual knowledge thereof or has received written notice thereof. For purposes of determining the Indenture Trustee's responsibility and liability hereunder, any reference to an Event of Default, Pay Out Event or Servicer Default shall be construed to refer

only to such event of which the Indenture Trustee is deemed to have notice as described in this subsection.

Section 6.02. Notice of Pay Out Event or Event of Default. Upon the occurrence of any Pay Out Event or Event of Default of which a Responsible Officer has actual knowledge or has received notice thereof, the Indenture Trustee shall transmit by mail to all Noteholders as their names and addresses appear on the Note Register and the Rating Agencies, notice of such Pay Out Event or Event of Default hereunder known to the Indenture Trustee within 30 days after it occurs or within ten Business Days after it receives such notice or obtains actual notice, if later.

Section 6.03. Rights of Indenture Trustee. Except as otherwise provided in Section 6.01:

(a) the Indenture Trustee may conclusively rely and shall fully be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Master Indenture the Indenture Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence is specifically prescribed herein) may, in the absence of bad faith on its part, rely upon an Officer's Certificate of the Issuer; and the Issuer shall provide a copy of such Officer's Certificate to the Noteholders at or prior to the time the Indenture Trustee receives such Officer's Certificate;

(c) as a condition to the taking, suffering or omitting of any action by it hereunder, the Indenture Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in-good faith and in reliance thereon;

(d) the Indenture Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture or to honor the request or direction of any of the Noteholders pursuant to this Master Indenture, unless such Noteholders shall have offered to the Indenture Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the

books, records and premises of the Issuer and the Servicer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees and the Indenture Trustee shall not be responsible for (i) any misconduct or negligence on the part of any agent, attorney, custodians or nominees appointed with due care by it hereunder or (ii) the supervision of such agents, attorneys, custodians or nominees after such appointment with due care;

(g) the Indenture Trustee shall not be liable for any actions taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights conferred upon the Indenture Trustee by this Master Indenture; and

(h) in the event that the Indenture Trustee is also acting as Paying Agent and Transfer Agent and Registrar, the rights and protections afforded to the Indenture Trustee pursuant to this Article shall also be afforded to such Paying Agent and Transfer Agent and Registrar.

Section 6.04. Not Responsible for Recitals or Issuance of Notes. The recitals contained herein and in the Notes, except the certificate of authentication of the Indenture Trustee, shall be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representation as to the validity or sufficiency of this Master Indenture, the Notes, or any related document. The Indenture Trustee shall not be accountable for the use or application by the Issuer of the proceeds from the Notes.

Section 6.05. May Hold Notes. The Indenture Trustee, any Paying Agent, Transfer Agent and Registrar or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Paying Agent, Transfer Agent and Registrar or such other agent.

Section 6.06. Money Held in Trust. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds held by the Indenture Trustee in trust hereunder except to the extent required herein or required by law. The Indenture Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed upon in writing by the Indenture Trustee and the Issuer.

Section 6.07. Compensation, Reimbursement and Indemnification. The Servicer shall pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by the Indenture Trustee under this Master Indenture (which compensation shall not be limited by any law on compensation of a trustee of an express trust). The Servicer shall reimburse the Indenture Trustee for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Indenture Trustee's agents, counsel, accountants and experts. Pursuant to the Transfer and Servicing Agreement, the Issuer shall direct the Servicer to indemnify and the Servicer shall

indemnify the Indenture Trustee against any and all loss, liability or expense (including the fees of either in-house counsel or outside counsel, but not both) incurred by it in connection with the administration of this trust and the performance of its duties hereunder. The Indenture Trustee shall notify the Issuer and the Servicer promptly of any claim for which it may seek indemnity. Failure by the Indenture Trustee to so notify the Issuer and the Servicer shall not relieve the Issuer or the Servicer of its obligations hereunder unless such loss, liability or expense could have been avoided with such prompt notification and then only to the extent of such loss, expense or liability which could have been so avoided. The Servicer shall defend any claim against the Indenture Trustee; the Indenture Trustee may have separate counsel and, if it does, the Servicer shall pay the fees and expenses of such counsel. The Servicer need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Indenture Trustee through the Indenture Trustee's own willful misconduct, negligence or bad faith.

The Servicer's payment obligations to the Indenture Trustee pursuant to this Section shall survive the discharge of this Master Indenture. When the Indenture Trustee incurs expenses after the occurrence of a Default specified in Section 5.02(d) or (e) with respect to the Issuer, the expenses are intended to constitute expenses of administration under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or similar law.

Notwithstanding anything herein to the contrary, the Indenture Trustee's right to enforce any of the Servicer's payment obligations pursuant to this Section shall be subject to the provisions of Section 12.16.

Section 6.08. Replacement of Indenture Trustee. No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee shall become effective until the acceptance of appointment by the successor Indenture Trustee pursuant to this Section. The Indenture Trustee may resign at any time by giving 30 days' written notice to the Issuer. Holders of a majority of the Outstanding Amount of the Notes, upon delivery of notice of such removal to the Issuer, may remove the Indenture Trustee by so notifying the Indenture Trustee and may appoint a successor Indenture Trustee. The Issuer shall remove the Indenture Trustee if:

(i) the Indenture Trustee fails to comply with Section 6.11;

(ii) an Insolvency Event with respect to the Indenture Trustee occurs; or

(iii) the Indenture Trustee otherwise becomes legally unable to act.

If the Indenture Trustee resigns or is removed or if a vacancy exists in the office of Indenture Trustee for any reason (the Indenture Trustee in such event being referred to herein as the retiring Indenture Trustee), the Issuer shall promptly appoint a successor Indenture Trustee. The Issuer shall furnish each Rating Agency with a copy of any notice of resignation or removal of a retiring Indenture Trustee pursuant to this Section promptly after receiving such notice, in the case of a resignation by a retiring Indenture Trustee, or delivering such notice, in the case of a removal of a retiring Indenture Trustee by the Issuer or Holders of a majority of the Outstanding Amount of the Notes.

A successor Indenture Trustee shall deliver a written acceptance of its appointment to the retiring Indenture Trustee, the Administrator and the Issuer. Thereupon the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of the Indenture Trustee under this Master Indenture. The successor Indenture Trustee shall mail a notice of its succession to all of the Noteholders and each Rating Agency. The retiring Indenture Trustee shall promptly transfer all property held by it as Indenture Trustee to the successor Indenture Trustee.

If a successor Indenture Trustee does not take office within 60 days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, the Issuer or the Holders of a majority of the Outstanding Amount of the Notes may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

If the Indenture Trustee fails to comply with Section 6.11, any Noteholder may petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

Notwithstanding the replacement of the Indenture Trustee pursuant to this Section, the Issuer's obligations under Section 6.07 shall continue for the benefit of the retiring Indenture Trustee.

Section 6.09. Successor Indenture Trustee by Merger. If the Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act shall be the successor Indenture Trustee; provided that such corporation or banking association shall be otherwise qualified and eligible under Section 6.11. The Indenture Trustee shall give each Rating Agency notice of any such transaction.

In case at the time such successor or successors by merger, conversion, consolidation or transfer to the Indenture Trustee shall succeed to the trusts created by this Master Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Indenture Trustee may adopt the certificate of authentication of any predecessor Indenture Trustee and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Indenture Trustee may authenticate such Notes in the name of the successor to the Indenture Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Master Indenture provided that the certificate of the Indenture Trustee shall have.

Section 6.10. Appointment of Co-Indenture Trustee or Separate Indenture Trustee.

(a) Notwithstanding any other provisions of this Master Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Collateral may at the time be located, the Indenture Trustee shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Collateral, and to vest in

such Person or Persons, in such capacity and for the benefit of the Noteholders, such title to the Collateral, or any part hereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 6.08.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Master Indenture and the conditions of this Article. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Master Indenture, specifically including every provision of this Master Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Master Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 6.11. Eligibility; Disqualification. The Indenture Trustee shall at all times satisfy the requirements of TIA Section 310(a). The Indenture Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition and its long-term unsecured debt shall be rated at least Baa3 by Moody's, at least BBB- by Standard & Poor's and, if rated by Fitch, at least BBB-by Fitch. The Indenture Trustee shall comply with TIA Section 310(b), including the optional provision permitted by the second sentence of TIA Section 310(b)(9); provided, however, that there shall be excluded from the operation of TIA Section 310(b)(1) any indenture or indentures under which other securities of the Issuer are outstanding if the requirements for such exclusion set forth in TIA Section 310(b)(1) are met.

Section 6.12. Preferential Collection of Claims Against. The Indenture Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). An Indenture Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated.

Section 6.13. Tax Returns. In the event the Trust shall be required to file tax returns, the Servicer shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns with instruction to the Owner Trustee for signature at least five days before such tax returns are due to be filed and shall file such returns. The Servicer, in accordance with the terms of each Indenture Supplement, shall also prepare or shall cause to be prepared all tax information required by law to be distributed to Noteholders and shall deliver such information to the Owner Trustee at least five days prior to the date it is required by law to be distributed to Noteholders. The Owner Trustee, upon written request, will furnish the Servicer with all such information known to the Owner Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Trust, and shall, upon request, execute such returns. In no event shall the Owner Trustee be personally liable for any liabilities, costs or expenses of the Trust or any Noteholder arising under any tax law, including without limitation, federal, state or local income or excise taxes or any other tax imposed on or measured by income (or any interest or penalty with respect thereto arising from a failure to comply therewith).

Section 6.14. Representations and Covenants of the Indenture Trustee. The Indenture Trustee represents, warrants and covenants that:

(a) it is a national banking association duly organized and validly existing under the federal laws of the United States;

(b) it has full power and authority to deliver and perform this Master Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Master Indenture and other Transaction Documents to which it is a party; and

(c) each of this Master Indenture and other Transaction Documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms.

Section 6.15. Custody of the Collateral. The Indenture Trustee shall hold such of the Collateral as consists of instruments, deposit accounts, negotiable documents, money, goods, letters of credit, and advices of credit in the State of Minnesota. The Indenture Trustee shall hold such of the Collateral as constitutes investment property through a securities intermediary, which securities intermediary shall agree with the Indenture Trustee that (i) such investment property shall at all times be credited to a securities account of the Indenture Trustee, (ii) such securities intermediary shall treat the Indenture Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (iii) all property credited to such securities account shall be treated as financial assets, (iv) such securities intermediary shall comply with entitlement orders originated by the Indenture Trustee without the further consent of any other person or entity, (v) such securities intermediary shall not agree with any person or entity other than the Indenture Trustee to comply with entitlement orders originated by any person or entity other than the Indenture Trustee, (vi) such securities accounts and the property credited thereto shall not be subject to any lien, security interest, right of set-off, or encumbrance in favor of such securities intermediary or anyone claiming through it (other than the Indenture Trustee), and (vii) such agreement shall be governed by the laws of the State of New York. Terms used in this Section that are defined in the New York UCC and not otherwise defined herein shall have the meaning set forth in the UCC of the State of New York. Except as permitted by this Section, the Indenture Trustee shall not hold any part of the Collateral through an agent or a nominee.

ARTICLE SEVEN

NOTEHOLDERS' LIST AND REPORTS BY INDENTURE TRUSTEE AND ISSUER

Section 7.01. Issuer to Furnish Indenture Trustee Names and Addresses of Noteholders. The Issuer will furnish or cause to be furnished to the Indenture Trustee (i) upon each transfer of a Note, a list, in such form as the Indenture Trustee may reasonably require, of the names, addresses and taxpayer identification numbers of the Noteholders as they appear on the Note Register as of the most recent Record Date, and (ii) at such other times, as the Indenture Trustee may request in writing, within ten days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than ten days prior to the time such list is furnished; provided, however, that for so long as the Indenture Trustee is the Transfer Agent and Registrar, no such list shall be required to be furnished.

Section 7.02. Preservation of Information; Communications to Noteholders.

(a) The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 7.01 and the names, addresses and taxpayer identification numbers of the Noteholders received by the Indenture Trustee in its capacity as Transfer Agent and Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 7.01 upon receipt of a new list so furnished.

(b) Noteholders may communicate, pursuant to TIA Section 312(b), with other Noteholders with respect to their rights under this Master Indenture or under the Notes.

(c) The Issuer, the Indenture Trustee and the Transfer Agent and Registrar shall have the protection of TIA Section 312(c).

Section 7.03. Reports by Issuer.

(a) The Issuer shall:

(i) file with the Indenture Trustee, within 15 days after the Issuer is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Issuer may be required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act;

(ii) file with the Indenture Trustee and the Commission in accordance with rules and regulations prescribed from time to time by the Commission such additional information, documents and reports with respect to compliance by the Issuer with the conditions and covenants of this Master Indenture as may be required from time to time by such rules and regulations; and

(iii) supply to the Indenture Trustee (and the Indenture Trustee shall transmit by mail to all Noteholders) such summaries of any information, documents and reports required to be filed by the Issuer pursuant to clauses (i) and (ii) of this subsection as may be required by rules and regulations prescribed from time to time by the Commission.

(b) Unless the Issuer otherwise determines, the fiscal year of the Issuer shall end on January 31 of each year.

Section 7.04. Reports by Indenture Trustee. If required by TIA Section 313(a), within 60 days after each March 31 beginning with March 31, 2003, the Indenture Trustee shall mail to each Noteholder as required by TIA Section 313(c) a brief report dated as of such date that complies with TIA Section 313(a). The Indenture Trustee also shall comply with TIA Section 313(b).

ARTICLE EIGHT

ALLOCATION AND APPLICATION OF COLLECTIONS

Section 8.01. Collection of Money. Except as otherwise expressly provided herein and in the related Indenture Supplement, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Master Indenture. The Indenture Trustee shall hold all such money and property received by it in trust for the Noteholders and shall apply it as provided in this Master Indenture. Except as otherwise expressly provided in this Master Indenture, if any default occurs in the making of any payment or performance under the Transfer and Servicing Agreement or any other Transaction Document, the Indenture Trustee may, and upon the request of at least a majority of the Holders of the Outstanding Amount of the Notes of an affected Series shall, take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim a Pay Out Event or a Default or Event of Default under this Master Indenture and to proceed thereafter as provided in Article Five.

Section 8.02. Rights of Noteholders. The Collateral shall secure the obligation of the Trust to pay to the Holders of the Notes of each Series principal and interest and other amounts payable pursuant to this Master Indenture and the related Indenture Supplement. Except as specifically set forth in the Indenture Supplement with respect thereto, the Notes of any Series or Class shall not have rights to payment from any Series Account or Series Enhancement allocated for the benefit of any other Series or Class.

Section 8.03. Establishment of Collection Account and Special Funding Account. The Servicer, for the benefit of the Noteholders, shall establish and maintain with the Indenture Trustee or its nominee in the name of the Indenture Trustee, on behalf of the Trust, one or more Qualified Accounts (including any subaccount thereof) bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Noteholders (collectively, the "Collection Account"). The Indenture Trustee shall possess all right, title and interest in all monies, instruments, investment property, documents, certificates of deposit and other property credited from time to time to the Collection Account and in all proceeds, earnings, income, revenue, dividends and distributions thereof for the benefit of the Noteholders.

The Collection Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Noteholders. Except as expressly provided in this Master Indenture and the Transfer and Servicing Agreement, the Servicer agrees that it shall have no right of setoff or banker's lien against, and no right to otherwise deduct from, any funds held in the Collection Account for any amount owed to it by the Indenture Trustee, the Trust, any Noteholder or any Series Enhancer. If, at any time, the Collection Account ceases to be a Qualified Account, the Indenture Trustee (or the Servicer on its behalf) shall within ten Business Days (or such longer period, not to exceed 30 calendar days, as to which each Rating Agency may consent) establish a new Collection Account meeting the conditions specified above, transfer any monies, documents, instruments, investment property, certificates of deposit and other property to such new Collection Account and from the date such new Collection Account is established, it shall

be the "Collection Account". Pursuant to the authority granted to the Servicer in Section 3.01(b) of the Transfer and Servicing Agreement, the Servicer shall have the power, revocable by the Indenture Trustee, to instruct the Indenture Trustee to make withdrawals and payments from the Collection Account for the purposes of carrying out the Servicer's or the Indenture Trustee's duties hereunder and under the Transfer and Servicing Agreement, as applicable. The Servicer shall reduce deposits into the Collection Account payable by the Transferor on any Deposit Date to the extent the Transferor is entitled to receive funds from the Collection Account on such Deposit Date, but only to the extent such reduction would not reduce the Transferor Interest to an amount less than the Required Transferor Interest.

Funds on deposit in the Collection Account (other than investment earnings and amounts deposited pursuant to Section 2.06, 6.01 or 7.01 of the Transfer and Servicing Agreement or Section 11.02 of this Master Indenture) shall at the written direction of the Servicer be invested by the Indenture Trustee in Eligible Investments selected by the Servicer. All such Eligible Investments shall be held by the Indenture Trustee for the benefit of the Noteholders pursuant to Section 6.15. Investments of funds representing Collections collected during any Monthly Period shall be invested in Eligible Investments that will mature so that such funds will be available no later than the close of business on each monthly Transfer Date following such Monthly Period. No such Eligible Investment shall be disposed of prior to its maturity. In the event that the Indenture Trustee does not receive written direction from the Servicer, funds on deposit in the Collection Account shall be deposited by the Indenture Trustee in money market funds having at the time of the Trust's investment therein, a rating in the highest rating category of each Rating Agency (including funds for which the Indenture Trustee or any of its Affiliates is an investment manager or advisor). On each Distribution Date, all interest and other investment earnings (net of losses and investment expenses) on funds on deposit in the Collection Account shall be paid to the Transferor, except as otherwise specified in any Indenture Supplement. The Indenture Trustee shall bear no responsibility or liability for any losses resulting from investment or reinvestment of any funds in accordance with this Section nor for the selection of Eligible Investments in accordance with the provisions of this Master Indenture and any Indenture Supplement (other than Eligible Investments on which the institution acting as Indenture Trustee is an obligor).

The Servicer, for the benefit of the Noteholders, shall establish and maintain with the Indenture Trustee or its nominee in the name of the Indenture Trustee, on behalf of the Trust, a Qualified Account (including any subaccounts thereof) bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Noteholders (the "Special Funding Account"). The Indenture Trustee shall possess all right, title and interest in all monies, instruments, investment property, documents, certificates of deposit and other property credited from time to time to the Special Funding Account and in all proceeds, dividends, distributions, earnings, income and revenue thereof for the benefit of the Noteholders. The Special Funding Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Noteholders. Except as expressly provided in this Master Indenture and the Transfer and Servicing Agreement, the Servicer shall have no right of setoff or banker's lien against, and no right to otherwise deduct from, any funds and other property held in the Special Funding Account for any amount owed to it by the Indenture Trustee, the Trust, any Noteholder or any Series Enhancer. If, at any time, the Special Funding Account ceases to be a Qualified Account, the Indenture Trustee (or the Servicer on its behalf) shall within ten Business

Days (or such longer period, not to exceed 30 calendar days, as to which each Rating Agency may consent) establish a new Special Funding Account meeting the conditions specified above, transfer any monies, documents, instruments, investment property, certificates of deposit and other property to such new Special Funding Account and from the date such new Special Funding Account is established, it shall be the "Special Funding Account."

Funds on deposit in the Special Funding Account shall at the written direction of the Servicer be invested by the Indenture Trustee in Eligible Investments selected by the Servicer. All such Eligible Investments shall be held by the Indenture Trustee for the benefit of the Noteholders pursuant to Section 6.15. Funds on deposit in the Special Funding Account on any Distribution Date will be invested in Eligible Investments that will mature so that such funds will be available no later than the close of business on the Transfer Date following such Monthly Period. No such Eligible Investment shall be disposed of prior to its maturity. In the event that the Indenture Trustee does not receive written direction from the Servicer, funds on deposit in the Collection Account shall be deposited by the Indenture Trustee in money market funds having at the time of the Trust's investment therein, a rating in the highest rating category of each Rating Agency (including funds for which the Indenture Trustee or any of its Affiliates is an investment manager or advisor). On each Distribution Date, all interest and other investment earnings (net of losses and investment expenses) on funds on deposit in the Special Funding Account shall be treated as Collections of Finance Charge Receivables with respect to the last day of the related Monthly Period except as otherwise specified in the related Indenture Supplement. On each Business Day on which funds are on deposit in the Special Funding Account and on which no Series is in an Accumulation Period or Amortization Period, the Servicer shall determine the amount (if any) by which the Transferor Interest exceeds the Required Transferor Interest on such date and shall instruct the Indenture Trustee to withdraw any such excess from the Special Funding Account and pay such amount to the Holders of the Transferor Certificates; provided, however, that, if an Accumulation Period or Amortization Period has commenced and is continuing with respect to one or more outstanding Series, any funds on deposit in the Special Funding Account shall be treated as Shared Principal Collections and shall be allocated and distributed in accordance with Section 8.05 and the terms of each Indenture Supplement.

Section 8.04. Collections and Allocations.

(a) The Servicer will apply or will instruct the Indenture Trustee to apply all funds on deposit in the Collection Account as described in this Article and in each Indenture Supplement. Except as otherwise provided below, the Servicer shall deposit Collections into the Collection Account as promptly as possible after the Date of Processing of such Collections, but in no event later than the second Business Day following the date of processing. Subject to the terms of any Indenture Supplement, but notwithstanding anything else in this Master Indenture or the Transfer and Servicing Agreement to the contrary, if one or more of the following conditions is satisfied: (i) Nordstrom fsb remains the Servicer; Nordstrom guarantees the performance of the Servicer's obligations (unless the Rating Agencies shall consent to the deletion of such guarantee) and achieves and maintains a commercial paper rating of not less than A-1 by Standard & Poor's, not less than Prime-1 by Moody's and, if rated by Fitch, not less than F-1 by Fitch, and Nordstrom fsb remains a wholly owned subsidiary (directly or indirectly) of Nordstrom, Inc. and in the event that there is any material change in the financing relationship between Nordstrom fsb and

Nordstrom, Inc., (A) Nordstrom fsb shall have notified each Rating Agency and (B) the Rating Agency Condition shall be satisfied with respect to such material change, or (ii) any other arrangements are made such that the Rating Agency Condition is satisfied with respect thereto, and for two Business Days following any reduction of any such rating or change in ownership, the Servicer need not make the daily deposits of Collections into the Collection Account as provided in the preceding sentence, but may make a single deposit in the Collection Account in immediately available funds not later than 1:00 p.m., New York City time, on the Transfer Date immediately preceding the Distribution Date following the Monthly Period with respect to which such deposit relates. Subject to the first proviso in Section 8.05, but notwithstanding anything else in this Master Indenture or the Transfer and Servicing Agreement to the contrary, with respect to any Monthly Period, whether the Servicer is required to make deposits of collections pursuant to the first or the second preceding sentence, (i) the Servicer will only be required to deposit Collections into the Collection Account up to the aggregate amount of Collections required to be deposited into any Series Account or, without duplication, distributed on or prior to the related Distribution Date to Noteholders or to any Series Enhancer pursuant to the terms of any Indenture Supplement or Enhancement Agreement and (ii) if at any time prior to such Distribution Date the amount of Collections deposited in the Collection Account exceeds the amount required to be deposited pursuant to clause (i) above, the Servicer will be permitted to cause the Indenture Trustee to withdraw the excess from the Collection Account and pay such amounts pursuant to the terms of the Transaction Documents. Subject to the immediately preceding sentence, the Servicer may retain its Servicing Fee with respect to a Series and shall not be required to deposit it in the Collection Account. To the extent that, in accordance with this subsection, the Servicer has retained amounts which would otherwise be required to be deposited into the Collection Account or any Series Account with respect to any Monthly Period, the Servicer shall be required to deposit such amounts in the Collection Account or such Series Account on the related Transfer Date to the extent necessary to make required distributions on the related Distribution Date, including any amounts which are required to be applied as Reallocated Principal Collections, and pay any amounts remaining after making such deposit pursuant to the terms of the Transaction Documents.

(b) Collections of Finance Charge Receivables, Principal Receivables and Defaulted Receivables will be allocated to each Series of Notes and to the holders of the Transferor Certificates in accordance with this Article and each Indenture Supplement and amounts so allocated to any Series will not, except as specified in the related Indenture Supplement, be available to the Noteholders of any other Series. Allocations of the foregoing amounts between the Holders of the Notes and the holders of the Transferor Certificates, among the Series and among the Classes in any Series, shall be set forth in the related Indenture Supplement or Indenture Supplements. In-store payments made with respect to Finance Charge Receivables and Principal Receivables shall be treated as Collections and be deemed to be received by the Servicer on the day such payment was made by the cardholder.

Section 8.05. Shared Principal Collections. On each Distribution Date, (i) the Servicer shall allocate Shared Principal Collections to each Principal Sharing Series, pro rata, in proportion to the Principal Shortfalls, if any, with respect to each such Series and (ii) the Servicer shall cause the Indenture Trustee to withdraw from the Collection Account and pay to the holders of the Transferor Certificates an amount equal to the excess, if any, of Shared Principal Collections over Principal Shortfalls; provided, however, that if the Transferor Interest

as of such Distribution Date (determined after giving effect to the Principal Receivables or Participation Interests transferred to the Trust on such date) is less than the Required Transferor Interest, the Servicer will not direct the Indenture Trustee to distribute to the holders of the Transferor Certificates any such amounts that otherwise would be distributed to the holders of the Transferor Certificates, but shall deposit such funds in the Special Funding Account. The Transferor may, at its option, instruct the Indenture Trustee to deposit Shared Principal Collections which are otherwise payable to the holders of the Transferor Certificates pursuant to the provisions set forth above into the Special Funding Account. Notwithstanding the foregoing, a Group of Series may specify in their related Indenture Supplements that Shared Principal Collections from such Series shall be allocated as provided above but only among the Series in such Group.

Section 8.06. Additional Withdrawals from the Collection Account. On or before the Determination Date with respect to any Monthly Period, the Servicer may direct the Indenture Trustee in writing to withdraw from the Collection Account any amounts it has determined do not constitute Trust Assets and were erroneously deposited into the Collection Account, due to an accounting error or otherwise.

Section 8.07. Allocation of Collateral to Series or Groups. To the extent so provided in the Indenture Supplement for any Series or in an Indenture Supplement otherwise executed pursuant to Section 10.01, Receivables conveyed to the Trust pursuant to Section 2.01 of the Transfer and Servicing Agreement and Receivables or Participation Interests conveyed to the Trust pursuant to Section 2.09 of the Transfer and Servicing Agreement or any Participation Interest Supplement, and all Collections received with respect thereto may be allocated or applied in whole or in part to one or more Series or Groups as may be provided in such Indenture Supplement; provided, however, that any such allocation or application shall be effective only upon satisfaction of the following conditions:

(a) on or before the fifth Business Day immediately preceding such allocation, the Servicer shall have given the Indenture Trustee and each Rating Agency written notice of such allocation;

(b) the Rating Agency Condition shall have been satisfied with respect to such allocation; and

(c) the Servicer shall have delivered to the Indenture Trustee an Officer's Certificate, dated the date of such allocation, to the effect that the Servicer reasonably believes that such allocation will not result in an Adverse Effect.

Any such Indenture Supplement may provide that (i) such allocation to one or more particular Series or Groups may terminate upon the occurrence of certain events specified therein and (ii) upon the occurrence of any such event, such assets and any Collections with respect thereto, shall be reallocated to other Series or Groups or to all Series, all as shall be provided in such Indenture Supplement.

Section 8.08. Excess Finance Charge Collections. On each Distribution Date, the Servicer shall (i) allocate Excess Finance Charge Collections to each Excess Allocation Series,

pro rata, in proportion to the Finance Charge Shortfalls, if any, with respect to each such Series and (ii) withdraw from the Collection Account and pay to the Holders of the Transferor Certificates an amount equal to the excess, if any, of Excess Finance Charge Collections over Finance Charge Shortfalls; provided, however, that the sharing of Excess Finance Charge Collections among Series will continue only until such time, if any, at which the Transferor shall deliver to the Indenture Trustee an Officer's Certificate to the effect that, in the reasonable belief of the Transferor, the continued sharing of Excess Finance Charge Collections among Series would have adverse regulatory implications with respect to an Account Owner. Notwithstanding the foregoing, a Group of Series may specify in their related Indenture Supplements that Excess Finance Charge Collections from such Series shall be allocated as provided above but only among the Series in such Group.

Section 8.09. Release of Collateral; Eligible Loan Documents.

(a) The Indenture Trustee may, and when required by the provisions of this Master Indenture shall, execute instruments to release property from the lien of this Master Indenture, or convey the Indenture Trustee's interest in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Master Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any monies.

(b) In order to facilitate the servicing of the Receivables by the Servicer, the Indenture Trustee upon Issuer Order shall authorize the Servicer to execute in the name and on behalf of the Indenture Trustee instruments of satisfaction or cancellation, or of partial or full release or discharge, and other comparable instruments with respect to the Receivables (and the Indenture Trustee shall execute any such documents on request of the Servicer), subject to the obligations of the Servicer under the Transfer and Servicing Agreement.

(c) The Indenture Trustee shall, at such time as there are no Notes outstanding, release and transfer, without recourse, all of the Collateral that secured the Notes (other than any cash held for the payment of the Notes pursuant to Section 4.02). The Indenture Trustee shall release property from the lien of this Master Indenture pursuant to this Section only upon receipt of an Issuer Order accompanied by an Officer's Certificate, an Opinion of Counsel and (if required by the TIA) Independent Certificates in accordance with TIA Sections 314(c) and 314(d)(1) meeting the applicable requirements of Section 12.01.

(d) Notwithstanding anything to the contrary in this Master Indenture, the Transfer and Servicing Agreement and the Trust Agreement, immediately prior to the release of any portion of the Collateral or any funds on deposit in the Series Accounts pursuant to this Master Indenture, the Indenture Trustee shall remit to the Transferor for its own account any funds that, upon such release, would otherwise be remitted to the Issuer.

Section 8.10. Opinion of Counsel. The Indenture Trustee shall receive at least seven days' notice when requested by the Issuer to take any action pursuant to Section 8.09(a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also require, as a condition to such action, an Opinion of Counsel, in form and substance reasonably

satisfactory to the Indenture Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely impair the security for the Notes or the rights of the Noteholders in contravention of the provisions of this Master Indenture; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Collateral. The Indenture Trustee and counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

ARTICLE NINE

DISTRIBUTIONS AND REPORTS TO NOTEHOLDERS

Section 9.01. Distributions and Reports to Noteholders. Distributions shall be made to, and reports shall be provided to, Noteholders as set forth in the applicable Indenture Supplement. The identity of the Noteholders with respect to distributions and reports shall be determined according to the immediately preceding Record Date.

ARTICLE TEN

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures Without Consent of Noteholders.

(a) Without the consent of the Holders of any Notes, but upon satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto (which shall conform to the provisions of the TIA as in force at the date of the execution thereof), in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien of this Master Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the lien of this Master Indenture, or to subject to the lien of this Master Indenture additional property;

(ii) to evidence the succession, in compliance with Section 3.11, of another Person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes contained;

(iii) to add to the covenants of the Issuer, for the benefit of the Holders of the Notes, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Indenture Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture that may be inconsistent with any other provision herein or in any supplemental indenture or to make any other provisions with respect to matters or questions arising under this Master Indenture or in any supplemental indenture; provided that such action shall not adversely affect the interests of the Holders of the Notes;

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor indenture trustee with respect to the Notes and to add to or change any of the provisions of this Master Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one indenture trustee, pursuant to the requirements of Article Six;

(vii) to modify, eliminate or add to the provisions of this Master Indenture to such extent as shall be necessary to effect the qualification of this Master Indenture under the TIA or under any similar federal statute hereafter enacted and to add to this Master Indenture such other provisions as may be expressly required by the TIA; or

(viii) to provide for the issuance of one or more new Series of Notes, in accordance with the provisions of Section 2.12.

The Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Issuer and the Indenture Trustee, when authorized by an Issuer Order, may, also without the consent of any Noteholders of any Series then Outstanding but upon satisfaction of the Rating Agency Condition with respect to the Notes of all Series, enter into an indenture or supplemental indentures hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Master Indenture or of modifying in any manner the rights of the Holders of the Notes under this Master Indenture; provided, however that (i) the Transferor shall have delivered to the Indenture Trustee an Officer's Certificate, dated the date of any such action, stating that all requirements for such amendments contained in this Master Indenture have been met and the Transferor reasonably believes that such action will not result in an Adverse Effect, (ii) a Tax Opinion shall have been delivered to each Rating Agency and (iii) such amendment does not affect the rights, duties, permitted activities or obligations of the Servicer, the Master Indenture Trustee or the Owner Trustee hereunder. Additionally, notwithstanding the preceding sentence, the Issuer and the Indenture Trustee, when authorized by an Issuer Order, may, without the consent of any Noteholders of any Series then Outstanding or the Series Enhancers for any Series, enter into an indenture or supplemental indentures hereto to add, modify or eliminate such provisions as may be necessary or advisable in order to enable all or a portion of the Trust (i) to qualify as, and to permit an election to be made to cause the Trust to be treated as, a "financial asset securitization investment trust" as described in the provisions of Section 860L of the Code, and (ii) to avoid the imposition of state or local income or franchise taxes imposed on the Trust's property or its income; provided, however, that (A) the Transferor delivers to the Indenture Trustee and the Owner Trustee an Officer's Certificate to the effect that the proposed amendments meet the requirements set forth in this subsection, (B) the Rating Agency Condition will have been satisfied and (C) such amendment does not affect the rights, duties or obligations of the Indenture Trustee or the Owner Trustee hereunder. The amendments which the Transferor may make without the consent of Noteholders pursuant to the preceding sentence may include, without limitation, the addition of a sale of Receivables.

Section 10.02. Supplemental Indentures with Consent of Noteholders. The Issuer and the Indenture Trustee, when authorized by an Issuer Order, also may, upon satisfaction of the Rating Agency Condition and with the consent of the Holders of at least 66 2/3% of the Outstanding Amount of the Notes of each adversely affected Series of Notes, by Act of such Holders delivered to the Issuer and the Indenture Trustee, enter into an indenture or supplemental indentures hereto for the purpose of adding any provisions to, changing in any manner or eliminating any of the provisions of this Master Indenture or of modifying in any manner the rights of such Noteholders under this Master Indenture; provided, however that no

such supplemental indenture shall, without the consent of the Holder of each outstanding Note affected thereby:

(a) change the due date of any installment of principal of or interest on any Note, or reduce the principal amount thereof, the interest rate specified thereon or the redemption price with respect thereto or change any place of payment where, or the coin or currency in which, any Note or any interest thereon is payable;

(b) impair the right to institute suit for the enforcement of the provisions of this Master Indenture requiring the application of funds available therefor, as provided in Article Five, to the payment of any such amount due on the Notes on or after the respective due dates thereof (or, in the case of redemption, on or after the Redemption Date);

(c) reduce the percentage of the Outstanding Amount of the Notes of any Series the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Master Indenture or certain defaults hereunder and their consequences as provided for in this Master Indenture;

(d) reduce the percentage of the aggregate outstanding amount of any Notes, the consent of the Holders of which is required to direct the Indenture Trustee to sell or liquidate the Collateral if the proceeds of such sale would be insufficient to pay the principal amount and accrued but unpaid interest on the outstanding Notes of such Series;

(e) decrease the percentage of the aggregate principal amount of the Notes required to amend the sections of this Master Indenture which specify the applicable percentage of the aggregate principal amount of the Notes of such Series necessary to amend the Indenture or any Transaction Documents which require such consent;

(f) modify or alter the provisions of this Master Indenture prohibiting the voting of Notes held by the Trust, any other obligor on the Notes, a Seller or any Affiliate thereof; or

(g) permit the creation of any Lien ranking prior to or on a parity with the lien of this Master Indenture with respect to any part of the Collateral for any Notes or, except as otherwise permitted or contemplated herein, terminate the Lien of this Master Indenture on any such Collateral at any time subject hereto or deprive the Holder of any Note of the security provided by the Lien of this Master Indenture.

The Indenture Trustee may in its discretion determine whether or not any Notes would be affected by any supplemental indenture and any such determination shall be conclusive upon the Holders of all Notes, whether theretofore or thereafter authenticated and delivered hereunder. The Indenture Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for any Act of Noteholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Promptly after the execution by the Issuer and the Indenture Trustee of any supplemental indenture pursuant to this Section, the Indenture Trustee shall mail to the Holders of the Notes to which such amendment or supplemental indenture relates written notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Indenture Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 10.03. Execution of Supplemental Indentures. In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Master Indenture, the Indenture Trustee shall be entitled to receive, and subject to Sections 6.01 and 6.02, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Master Indenture. The Indenture Trustee or Owner Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Indenture Trustee's or Owner Trustee's (as such or in its individual capacity) own rights, duties, liabilities, benefits, protections, privileges or immunities under this Master Indenture or otherwise.

Section 10.04. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture under this Article, this Master Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes, and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 10.05. Conformity With Trust Indenture Act. Every amendment of this Master Indenture and every supplemental indenture executed pursuant to this Article shall conform to the requirements of the TIA as then in effect so long as this Master Indenture shall then be qualified under the TIA.

Section 10.06. Reference in Notes to Supplemental Indentures. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and if required by the Indenture Trustee shall, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such supplemental indenture. If the Issuer shall so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for the outstanding Notes.

ARTICLE ELEVEN

TERMINATION

Section 11.01. Termination of Trust. The Trust and the respective obligations and responsibilities of the Indenture Trustee created hereby (other than the obligation of the Indenture Trustee to make payments to Noteholders as hereinafter set forth) shall terminate, except with respect to the duties described in Section 11.02(b), as provided in the Trust Agreement.

Section 11.02. Final Distribution.

(a) The Servicer shall give the Indenture Trustee at least 30 days' prior notice of the Distribution Date on which the Noteholders of any Series or Class may surrender their Notes for payment of the final distribution on and cancellation of such Notes (or, in the event of a final distribution resulting from the application of Section 2.06, 6.01 or 7.01 of the Transfer and Servicing Agreement, notice of such Distribution Date promptly after the Servicer has determined that a final distribution will occur, if such determination is made less than 30 days prior to such Distribution Date). Such notice shall be accompanied by an Officer's Certificate setting forth the information specified in Section 3.05 of the Transfer and Servicing Agreement covering the period during the then-current calendar year through the date of such notice. Not later than the fifth day of the month in which the final distribution in respect of such Series or Class is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Series or Class specifying (i) the date upon which final payment of such Series or Class will be made upon presentation and surrender of Notes of such Series or Class at the office or offices therein designated, (ii) the amount of any such final payment and (iii) that the Record Date otherwise applicable to such payment date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The Indenture Trustee shall give such notice to the Transfer Agent and Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Series or Class (or the termination of the Trust), except as otherwise provided in this paragraph, all funds then on deposit in the Collection Account and any Series Account allocated to such Noteholders shall continue to be held in trust for the benefit of such Noteholders and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated (and any excess shall be paid in accordance with the terms of any Enhancement Agreement). In the event that all such Noteholders shall not surrender their Notes for cancellation within six months after the date specified in the notice from the Indenture Trustee described in Section 11.02(a) the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or

any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

Section 11.03. Termination Distributions. Upon the termination of the Trust pursuant to the terms of the Trust Agreement, the Indenture Trustee shall assign and convey to the holders of the Transferor Certificates or any of their designees, without recourse, representation or warranty, all right, title and interest of the Trust in the Receivables, whether then existing or thereafter created, and Recoveries related thereto, all monies due or to become due and all amounts received or receivable with respect thereto (including all monies then held in the Collection Account or any Series Account) and all proceeds thereof, except for amounts held by the Indenture Trustee pursuant to Section 11.02(b). The Indenture Trustee shall execute and deliver such instruments of transfer and assignment, in each case without recourse, as shall be reasonably requested by the holders of the Transferor Certificates to vest in the holders of the Transferor Certificates or any of their designees all right, title and interest which the Indenture Trustee had in the Collateral and such other property.

Section 11.04. Defeasance. Notwithstanding anything to the contrary in this Master Indenture and unless otherwise specified with respect to any Series in the applicable Indenture Supplement:

(a) The Issuer may at its option be discharged from its obligations hereunder with respect to any Series or all outstanding Series (each, a "Defeased Series") on the date the applicable conditions set forth in Section 11.04(c) are satisfied (a "Defeasance"); provided, however, that the following rights, obligations, powers, duties and immunities shall survive with respect to each Defeased Series until otherwise terminated or discharged hereunder: (i) the rights of the Holders of Notes of the Defeased Series to receive, solely from the trust fund provided for in Section 11.04(c), payments in respect of principal of and interest on such Notes when such payments are due; (ii) the Issuer's obligations with respect to such Notes under Sections 2.05 and 2.06; (iii) the rights, powers, trusts, duties, and immunities of the Indenture Trustee, the Paying Agent and the Registrar hereunder; and (iv) Section 12.16 and this Section.

(b) Subject to Section 11.04(c), the Issuer at its option may cause Collections allocated to each Defeased Series and available to purchase additional Receivables to be applied to purchase Eligible Investments rather than additional Receivables.

(c) The following shall be the conditions precedent to any Defeasance under Section 11.04(a):

(i) the Issuer irrevocably shall have deposited or caused to be deposited with the Indenture Trustee (such deposit to be made from other than the Issuer's or any Affiliate of the Issuer's funds), under the terms of an irrevocable trust agreement in form and substance satisfactory to the Indenture Trustee, as trust funds in trust for making the payments described below, (A) Dollars in an

amount equal to, or (B) Eligible Investments which through the scheduled payment of principal and interest in respect thereof will provide, not later than the due date of payment thereon, money in an amount equal to, or (C) a combination thereof, in each case sufficient to pay and discharge (without relying on income or gain from reinvestment of such amount), and which shall be applied by the Indenture Trustee to pay and discharge, all remaining scheduled interest and principal payments on all outstanding Notes of each Defeased Series on the dates scheduled for such payments in this Master Indenture and the applicable Indenture Supplements and all amounts owing to the Series Enhancers with respect to each Defeased Series;

(ii) a statement from a firm of nationally recognized independent public accountants (who may also render other services to the Issuer) to the effect that such deposit is sufficient to pay the amounts specified in clause (i) above;

(iii) prior to its exercise of its right pursuant to this Section with respect to any Defeased Series to substitute money or Eligible Investments for Receivables, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel to the effect contemplated by clause (ii) of the definition of the term "Tax Opinion" (the preparation and delivery of which shall not be at the expense of the Indenture Trustee) with respect to such deposit and termination of obligations, and an Opinion of Counsel to the effect that such deposit and termination of obligations will not result in the Trust being required to register as an investment company under the Investment Company Act;

(iv) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate of the Transferor stating that the Transferor reasonably believes that such deposit and termination of obligations will not, based on the facts known to such officer at the time of such certification, then cause a Pay Out Event with respect to any Series or any event that, with the giving of notice or the lapse of time, would result in the occurrence of a Pay Out Event with respect to any Series; and

(v) the Rating Agency Condition shall have been satisfied and the Issuer shall have delivered copies of such written notice to the Servicer and the Indenture Trustee.

ARTICLE TWELVE

MISCELLANEOUS

Section 12.01. Compliance Certificates and Opinions, etc.

(a) Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Master Indenture, the Issuer shall furnish to the Indenture Trustee (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Master Indenture relating to the proposed action have been complied with, (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with and (iii) (if required by the TIA) an Independent Certificate from a firm of certified public accountants meeting the applicable requirements of this Section, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Master Indenture, no additional certificate or opinion need be furnished.

Except to the extent that the Authorized Officer of the Issuer executes the certificate on behalf of the Issuer, every certificate or opinion with respect to compliance with a condition or covenant provided for in this Master Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory, such condition or covenant has been complied with.

(b) (i) Prior to the deposit of any Collateral or other property or securities with the Indenture Trustee that is to be made the basis for the release of any property or securities subject to the lien of this Master Indenture, the Issuer shall, in addition to any obligation imposed in Section 12.01(a) or elsewhere in this Master Indenture, furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such deposit) to the Issuer of the Collateral or other property or securities to be so deposited.

(ii) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (i) above, the Issuer shall also deliver to the Indenture Trustee

(if required by the TIA) an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then-current fiscal year of the Issuer, as set forth in the certificates delivered pursuant to clause (i) above and this clause (ii), is 10% or more of the Outstanding Amount of the Notes, but such a certificate need not be furnished with respect to any securities so deposited if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than $25,000 or less than 1% of the Outstanding Amount of the Notes.

(iii) Other than with respect to the release of any Defaulted Receivables and Receivables in Removed Accounts, whenever any property or securities is to be released from the lien of this Master Indenture, the Issuer shall also furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such release) of the property or investment property proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Master Indenture in contravention of the provisions hereof.

(iv) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (iii) above, the Issuer shall also furnish to the Indenture Trustee (if required by the TIA) an Independent Certificate as to the same matters if the fair value of the property or securities and of all other property, other than Defaulted Receivables and Receivables in Removed Accounts, or securities released from the lien of this Master Indenture since the commencement of the then current calendar year, as set forth in the certificates required by clause (iii) above and this clause, equals 10% or more of the Outstanding Amount of the Notes, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than $25,000 or less than one percent of the then Outstanding Amount of the Notes.

(v) Notwithstanding Section 2.11 or any other provision of this Section, the Issuer may collect, liquidate, sell or otherwise dispose of Receivables as and to the extent permitted or required by the Transaction Documents and make cash payments out of the Series Accounts as and to the extent permitted or required by the Transaction Documents.

Section 12.02. Form of Documents Delivered to Indenture Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or

opinion or representations with respect to the matters upon which such officer's certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer, a Seller, a Transferor, the Issuer or the Administrator, stating that the information with respect to such factual matters is in the possession of the Servicer, a Seller, a Transferor, the Issuer or the Administrator, unless such an Authorized Officer or Counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Master Indenture, they may, but need not, be consolidated and form one instrument.

Whenever in this Master Indenture, in connection with any application or certificate or report to the Indenture Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Indenture Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article Six.

Section 12.03. Acts of Noteholders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Master Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by their agents duly appointed in writing and satisfying any requisite percentages as to minimum number or dollar value of outstanding principal amount represented by such Noteholders; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Master Indenture and conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner which the Indenture Trustee deems sufficient.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Notes shall bind the Holder (and any transferee thereof) of every

Note issued upon the registration thereof in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 12.04. Notices, Etc. to Indenture Trustee and Issuer. Any request, demand, authorization, direction, notice, consent, waiver or Act of Noteholders or other documents provided or permitted by this Master Indenture to be made upon, given or furnished to, or filed with:

(a) the Indenture Trustee by any Noteholder or by the Issuer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to a Responsible Officer, by facsimile transmission or by other means acceptable to the Indenture Trustee to or with the Indenture Trustee at its Corporate Trust Office; or

(b) the Issuer by the Indenture Trustee or by any Noteholder shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed to it at Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration, or at any other address previously furnished in writing to the Indenture Trustee by the Issuer; a copy of each notice to the Issuer shall be sent in writing and mailed, first-class postage prepaid, to the Administrator at 13531 East Caley Avenue, Englewood, Colorado 80111.

Section 12.05. Notices to Noteholders; Waiver. Where the Master Indenture provides for notice to Noteholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed by registered or certified mail or first class postage prepaid or national overnight courier service to each Noteholder affected by such event, at its address as it appears on the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Noteholders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Noteholder shall affect the sufficiency of such notice with respect to other Noteholders, and any notice which is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Master Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Indenture Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In the event that, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholders when such notice is required to be given pursuant to any provision of this Master Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee shall be deemed to be a sufficient giving of such notice.

Where this Master Indenture provides for notice to any Rating Agency, failure to give such notice shall not affect any other rights or obligations created hereunder and shall not under any circumstance constitute a Default or Event of Default.

Section 12.06. Alternate Payment and Notice Provisions. Notwithstanding any provision of this Master Indenture or any of the Notes to the contrary, the Issuer, with the consent of the Indenture Trustee, may enter into any agreement with any Holder of a Note providing for a method of payment, or notice by the Indenture Trustee or any Paying Agent to such Holder, that is different from the methods provided for in this Master Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments to be made and notices to be given in accordance with such agreements.

Section 12.07. Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this Master Indenture by any of the provisions of the TIA, such required provision shall control.

The provisions of TIA Section 310 through 317 that impose duties on any person (including the provisions automatically deemed included herein unless expressly excluded by this Master Indenture) are a part of and govern this Master Indenture, whether or not physically contained herein.

Section 12.08. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 12.09. Successors and Assigns. All covenants and agreements in this Master Indenture by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 12.10. Severability. In case any provision in this Master Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.11. Benefits of Indenture. Nothing in this Master Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, the Noteholders, the Servicer and the Transferor, any benefit.

Section 12.12. Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Notes or this Master Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

Section 12.13. GOVERNING LAW. THE MASTER INDENTURE AND EACH NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE

PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 12.14. Counterparts. This Master Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 12.15. Trust Obligations. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Owner Trustee or the Indenture Trustee on the Notes or under this Master Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) the Indenture Trustee or the Owner Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Indenture Trustee or the Owner Trustee in its individual capacity, any holder of a beneficial interest in the Issuer, the Owner Trustee or the Indenture Trustee or of any successor or assign of the Indenture Trustee or the Owner Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Indenture Trustee and the Owner Trustee have no such obligations in their individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. For all purposes of this Master Indenture, in the performance of any duties or obligations hereunder, the Owner Trustee (as such or in its individual capacity) shall be subject to, and entitled to the benefits of, the terms and provisions of the Trust Agreement.

Section 12.16. No Petition. The Indenture Trustee, by entering into this Master Indenture, and each Noteholder, by accepting a Note, hereby covenant and agree that they will not at any time institute against the Issuer or the Transferor, or join in instituting against the Issuer or the Transferor, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law.

IN WITNESS WHEREOF, the undersigned have caused this Master Indenture to be duly executed and delivered by their respective duly authorized officers as of the day and year first above written.

NORDSTROM CREDIT CARD MASTER NOTE TRUST,
as Issuer

By: WILMINGTON TRUST COMPANY,
not in its individual capacity,
but solely as Owner Trustee

By: /s/ James P. Lawler

Name: James P. Lawler
Title: Vice-President

WELLS FARGO BANK MINNESOTA,
NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ Jennifer C. Davis

Name: Jennifer C. Davis
Title: Assistant Vice-President

Acknowledged and Accepted:

NORDSTROM CREDIT CARD RECEIVABLES LLC,
as Transferor

By: /s/ Kevin T. Knight

Name: Kevin T. Knight
Title: President

NORDSTROM fsb,
as Servicer

By: /s/ Denny D. Dumler

Name: Denny D. Dumler
Title: President

Exhibit 10.43

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NORDSTROM CREDIT CARD MASTER NOTE TRUST,
Issuer

and

WELLS FARGO BANK MINNESOTA, NATIONAL ASSOCIATION,
Indenture Trustee

SERIES 2002-1 INDENTURE SUPPLEMENT

Dated as of April 1, 2002

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EXHIBITS

SERIES 2002-1 INDENTURE SUPPLEMENT

This Series 2002-1 Indenture Supplement, dated as of April 1, 2002, is between Nordstrom Credit Card Master Note Trust, a business trust organized and existing under the laws of the State of Delaware (herein, the "Issuer" or the "Trust"), and Wells Fargo Bank Minnesota, National Association, a national banking association, not in its individual capacity, but solely as indenture trustee (herein, together with its successors in the trusts thereunder as provided in the Master Indenture referred to below, the "Indenture Trustee") under the Master Indenture, dated as of April 1, 2002, between the Issuer and the Indenture Trustee.

ARTICLE ONE

DEFINITIONS

Section 1.01. Definitions. Whenever used in this Indenture Supplement, the following words and phrases shall have the following meanings:

"Accumulation Period Factor" means, with respect to any Monthly Period, a fraction, the numerator of which is equal to the sum of the initial invested amounts of all outstanding Series, and the denominator of which is equal to the sum of (i) the Initial Invested Amount, (ii) the initial invested amounts of all outstanding Series (other than Series 2002-1) which are not expected to be in their revolving period, and (iii) the initial invested amounts of all other outstanding Series which are not allocating Shared Principal Collections to other Series and are in their revolving periods; provided, however, that this definition may be changed at any time if the Rating Agency Condition is satisfied.

"Accumulation Period Length" has the meaning assigned such term in Section 4.03(f).

"Accumulation Shortfall" means, with respect to (i) a Distribution Date prior to the Controlled Accumulation Period, zero (ii) the first Distribution Date during the Controlled Accumulation Period, the excess, if any, of the Controlled Accumulation Amount over the amount deposited in the Principal Funding Account on that Distribution Date and (iii) each subsequent Distribution Date during the Controlled Accumulation Period, the excess, if any, of the Controlled Deposit Amount for the prior Distribution Date over the amount deposited in the Principal Funding Account pursuant to Section 4.03(c) on such Distribution Date.

"Additional Interest" means, with respect to any Distribution Date, Class A Additional Interest, Class B Additional Interest and Class C Additional Interest.

"Adjusted Invested Amount" means, for any Determination Date, an amount equal to the Invested Amount, minus the amount on deposit in the Principal Funding Account, in each case as of the Determination Date.

"Available Finance Charge Collections" means, with respect to any Monthly Period and the related Distribution Date, an amount equal to the sum of (i) the Investor Finance Charge Collections, (ii) the Excess Finance Charge Collections allocated to Series 2002-1, (iii) the Reserve Account Draw Amount and (iv) Principal Funding Investment Proceeds, if any.

"Available Principal Collections" means, with respect to any Monthly Period and the related Distribution Date, an amount equal to the (i) Investor Principal Collections minus (ii) the amount of Reallocated Principal Collections which pursuant to Section 4.05 are required to be applied on such Distribution Date, plus (iii) any Shared Principal Collections that are allocated to Series 2002-1 in accordance with Section 8.05 of the Master Indenture and Section 4.07 hereof, plus (iv) the aggregate amount to be treated as Available Principal Collections pursuant to Sections 4.03(a)(v) and (vi) for such Distribution Date.

"Base Rate" means, with respect to any Monthly Period, the sum of (i) the Servicing Fee Rates, (ii) the weighted average of the Class A Note Interest Rate, the Class B Note Interest Rate and the Class C Note Interest Rate and (iii) 2.0%.

"Benefit Plan" means an employee benefit plan, as defined in Section 3(3) of ERISA, that is subject to Title I of ERISA, a plan, as defined in Section 4975(e)(1) of the Code, that is subject to Section 4975 of the Code, and any entity deemed to hold plan assets of any of the foregoing by reason of an employee benefit plan's or plan's investment in the entity or otherwise under ERISA.

"Benefit Plan Investor" has the meaning set forth in Section 2.03(f)(i).

"Class" means the Class A Notes, Class B Notes or Class C Notes, as applicable.

"Class A Additional Interest" means, with respect to any Distribution Date, an amount equal to the product of (i) a fraction, the numerator of which is the actual number of days in such Interest Period, and the denominator of which is 360, (ii) the Class A Note Interest Rate in effect with respect to the related Interest Period and (iii) the Class A Interest Shortfall for the preceding Distribution Date (which shall be zero in the case of the first Distribution Date). Notwithstanding anything to the contrary herein, Class A Additional Interest shall be payable or distributed to the Class A Noteholders only to the extent permitted by applicable law.

"Class A Covered Amount" equals for any Distribution Date, the product of (i) the Class A Note Interest Rate for the related Interest Period, (ii) a fraction, whose numerator is the actual number of days in such Interest Period, and whose denominator is 360; and (iii) the balance of the Principal Funding Account on the first day of that Interest Period, up to the Class A Note Principal Balance as of the related Record Date.

"Class A Interest Shortfall" means, with respect to any Distribution Date, the excess, if any, as determined by the Servicer, of (i) the amount described in Section 4.03(a)(ii) over (ii) the sum of (a) the aggregate amount of Available Finance Charge Collections allocated and paid for such amounts on such Distribution Date and (b) the Reallocated Principal Amount applied to fund a deficiency in the amount distributed pursuant to Section 4.03(a)(ii) on such Distribution Date.

"Class A Monthly Interest" means, with respect to any Distribution Date, an amount of monthly interest distributable from the Collection Account with respect to the Class A Notes on such Distribution Date equal to the product of (i) a fraction, the numerator of which is the actual number of days in such Interest Period and the denominator of which is 360, (ii) the Class A Note Interest Rate and (iii) the Class A Note Principal Balance as of the close of business on the

last day of the preceding Monthly Period (or, with respect to the initial Distribution Date, the Class A Note Initial Principal Balance).

"Class A Note Initial Principal Balance" means $176,900,000.

"Class A Note Interest Rate" means One-Month LIBOR plus 0.27% per annum.

"Class A Note Principal Balance" means, on any date of determination, an amount equal to (i) the Class A Note Initial Principal Balance, minus (ii) the aggregate amount of principal payments made to the Class A Noteholders on or prior to such date.

"Class A Noteholder" means the Person in whose name a Class A Note is registered in the Note Register.

"Class A Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-1.

"Class A Reallocated Principal Amount" means the lesser of:

(i) the excess of the amounts described in Sections 4.03(a)(i) and (ii) over the amount actually distributed pursuant to such Sections; and

(ii) the greater of (a)(1) the product of (A) 19.50% and (B) the Initial Invested Amount minus (b) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and unreimbursed Reallocated Principal Collections (as of the preceding Distribution Date) and (ii) zero.

"Class B Additional Interest" means, with respect to any Distribution Date, an amount equal to the product of (i) a fraction, the numerator of which is the actual number of days in such Interest Period and the denominator of which is 360, (ii) the Class B Note Interest Rate in effect with respect to the related Interest Period and (iii) the Class B Interest Shortfall for the preceding Distribution Date (which shall be zero in the case of the first Distribution Date). Notwithstanding anything to the contrary herein, Class B Additional Interest shall be payable or distributed to the Class B Noteholders only to the extent permitted by applicable law.

"Class B Covered Amount" equals for any Distribution Date, the product of (i) the Class B Interest Rate for the related Interest Period, (ii) a fraction, the numerator of which is the actual number of days for such Interest Period, and whose denominator is 360; and (iii) the balance of the Principal Funding Account on the first day of the related Interest Period in excess of the Class A Note Principal Balance as of the related Record Date, up to the Class B Note Principal Balance as of the related Record Date.

"Class B Interest Shortfall" means, with respect to any Distribution Date, the excess, if any, as determined by the Servicer, of (i) the amount described in Section 4.03(a)(iii) over (ii) the sum of (a) the aggregate amount of Available Finance Charge Collections allocated and paid for such amounts on such Distribution Date and (b) the Reallocated Principal Amount applied to fund a deficiency in the amount distributed pursuant to Section 4.03(a)(iii) on such Distribution Date.

"Class B Monthly Interest" means, with respect to any Distribution Date, the amount of monthly interest distributable from the Collection Account with respect to the Class B Notes on such Distribution Date and which shall be an amount equal to the product of (i) a fraction, the numerator of which is 30, the actual number of days in such Interest Period, and the denominator of which is 360, (ii) the Class B Note Interest Rate in effect with respect to the related Interest Period and (iii) the Class B Note Principal Balance as of the close of business on the last day of the preceding Monthly Period (or, with respect to the initial Distribution Date, the Class B Note Initial Principal Balance).

"Class B Note Initial Principal Balance" means $23,100,000.

"Class B Note Interest Rate" means One-Month LIBOR plus 0.70% per annum.

"Class B Note Principal Balance" means, on any date of determination, an amount equal to (i) the Class B Note Initial Principal Balance, minus (ii) the aggregate amount of principal payments made to the Class B Noteholders on or prior to such date.

"Class B Noteholder" means the Person in whose name a Class B Note is registered in the Note Register.

"Class B Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-2.

"Class B Reallocated Principal Amount" means the lesser of:

(i) the excess of the amount described in Section 4.03(a)(iii) over the amount actually distributed pursuant to such Section; and

(ii) the greater of (a)(1) the product of (A) 9.0% and (B) the Initial Invested Amount minus (b) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and unreimbursed Reallocated Principal Collections (as of the preceding Distribution Date) and (ii) zero.

"Class C Additional Interest" means, with respect to any Distribution Date, an amount equal to the product of (i) a fraction, the numerator of which is the actual number of days in such Interest Period, and the denominator of which is 360, (ii) the Class C Note Interest Rate in effect with respect to such Interest Period and (iii) the Class C Interest Shortfall for the preceding Distribution Date (which shall be zero in the case of the first Distribution Date. Notwithstanding anything to the contrary herein, Class C Additional Interest shall be payable or distributed to the Class C Noteholders only to the extent permitted by applicable law.

"Class C Interest Shortfall" means on the Determination Date preceding each Distribution Date, the excess, if any, as determined by the Servicer, of (i) the amount described in Section 4.03(a)(iv) over (ii) the aggregate amount of Available Finance Charge Collections allocated and paid for such amounts on such Distribution Date.

"Class C Monthly Interest" means, with respect to any Distribution Date, the amount of monthly interest distributable from the Collection Account with respect to the Class C Notes on

such Distribution Date and which shall be an amount equal to the product of (i) a fraction, the numerator of which is the actual number of days in such Interest Period, and the denominator of which is 360, times (ii) the Class C Note Interest Rate in effect with respect to the related Interest Period and (iii) the Class C Note Principal Balance as of the close of business on the last day of the preceding Monthly Period (or, with respect to the initial Distribution Date, the Class C Note Initial Principal Balance).

"Class C Note Initial Principal Balance" means $19,800,000.

"Class C Note Interest Rate" means a per annum rate of 0.00% or the rate specified by the Transferor pursuant to Section 4.02(b).

"Class C Note Principal Balance" means on any date of determination, an amount equal to (i) the Class C Note Initial Principal Balance, minus (ii) the aggregate amount of principal payments made to the Class C Noteholders on or prior to such date.

"Class C Noteholder" means the Person in whose name a Class C Note is registered in the Note Register. "Class C Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-3.

"Closing Date" means May 1, 2002.

"Controlled Accumulation Amount" means, for any Distribution Date with respect to the Controlled Accumulation Period, $25,000,000; provided, however, that if the Accumulation Period Length is determined to be less than eight months pursuant to Section 4.03(f), the Controlled Accumulation Amount for each Distribution Date with respect to the Controlled Accumulation Period will be equal to (i) the product of (a) the Offered Note Initial Principal Balance and (b) the Accumulation Period Factor for such Monthly Period divided by (ii) the Required Accumulation Factor Number.

"Controlled Accumulation Period" means, unless a Pay Out Event shall have occurred prior thereto, the period commencing at the close of business on July 31, 2006 or such later date as is determined in accordance with Section 4.03(f), and ending on the first to occur of (i) the commencement of the Early Amortization Period, (ii) the payment in full of the Offered Notes and (iii) the Expected Principal Payment Date.

"Controlled Deposit Amount" means, for any Distribution Date with respect to the Controlled Accumulation Period, an amount equal to the sum of the Controlled Accumulation Amount for such Distribution Date and any existing Accumulation Shortfall with respect to such Distribution Date.

"Defaulted Amount" means, with respect to a Distribution Date, the total amount of Defaulted Receivables for the related Monthly Period.

"Dilution Amount" means the amount of the required reduction in the amount of Principal Receivables used in the calculation of the Transferor Interest described in the first two sentences of Section 3.09(a) of the Transfer and Servicing Agreement.

"Disqualified Transferee" has the meaning set forth in Section 2.03(k).

"Distribution Date" means June 17, 2002 and the fifteenth day of each calendar month thereafter, or if such fifteenth day is not a Business Day, the next succeeding Business Day, and with respect to the Series 2002-1 Final Maturity Date, October 13, 2010.

"Early Amortization Period" means the period commencing on the Business Day on which a Pay Out Event with respect to Series 2002-1 is deemed to have occurred, and ending on the first to occur of (i) the payment in full of the Note Principal Balance and (ii) the Series 2002-1 Final Maturity Date.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Excess Reserve Account Investment Earnings" means, as of any Distribution Date, interest and other investment income, net of losses and investment expenses, earned on amounts on deposit in the Reserve Account less the amount, if any, required to be retained in the Reserve Account so that the amount therein equals the Required Reserve Account Amount.

"Expected Final Principal Payment Date" means the April 16, 2007 Distribution Date.

"Finance Charge Shortfall" means, with respect to any Distribution Date and the related Monthly Period, an amount equal to the excess, if any, of (i) the full amount required to be paid, without duplication, pursuant to Sections 4.03(a)(i) through (ix) on such Distribution Date over (ii) the Investor Finance Charge Collections.

"Fixed Investor Percentage" means, with respect to any Reset Date, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, (i) the numerator of which is the Invested Amount as of the close of business on the last day of the Revolving Period and (ii) the denominator is equal to the greater of (a) the total amount of Principal Receivables in the Trust as of the close of business on the Reset Date and (b) the sum of the numerators used to calculate the investor percentages for allocations with respect to Principal Receivables for all Series outstanding as of such Reset Date; provided, however, that if, after the commencement of the Controlled Accumulation Period or the Early Amortization Period, a Pay Out Event occurs with respect to another Series that was designated in the Indenture Supplement therefor as a Series that is a "Paired Series" with respect to Series 2002-1, the Transferor may, by written notice delivered to the Indenture Trustee and the Servicer, designate a different numerator for the foregoing fraction, provided that (1) such numerator is not less than the Adjusted Invested Amount as of the last day of the revolving period for such Paired Series, (2) such action shall be taken only upon satisfaction of the Rating Agency Condition and (3) the Transferor shall have delivered to the Indenture Trustee an Officer's Certificate to the effect that, based on the facts known to such officer at that time, in the reasonable belief of the Transferor, such designation will not cause a Pay Out Event or an event that, after the giving of notice or the lapse of time, would constitute a Pay Out Event, to occur with respect to Series 2002-1.

"Floating Investor Percentage" means, with respect to any Reset Date, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, (i) the numerator of which is equal to the Adjusted Invested Amount as of the close of business on the last day of the preceding Monthly Period (or with respect to the first Monthly Period, the Initial Invested Amount) and (ii) the denominator of which is the greater of (a) the total amount of Principal Receivables in the Trust as of the close of business on such Reset Date (or, with respect to allocations of Uncovered Dilution Amounts, zero) and (b) the sum of the numerators used to calculate the investor percentages for allocations with respect to Finance Charge Receivables, Defaulted Amounts, Uncovered Dilution Amounts or Principal Receivables, as applicable, for all Series outstanding as of the date as to which such determination is being made.

"Group One" means Series 2002-1 and each other Series hereafter specified in the related Indenture Supplement to be included in Group One.

"Indenture" means the Master Indenture, as supplemented by the Series 2002-1 Indenture Supplement, as the same may be amended, supplemented or otherwise modified from time to time.

"Indenture Supplement" has the meaning specified in the Master Indenture.

"Initial Invested Amount" means $219,800,000.

"Interest Period" means, with respect to any Distribution Date, the period from and including the preceding Distribution Date (or, in the case of the first Distribution Date, from and including the Closing Date) to but excluding the current Distribution Date.

"Invested Amount" means, as of any date of determination, an amount equal to the initial principal amount of the Series 2002-1 Notes minus the sum of (i) amount of principal previously paid to the Series 2002-1 Noteholders and (ii) the excess, if any, of the aggregate amount of Investor Charge-Offs and Reallocated Principal Collections over the reimbursements of such amounts pursuant to Section 4.03(a)(vi) prior to such date.

"Investor Charge-Off" has the meaning set forth in Section 4.04.

"Investor Default Amount" means, with respect to any Distribution Date, an amount equal to the product of the Defaulted Amount for the related Monthly Period and the Floating Investor Percentage.

"Investor Finance Charge Collections" means, with respect to any Monthly Period, an amount equal to the Investor Percentage for such Monthly Period of Collections of Finance Charge Receivables (including Recoveries, any Excess Reserve Account Investment Earnings and Interchange treated as Collections of Finance Charge Receivables) deposited in the Collection Account for such Monthly Period pursuant to Section 3.01(b).

"Investor Percentage" means, for any Monthly Period, with respect to (i) Finance Charge Receivables, Defaulted Amounts and Uncovered Dilution Amounts at any time and Principal Receivables during the Revolving Period, the Floating Investor Percentage for such Monthly

Period and (ii) Principal Receivables during the Controlled Accumulation Period or the Early Amortization Period, the Fixed Investor Percentage for such Monthly Period.

"Investor Principal Collections" means, with respect to any Monthly Period, the aggregate amount retained in the Collection Account for Series 2002-1 pursuant to Section 4.01(c)(ii) for such Monthly Period.

"Investor Uncovered Dilution Amount" means, with respect to any Monthly Period, an amount equal to the product of the weighted average Floating Investor Percentage for such Monthly Period and the Uncovered Dilution Amount.

"LIBOR Determination Date" means two London Business Day prior to the Closing Date with respect to the first Distribution Date and, as to each subsequent Distribution Date, two London Business Days prior to the immediately preceding Distribution Date.

"London Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions in London, England, are authorized or obligated by law or government decree to be closed.

"Master Indenture" means the master indenture, dated as of April 1, 2002, between the Issuer and the Indenture Trustee, as acknowledged and agreed by the Servicer and the Transferor, as the same may be amended, modified or supplemented from time to time (including with respect to any Series or Class, the related Indenture Supplement).

"Monthly Interest" means, with respect to any Distribution Date, the sum of the Class A Monthly Interest, the Class B Monthly Interest and the Class C Monthly Interest.

"Monthly Period" has the meaning set forth in the Master Indenture; provided, however, that the initial Monthly Period will commence on the Closing Date and end on the last day of calendar month preceding the first Distribution Date; provided, however, that for the purposes of calculating Portfolio Yield which includes the month of April, the Monthly Period will be the period from and including April 1, 2002 to and including April 30, 2002.

"Monthly Principal" means, with respect to any Distribution Date, an amount equal to the least of (i) the Available Principal Collections on deposit in the Collection Account with respect to such Distribution Date, (ii) for each Distribution Date with respect to the Controlled Accumulation Period, the Controlled Deposit Amount for such Distribution Date, (iii) the excess of the Offered Note Principal Balance over the amount on deposit in the Principal Funding Account without taking into account deposits therefrom on such Distribution Date and (iv) the Adjusted Invested Amount (after taking into account any adjustments to be made on such Distribution Date) prior to any deposit into the Principal Funding Account on such Distribution Date.

"Monthly Principal Reallocation Amount" means, with respect to any Monthly Period, an amount equal to the sum of Class A Reallocated Principal Amount and the Class B Reallocated Principal Amount.

"Monthly Servicing Fee" means, with respect to any Distribution Date, an amount equal to one-twelfth of the product of (i) the Servicing Fee Rate and (ii) (a) the Adjusted Invested Amount as of the last day of the related Monthly Period, minus (b) the product of the amount, if any, on deposit in the Special Funding Account as of the last day of such Monthly Period and the Floating Investor Percentage with respect to such Monthly Period; provided, however, that with respect to the first Distribution Date, the Monthly Servicing Fee shall be equal to $366,333.33.

"Note Principal Balance" means, on any date of determination, an amount equal to the sum of the Class A Note Principal Balance, the Class B Note Principal Balance and the Class C Note Principal Balance.

"Noteholders" means the holders of Class A Notes and Class B Notes.

"Offered Note Initial Principal Balance" means the sum of the Class A Note Initial Principal Balance and the Class B Note Initial Principal Balance.

"Offered Note Principal Balance" means the sum of the Class A Note Principal Balance and the Class B Note Principal Balance.

"Offered Notes" means the Class A Notes and the Class B Notes.

"One-Month LIBOR" means, with respect to any Interest Period, the London interbank offered rate for deposits in U.S. dollars having a maturity of one month commencing on the related LIBOR Determination Date which appears on Telerate Page 3750, or such other source as is customarily used to quote LIBOR, as of 11:00 a.m., London time, on such LIBOR Determination Date. If the rates used to determine LIBOR do not appear on the Telerate Page 3750, or such other source as is customarily used to quote LIBOR, the rates for that day will be determined on the basis of the rates at which deposits in U.S. dollars, having a maturity of one month and in a principal amount of not less than U.S. $1,000,000 are offered at approximately 11:00 a.m., London time, on such LIBOR Determination Date to prime banks in the London interbank market by the reference banks. The Indenture Trustee will request the principal London office of each of such reference banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for that day will be the arithmetic mean to the nearest 1/100,000 of 1% (0.0000001), with five one-millionths of a percentage point rounded upward, of all such quotations. If fewer than two such quotations are provided, the rate for that day will be the arithmetic mean to the nearest 1/100,000 of 1% (0.0000001), with five one-millionths of a percentage point rounded upward, of the offered per annum rates that one or more leading banks in New York City, selected by the Indenture Trustee, are quoting as of approximately 11:00 a.m., New York City time, on such LIBOR Determination Date to leading European banks for United States dollar deposits for that maturity; provided that if the banks selected as aforesaid are not quoting as mentioned in this sentence, LIBOR in effect for the applicable Interest Period will be LIBOR in effect for the previous interest period. The "Telerate Page 3750" is the display page named that on the Dow Jones Telerate Services (or any other page that replaces that page on that service for the purpose of displaying comparable name of rates). The reference banks are the four major banks in the London interbank market selected by the Indenture Trustee.

"Portfolio Adjusted Yield" shall mean, with respect to any Monthly Period, the Portfolio Yield with respect to such Monthly Period minus the Base Rate with respect to such Monthly Period.

"Portfolio Yield" means, with respect to any Monthly Period, the annualized percentage equivalent of a fraction, (i) the numerator of which is equal to the sum, (a) Investor Finance Charge Collections with respect to such Monthly Period and (b) the Principal Funding Investment Proceeds and any Reserve Account Draw Amount deposited into the Collection Account on the related Distribution Date, such sum to be calculated on a cash basis after subtracting the Investor Default Amount and the Investor Uncovered Dilution Amount, and (ii) the denominator of which is the Note Principal Balance as of the first day of such Monthly Period; provided, however, that Excess Finance Charge Collections that are allocated to Series 2002-1 with respect to such Monthly Period may be added to the numerator if the Transferor shall have provided ten Business Days' prior written notice of such action to each Rating Agency and the Transferor, the Servicer and the Indenture Trustee has not received notification in writing that such action will not result in any such Rating Agency reducing or withdrawing its then existing rating of the Class A Notes or any outstanding Series or Class; provided further that the Portfolio Yield for the month of March 2002 shall equal 10.68%.

"Principal Funding Account" has the meaning set forth in Section 4.08(a).

"Principal Funding Account Balance" means, with respect to any date of determination, the principal amount, if any, on deposit in the Principal Funding Account on such date.

"Principal Funding Investment Proceeds" means, with respect to any Distribution Date, the investment earnings on funds in the Principal Funding Account (net of investment expenses and losses) for the period from and including the immediately preceding Distribution Date to but excluding such Distribution Date.

"Principal Funding Investment Shortfall" means, with respect to any Distribution Date, the excess of the Class A Covered Amount and the Class B Covered Amount over the Principal Funding Investment Proceeds.

"QIB" means a Qualified Institutional Buyer under Rule 144A.

"Rating Agency" means each of Standard & Poor's and Moody's.

"Reallocated Principal Collections" means, with respect to any Distribution Date, Investor Principal Collections applied in accordance with Section 4.05 in an amount not to exceed the Monthly Principal Reallocation Amount for the related Monthly Period.

"Reassignment Amount" means, with respect to any Distribution Date, after giving effect to any deposits and distributions otherwise to be made on such Distribution Date, the sum of (i) the Note Principal Balance on such Distribution Date, (ii) Monthly Interest and any Monthly Interest due on one or more prior Distribution Dates but not distributed to the Series 2002-1 Noteholders on one or more prior Distribution Dates, and (iii) the amount of Additional Interest and any Additional Interest due but not distributed to the Series 2002-1 Noteholders on one or more prior Distribution Dates.

"Regulation D" means Regulation D under the Securities Act.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Global Note" has the meaning set forth in Section 2.02(b).

"Required Accumulation Factor Number" means a fraction, rounded upwards to the nearest whole number, the numerator of which is one and the denominator of which is equal to the lowest monthly principal payment rate on the Accounts, expressed as a decimal, for the 12 months preceding the date of such calculation; provided, however, that this definition may be changed at any time if the Rating Agency Condition is satisfied.

"Required Reserve Account Amount" means zero or, for any Distribution Date on or after the Reserve Account Funding Date, an amount equal to (i) 0.50% of the Offered Note Principal Balance or (ii) any other amount designated by the Servicer; provided, however, the Servicer may only designates a lesser amount if the Rating Agency Condition remains satisfied and the Servicer certifies to the Indenture Trustee that, based on the facts known to the certifying officer at the time, in its reasonable belief, such designation will not cause a Pay Out Event to occur for the Series 2002-1 Notes.

"Reserve Account" means the account established pursuant to Section 4.09.

"Reserve Account Draw Amount" means, with respect to any Distribution Date, an amount equal to the lesser of (i) the amount then on deposit in the Reserve Account with respect to such Distribution Date and (ii) the Principal Funding Investment Shortfall.

"Reserve Account Funding Date" shall mean the Distribution Date with respect to the Monthly Period which commences no later than three months prior to the Controlled Accumulation Period, provided that the Reserve Account Funding Date shall be accelerated to (i) the Distribution Date with respect to the Monthly Period which commences no later than four months prior to the Controlled Accumulation Period if the average of the Portfolio Adjusted Yields for any three consecutive Monthly Periods shall be less than 6.00%; (ii) the Distribution Date with respect to the Monthly Period which commences no later than six months prior to the Controlled Accumulation Period if the average of the Portfolio Adjusted Yields for any three consecutive Monthly Periods shall be less than 3.00%; or (iii) the Distribution Date which commences no later than nine months prior to the Controlled Accumulation Period if the average of the Portfolio Adjusted Yields for any three consecutive Monthly Periods shall be less than 2.00%.

"Reset Date" means (i) the last day of each calendar month, (ii) each Removal Date, (iii) each date the Trust issues a new series of Notes or class of Notes relating to a multiple issuance series, (iv) each date there is an increase in the invested amount with respect to any series of Notes issued by the Trust and (v) each Addition Date that Supplemental Accounts are designated to the Trust.

"Revolving Period" means the period beginning on the Closing Date and ending on the earlier of the close of business on the day immediately preceding the day the Controlled Accumulation Period commences or the Early Amortization Period commences.

"Rule 144A" means Rule 144A under the Securities Act.

"Rule 144A Global Note" has the meaning set forth in Section 2.02.

"Series 2002-1" means the Series of Notes the terms of which are specified in this Series 2002-1 Indenture Supplement.

"Series 2002-1 Final Maturity Date" means the earlier to occur of (i) the Distribution Date on which the Note Principal Balance is paid in full and (ii) the October 13, 2010 Distribution Date.

"Series 2002-1 Indenture Supplement" means this series 2002-1 indenture supplement, dated as of April 1, 2002, between the Trust and the Indenture Trustee, as the same may be amended, supplemented or otherwise modified from time to time.

"Series 2002-1 Note" means a Class A Note, a Class B Note or a Class C Note.

"Series 2002-1 Noteholder" means a Class A Noteholder, a Class B Noteholder or a Class C Noteholder.

"Series 2002-1 Pay Out Event" has the meaning set forth in Section 6.01.

"Series 2002-1 Principal Shortfall" means an amount equal to, with respect to any Distribution Date during (i) the Revolving Period, zero, (ii) the Controlled Accumulation Period, the excess, if any, of the Controlled Deposit Amount with respect to such Distribution Date over the amount of Available Principal Collections for such Distribution Date (excluding any portion thereof attributable to Shared Principal Collections), and (iii) the Early Amortization Period, the excess, if any, of the Adjusted Invested Amount over the amount of Available Principal Collections for such Distribution Date (excluding any portion thereof attributable to Shared Principal Collections).

"Servicing Fee" has the meaning set forth in the Transfer and Servicing Agreement.

"Servicing Fee Rate" means 2.0% per annum.

"Successor Servicer" has the meaning set forth in the Transfer and Servicing Agreement.

"Transferor Certificate" has the meaning set forth in the Trust Agreement.

"Transferor Percentage" has the meaning set forth in the Master Indenture.

"Transition Expenses" means any documented expenses and costs reasonably incurred by a Successor Servicer in connection with the transition of servicing duties under the Transaction Documents to the Successor Servicer. The aggregate amount of Transition Expenses shall not exceed $100,000.

"Trust Agreement" means the amended and restated trust agreement, dated as of April 1, 2002, between the Owner Trustee and the Transferor, as the same may be amended, supplemented or otherwise modified from time to time.

"Uncovered Dilution Amount" means, with respect to any Monthly Period, the excess of the Dilution Amount for such Monthly Period over the sum of (i) any amount deposited into the Special Funding Account by the Transferor pursuant to Section 3.09 of the Transfer and Servicing Agreement to cover the Dilution Amount, (ii) the amount, if any, of Principal Receivables transferred to the Trust by the Transferor to cover the Dilution Amount and (iii) the amount by which the Transferor Interest was reduced to cover the Dilution Amount.

"U.S. Person" means (i) a citizen or resident of the United States who is a natural person, (ii) a corporation or a partnership (including any entity treated as a corporation or partnership for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia (unless, in the case of a partnership, Treasury regulations are adopted that provide otherwise), (iii) an estate the income of which is subject to the U.S. federal income taxation regardless of its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as such term is defined in the Code and Treasury regulations) have authority to control all substantial decisions of the trust. Notwithstanding the foregoing, to the extent provided in Treasury regulations, certain trusts in existence prior to August 20, 1996 and treated as United States persons prior to such date that elect to be treated as United States persons shall also be considered "U.S. Persons."

Section 1.02. Other Definitional Provisions.

(a) Each capitalized term defined herein shall relate to the Series 2002-1 Notes and no other Series of Notes issued by the Trust, unless the context otherwise requires. All capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Trust Agreement, the Master Indenture or the Transfer and Servicing Agreement. In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Trust Agreement, the Master Indenture or the Transfer and Servicing Agreement, the terms and provisions of this Series 2002-1 Indenture Supplement shall govern.

(b) As used in this Series 2002-1 Indenture Supplement and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Series 2002-1 Indenture Supplement or in any such certificate or other document, and accounting terms partly defined in this Series 2002-1 Indenture Supplement or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under GAAP. To the extent that the definitions of accounting terms in this Series 2002-1 Indenture Supplement or in any such certificate or other document are inconsistent with the meanings of such terms under GAAP, the definitions contained in this Indenture or in any such certificate or other document shall control.

(c) Unless otherwise specified, references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day.

(d) The words "hereof," "herein," "hereunder" and words of similar import when used in this Series 2002-1 Indenture Supplement shall refer to this Series 2002-1 Indenture Supplement as a whole and not to any particular provision of this Series 2002-1 Indenture Supplement; references to any Article, subsection, Section, Schedule or Exhibit are references to Articles, subsections, Sections, Schedules and Exhibits in or to this Series 2002-1 Indenture Supplement unless otherwise specified; and the term "including" means "including without limitation."

ARTICLE TWO

CREATION OF THE SERIES 2002-1 NOTES

Section 2.01. Designation.

(a) There is hereby created and designated a Series of Notes to be issued pursuant to the Master Indenture and this Series 2002-1 Indenture Supplement to be known as "Nordstrom Credit Card Master Note Trust, Series 2002-1" or the "Series 2002-1 Notes." The Series 2002-1 Notes shall be issued in three Classes, the first of which shall be known as the "Series 2002-1 Floating Rate Asset Backed Notes, Class A", the second of which shall be known as the "Series 2002-1 Floating Rate Asset Backed Notes, Class B", and the third of which shall be known as the "Series 2002-1 0% Asset Backed Notes, Class C". The Series 2002-1 Notes shall be due and payable on the Series 2002-1 Final Maturity Date.

(b) Series 2002-1 shall be included in Group One and shall be a Principal Sharing Series with respect to Group One only. Series 2002-1 shall be an Excess Allocation Series with respect to Group One only. Series 2002-1 shall not be subordinated to any other Series.

(c) In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Master Indenture, the terms and provisions of this Series 2002-1 Indenture Supplement shall be controlling.

Section 2.02. Forms of Series 2002-1 Notes.

(a) The form of each of the Class A Notes, the Class B Notes and the Class C Notes shall be substantially as set forth in Exhibits A-1, A-2 and A-3 hereto.

(b) Global Notes.

(i) The Offered Notes offered and sold to U.S. Persons in reliance on the exemption from registration under Rule 144A (except for any sale directly from the Issuer) shall be issued initially in the form of one or more permanent global notes in definitive, fully registered form without interest coupons with the applicable legend set forth in Exhibit A-1 and Exhibit A-2 hereto, added to the form of the Class A Notes ("Class-A Rule 144A Global Notes") and the Class B Notes ("Class-B Rule 144A Global Notes", and together with the Class A Rule 144A Global Notes, the "Rule 144A Global Notes"), each of which shall be registered in the name of the nominee of DTC and deposited with the Indenture Trustee, at its Corporate Trust Office, as custodian for DTC, duly executed by the Issuer and authenticated by the Indenture Trustee as hereinafter provided. The aggregate principal amount of the Rule 144A Global Notes may from time to time be increased or decreased by adjustments made on the records of the Indenture Trustee or DTC or its nominee, as the case may be, as hereinafter provided.

(ii) The Offered Notes sold in offshore transactions in reliance on Regulation S shall be issued initially in the form of one or more permanent global notes in definitive, fully registered form without interest coupons with the applicable legend set forth in Exhibit A-1 hereto, added to the form of the Class A Notes ("Class A

Regulation S Global Notes") and to the form of Class B Notes ("Class B Regulation S Global Notes", and together with the Class A Regulation S Global Notes, the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes"), which shall be deposited on behalf of the subscribers for the Class A Notes and the Class B Notes represented thereby with the Indenture Trustee as custodian for DTC and registered in the name of a nominee of DTC for the respective accounts of the Euroclear Operator and Clearstream or their respective depositories, duly executed by the Issuer and authenticated by the Indenture Trustee as hereinafter provided. The aggregate principal amount of the Regulation S Global Notes may from time to time be increased or decreased by adjustments made on the records of the Indenture Trustee or DTC or its nominee, as the case may be, as hereinafter provided.

(c) Class C Notes. The Class C Notes shall be issued in the form of one or more certificated notes in definitive, fully registered form without interest coupons with the applicable legends set forth in Exhibit A-3, added to the form of such Class C Notes. The Class C Notes shall be registered in the name of the Holder or a nominee thereof, duly executed by the Issuer and authenticated by the Indenture Trustee as hereinafter provided; provided that the Issuer may amend this Series 2002-1 Indenture Supplement (without the consent of any Noteholder) to permit the issuance of Class C Notes in the form of one or more permanent global notes if the Issuer delivers to the Indenture Trustee an Opinion of Counsel acceptable to the Indenture Trustee to the effect that the issuance of such global note or notes would not cause the Issuer to lose its exemption from registration, or cause it to be required to be registered, as an investment company under the Investment Company Act or to lose the exemption for any Class C Note from the registration provisions of the Securities Act.

Section 2.03. Registration; Registration of Transfer and Exchange.

(a) No Series 2002-1 Note may be sold or transferred (including by pledge or hypothecation) unless such sale or transfer is exempt from the registration requirements of the Securities Act and is exempt from the registration requirements under applicable state securities laws and the representations deemed to be made by the transferee pursuant to Section 2.03(g) are true and correct.

(b) No Offered Note may be offered, sold, resold or delivered, within the United States or to, or for the benefit of, U.S. Persons except in accordance with Section 2.03(e) and in accordance with Rule 144A to QIBs purchasing for their own account or for the accounts of one or more QIBs, for which the purchaser is acting as fiduciary or agent. The Offered Notes may be offered, sold, resold or delivered, as the case may be, in offshore transactions to non-U.S. Persons in reliance on Regulation S. None of the Issuer, the Indenture Trustee or any other Person may register the Offered Notes under the Securities Act or any state securities laws.

(c) No Class C Note may be offered, sold, resold or delivered, within the United States or to, or for the benefit of, U.S. Persons except in accordance with Section 2.03(f) below and in accordance with Rule 144A to QIBs purchasing for their own account or for the accounts of one or more QIBs, for which the purchaser is acting as fiduciary or agent. The Class C Notes may be offered, sold, resold or delivered, as the case may be, in offshore transactions to non-U.S.

Persons in reliance on Regulation S. None of the Issuer, the Indenture Trustee or any other Person may register the Class C Notes under the Securities Act or any state securities laws.

(d) Upon final payment due on a Series 2002-1 Note, the Holder thereof shall present and surrender such Series 2002-1 Note at the Corporate Trust Office or at the office of the Paying Agent (outside the United States if then required by applicable law in the case of a note in definitive form issued in exchange for a beneficial interest in a Regulation S Global Note pursuant to Section 2.03(k)).

(e) Transfers of Global Notes. Notwithstanding any provision to the contrary herein, so long as a Global Note remains outstanding and is held by or on behalf of DTC, transfers of a Global Note, in whole or in part, shall only be made in accordance with this Section 2.03(e).

(i) Subject to clauses (ii) through (iv) of this Section 2.03(e), a transfer of a Global Note shall be limited to transfers of such Global Note in whole, but not in part, to nominees of DTC or to a successor of DTC or such successor's nominee.

(ii) Regulation S Global Note to Rule 144A Global Note. If a holder of a beneficial interest in a Regulation S Global Note wishes to transfer all or a part of its interest in such Regulation S Global Note to a Person who wishes to take delivery thereof in the form of a Rule 144A Global Note, such holder may, subject to the terms hereof and the rules and procedures of Euroclear, Clearstream or DTC, as the case may be, exchange or cause the exchange of such interest for an equivalent beneficial interest in a Rule 144A Global Note of the same Class. Upon receipt by the Indenture Trustee, as Transfer Agent and Registrar, of (A) instructions from Euroclear, Clearstream or DTC, as the case may be, directing the Indenture Trustee, as Transfer Agent and Registrar, to cause such Rule 144A Global Note to be increased by an amount equal to such beneficial interest in such Regulation S Global Note but not less than the minimum denomination applicable to the related Class of Series 2002-1 Notes and (B) a certificate substantially in the form of Exhibit E hereto given by the prospective transferee of such beneficial interest and stating, among other things, that such transferee acquiring such interest in a Rule 144A Global Note is a QIB, is obtaining such beneficial interest in a transaction pursuant to Rule 144A and in accordance with any applicable securities laws of any State or any other applicable jurisdiction, then Euroclear, Clearstream or the Indenture Trustee, as Transfer Agent and Registrar, as the case may be, shall instruct DTC to reduce such Regulation S Global Note of the applicable Class of Series 2002-1 Notes by the aggregate principal amount of the interest in such Regulation S Global Note of the applicable Class of Series 2002-1 Notes to be transferred and increase the Rule 144A Global Note specified in such instructions by a principal amount equal to such reduction in such principal amount of the Regulation S Global Note of the applicable Class of Series 2002-1 Notes.

(iii) Rule 144A Global Note to Regulation S Global Note. If a holder of a beneficial interest in a Rule 144A Global Note wishes to transfer all or a part of its interest in such Rule 144A Global Note to a Person who wishes to take delivery thereof in the form of a Regulation S Global Note, such holder may, subject to the terms hereof and the rules and procedures of Euroclear, Clearstream or DTC, as the case may be,

exchange or cause the exchange of such interest for an equivalent beneficial interest in a Regulation S Global Note of the same Class. Upon receipt by the Indenture Trustee, as Transfer Agent and Registrar, of (A) instructions from Euroclear, Clearstream or DTC, as the case may be, directing the Indenture Trustee, as Transfer Agent and Registrar, to cause such Regulation S Global Note to be increased by an amount equal to the beneficial interest in such Rule 144A Global Note but not less than the minimum denomination applicable to the related Class of Series 2002-1 Notes to be exchanged and (B) a certificate substantially in the form of Exhibit F hereto given by the prospective transferee of such beneficial interest and stating, among other things, that such transferee acquiring such interest in a Regulation S Global Note is a not a U.S. Person and that such transfer is being made pursuant to Rule 903 or 904 under Regulation S, then Euroclear, Clearstream or the Indenture Trustee, as Transfer Agent and Registrar, as the case may be, shall instruct DTC to reduce such Rule 144A Global Note of the applicable Class of Series 2002-1 Notes by the aggregate principal amount of the interest in such Rule 144A Global Note to be transferred and increase the Regulation S Global Note of the applicable Class of Series 2002-1 Notes specified in such instructions by a principal amount equal to such reduction in the principal amount of the Rule 144A Global Note of the applicable Class of Series 2002-1 Notes.

(iv) Other Exchanges. In the event that, pursuant to Section 2.03(k), a Global Note is exchanged for a Note of the same Class in definitive form, such Offered Notes may be exchanged for one another only in accordance with such procedures as are substantially consistent with the provisions above (including certification requirements intended to ensure that such transfers are to a QIB or are to a non-U.S. Person, or otherwise comply with Rule 144A and Regulation S) and as may be from time to time adopted by the Issuer and the Indenture Trustee.

(f) Transfer and Exchange of Class C Notes. Transfer of Class C Notes, in whole or in part, shall only be made in accordance with this Section 2.03(f).

(i) Transfer of Class C Notes. No Class C Note may be sold, transferred, assigned or conveyed (each, a "Transfer") unless the Indenture Trustee and the Transferor are provided with an Opinion of Counsel that such Transfer will not cause the Trust to be treated as an association or publicly traded partnership taxable as a corporation for federal income tax purposes. If an Opinion of Counsel has been so provided, Class C Notes may be transferred subject to the conditions set forth in this Section. Upon receipt by the Indenture Trustee, as Transfer Agent and Registrar, of (A) such holder's Class C Notes properly endorsed for assignment to the transferee, (B) the Opinion of Counsel discussed above in this clause and (C) a certificate in the form of Exhibit G hereof given by the prospective transferee of such beneficial interest stating (1) that the transfer of such interest has been made in accordance with the applicable restrictions in this Series 2002-1 Indenture Supplement, including that the transferee either (x) is a QIB or (y) is not a U.S. Person and such transfer is being made pursuant to Rule 903 or 904 under Regulation S and (2) the transferee is not an employee benefit plan (as defined in Section 3(3) of ERISA), or any plan described in Section 4975(e)(1) of the Code or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's or plan's investment in the entity, or any other

"benefit plan investor" (as defined in 29 C.F.R. Section 2510.3-101(f)(2) (each such person described in (2)(x), a "Benefit Plan Investor").

(ii) Exchange of Class C Note. If a holder of a beneficial interest in one or more Class C Notes wishes at any time to exchange such Class C Note for one or more Class C Notes of different principal amounts of the same Class (but not less than the minimum authorized denomination applicable thereto) that will be beneficially owned by such holder, such holder may exchange or cause the exchange of such interest for an equivalent beneficial interest in the Class C Note of the same Class as provided below. Upon receipt by the Indenture Trustee, as Transfer Agent and Registrar, of (A) such holder's Class C Note properly endorsed for such exchange and (B) written instructions from the Holder (or such beneficial holder, as identified by the Holder) of such Class C Notes designating the number and principal amounts of the Class C Note to be exchanged (the aggregate of such principal amounts being equal to the aggregate principal amount of the Class C Note surrendered for exchange) and certifying that such exchange does not represent a change in beneficial ownership, then the Indenture Trustee, as Transfer Agent and Registrar, shall cancel such Class C Notes, record the exchange in the Note Register and authenticate and deliver one or more Class C Notes, registered in the same names as the Class C Note surrendered by such holder or such different names as are specified in the endorsement described in clause (A) above, in principal amounts designated by such Holder (the aggregate of such amounts being equal to the beneficial interest in the Class C Note surrendered by such Holder).

(g) Each transferee of an Offered Note shall be deemed to represent and agree as follows:

(i) The transferee (a) (1) is a QIB, (2) is acquiring the Offered Notes for its own account or for the account of a QIB and (3) is aware that the sale of such Offered Notes to it is being made in reliance on Rule 144A or (b) is not a U.S. Person and is purchasing such Offered Notes in an offshore transaction pursuant to Regulation S.

(ii) The transferee understands that (a) the Offered Notes have not been and will not be registered under the Securities Act or any state securities or Blue Sky law, and may not be reoffered, resold, pledged or otherwise transferred except (1) to a Person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A or (2) in a transaction complying with the provisions of Rule 903 or 904 under the Securities Act, in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdictions and that (b) the transferee will, and each subsequent holder is required to, notify any subsequent purchaser of such Offered Notes from it of the resale restrictions referred to in (a) above.

(iii) The transferee agrees that if in the future it should offer, sell or otherwise transfer such Offered Note, it will do so only (a) pursuant to Rule 144A to a Person who the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, purchasing for its own account or for the account of a QIB, whom the holder has informed that such offer, sale or other transfer is being made in reliance on

Rule 144A, or (b) in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S.

(iv) The transferee, if it is a foreign transferee outside the United States, acknowledges that the Class A Notes or Class B Notes, as applicable, will initially be represented by a Class A Regulation S Global Note or a Class B Regulation S Global Note, as applicable, and that transfers thereof are restricted as described herein. If it is a QIB, it acknowledges that the Class A Notes or Class B Notes, as applicable, offered in reliance on Rule 144A will be represented by a Class A Rule 144A Global Note or a Class B Rule 144A Global Note, as applicable.

(v) Each Offered Note will bear a legend to the following effect, unless the Transferor and the Indenture Trustee determine otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAW. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (I)(A) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO AN INSTITUTIONAL INVESTOR THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB"), PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (B) IN A TRANSACTION EFFECTED IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT AND (II) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTIONS.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

NO RESALE OR OTHER TRANSFER OF ANY NOTE SHALL BE MADE TO ANY TRANSFEREE UNLESS: (A) SUCH TRANSFEREE IS NOT, AND WILL NOT

ACQUIRE THE NOTE ON BEHALF OR WITH PLAN ASSETS OF, AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR ANY OTHER "PLAN" AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "INTERNAL REVENUE CODE"), THAT IS SUBJECT TO ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE OR ANY ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (EACH, A "BENEFIT PLAN") OR (B) THE ACQUISITION AND HOLDING OF THE NOTE BY SUCH TRANSFEREE ARE ELIGIBLE FOR THE EXEMPTIVE RELIEF AVAILABLE UNDER PTCE 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 OR A SIMILAR EXEMPTION. EACH PURCHASER OR TRANSFEREE OF A NOTE, BY ITS ACCEPTANCE OF SUCH NOTE, WILL BE DEEMED TO HAVE MADE THE REPRESENTATION SET FORTH IN CLAUSE (A) OR (B) ABOVE.

THE PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

TRANSFERS OF THE NOTES MUST GENERALLY BE ACCOMPANIED BY APPROPRIATE TAX TRANSFER DOCUMENTATION AND ARE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE INDENTURE.

THE HOLDER, BY ACCEPTANCE OF THIS NOTE, SHALL BE DEEMED TO HAVE AGREED TO TREAT THIS NOTE AS DEBT SOLELY OF THE TRUST FOR UNITED STATES FEDERAL, STATE AND LOCAL INCOME, SINGLE BUSINESS AND FRANCHISE TAX PURPOSES."

(vi) If the transferee is acquiring any Offered Note, or any interest or participation therein, as a fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgments, representations and agreements contained herein on behalf of such account.

(vii) (a) The transferee is not acquiring and will not acquire the Offered Notes on behalf of or with plan assets of any Benefit Plan or (b) its acquisition and holding of the Offered Note are eligible for the exemptive relief available under PTCE 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 or a similar exemption. By its acceptance of a Offered Note each transferee will be deemed to have made the representation set forth in clause (a) or (b).

(viii) It understands that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Transferor and the Indenture Trustee:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND, ACCORDINGLY, MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO AN INSTITUTIONAL INVESTOR THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB"), PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A ."

(ix) The transferee agrees that if at some time in the future it wishes to transfer or exchange any of the Offered Notes, it will not transfer or exchange any of the Offered Notes unless such transfer or exchange is in accordance with the Indenture. The purchaser understands that any purported transfer of any Offered Note (or any interest therein) in contravention of any of the restrictions and conditions in the Indenture shall be void, and the purported transferee in such transfer shall not be recognized by the Trust or any other Person as a Noteholder for any purpose.

(h) In addition to the representations set forth in Section 2.03(g), each beneficial owner of Regulation S Global Notes shall be deemed to have further represented and agreed as follows:

(i) The owner is aware that the sale of such Offered Notes to it is being made in reliance on the exemption from registration provided by Regulation S and understands that the Offered Notes offered in reliance on Regulation S will bear the appropriate legend set forth in Exhibit A-1 or Exhibit A-2, as applicable, and be represented by one or more Regulation S Global Notes. The Offered Notes so represented may not at any time be held by or on behalf of U.S. Persons. Each of the owner and the related Holder is not, and shall not be, a U.S. Person. Before any interest in a Regulation S Global Note may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of a Rule 144A Global Note, the transferee shall be required to provide the Indenture Trustee with a written certification substantially in the form of Exhibit E as to compliance with the transfer restrictions. The owner must inform a prospective transferee of the transfer restrictions.

(i) Each transferee of a Class C Note shall be required to make the representations set forth in clauses (i), (ii), (iii), (iv), (viii) and (ix) of Section 2.03(g) with respect to the Class C Notes and to further represent and agree as follows:

(i) before any interest in a Class C Note may be offered, resold, pledged or otherwise transferred, the transferee shall be required to provide the Indenture Trustee with a written certification substantially in the form of Exhibit G hereto as to compliance with the transfer restrictions and the owner must inform a prospective transferee of the transfer restrictions; and

(ii) each prospective Holder of a Class C Note shall represent to the Issuer, the Transferor, the Servicer and the Indenture Trustee that the transferee is not a Benefit Plan Investor.

(j) Any purported transfer of a Series 2002-1 Note not in accordance with this Section 2.03 or Section 2.05 of the Master Indenture shall be null and void and shall not be given effect for any purpose hereunder.

(k) If the Indenture Trustee determines or is notified by the Issuer, the Transferor or the Servicer that (i) a transfer or attempted or purported transfer of any interest in any Series 2002-1 Note was consummated in compliance with the provisions of this Section on the basis of a materially incorrect certification from the transferee or purported transferee, (ii) a transferee failed to deliver to the Indenture Trustee any certification required to be delivered hereunder or (iii) the holder of any interest in a Series 2002-1 Note is in breach of any representation or agreement set forth in any certification or any deemed representation or agreement of such holder, the Indenture Trustee shall not register such attempted or purported transfer and if a transfer has been registered, such transfer shall be absolutely null and void ab initio and shall vest no rights in the purported transferee (such purported transferee, a "Disqualified Transferee") and the last preceding holder of such interest in such Series 2002-1 Note that was not a Disqualified Transferee shall be restored to all rights as a Holder thereof retroactively to the date of transfer of such Series 2002-1 Note by such Holder.

ARTICLE THREE

SERVICING FEE

Section 3.01. Servicing Fee.

(a) Servicing Compensation. The share of the Servicing Fee allocable to the Series 2002-1 Noteholders with respect to any Distribution Date shall be equal to the Monthly Servicing Fee. The remainder of the Servicing Fee shall be paid by the Holders of the Transferor Certificates or the Noteholders of other Series (as provided in the related Indenture Supplements) and in no event shall the Trust, the Indenture Trustee or the Series 2002-1 Noteholders be liable for the share of the Servicing Fee to be paid by the Holders of the Transferor Certificates or the Noteholders of any other Series. To the extent that the Monthly Servicing Fee is not paid in full pursuant to the preceding provisions of this Section and Section 4.03, it shall be paid by the Holders of the Transferor Certificates.

(b) Interchange. On or before each Determination Date, the Servicer shall notify the Transferor of the amount of Interchange to be included as Investor Finance Charge Collections with respect to the preceding Monthly Period as determined pursuant to this Section. Such amount of Interchange shall be equal to the product of (i) the amount of Interchange attributable to the Accounts, as reasonably estimated by the Servicer, and (ii) the Investor Percentage with regard to Finance Charge Receivables. On each Transfer Date, the Transferor shall deposit into the Collection Account, in immediately available funds, the amount of Interchange to be so included as Investor Finance Charge Collections with respect to the preceding Monthly Period and such Interchange shall be treated as a portion of Investor Finance Charge Collections for all purposes of this Series 2002-1 Indenture Supplement, the Master Indenture and the Transfer and Servicing Agreement.

ARTICLE FOUR

RIGHTS OF SERIES 2002-1 NOTEHOLDERS
AND ALLOCATION AND APPLICATION OF COLLECTIONS

Section 4.01. Collections and Allocations.

(a) Allocations. Collections of Finance Charge Receivables and Principal Receivables and Defaulted Receivables allocated to Series 2002-1 pursuant to Article Eight of the Master Indenture shall be allocated and distributed as set forth in this Article.

(b) Payments to the Transferor. The Servicer shall on each Deposit Date direct the Indenture Trustee to withdraw from the Collection Account and pay to the Holders of the Transferor Certificates (or to the Successor Servicer to the extent that the Successor Servicer is owed Transition Expenses after the application of Section 4.03(a)(ix)) the following amounts:

(i) an amount equal to the Transferor Percentage for the related Monthly Period of Collections of Finance Charge Receivables to the extent such amount is deposited in the Collection Account; and

(ii) an amount equal to the Transferor Percentage for the related Monthly Period of Collections of Principal Receivables deposited in the Collection Account, if the Transferor Interest (determined after giving effect to any Principal Receivables transferred to the Trust on such Deposit Date) exceeds the Required Transferor Interest.

The withdrawals to be made from the Collection Account pursuant to this Section do not apply to deposits into the Collection Account that do not represent Collections, including payment of the purchase price for the Receivables or the Notes pursuant to, respectively, Section 2.06 or 7.01 of the Transfer and Servicing Agreement or Section 11.04 of the Master Indenture and payment of the purchase price for the Series 2002-1 Notes pursuant to Section 7.01 of this Series 2002-1 Indenture Supplement.

(c) Allocations to the Series 2002-1 Noteholders. The Servicer shall, prior to the close of business on any Deposit Date, allocate to the Series 2002-1 Noteholders the following amounts as set forth below:

(i) Allocations of Finance Charge Collections. The Servicer shall allocate to the Series 2002-1 Noteholders and retain in the Collection Account for application as provided herein an amount equal to the product of (A) the Investor Percentage and (B) the aggregate amount of Collections of Finance Charge Receivables deposited in the Collection Account on such Deposit Date.

(ii) Allocations of Principal Collections. The Servicer shall allocate to the Series 2002-1 Noteholders the following amounts as set forth below:

(A) Allocations During the Revolving Period. During the Revolving Period, an amount equal to the product of (1) the Investor Percentage and (2) the aggregate amount of Collections of Principal Receivables deposited in the

Collection Account on such Deposit Date shall be allocated to the Series 2002-1 Noteholders and shall be first, if any other Principal Sharing Series in Group One is outstanding and in its amortization period or accumulation period, retained in the Collection Account for application, to the extent necessary, as Shared Principal Collections to other Series in Group One on the related Distribution Date, and second paid to the Holders of the Transferor Certificates only if the Transferor Interest on such Deposit Date is greater than the Required Transferor Interest (after giving effect to all Principal Receivables transferred to the Trust on such day) and otherwise shall be deposited in the Special Funding Account.

(B) Allocations During the Controlled Accumulation Period. During the Controlled Accumulation Period an amount equal to, the product of (1) the Investor Percentage and (2) the aggregate amount of Collections of Principal Receivables deposited in the Collection Account on such Deposit Date shall be allocated to the Series 2002-1 Noteholders and deposited in the Principal Funding Account until applied as provided herein; provided, however, that if such amount along with all other allocations to the Series 2002-1 Noteholders of Principal Receivables during the Monthly Period exceeds the Controlled Deposit Amount for the related Distribution Date, then such excess shall be first, if any other Principal Sharing Series in Group One is outstanding and in its amortization period or accumulation period, retained in the Collection Account for application, to the extent necessary, as Shared Principal Collections to other Series in Group One on the related Distribution Date, and second paid to the Holders of the Transferor Certificates only if the Transferor Interest on such Deposit Date is greater than the Required Transferor Interest (after giving effect to all Principal Receivables transferred to the Trust on such day) and otherwise shall be deposited in the Special Funding Account.

(C) Allocations During the Early Amortization Period. During the Early Amortization Period, an amount equal to the product of (1) the Investor Percentage and (2) the aggregate amount of Collections of Principal Receivables deposited in the Collection Account on such Deposit Date, shall be allocated to the Series 2002-1 Noteholders and retained in the Collection Account until applied as provided herein; provided, however, that after the date on which an amount of such Collections equal to the Adjusted Invested Amount has been deposited into the Collection Account and allocated to the Series 2002-1 Noteholders, such amount shall be first, if any other Principal Sharing Series in Group One is outstanding and in its amortization period or accumulation period, retained in the Collection Account for application, to the extent necessary, as Shared Principal Collections to other Series in Group One on the related Distribution Date, and second paid to the Holders of the Transferor Certificates only if the Transferor Interest on such date is greater than the Required Transferor Interest (after giving effect to all Principal Receivables transferred to the Trust on such day) and otherwise shall be deposited in the Special Funding Account.

Section 4.02. Determination of Monthly Interest, Monthly Principal and Interest Rate.

(a) On each Determination Date, the Servicer shall calculate all amounts necessary to make the required distributions to the Series 2002-1 Noteholders on the related Distribution Date, including, but not limited to, the following amounts in respect of such Distribution Date and the related Monthly Period (i) the Class A Monthly Interest; (ii) the Class A Interest Shortfall; (iii) the Class A Additional Interest; (iv) the Class B Monthly Interest; (v) the Class B Interest Shortfall; (vi) the Class B Additional Interest; (vii) the Class C Monthly Interest; (viii) the Class C Interest Shortfall; (ix) the Class C Additional Interest; and (x) the Monthly Principal.

(b) The Transferor may in its sole discretion increase the Class C Note Interest Rate; provided, however, any increase resulting in a Class C Note Interest Rate in excess of 9.0% will require Rating Agency approval and satisfaction of the Rating Agency Condition

Section 4.03. Application of Available Finance Charge Collections and Available Principal Collections. The Servicer shall apply, or shall cause the Indenture Trustee to apply by written instruction to the Indenture Trustee in the form of Exhibit B attached hereto, on each Distribution Date, Available Finance Charge Collections and Available Principal Collections, as the case may be, on deposit in the Collection Account with respect to the related Monthly Period or such Distribution Date to make the following distributions:

(a) On each Distribution Date, an amount equal to the Available Finance Charge Collections will be distributed or deposited in the following amounts and priority:

(i) an amount equal to the Monthly Servicing Fee, plus the amount of any Monthly Servicing Fee previously due but not distributed to the Servicer on one or more prior Distribution Dates, shall be distributed to the Servicer (unless such amount has been netted against deposits to the Collection Account in accordance with Section 8.04 of the Master Indenture);

(ii) an amount equal to Class A Monthly Interest for such Distribution Date, plus the amount of any Class A Monthly Interest previously due but not distributed to Class A Noteholders on one or more prior Distribution Dates, plus the amount of any Class A Additional Interest for such Distribution Dates, plus the amount of any Class A Additional Interest previously due but not distributed to Class A Noteholders on one or more prior Distribution Dates, shall be distributed to the Paying Agent for payment to Class A Noteholders on such Distribution Date;

(iii) an amount equal to Class B Monthly Interest for such Distribution Date, plus the amount of any Class B Monthly Interest previously due but not distributed to Class B Noteholders on one or more prior Distribution Dates, plus the amount of any Class B Additional Interest for such Distribution Dates, plus the amount of any Class B Additional Interest previously due but not distributed to Class B Noteholders on one or more prior Distribution Dates, shall be distributed to the Paying Agent for payment to Class B Noteholders on such Distribution Date;

(iv) an amount equal to Class C Monthly Interest for such Distribution Date, plus the amount of any Class C Monthly Interest previously due but not distributed to the Class C Noteholders on one or more prior Distribution Dates, plus the amount of any Class C Additional Interest for such Distribution Dates, plus the amount of any Class C Additional Interest previously due but not distributed to the Class C Noteholders on one or more prior Distribution Dates shall be distributed to the Paying Agent for payment to the Class C Noteholders on such Distribution Date;

(v) an amount equal to the Investor Default Amount and the Investor Uncovered Dilution Amount, if any, for such Distribution Date shall be treated as a portion of Available Principal Collections for such Distribution Date;

(vi) an amount equal to the sum of the aggregate amount of Investor Charge-Offs and the amount of Reallocated Principal Collections which have not been previously reimbursed pursuant to this subparagraph shall be treated as a portion of Available Principal Collections for such Distribution Date;

(vii) upon the occurrence of an Event of Default with respect to Series 2002-1 and acceleration of the maturity of the Series 2002-1 Notes, the balance, if any, up to the outstanding principal amount of the Series 2002-1 Notes will be treated as Available Principal Collections for that Distribution Date for distribution to the Series 2002-1 Noteholders;

(viii) on each Distribution Date from and after the Reserve Account Funding Date, but prior to the date on which the Reserve Account terminates as described in Section 4.09(e), an amount up to the excess, if any, of the Required Reserve Account Amount over the amount then on deposit in the Reserve Account will be deposited into the Reserve Account;

(ix) an amount equal to any Transition Expenses and other amounts the Trust may be liable for from time to time that are not otherwise provided for above will be applied by the Indenture Trustee; and

(x) the balance, if any, will constitute a portion of Excess Finance Charge Collections for such Distribution Date and will be available for allocation to other Series in Group One or to the Holder of the Transferor Certificates as described in Section 8.07 of the Master Indenture and Section 4.01.

(b) On each Distribution Date with respect to the Revolving Period, an amount equal to the Available Principal Collections shall be treated as Shared Principal Collections and applied in accordance with Section 8.05 of the Master Indenture.

(c) On each Distribution Date with respect to the Controlled Accumulation Period, Available Principal Collections deposited in the Collection Account for the related Monthly Period shall be deposited in an amount up to the Monthly Principal for such Distribution Date into the Principal Funding Account and any Available Principal Collections remaining after the deposit of the Monthly Principal into the Principal

Funding Account shall be treated as Shared Principal Collections and applied in accordance with Section 8.05 of the Master Indenture.

(d) On each Distribution Date with respect to the Early Amortization Period, an amount equal to the Available Principal Collections deposited in the Collection Account for the related Monthly Period shall be distributed or deposited in the following order of priority:

(i) an amount equal to the Available Principal Collections for such Distribution Date shall be distributed to the Paying Agent for payment to the Class A Noteholders on such Distribution Date and on each subsequent Distribution Date until the Class A Note Principal Balance has been reduced to zero;

(ii) after giving effect to the distribution referred to in clause (i) above, an amount equal to any remaining Available Principal Collections, if any, shall be distributed to the Paying Agent for payment to the Class B Noteholders on such Distribution Date and on each subsequent Distribution Date until the Class B Note Principal Balance has been reduced to zero;

(iii) after giving effect to the distributions referred to in clauses (i) and (ii) above, an amount equal to any remaining Available Principal Collections, if any, shall be distributed to the Paying Agent for payment to the Class C Noteholders on such Distribution Date and on each subsequent Distribution Date until the Class C Note Principal Balance has been reduced to zero; and

(iv) the balance of such Available Principal Collections remaining after application in accordance with clauses (i) through (iii) above shall be treated as Shared Principal Collections and applied in accordance with Section 8.05 of the Master Indenture.

(e) On the earlier to occur of (i) the first Distribution Date with respect to the Early Amortization Period and (ii) the Expected Final Principal Payment Date, the Indenture Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Principal Funding Account and distribute to the Paying Agent for payment to the (i) Class A Noteholders, the amounts deposited into the Principal Funding Account pursuant to Section 4.03(d)(i) until the Class A Notes are paid in full and then (ii) Class B Noteholders, any remaining amounts deposited into the Principal Funding Account pursuant to Section 4.03(d)(ii) until the Class B Notes are paid in full.

(f) The Controlled Accumulation Period is scheduled to commence on August 1, 2006; provided, however, that, if the Accumulation Period Length (determined as described below) is less than eight months, the date on which the Controlled Accumulation Period actually commences will be delayed to the first Business Day of the month that is the number of whole months prior to the Expected Final Principal Payment Date at least equal to the Accumulation Period Length and, as a result, the number of Monthly Periods in the Controlled Accumulation Period will at least equal the Accumulation Period Length. On the Determination Date immediately preceding the

July 2006 Distribution Date, and each Determination Date thereafter until the Controlled Accumulation Period begins, the Servicer will determine the "Accumulation Period Length", which will equal the number of whole months such that the sum of the Accumulation Period Factors for each month during such period will be equal to or greater than the Required Accumulation Factor Number; provided, however, that the Accumulation Period Length will not be determined to be less than one month; provided further, however, that the determination of the Accumulation Period Length may be changed at any time if the Rating Agency Condition is satisfied.

Section 4.04. Investor Charge-Offs. On each Determination Date, the Servicer shall calculate the Investor Default Amount and the Investor Uncovered Dilution Amount, if any, for the related Distribution Date. If, on any Distribution Date, the sum of the Investor Default Amount and the Investor Uncovered Dilution Amount for such Distribution Date exceeds the amount of Available Finance Charge Collections allocated with respect thereto pursuant to Section 4.03(a)(v), with respect to such Distribution Date, the Invested Amount (after giving effect to any reductions for any Reallocated Principal Collections on such Distribution Date) will be reduced by the amount of such excess, but not by more than the lesser of (i) the sum of the Investor Default Amount and the Investor Uncovered Dilution Amount and (ii) the Invested Amount (after giving effect to any reductions for any Reallocated Principal Collections on such Distribution Date) for such Distribution Date (such reduction, an "Investor Charge-Off").

Section 4.05. Reallocated Principal Collections. On each Distribution Date, the Servicer shall apply, or shall cause the Indenture Trustee to apply, Reallocated Principal Collections with respect to such Distribution Date, to fund any deficiency pursuant to and in the priority set forth in Sections 4.03(a)(i) through (iii). On each Distribution Date, the Invested Amount shall be reduced by the amount of Reallocated Principal Collections for such Distribution Date.

Section 4.06. Excess Finance Charge Collections. Series 2002-1 shall be an Excess Allocation Series with respect to Group One only. Subject to Section 8.07 of the Master Indenture, Excess Finance Charge Collections with respect to the Excess Allocation Series in Group One for any Distribution Date will be allocated to Series 2002-1 in an amount equal to the product of (i) the aggregate amount of Excess Finance Charge Collections with respect to all the Excess Allocation Series in Group One for such Distribution Date and (ii) a fraction, the numerator of which is the Finance Charge Shortfall for Series 2002-1 for such Distribution Date and the denominator of which is the aggregate amount of Finance Charge Shortfalls for all the Excess Allocation Series in Group One for such Distribution Date.

Section 4.07. Shared Principal Collections. Subject to Section 8.05 of the Master Indenture, Shared Principal Collections with respect to the Series in Group One for any Distribution Date will be allocated to Series 2002-1 in an amount equal to the product of (i) the aggregate amount of Shared Principal Collections with respect to all Principal Sharing Series in Group One for such Distribution Date and (ii) a fraction, the numerator of which is the Series 2002-1 Principal Shortfall for such Distribution Date and the denominator of which is the aggregate amount of Principal Shortfalls for all the Series which are Principal Sharing Series in Group One for such Distribution Date.

Section 4.08. Principal Funding Account.

(a) The Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Series 2002-1 Noteholders, a segregated trust account with the corporate trust department of such Eligible Institution (the "Principal Funding Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2002-1 Noteholders. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Principal Funding Account and in all proceeds thereof. The Principal Funding Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Series 2002-1 Noteholders. If at any time the institution holding the Principal Funding Account ceases to be an Eligible Institution, the Transferor shall notify the Indenture Trustee, and the Indenture Trustee upon being notified (or the Transferor on its behalf) shall, within ten Business Days, establish a new Principal Funding Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Principal Funding Account. The Indenture Trustee, at the direction of the Servicer, shall (i) make withdrawals from the Principal Funding Account from time to time, in the amounts and for the purposes set forth in this Series 2002-1 Indenture Supplement, and (ii) on each Distribution Date (from and after the commencement of the Controlled Accumulation Period) prior to the termination of the Principal Funding Account, make deposits into the Principal Funding Account in the amounts specified in, and otherwise in accordance with, Section 4.03(c).

(b) Funds on deposit in the Principal Funding Account shall be invested at the direction of the Servicer by the Indenture Trustee in Eligible Investments. Funds on deposit in the Principal Funding Account on any Distribution Date, after giving effect to any withdrawals from the Principal Funding Account on such Distribution Date, shall be invested in such investments that will mature so that such funds will be available for withdrawal prior to the following Distribution Date.

On each Distribution Date with respect to the Controlled Accumulation Period and on the first Distribution Date with respect to the Early Amortization Period, the Indenture Trustee, acting at the Servicer's direction given on or before such Distribution Date, shall transfer from the Principal Funding Account to the Collection Account the Principal Funding Investment Proceeds on deposit in the Principal Funding Account for application as Available Finance Charge Collections in accordance with Section 4.03.

Principal Funding Investment Proceeds (including reinvested interest) shall not be considered part of the amounts on deposit in the Principal Funding Account for purposes of this Series 2002-1 Indenture Supplement.

Section 4.09. Reserve Account.

(a) On or before the Reserve Account Funding Date, the Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Noteholders, a segregated trust account with the corporate trust department of such Eligible Institution (the "Reserve Account"),

bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Offered Noteholders. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Reserve Account and in all proceeds thereof. The Reserve Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Offered Noteholders. If at any time the institution holding the Reserve Account ceases to be an Eligible Institution, the Servicer shall notify the Indenture Trustee, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within ten Business Days, establish a new Reserve Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Reserve Account. The Indenture Trustee, at the direction of the Servicer, shall (i) make withdrawals from the Reserve Account from time to time in an amount up to the Available Reserve Account Amount at such time, for the purposes set forth in this Series 2002-1 Indenture Supplement, and (ii) on each Distribution Date (from and after the Reserve Account Funding Date) prior to termination of the Reserve Account, make a deposit into the Reserve Account in the amount specified in, and otherwise in accordance with, Section 4.03(a)(viii).

(b) Funds on deposit in the Reserve Account shall be invested at the direction of the Servicer by the Indenture Trustee in Eligible Investments. Funds on deposit in the Reserve Account on any Distribution Date, after giving effect to any withdrawals from the Reserve Account on such Distribution Date, shall be invested in such investments that will mature so that such funds will be available for withdrawal prior to the following Distribution Date.

On each Distribution Date, all interest and earnings (net of losses and investment expenses) accrued since the preceding Distribution Date on funds on deposit in the Reserve Account shall be retained in the Reserve Account (to the extent that the amount on deposit in the Reserve Account is less than the Required Reserve Account Amount) and the balance, if any, shall be deposited into the Collection Account and included in Available Finance Charge Collections for such Distribution Date. For purposes of determining the availability of funds or the balance in the Reserve Account for any reason under this Series 2002-1 Indenture Supplement, except as otherwise provided in the preceding sentence, investment earnings on such funds shall be deemed not to be available or on deposit.

(c) In the event that for any Distribution Date the Reserve Account Draw Amount is greater than zero, the Reserve Account Draw Amount shall be withdrawn from the Reserve Account on such Distribution Date by the Indenture Trustee (acting in accordance with the instructions of the Servicer) and deposited into the Collection Account for application as Available Finance Charge Collections for such Distribution Date.

(d) In the event that the amount on deposit in the Reserve Account on any Distribution Date, after giving effect to all deposits to and withdrawals from the Reserve Account with respect to such Distribution Date, is greater than the Required Reserve Account Amount, the Indenture Trustee, acting in accordance with the instructions of the Servicer, shall withdraw from the Reserve Account an amount equal to the excess of the amount on deposit in the Reserve Account over the Required Reserve Account Amount, and distribute such excess to the holders of the Transferor Certificates.

(e) Upon the earliest to occur of (i) the termination of the Trust pursuant to the Trust Agreement, (ii) the first Distribution Date relating to the Early Amortization Period and (iii) the Expected Final Principal Payment Date, the Indenture Trustee, acting in accordance with the instructions of the Servicer, after the prior payment of all amounts owing to the Offered Noteholders that are payable from the Reserve Account as provided herein, shall withdraw from the Reserve Account all amounts, if any, on deposit in the Reserve Account and distribute any such amounts remaining to the holders of the Transferor Certificates. The Reserve Account shall thereafter be deemed to have terminated for purposes of this Series 2002-1 Indenture Supplement.

Section 4.10. Eligible Investment.

(a) The Indenture Trustee shall hold funds on deposit in the Principal Funding Account and the Reserve Account invested pursuant to Sections 4.08(b) and 4.09(b), respectively, in Eligible Investments. The Indenture Trustee shall hold such of the Eligible Investments as constitutes investment property through a securities intermediary, which securities intermediary shall agree with the Indenture Trustee that (i) such investment property shall at all times be credited to a securities account of the Indenture Trustee, (ii) such securities intermediary shall treat the Indenture Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (iii) all property credited to such securities account shall be treated as a financial asset, (iv) such securities intermediary shall comply with entitlement orders originated by the Indenture Trustee without the further consent of any other person or entity, (v) such securities intermediary will not agree with any person or entity other than the Indenture Trustee to comply with entitlement orders originated by such other person or entity, (vi) such securities accounts and the property credited thereto shall not be subject to any lien, security interest or right of set-off in favor of such securities intermediary or anyone claiming through it (other than the Indenture Trustee) and (vii) such agreement shall be governed by the laws of the State of New York. Terms used in the preceding sentence that are defined in the New York UCC and not otherwise defined herein has the meaning set forth in the New York UCC.

(b) Any investment instructions required to be given to the Indenture Trustee pursuant to the terms hereof must be given to the Indenture Trustee no later than 11:00 a.m., New York City time, on the date such investment is to be made. In the event the Indenture Trustee receives such investment instruction later than such time, the Indenture Trustee may, but shall have no obligation to, make such investment. In the event the Indenture Trustee is unable to make an investment required in an investment instruction received by the Indenture Trustee after 11:00 a.m., New York City time, on such day, such investment shall be made by the Indenture Trustee on the next succeeding Business Day. In no event shall the Indenture Trustee be liable for any investment not made pursuant to investment instructions received after 11:00 a.m., New York City time, on the day such investment is requested to be made.

ARTICLE FIVE

DELIVERY OF SERIES 2002-1 NOTES; DISTRIBUTIONS; REPORTS TO SERIES 2002-1 NOTEHOLDERS

Section 5.01. Delivery and Payment for the Series 2002-1 Notes. The Issuer shall execute and issue, and the Indenture Trustee shall authenticate, the Series 2002-1 Notes in accordance with Section 2.03 of the Master Indenture. The Indenture Trustee shall deliver the Series 2002-1 Notes to or upon the order of the Trust when so authenticated.

Section 5.02. Distributions.

(a) On each Distribution Date, the Paying Agent shall distribute to each Class A Noteholder of record on the related Record Date (other than as provided in Section 11.02 of the Master Indenture) such Class A Noteholder's pro rata share of the amounts held by the Paying Agent that are allocated and available on such Distribution Date to pay interest and principal on the Class A Notes pursuant to this Series 2002-1 Indenture Supplement.

(b) On each Distribution Date, the Paying Agent shall distribute to each Class B Noteholder of record on the related Record Date (other than as provided in Section 11.02 of the Master Indenture) such Class B Noteholder's pro rata share of the amounts held by the Paying Agent that are allocated and available on such Distribution Date to pay interest and principal on the Class B Notes pursuant to this Series 2002-1 Indenture Supplement.

(c) On each Distribution Date, the Paying Agent shall distribute to each Class C Noteholder of record on the related Record Date (other than as provided in Section 11.02 of the Master Indenture) such Class C Noteholder's pro rata share of the amounts held by the Paying Agent that are allocated and available on such Distribution Date to pay interest and principal on the Class C Notes pursuant to this Series 2002-1 Indenture Supplement.

(d) The distributions to be made pursuant to this Section are subject to the provisions of Sections 2.06, 6.01 and 7.01 of the Transfer and Servicing Agreement, Section 11.02 of the Master Indenture and Section 7.01 of this Series 2002-1 Indenture Supplement.

(e) Except as provided in Section 11.02 of the Indenture with respect to a final distribution, distributions to Series 2002-1 Noteholders hereunder shall be made by (i) check mailed to each Series 2002-1 Noteholder (at such Noteholder's address as it appears in the Note Register), except that with respect to any Series 2002-1 Notes registered in the name of the nominee of a Clearing Agency, such distribution shall be made in immediately available funds and (ii) without presentation or surrender of any Series 2002-1 Note or the making of any notation thereon.

Section 5.03. Reports and Statements to Series 2002-1 Noteholders.

(a) On each Distribution Date, the Paying Agent, on behalf of the Indenture Trustee, shall forward to each Series 2002-1 Noteholder a statement substantially in the form of Exhibit C prepared by the Servicer.

(b) Not later than the determination date preceding each Distribution Date, the Servicer shall deliver to the Owner Trustee, the Indenture Trustee, the Paying Agent and each Rating Agency (i) a statement substantially in the form of Exhibit C prepared by the Servicer and (ii) a certificate of an Authorized Officer substantially in the form of Exhibit D; provided that the Servicer may amend the form of Exhibit C and Exhibit D, from time to time, with the consent of the Indenture Trustee.

(c) A copy of each statement or certificate provided pursuant to Section 5.03(a) or (b) may be obtained by any Series 2002-1 Noteholder by a request in writing to the Servicer.

(d) On or before January 31 of each calendar year, beginning with calendar year 2003, the Paying Agent, on behalf of the Indenture Trustee, shall furnish or cause to be furnished to each Person who at any time during the preceding calendar year was a Series 2002-1 Noteholder, a statement prepared by the Servicer containing the information which is required to be contained in the statement to Series 2002-1 Noteholders, as set forth in Section 5.03(a), aggregated for such calendar year or the applicable portion thereof during which such Person was a Series 2002-1 Noteholder, together with other information as is required to be provided by an issuer of indebtedness under the Code. Such obligation of the Paying Agent shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Paying Agent pursuant to any requirements of the Code as from time to time in effect.

(e) The Paying Agent on behalf of the Indenture Trustee, may make available, via the Paying Agent's internet website, any statement required to be forwarded to the Series 2002-1 Noteholders under paragraph (a) of this Section and the statement required to be forwarded to the Series 2002-1 Noteholders under paragraph (d) of this Section and, with the consent or at the direction of the Servicer, such other information regarding the Notes or the Receivables as the Paying Agent may have in its possession, but only with the use of a password provided by the Paying Agent or its agent to such Person upon receipt by the Paying Agent and the Indenture Trustee from such Person of a certification in the form of Exhibit H, provided however, at the Indenture Trustee or its agent shall provide such password to the parties to this Agreement without requiring such certification. Neither the Paying Agent nor the Indenture Trustee will make any representation or warranties as to the accuracy or completeness of such documents and will assume no responsibility therefor.

The Paying Agent's internet website shall be initially located at "www.ABSNet.net" or at such other address as shall be specified by the Indenture Trustee from time to time in writing to the Series 2002-1 Noteholders. In connection with providing access to the Paying Agent's internet website, the Indenture Trustee may require registration and the acceptance of a disclaimer. Neither the Paying Agent nor the Indenture Trustee shall be liable for the dissemination of information in accordance with this Agreement.

ARTICLE SIX

SERIES 2002-1 PAY OUT EVENTS

Section 6.01. Series 2002-1 Pay Out Events. If any one of the following events shall occur with respect to the Series 2002-1 Notes:

(a) failure on the part of the Transferor (i) to make any payment or deposit required to be made by the Transferor by the terms of the Transfer and Servicing Agreement, the Master Indenture or this Series 2002-1 Indenture Supplement on or before the date occurring five Business Days after the date such payment or deposit is required to be made therein or herein or (ii) duly to observe or perform any other covenants or agreements of the Transferor set forth in the Transfer and Servicing Agreement, the Master Indenture or this Series 2002-1 Indenture Supplement, which failure has a material adverse effect on the Series 2002-1 Noteholders and which continues unremedied for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Transferor by the Indenture Trustee, or to the Transferor and the Indenture Trustee by any Holder of the Series 2002-1 Notes;

(b) any representation or warranty made by the Transferor in the Transfer and Servicing Agreement, or any information contained in a computer file or microfiche list required to be delivered by the Transferor pursuant to Section 2.01 or Section 2.09 of the Transfer and Servicing Agreement shall prove to have been incorrect in any material respect when made or when delivered, which continues to be incorrect in any material respect for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Transferor by the Indenture Trustee, or to the Transferor and the Indenture Trustee by any Holder of the Series 2002-1 Notes and as a result of which the interests of the Series 2002-1 Noteholders are materially and adversely affected for such period; provided, however, that a Series 2002-1 Pay Out Event pursuant to this Subsection shall not be deemed to have occurred hereunder if the Transferor has accepted reassignment of the related Receivable, or all of such Receivables, if applicable, during such period in accordance with the provisions of the Transfer and Servicing Agreement;

(c) a failure by the Transferor to convey Receivables in Supplemental Accounts or Participation Interests to the Trust within five Business Days after the day on which it is required to convey such Receivables or Participation Interests pursuant to Section 2.09(a) of the Transfer and Servicing Agreement (including the failure of the Account Owner to transfer the Receivables);

(d) any Servicer Default shall occur;

(e) the average of the Portfolio Yields for any three consecutive Monthly Periods is reduced to a rate which is less than the average of the Base Rates for such period;

(f) the Offered Notes Principal Balance shall not be paid in full on the Expected Final Principal Payment Date;

(g) an Insolvency Event occurs with respect to Nordstrom, Inc., the Transferor (including any additional Transferor), the Bank, any other Account Owner or the Servicer;

(h) the Transferor is unable for any reason to transfer Receivables to the Trust in accordance with the Transfer and Servicing Agreement or the Bank is unable for any reason to transfer Receivables to the Trust in accordance with the Receivables Purchase Agreement;

(i) the Trust becomes subject to regulation as an "investment company" within the meaning of the Investment Company Act of 1940; or

(j) without limiting the foregoing, the occurrence of an Event of Default with respect to Series 2002-1 and acceleration of the maturity of the Series 2002-1 Notes pursuant to Section 5.03 of the Master Indenture;

then, in the case of any event described in subparagraph (a), (b) or (d), after the applicable grace period, if any, set forth in such subparagraphs, either the Indenture Trustee or the Holders of Series 2002-1 Notes evidencing at least 25% of the aggregate unpaid principal amount of Series 2002-1 Notes by notice then given in writing to the Transferor and the Servicer (and to the Indenture Trustee if given by the Series 2002-1 Noteholders) may declare that a "Series Pay Out Event" with respect to Series 2002-1 (a "Series 2002-1 Pay Out Event") has occurred as of the date of such notice, and, in the case of any event described in subparagraph (c), (e), (f), (g), (h), (i) or (j), a Series 2002-1 Pay Out Event shall occur without any notice or other action on the part of the Indenture Trustee or the Series 2002-1 Noteholders immediately upon the occurrence of such event.

ARTICLE SEVEN

REDEMPTION OF SERIES 2002-1 NOTES; FINAL DISTRIBUTIONS; SERIES TERMINATION

Section 7.01. Optional Redemption of Series 2002-1 Notes; Final Distributions.

(a) On any day occurring on or after the date on which the outstanding principal balance of the Series 2002-1 Notes is reduced to 10% or less of the initial Note Principal Balance, the Servicer shall have the option to redeem the Series 2002-1 Notes if it has determined, in its sole estimation, that the cost of servicing the related Receivables is unduly burdensome in relation to the benefit, at a purchase price equal to (i) if such day is a Distribution Date, the Reassignment Amount for such Distribution Date or (ii) if such day is not a Distribution Date, the Reassignment Amount for the Distribution Date following such day.

(b) The Servicer shall give the Indenture Trustee at least 30 days' prior written notice of the date on which the Servicer intends to exercise such optional redemption. Not later than 12:00 noon, New York City time, on such day the Servicer shall deposit into the Collection Account in immediately available funds the excess of the Reassignment Amount over the amount, if any, on deposit in the Principal Funding Account. Such redemption option is subject to payment in full of the Reassignment Amount. Following such deposit into the Collection Account in accordance with the foregoing, the Invested Amount for Series 2002-1 shall be reduced to zero and the Series 2002-1 Noteholders shall have no further security interest in the Receivables. The Reassignment Amount shall be distributed as set forth in Section 7.01(d).

(c) (i) The amount to be paid by the Transferor with respect to Series 2002-1 in connection with a reassignment of Receivables to the Transferor pursuant to Section 2.06 of the Transfer and Servicing Agreement shall equal the Reassignment Amount for the first Distribution Date following the Monthly Period in which the reassignment obligation arises under the Transfer and Servicing Agreement.

(ii) The amount to be paid by the Transferor with respect to Series 2002-1 in connection with a repurchase of the Notes pursuant to Section 7.01 of the Transfer and Servicing Agreement shall equal the Reassignment Amount for the Distribution Date of such repurchase

(d) With respect to the Reassignment Amount deposited into the Collection Account pursuant to Section 7.01, the Indenture Trustee shall, in accordance with the written direction of the Servicer, not later than 12:00 noon, New York City time, on the related Distribution Date, make deposits or distributions of the following amounts (in the priority set forth below and, in each case, after giving effect to any deposits and distributions otherwise to be made on such date) in immediately available funds: (i) (A) the Class A Note Principal Balance on such Distribution Date will be distributed to the Paying Agent for payment to the Class A Noteholders and (B) an amount equal to the sum of (1) Class A Monthly Interest for such Distribution Date, (2) any Class A Monthly Interest previously due but not distributed to the Class A Noteholders on a prior Distribution Date and (3) the amount of Class A Additional Interest, if any, for such Distribution Date and any Class A Additional Interest previously due but not distributed to the

Class A Noteholders on any prior Distribution Date, will be distributed to the Paying Agent for payment to the Class A Noteholders, (ii) (A) the Class B Note Principal Balance on such Distribution Date will be distributed to the Paying Agent for payment to the Class B Noteholders and (B) an amount equal to the sum of (1) Class B Monthly Interest for such Distribution Date, (2) any Class B Monthly Interest previously due but not distributed to the Class B Noteholders on a prior Distribution Date and (3) the amount of Class B Additional Interest, if any, for such Distribution Date and any Class B Additional Interest previously due but not distributed to the Class B Noteholders on any prior Distribution Date, will be distributed to the Paying Agent for payment to the Class B Noteholders, (iii) (A) the Class C Note Principal Balance on such Distribution Date will be distributed to the Paying Agent for payment to the Class C Noteholders and (B) an amount equal to the sum of (1) Class C Monthly Interest for such Distribution Date, (2) any Class C Monthly Interest previously due but not distributed to the Class C Noteholders on a prior Distribution Date and (3) the amount of Class C Additional Interest, if any, for such Distribution Date and any Class C Additional Interest previously due but not distributed to the Class C Noteholders on any prior Distribution Date, will be distributed to the Paying Agent for payment to the Class C Noteholders and (iv) any excess shall be released to the Transferor.

(e) Notwithstanding anything to the contrary in this Series 2002-1 Indenture Supplement, the Master Indenture or the Transfer and Servicing Agreement, all amounts distributed to the Paying Agent pursuant to Section 7.01(d) for payment to the Series 2002-1 Noteholders shall be deemed distributed in full to the Series 2002-1 Noteholders on the date on which such funds are distributed to the Paying Agent pursuant to this Section and shall be deemed to be a final distribution pursuant to Section 11.02 of the Master Indenture.

Section 7.02. Series Termination. On the Series 2002-1 Final Maturity Date, the right of the Series 2002-1 Noteholders to receive payments from the Issuer will be limited solely to the right to receive payments pursuant to Section 5.05 of the Master Indenture.

ARTICLE EIGHT

MISCELLANEOUS PROVISIONS

Section 8.01. Ratification of Master Indenture; Amendments. As supplemented by this Series 2002-1 Indenture Supplement, the Master Indenture is in all respects ratified and confirmed and the Master Indenture as so supplemented by this Series 2002-1 Indenture Supplement shall be read, taken and construed as one and the same instrument. This Series 2002-1 Indenture Supplement may be amended only by an Indenture Supplement entered into in accordance with the terms of Section 10.01 or 10.02 of the Master Indenture. For purpose of the application of Section 10.02 to any amendment of this Series 2002-1 Indenture Supplement, the Series 2002-1 Noteholders shall be the only Noteholders whose vote shall be required. Notwithstanding the foregoing, upon satisfaction of the Rating Agency Condition, the provisions of this Series 2002-1 Indenture Supplement may be amended by the parties hereto without consent of Class A Noteholders if the amendment is to restrict the Transfer of Class B and/or Class C Notes and such amendment is in the Opinion of Counsel necessary to ensure that the Trust would not be treated as an association or publicly traded partnership taxable as a corporation.

Section 8.02. Counterparts. This Series 2002-1 Indenture Supplement may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

Section 8.03. GOVERNING LAW. THIS SERIES 2002-1 INDENTURE SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 8.04. Limitation of Liability. Notwithstanding any other provision herein or elsewhere, this Agreement has been executed and delivered by Wilmington Trust Company, not in its individual capacity, but solely in its capacity as Owner Trustee of the Trust, in no event shall Owner Trustee in its individual capacity have any liability in respect of the representations, warranties, or obligations of the Trust hereunder or under any other document, as to all of which recourse shall be had solely to the assets of the Trust, and for all purposes of this Agreement and each other document, the Owner Trustee (as such or in its individual capacity) shall be subject to, and entitled to the benefits of, the terms and provisions of the Trust Agreement.

IN WITNESS WHEREOF, the undersigned have caused this Series 2002-1 Indenture Supplement to be duly executed and delivered by their respective duly authorized officers on the day and year first above written.

NORDSTROM CREDIT CARD MASTER NOTE TRUST,
as Issuer

By: WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee

By: /s/ James P. Lawler

Name: James P. Lawler
Title: Vice-President

WELLS FARGO BANK MINNESOTA,
NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ Jennifer C. Davis

Name: Jennifer C. Davis
Title: Assistant Vice-President

Acknowledged and Accepted:

NORDSTROM CREDIT CARD RECEIVABLES LLC,
as Transferor

By: /s/ Kevin T. Knight

Name: Kevin T. Knight
Title: President

NORDSTROM fsb,
as Servicer

By: /s/ Denny D. Dumler

Name: Denny D. Dumler
Title: President

FORM OF SERIES 2002-1 FLOATING RATE
ASSET BACKED NOTE, CLASS A

[REGULATION S GLOBAL NOTE]

[RULE 144A GLOBAL NOTE]

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAW. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (I)(A) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO AN INSTITUTIONAL INVESTOR THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB"), PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (B) IN A TRANSACTION EFFECTED IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT AND (II) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTIONS.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

NO RESALE OR OTHER TRANSFER OF ANY NOTE SHALL BE MADE TO ANY TRANSFEREE UNLESS: (A) SUCH TRANSFEREE IS NOT, AND WILL NOT ACQUIRE THE NOTE ON BEHALF OR WITH PLAN ASSETS OF, AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR ANY OTHER "PLAN" AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "INTERNAL REVENUE CODE"), THAT IS SUBJECT TO ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE OR ANY ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING BY REASON OF AN EMPLOYEE

BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (EACH, A "BENEFIT PLAN") OR (B) THE ACQUISITION AND HOLDING OF THE NOTE BY SUCH TRANSFEREE ARE ELIGIBLE FOR THE EXEMPTIVE RELIEF AVAILABLE UNDER PTCE 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 OR A SIMILAR EXEMPTION. EACH PURCHASER OR TRANSFEREE OF A NOTE, BY ITS ACCEPTANCE OF SUCH NOTE, WILL BE DEEMED TO HAVE MADE THE REPRESENTATION SET FORTH IN CLAUSE (A) OR (B) ABOVE.

THE PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

TRANSFERS OF THE NOTES MUST GENERALLY BE ACCOMPANIED BY APPROPRIATE TAX TRANSFER DOCUMENTATION AND ARE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE INDENTURE.

THE HOLDER, BY ACCEPTANCE OF THIS NOTE, SHALL BE DEEMED TO HAVE AGREED TO TREAT THE NOTES AS DEBT SOLELY OF THE TRUST FOR UNITED STATES FEDERAL, STATE AND LOCAL INCOME, SINGLE BUSINESS AND FRANCHISE TAX PURPOSES."

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF COVENANTS AND AGREES THAT IT WILL NOT AT ANY TIME INSTITUTE AGAINST THE ISSUER OR THE TRANSFEROR, OR JOIN IN INSTITUTING AGAINST THE ISSUER OR THE TRANSFEROR, ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS, OR OTHER PROCEEDINGS UNDER ANY UNITED STATES FEDERAL OR STATE BANKRUPTCY OR SIMILAR LAW.

No. [Reg. S/R-1] [144A/R-1] Up to $176,900,000

[CUSIP NO. _____]
[CUSIP NO. _____]

Class A Note Rate: One-Month LIBOR plus 0.27%

NORDSTROM CREDIT CARD MASTER NOTE TRUST

SERIES 2002-1 FLOATING RATE ASSET BACKED NOTE, CLASS A

Nordstrom Credit Card Master Note Trust (herein referred to as the "Issuer" or the "Trust"), a Delaware statutory business trust governed by a Trust Agreement, dated April 1, 2002 (the "Trust Agreement"), between Nordstrom Credit Card Receivables LLC, as transferor (the "Transferor"), and Wilmington Trust Company, as owner trustee (the "Owner Trustee"), for value received, hereby promises to pay to DTC, or its registered assigns, subject to the following provisions, the principal sum of ONE HUNDRED SEVENTY-SIX MILLION NINE HUNDRED THOUSAND DOLLARS, or such greater or lesser amount as determined in

accordance with the Indenture, on the Series 2002-1 Final Maturity Date (which is the earlier to occur of (a) the Distribution Date on which the Note Principal Balance is paid in full and (b) the October 13, 2010 Distribution Date), except as otherwise provided below or in the Indenture. The Issuer will pay interest on the unpaid principal amount of this Note at One-Month LIBOR plus 0.27% on each Distribution Date until the principal amount of this Note is paid in full. Interest on this Note will accrue for each Distribution Date from and including the preceding Distribution Date (or in the case of the initial Distribution Date, the Closing Date) to but excluding the current Distribution Date. Interest will be computed on the basis of the actual number of days in such Interest Period and a 360-day year. Principal of this Note shall be paid in the manner specified on the reverse hereof.

"LIBOR Determination Date" means two London Business Day prior to the Closing Date with respect to the first Distribution Date and, as to each subsequent Distribution Date, two London Business Days prior to the immediately preceding Distribution Date.

"London Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions in London, England, are authorized or obligated by law or government decree to be closed.

"One-Month LIBOR" means, with respect to any Interest Period, the London interbank offered rate for deposits in U.S. dollars having a maturity of one month commencing on the related LIBOR Determination Date which appears on Telerate Page 3750, or such other source as is customarily used to quote LIBOR, as of 11:00 a.m., London time, on such LIBOR Determination Date. If the rates used to determine LIBOR do not appear on the Telerate Page 3750, or such other source as is customarily used to quote LIBOR, the rates for that day will be determined on the basis of the rates at which deposits in U.S. dollars, having a maturity of one month and in a principal amount of not less than U.S. $1,000,000 are offered at approximately 11:00 a.m., London time, on such LIBOR Determination Date to prime banks in the London interbank market by the reference banks. The Indenture Trustee will request the principal London office of each of such reference banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for that day will be the arithmetic mean to the nearest 1/100,000 of 1% (0.0000001), with five one-millionths of a percentage point rounded upward, of all such quotations. If fewer than two such quotations are provided, the rate for that day will be the arithmetic mean to the nearest 1/100,000 of 1% (0.0000001), with five one-millionths of a percentage point rounded upward, of the offered per annum rates that one or more leading banks in New York City, selected by the Indenture Trustee, are quoting as of approximately 11:00 a.m., New York City time, on such LIBOR Determination Date to leading European banks for United States dollar deposits for that maturity; provided that if the banks selected as aforesaid are not quoting as mentioned in this sentence, LIBOR in effect for the applicable Interest Period will be LIBOR in effect for the previous interest period. The "Telerate Page 3750" is the display page named that on the Dow Jones Telerate Services (or any other page that replaces that page on that service for the purpose of displaying comparable name of rates). The reference banks are the four major banks in the London interbank market selected by the Indenture Trustee.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Master Indenture or the Series 2002-1 Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Class A Note to be duly executed.

NORDSTROM CREDIT CARD MASTER NOTE TRUST,
as Issuer

BY: WILMINGTON TRUST COMPANY,
not in its individual capacity but
solely as Owner Trustee under the
Trust Agreement

By:

Name:
Title:

Dated: _____, _____

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A Notes described in the within-mentioned Indenture.

WELLS FARGO BANK MINNESOTA,
NATIONAL ASSOCIATION,
as Indenture Trustee

By:

Authorized Signatory

NORDSTROM CREDIT CARD MASTER NOTE TRUST
SERIES 2002-1 FLOATING RATE ASSET BACKED NOTE, CLASS A

Summary of Terms and Conditions

This Class A Note is one of a duly authorized issue of Notes of the Issuer, designated as Nordstrom Credit Card Master Note Trust, Series 2002-1 (the "Series 2002-1 Notes"), issued under a Master Indenture, dated as of April 1, 2002 (the "Master Indenture") between the Issuer and Wells Fargo Bank Minnesota, National Association, as indenture trustee (the "Indenture Trustee"), as supplemented by the Series 2002-1 Indenture Supplement, dated as of April 1, 2002 (the "Series 2002-1 Indenture Supplement"), and representing the right to receive certain payments from the Issuer. The term "Indenture," unless the context otherwise requires, refers to the Master Indenture as supplemented by the Series 2002-1 Indenture Supplement. The Notes are subject to all of the terms of the Indenture. All terms used in this Note that are defined in the Indenture has the meanings assigned to them in or pursuant to the Indenture. In the event of any conflict or inconsistency between the Indenture and this Note, the Indenture shall control.

The Class B Notes and the Class C Notes will also be issued under the Indenture.

The Noteholder, by its acceptance of this Class A Note, agrees that it will look solely to the property of the Trust allocated to the payment of this Class A Note for payment hereunder and that the Indenture Trustee is not liable to the Noteholders for any amount payable under the Note or the Indenture or, except as expressly provided in the Indenture, subject to any liability under the Indenture.

This Class A Note does not purport to summarize the Indenture and reference is made to the Indenture for the interests, rights and limitations of rights, benefits, obligations and duties evidenced thereby, and the rights, duties and immunities of the Indenture Trustee.

The Class A Note Initial Principal Balance is $176,900,000. The Class A Note Principal Balance on any date of determination will be an amount equal to (a) the Class A Note Initial Principal Balance, minus (b) the aggregate amount of principal payments made to the Class A Noteholders on or prior to such date.

The Expected Final Principal Payment Date is the April 2007 Distribution Date, but principal with respect to the Class A Notes may be paid earlier or later under certain circumstances described in the Indenture. If for one or more months during the Controlled Accumulation Period there are not sufficient funds to deposit into the Principal Funding Account the Controlled Deposit Amount, then to the extent that excess funds are not available on subsequent Distribution Dates with respect to the Controlled Accumulation Period to make up for such shortfalls, the final payment of principal of the Notes will occur later than the Expected Final Principal Payment Date. Payments of principal of the Notes shall be payable in accordance with the provisions of the Indenture.

Subject to the terms and conditions of the Indenture, the Transferor may, from time to time, direct the Owner Trustee, on behalf of the Trust, to issue one or more new Series of Notes.

On each Distribution Date, the Paying Agent shall distribute to each Class A Noteholder of record on the related Record Date (except for the final distribution in respect of this Class A Note) such Class A Noteholder's pro rata share of the amounts held by the Paying Agent that are allocated and available on such Distribution Date to pay interest and principal on the Class A Notes pursuant to the Series 2002-1 Indenture Supplement. Except as provided in the Indenture with respect to a final distribution, distributions to Series 2002-1 Noteholders shall be made by (i) check mailed to each Series 2002-1 Noteholder (at such Noteholder's address as it appears in the Note Register), except that with respect to any Series 2002-1 Notes registered in the name of the nominee of a Clearing Agency, such distribution shall be made in immediately available funds and (ii) without presentation or surrender of any Series 2002-1 Note or the making of any notation thereon. Final payment of this Class A Note will be made only upon presentation and surrender of this Class A Note at the office or agency specified in the notice of final distribution delivered by the Indenture Trustee to the Series 2002-1 Noteholders in accordance with the Indenture.

On any day occurring on or after the date on which the outstanding principal balance of the Series 2002-1 Notes is reduced to 10% or less of the initial Note Principal Balance, the Servicer shall have the option to redeem the Series 2002-1 Notes, at a purchase price equal to (i) if such day is a Distribution Date, the Reassignment Amount for such Distribution Date or (ii) if such day is not a Distribution Date, the Reassignment Amount for the Distribution Date following such day.

THIS CLASS A NOTE DOES NOT REPRESENT AN OBLIGATION OF, OR AN INTEREST IN, THE TRANSFEROR, NORDSTROM FSB OR ANY AFFILIATE OF ANY OF THEM AND IS NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

Each Noteholder, by accepting a Note, hereby covenants and agrees that it will not at any time institute against the Issuer or the Transferor, or join in instituting against the Issuer or the Transferor, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law.

Except as otherwise provided in the Indenture Supplement, the Class A Notes are issuable only in minimum denominations of $100,000 and integral multiples of $1,000. The transfer of this Class A Note shall be registered in the Note Register upon surrender of this Class A Note for registration of transfer at any office or agency maintained by the Transfer Agent and Registrar accompanied by a written instrument of transfer, in a form satisfactory to the Indenture Trustee or the Transfer Agent and Registrar, duly executed by the Class A Noteholder or such Class A Noteholder's attorney, and duly authorized in writing with such signature guaranteed, and thereupon one or more new Class A Notes in any authorized denominations of like aggregate principal amount will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, Class A Notes are exchangeable for new Class A Notes in any authorized denominations and of like aggregate principal amount, upon surrender of such Notes to be exchanged at the office or

agency of the Transfer Agent and Registrar. No service charge may be imposed for any such exchange but the Issuer or Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Issuer, the Transferor, the Indenture Trustee and any agent of the Issuer, Transferor or the Indenture Trustee shall treat the person in whose name this Class A Note is registered as the owner hereof for all purposes, and neither the Issuer, the Transferor, the Indenture Trustee nor any agent of the Issuer, Transferor or the Indenture Trustee shall be affected by notice to the contrary.

THIS CLASS A NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Limitation of Liability. Notwithstanding any other provision herein or elsewhere, this Agreement has been executed and delivered by Wilmington Trust Company, not in its individual capacity, but solely in its capacity as Owner Trustee of the Trust, in no event shall Owner Trustee in its individual capacity have any liability in respect of the representations, warranties, or obligations of the Trust hereunder or under any other document, as to all of which recourse shall be had solely to the assets of the Trust, and for all purposes of this Agreement and each other document, the Owner Trustee (as such or in its individual capacity) shall be subject to, and entitled to the benefits of, the terms and provisions of the Trust Agreement.

ASSIGNMENT

Social Security or other identifying number of assignee _____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____(1)

Signature Guaranteed:

- ----------

(1) NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE OF EXCHANGES IN GLOBAL SECURITY

The following exchanges of a part of this Global Security have been made:

Date of Exchange	Amount of Decrease in Principal Amount of this Global Security	Amount of Increase in Principal Amount of this Global Security	Principal Amount of this Global Security following such decrease (or increase)	Signature of authorized officer of Trustee or securities Custodian

FORM OF SERIES 2002-1 FLOATING RATE
ASSET BACKED NOTE, CLASS B

[REGULATION S GLOBAL NOTE]

[RULE 144A GLOBAL NOTE]

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAW. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (I)(A) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO AN INSTITUTIONAL INVESTOR THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB"), PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (B) IN A TRANSACTION EFFECTED IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT AND (II) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTIONS.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

NO RESALE OR OTHER TRANSFER OF ANY NOTE SHALL BE MADE TO ANY TRANSFEREE UNLESS: (A) SUCH TRANSFEREE IS NOT, AND WILL NOT ACQUIRE THE NOTE ON BEHALF OR WITH PLAN ASSETS OF, AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR ANY OTHER "PLAN" AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "INTERNAL REVENUE CODE"), THAT IS SUBJECT TO ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE OR ANY ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING BY REASON OF AN EMPLOYEE

BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (EACH, A "BENEFIT PLAN") OR (B) THE ACQUISITION AND HOLDING OF THE NOTE BY SUCH TRANSFEREE ARE ELIGIBLE FOR THE EXEMPTIVE RELIEF AVAILABLE UNDER PTCE 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 OR A SIMILAR EXEMPTION. EACH PURCHASER OR TRANSFEREE OF A NOTE, BY ITS ACCEPTANCE OF SUCH NOTE, WILL BE DEEMED TO HAVE MADE THE REPRESENTATION SET FORTH IN CLAUSE (A) OR (B) ABOVE.

THE PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

TRANSFERS OF THE NOTES MUST GENERALLY BE ACCOMPANIED BY APPROPRIATE TAX TRANSFER DOCUMENTATION AND ARE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE INDENTURE.

THE HOLDER, BY ACCEPTANCE OF THIS NOTE, SHALL BE DEEMED TO HAVE AGREED TO TREAT THE NOTES AS DEBT SOLELY OF THE TRUST FOR UNITED STATES FEDERAL, STATE AND LOCAL INCOME, SINGLE BUSINESS AND FRANCHISE TAX PURPOSES."

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF COVENANTS AND AGREES THAT IT WILL NOT AT ANY TIME INSTITUTE AGAINST THE ISSUER OR THE TRANSFEROR, OR JOIN IN INSTITUTING AGAINST THE ISSUER OR THE TRANSFEROR, ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS, OR OTHER PROCEEDINGS UNDER ANY UNITED STATES FEDERAL OR STATE BANKRUPTCY OR SIMILAR LAW.

No. [Reg. S/R-1] [144A/R-1] Up to $23,100,000

[CUSIP NO. _____]
[CUSIP NO. _____]

Class B Note Rate: One-Month LIBOR plus 0.70%

NORDSTROM CREDIT CARD MASTER NOTE TRUST

SERIES 2002-1 FLOATING RATE ASSET BACKED NOTE, CLASS B

Nordstrom Credit Card Master Note Trust (herein referred to as the "Issuer" or the "Trust"), a Delaware statutory business trust governed by a Trust Agreement, dated April 1, 2002 (the "Trust Agreement"), between Nordstrom Credit Card Receivables LLC, as transferor (the "Transferor"), and Wilmington Trust Company, as owner trustee (the "Owner Trustee"), for value received, hereby promises to pay to DTC, or its registered assigns, subject to the following provisions, the principal sum of TWENTY THREE MILLION ONE HUNDRED THOUSAND DOLLARS, or such greater or lesser amount as determined in accordance with the Indenture, on

the Series 2002-1 Final Maturity Date (which is the earlier to occur of (a) the Distribution Date on which the Note Principal Balance is paid in full and (b) the October 13, 2010 Distribution Date), except as otherwise provided below or in the Indenture. The Issuer will pay interest on the unpaid principal amount of this Note at One-Month LIBOR plus 0.70% on each Distribution Date until the principal amount of this Note is paid in full. Interest on this Note will accrue for each Distribution Date from and including the preceding Distribution Date (or in the case of the initial Distribution Date, the Closing Date) to but excluding the current Distribution Date. Interest will be computed on the basis of the actual number of days in such Interest Period and a 360-day year. Principal of this Note shall be paid in the manner specified on the reverse hereof.

"LIBOR Determination Date" means two London Business Day prior to the Closing Date with respect to the first Distribution Date and, as to each subsequent Distribution Date, two London Business Days prior to the immediately preceding Distribution Date.

"London Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions in London, England, are authorized or obligated by law or government decree to be closed.

"One-Month LIBOR" means, with respect to any Interest Period, the London interbank offered rate for deposits in U.S. dollars having a maturity of one month commencing on the related LIBOR Determination Date which appears on Telerate Page 3750, or such other source as is customarily used to quote LIBOR, as of 11:00 a.m., London time, on such LIBOR Determination Date. If the rates used to determine LIBOR do not appear on the Telerate Page 3750, or such other source as is customarily used to quote LIBOR, the rates for that day will be determined on the basis of the rates at which deposits in U.S. dollars, having a maturity of one month and in a principal amount of not less than U.S. $1,000,000 are offered at approximately 11:00 a.m., London time, on such LIBOR Determination Date to prime banks in the London interbank market by the reference banks. The Indenture Trustee will request the principal London office of each of such reference banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for that day will be the arithmetic mean to the nearest 1/100,000 of 1% (0.0000001), with five one-millionths of a percentage point rounded upward, of all such quotations. If fewer than two such quotations are provided, the rate for that day will be the arithmetic mean to the nearest 1/100,000 of 1% (0.0000001), with five one-millionths of a percentage point rounded upward, of the offered per annum rates that one or more leading banks in New York City, selected by the Indenture Trustee, are quoting as of approximately 11:00 a.m., New York City time, on such LIBOR Determination Date to leading European banks for United States dollar deposits for that maturity; provided that if the banks selected as aforesaid are not quoting as mentioned in this sentence, LIBOR in effect for the applicable Interest Period will be LIBOR in effect for the previous interest period. The "Telerate Page 3750" is the display page named that on the Dow Jones Telerate Services (or any other page that replaces that page on that service for the purpose of displaying comparable name of rates). The reference banks are the four major banks in the London interbank market selected by the Indenture Trustee.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Master Indenture or the Series 2002-1 Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

THIS CLASS B NOTE IS SUBORDINATED TO THE EXTENT NECESSARY TO FUND PAYMENT ON THE CLASS A NOTES TO THE EXTENT SPECIFIED IN THE SERIES 2002-1 INDENTURE SUPPLEMENT.

IN WITNESS WHEREOF, the Issuer has caused this Class B Note to be duly executed.

NORDSTROM CREDIT CARD MASTER NOTE TRUST,
as Issuer

BY: WILMINGTON TRUST COMPANY,
not in its individual capacity but
solely as Owner Trustee under the
Trust Agreement

By:

Name:
Title:

Dated: _____, _____

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class B Notes described in the within-mentioned Indenture.

WELLS FARGO BANK MINNESOTA,
NATIONAL ASSOCIATION,
as Indenture Trustee

By:

Authorized Signatory

NORDSTROM CREDIT CARD MASTER NOTE TRUST
SERIES 2002-1 FLOATING RATE ASSET BACKED NOTE, CLASS B

Summary of Terms and Conditions

This Class B Note is one of a duly authorized issue of Notes of the Issuer, designated as Nordstrom Credit Card Master Note Trust, Series 2002-1 (the "Series 2002-1 Notes"), issued under a Master Indenture, dated as of April 1, 2002 (the "Master Indenture"), between the Issuer and Wells Fargo Bank Minnesota, National Association, as indenture trustee (the "Indenture Trustee"), as supplemented by the Series 2002-1 Indenture Supplement, dated as of April 1, 2002 (the "Series 2002-1 Indenture Supplement"), and representing the right to receive certain payments from the Issuer. The term "Indenture," unless the context otherwise requires, refers to the Master Indenture as supplemented by the Series 2002-1 Indenture Supplement. The Notes are subject to all of the terms of the Indenture. All terms used in this Note that are defined in the Indenture has the meanings assigned to them in or pursuant to the Indenture. In the event of any conflict or inconsistency between the Indenture and this Note, the Indenture shall control.

The Class A Notes and the Class C Notes will also be issued under the Indenture.

The Noteholder, by its acceptance of this Note, agrees that it will look solely to the property of the Trust allocated to the payment of this Note for payment hereunder and that the Indenture Trustee is not liable to the Noteholders for any amount payable under the Note or the Indenture or, except as expressly provided in the Indenture, subject to any liability under the Indenture.

This Class B Note does not purport to summarize the Indenture and reference is made to the Indenture for the interests, rights and limitations of rights, benefits, obligations and duties evidenced thereby, and the rights, duties and immunities of the Indenture Trustee.

The Class B Note Initial Principal Balance is $23,100,000. The Class B Note Principal Balance on any date of determination will be an amount equal to (a) the Class B Note Initial Principal Balance, minus (b) the aggregate amount of principal payments made to the Class B Noteholders on or prior to such date.

The Expected Final Principal Payment Date is the April 2007 Distribution Date, but principal with respect to the Class B Notes may be paid earlier or later under certain circumstances described in the Indenture. If for one or more months during the Controlled Accumulation Period there are not sufficient funds to deposit into the Principal Funding Account the Controlled Deposit Amount, then to the extent that excess funds are not available on subsequent Distribution Dates with respect to the Controlled Accumulation Period to make up for such shortfalls, the final payment of principal of the Class B Notes will occur later than the Expected Final Principal Payment Date. Payments of principal of the Class B Notes shall be payable in accordance with the provisions of the Indenture.

Subject to the terms and conditions of the Indenture, the Transferor may, from time to time, direct the Owner Trustee, on behalf of the Trust, to issue one or more new Series of Notes.

On each Distribution Date, the Paying Agent shall distribute to each Class B Noteholder of record on the related Record Date (except for the final distribution in respect of this Class B Note) such Class B Noteholder's pro rata share of the amounts held by the Paying Agent that are allocated and available on such Distribution Date to pay interest and principal on the Class B Notes pursuant to the Indenture Supplement. Except as provided in the Indenture with respect to a final distribution, distributions to Series 2002-1 Noteholders shall be made by (i) check mailed to each Series 2002-1 Noteholder (at such Noteholder's address as it appears in the Note Register), except that with respect to any Series 2002-1 Notes registered in the name of the nominee of a Clearing Agency, such distribution shall be made in immediately available funds and (ii) without presentation or surrender of any Series 2002-1 Note or the making of any notation thereon. Final payment of this Class B Note will be made only upon presentation and surrender of this Class B Note at the office or agency specified in the notice of final distribution delivered by the Indenture Trustee to the Series 2002-1 Noteholders in accordance with the Indenture.

On any day occurring on or after the date on which the outstanding principal balance of the Series 2002-1 Notes is reduced to 10% or less of the initial Note Principal Balance, the Servicer shall have the option to redeem the Series 2002-1 Notes, at a purchase price equal to (i) if such day is a Distribution Date, the Reassignment Amount for such Distribution Date or (ii) if such day is not a Distribution Date, the Reassignment Amount for the Distribution Date following such day.

THIS CLASS B NOTE DOES NOT REPRESENT AN OBLIGATION OF, OR AN INTEREST IN, THE TRANSFEROR, NORDSTROM FSB OR ANY AFFILIATE OF ANY OF THEM AND IS NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

Each Noteholder, by accepting a Note, hereby covenants and agrees that it will not at any time institute against the Issuer or the Transferor, or join in instituting against the Issuer or the Transferor, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law.

Except as otherwise provided in the Indenture Supplement, the Class B Notes are issuable only in minimum denominations of $100,000 and integral multiples of $1,000. The transfer of this Class B Note shall be registered in the Note Register upon surrender of this Class B Note for registration of transfer at any office or agency maintained by the Transfer Agent and Registrar accompanied by a written instrument of transfer, in a form satisfactory to the Indenture Trustee or the Transfer Agent and Registrar, duly executed by the Class B Noteholder or such Class B Noteholder's attorney, and duly authorized in writing with such signature guaranteed, and thereupon one or more new Class B Notes in any authorized denominations of like aggregate principal amount will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, Class B Notes are exchangeable for new Class B Notes in any authorized denominations and of like aggregate principal amount, upon surrender of such Notes to be exchanged at the office or agency of the Transfer Agent and Registrar. No service charge may be imposed for any such

exchange but the Issuer or Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Issuer, the Transferor, the Indenture Trustee and any agent of the Issuer, Transferor or the Indenture Trustee shall treat the person in whose name this Class B Note is registered as the owner hereof for all purposes, and neither the Issuer, the Transferor, the Indenture Trustee nor any agent of the Issuer, Transferor or the Indenture Trustee shall be affected by notice to the contrary.

THIS CLASS B NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Limitation of Liability. Notwithstanding any other provision herein or elsewhere, this Agreement has been executed and delivered by Wilmington Trust Company, not in its individual capacity, but solely in its capacity as Owner Trustee of the Trust, in no event shall Owner Trustee in its individual capacity have any liability in respect of the representations, warranties, or obligations of the Trust hereunder or under any other document, as to all of which recourse shall be had solely to the assets of the Trust, and for all purposes of this Agreement and each other document, the Owner Trustee (as such or in its individual capacity) shall be subject to, and entitled to the benefits of, the terms and provisions of the Trust Agreement.

ASSIGNMENT

Social Security or other identifying number of assignee _____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____(2)

Signature Guaranteed:

- ----------

(2) NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE OF EXCHANGES IN GLOBAL SECURITY

The following exchanges of a part of this Global Security have been made:

Date of Exchange	Amount of Decrease in Principal Amount of this Global Security	Amount of Increase in Principal Amount of this Global Security	Principal Amount of this Global Security following such decrease (or increase)	Signature of authorized officer of Trustee or securities Custodian

FORM OF SERIES 2002-1
0.00% ASSET BACKED NOTE, CLASS C

NO CLASS C NOTE MAY BE SOLD, TRANSFERRED, ASSIGNED OR CONVEYED (EACH A "TRANSFER") UNLESS THE INDENTURE TRUSTEE AND THE TRANSFEROR ARE PROVIDED WITH AN OPINION OF COUNSEL THAT SUCH TRANSFER WILL NOT CAUSE THE TRUST TO BE TREATED AS AN ASSOCIATION OR PUBLICLY TRADED PARTNERSHIP TAXABLE AS A CORPORATION FOR FEDERAL INCOME TAX PURPOSES.

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAW. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (I)(A) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO AN INSTITUTIONAL INVESTOR THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB"), PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (B) IN A TRANSACTION EFFECTED IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT AND (II) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTIONS.

THIS NOTE MAY NOT BE PURCHASED BY OR TRANSFERRED TO ANY "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF ERISA (WHETHER OR NOT SUBJECT TO ERISA, AND INCLUDING, WITHOUT LIMITATION, FOREIGN AND GOVERNMENTAL PLANS) OR ANY "PLAN" DESCRIBED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "INTERNAL REVENUE CODE"), OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY.

THE PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

TRANSFERS OF THE NOTES MUST GENERALLY BE ACCOMPANIED BY APPROPRIATE TAX TRANSFER DOCUMENTATION AND ARE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE INDENTURE.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF COVENANTS AND AGREES THAT IT WILL NOT AT ANY TIME INSTITUTE AGAINST THE ISSUER OR THE TRANSFEROR, OR JOIN IN INSTITUTING AGAINST THE ISSUER OR THE TRANSFEROR, ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS, OR OTHER PROCEEDINGS UNDER ANY UNITED STATES FEDERAL OR STATE BANKRUPTCY OR SIMILAR LAW.

$19,800,000
No. C-1

NORDSTROM CREDIT CARD MASTER NOTE TRUST

SERIES 2002-1 0.00% ASSET BACKED NOTE, CLASS C

Nordstrom Credit Card Master Note Trust (herein referred to as the "Issuer" or the "Trust"), a Delaware statutory business trust governed by a Trust Agreement, dated as of April 1, 2002 (the "Trust Agreement"), between Nordstrom Credit Card Receivables LLC, as transferor (the "Transferor"), and Wilmington Trust Company, as owner trustee, (the "Owner Trustee"), for value received, hereby promises to pay to Nordstrom Credit Card Receivables LLC, or registered assigns, subject to the following provisions, the principal sum of NINETEEN MILLION EIGHT HUNDRED THOUSAND DOLLARS, or such greater or lesser amount as determined in accordance with the Indenture, on the Series 2002-1 Final Maturity Date (which is the earlier to occur of (a) the Distribution Date on which the Note Principal Balance is paid in full and (b) the April 2007 Distribution Date), except as otherwise provided below or in the Indenture. The Issuer will pay interest on the unpaid principal amount of this Note at the Class C Note Interest Rate on each Distribution Date until the principal amount of this Note is paid in full. Interest on this Note will accrue for each Distribution Date from and including the most recent Distribution Date on which interest has been paid to but excluding such Distribution Date or, for the initial Distribution Date, from and including the Closing Date to but excluding such Distribution Date. Interest will be computed on the basis of the actual number of days in such Interest Period and a 360-day year. Principal of this Note shall be paid in the manner specified on the reverse hereof.

"Class C Note Interest Rate" means a per annum rate of 0.00% or the rate specified by the Transferor pursuant to Section 4.02(b) of the Series 2002-1 Indenture Supplement.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Master Indenture or the Series 2002-1 Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

THIS CLASS C NOTE IS SUBORDINATED TO THE EXTENT NECESSARY TO FUND PAYMENTS ON THE CLASS A NOTES AND THE CLASS B NOTES TO THE EXTENT SPECIFIED IN THE SERIES 2002-1 INDENTURE SUPPLEMENT.

IN WITNESS WHEREOF, the Issuer has caused this Class C Note to be duly executed.

NORDSTROM CREDIT CARD MASTER NOTE TRUST,
as Issuer

BY: WILMINGTON TRUST COMPANY,
not in its individual capacity but solely
as Owner Trustee under the Trust Agreement

By:

Name:
Title:

Dated:
---,---

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class C Notes described in the within-mentioned Indenture.

WELLS FARGO BANK MINNESOTA,
NATIONAL ASSOCIATION,
as Indenture Trustee

By:

Authorized Signatory

NORDSTROM CREDIT CARD MASTER NOTE TRUST

SERIES 2002-1 0.00% ASSET BACKED NOTE, CLASS C

Summary of Terms and Conditions

This Class C Note is one of a duly authorized issue of Notes of the Issuer, designated as Nordstrom Credit Card Master Note Trust, Series 2002-1 (the "Series 2002-1 Notes"), issued under a Master Indenture, dated as of April 1, 2002 (the "Master Indenture"), between the Issuer and Wells Fargo Bank Minnesota, National Association, as indenture trustee (the "Indenture Trustee"), as supplemented by the Series 2002-1 Indenture Supplement, dated as of April 1, 2002 (the "Series 2002-1 Indenture Supplement"), and representing the right to receive certain payments from the Issuer. The term "Indenture," unless the context otherwise requires, refers to the Master Indenture as supplemented by the Series 2002-1 Indenture Supplement. The Notes are subject to all of the terms of the Indenture. All terms used in this Note that are defined in the Indenture has the meanings assigned to them in or pursuant to the Indenture. In the event of any conflict or inconsistency between the Indenture and this Note, the Indenture shall control.

The Class A Notes and the Class B Notes will also be issued under the Indenture.

The Noteholder, by its acceptance of this Note, agrees that it will look solely to the property of the Trust allocated to the payment of this Note for payment hereunder and that the Indenture Trustee is not liable to the Noteholders for any amount payable under the Note or the Indenture or, except as expressly provided in the Indenture, subject to any liability under the Indenture.

This Note does not purport to summarize the Indenture and reference is made to the Indenture for the interests, rights and limitations of rights, benefits, obligations and duties evidenced thereby, and the rights, duties and immunities of the Indenture Trustee.

The Class C Note Initial Principal Balance is $19,800,000. The Class C Note Principal Balance on any date of determination will be an amount equal to (a) the Class C Note Initial Principal Balance, minus (b) the aggregate amount of principal payments made to the Class C Noteholders on or prior to such date.

Subject to the terms and conditions of the Indenture, the Transferor may, from time to time, direct the Owner Trustee, on behalf of the Trust, to issue one or more new Series of Notes.

On each Distribution Date, the Paying Agent shall distribute to each Class C Noteholder of record on the related Record Date (except for the final distribution in respect of this Class C Note) such Class C Noteholder's pro rata share of the amounts held by the Paying Agent that are allocated and available on such Distribution Date to pay interest and principal on the Class C Notes pursuant to the Indenture Supplement. Except as provided in the Indenture with respect to a final distribution, distributions to Series 2002-1 Noteholders shall be made by (i) check mailed to each Series 2002-1 Noteholder (at such Noteholder's address as it appears in the Note Register), except that with respect to any Series 2002-1 Notes registered in the name of the nominee of a Clearing Agency, such distribution shall be made in immediately available funds

and (ii) without presentation or surrender of any Series 2002-1 Note or the making of any notation thereon. Final payment of this Class C Note will be made only upon presentation and surrender of this Class C Note at the office or agency specified in the notice of final distribution delivered by the Indenture Trustee to the Series 2002-1 Noteholders in accordance with the Indenture.

On any day occurring on or after the date on which the outstanding principal balance of the Series 2002-1 Notes is reduced to 10% or less of the initial Note Principal Balance, the Servicer shall have the option to redeem the Series 2002-1 Notes, at a purchase price equal to (i) if such day is a Distribution Date, the Reassignment Amount for such Distribution Date or (ii) if such day is not a Distribution Date, the Reassignment Amount for the Distribution Date following such day.

THIS NOTE DOES NOT REPRESENT AN OBLIGATION OF, OR AN INTEREST IN, THE TRANSFEROR, NORDSTROM FSB OR ANY AFFILIATE OF ANY OF THEM AND IS NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

Each Noteholder, by accepting a Note, hereby covenants and agrees that it will not at any time institute against the Issuer or the Transferor, or join in instituting against the Issuer or the Transferor, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law.

Except as otherwise provided in the Indenture Supplement, the Class C Notes are issuable only in minimum denominations of $100,000 and integral multiples of $1,000. The transfer of this Class C Note shall be registered in the Note Register upon surrender of this Class C Note for registration of transfer at any office or agency maintained by the Transfer Agent and Registrar accompanied by a written instrument of transfer, in a form satisfactory to the Indenture Trustee or the Transfer Agent and Registrar, duly executed by the Class C Noteholder or such Class C Noteholder's attorney, and duly authorized in writing with such signature guaranteed, and thereupon one or more new Class C Notes in any authorized denominations of like aggregate principal amount will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, Class C Notes are exchangeable for new Class C Notes in any authorized denominations and of like aggregate principal amount, upon surrender of such Notes to be exchanged at the office or agency of the Transfer Agent and Registrar. No service charge may be imposed for any such exchange but the Issuer or Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Issuer, the Transferor, the Indenture Trustee and any agent of the Issuer, the Transferor or the Indenture Trustee shall treat the person in whose name this Class C Note is registered as the owner hereof for all purposes, and neither the Issuer, the Transferor, the Indenture Trustee nor any agent of the Issuer, the Transferor or the Indenture Trustee shall be affected by notice to the contrary.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Limitation of Liability. Notwithstanding any other provision herein or elsewhere, this Agreement has been executed and delivered by Wilmington Trust Company, not in its individual capacity, but solely in its capacity as Owner Trustee of the Trust, in no event shall Owner Trustee in its individual capacity have any liability in respect of the representations, warranties, or obligations of the Trust hereunder or under any other document, as to all of which recourse shall be had solely to the assets of the Trust, and for all purposes of this Agreement and each other document, the Owner Trustee (as such or in its individual capacity) shall be subject to, and entitled to the benefits of, the terms and provisions of the Trust Agreement.

ASSIGNMENT

Social Security or other identifying number of assignee _____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ 3

_____ _____
Signature Guaranteed:

3 NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever

EXHIBIT B

FORM OF MONTHLY PAYMENT INSTRUCTIONS AND

NOTIFICATION TO THE INDENTURE TRUSTEE

NORDSTROM CREDIT CARD MASTER NOTE TRUST

SERIES 2002-1

The undersigned, a duly authorized representative of Nordstrom fsb, as Servicer (the "Servicer") pursuant to the Transfer and Servicing Agreement, dated as of April 1, 2002 (as amended and supplemented, the "Transfer and Servicing Agreement"), among the Servicer, Nordstrom Credit Card Receivables LLC, as Transferor, Nordstrom Credit Card Master Note Trust (the "Trust"), and Wells Fargo Bank Minnesota, National Association, as owner trustee, does hereby certify as follows:

1. Capitalized terms used in this Certificate have their respective meanings set forth in the Transfer and Servicing Agreement or the Master Indenture, dated as of April 1, 2002 (the "Master Indenture"), between the Trust and Wells Fargo Bank Minnesota, National Association, as indenture trustee (the "Indenture Trustee") as supplemented by the Series 2002-1 Indenture Supplement, dated as of April 1, 2002, between the Trust and the Indenture Trustee (as amended and supplemented, the "Series 2002-1 Indenture Supplement"), as applicable.

2. Nordstrom fsb is the Servicer.

3. The undersigned is an Authorized Officer of the Servicer.

I. Instruction to Make a Withdrawal

Pursuant to Section 4.03(a) of the Series 2002-1 Indenture Supplement, the Servicer does hereby instruct the Indenture Trustee (i) to make withdrawals from the Collection Account on _____, ____, which date is a Distribution Date under the Series 2002-1 Indenture Supplement, in the aggregate amounts (equal to the Available Finance Charge Collections) as set forth below in respect of the following amounts and (ii) to apply the proceeds of such withdrawals in accordance with Sections 3.01(a) and 4.03(a):

(A) Pursuant to Section 4.03(a)(i):

(1) The Monthly Servicing Fee for such Distribution Date $_____

(2) Accrued and unpaid Monthly Servicing Fees $_____

(B) Pursuant to Section 4.03(a)(ii):

(1) Interest at the Class A Note Interest Rate for the related Interest Period on the outstanding principal balance of the Class A Notes $_____

(2) Class A Monthly Interest previously due but not paid $_____

(3) Class A Additional Interest and any Class A Additional Interest previously due but not paid $_____

(C) Pursuant to Section 4.03(a)(iii):

(1) Interest at the Class B Note Interest Rate for the related Interest Period on the outstanding principal balance of the Class B Notes $_____

(2) Class B Monthly Interest previously due but not paid $_____

(3) Class B Additional Interest and any Class B Additional Interest previously due but not paid $_____

(D) Pursuant to Section 4.03(a)(iv):

(1) Interest at the Class C Note Interest Rate for the related Interest Period on the outstanding principal balance of the Class C Notes $_____

(2) Class C Monthly Interest previously due but not paid $_____

(3) Class C Additional Interest and any Class C Additional Interest previously due but not paid $_____

(E) Pursuant to Section 4.03(a)(v):

(1) Investor Default Amount and Investor Uncovered Dilution Amount for such Distribution Date to be treated as Available Principal Collections $_____

(F) Pursuant to Section 4.03(a)(vi):

(1) Aggregate amount of Investor Charge-Offs and Reallocated Principal Collections not previously reimbursed to be treated as Available Principal Collections $_____

(G) Pursuant to Section 4.03(a)(viii):

(1) An amount equal to the amount to be deposited in the Reserve Account $_____

(H) Pursuant to Section 4.03(a)(ix):

(1) An amount equal to the Transition Expenses $_____

Pursuant to Sections 4.03(b), (c) and (d), the Servicer hereby instructs the Indenture Trustee (i) to make withdrawals from the Collection Account on _____, which date is a Distribution Date under the Series 2002-1 Indenture Supplement, in the aggregate amounts (equal to the Available Principal Collections) as set forth below in respect of the following amounts and (ii) to apply the proceeds of such withdrawals in accordance with Sections 4.03(b), (c) and (d):

(A) Pursuant to Section 4.03(b):

(1) During the Revolving Period, amount equal to Available Principal Collections to be treated as Shared Principal Collections $_____

(B) Pursuant to Section 4.03(c):

(1) During Controlled Accumulation Period, Available Principal Collections for such Distribution Date deposited into the Principal Funding Account $_____

(C) Pursuant to Section 4.03(d)(i):

(1) During Early Amortization Period, Available Principal Collections for such Distribution Date to Class A Notes until Class A Notes paid in full $_____

(D) Pursuant to Section 4.03(d)(ii):

(1) After giving effect to clause (C) above, during Early Amortization Period, if any remaining Available Principal Collections, to Class B Notes until Class B Notes paid in full $_____

(E) Pursuant to Section 4.03(d)(iii):

(1) After giving effect to clauses (C) and (D) above, during Early Amortization Period, if any remaining Available Principal Collections, to Class C Notes until Class C Notes paid in full $_____

(F) Pursuant to Section 4.03(d)(iv):

(1) Amount, if any, remaining after giving effect to clauses (C), (D) and (E) above, to be treated as Shared Principal Collections $_____

Pursuant to Section 4.05, the Servicer does hereby instruct the Indenture Trustee to apply on _____, which is a Distribution Date under the Series 2002-1 Indenture Supplement, any Reallocated Principal Collections for such Distribution Date in amount equal to $_____.

INSTRUCTION TO MAKE CERTAIN PAYMENTS

Pursuant to Section 5.02, the Servicer does hereby instruct the Indenture Trustee or the Paying Agent, as the case may be, to pay in accordance with Section 5.02 from the Collection Account or the Principal Funding Account, as applicable, on _____, which date is a Distribution Date under the Series 2002-1 Indenture Supplement, the following amounts as set forth below:

(A) Pursuant to Section 5.02(a):
Interest to be distributed to Class A Noteholders $_____

(B) Pursuant to Section 5.02(a):
Principal to be distributed to Class A Noteholders $_____

(C) Pursuant to Section 5.02(b):
Interest to be distributed to Class B Noteholders $_____

(D) Pursuant to Section 5.02(b):
Principal to be distributed to Class B Noteholders $_____

(E) Pursuant to Section 5.02(c):
Interest to be distributed to Class C Noteholders $_____

(F) Pursuant to Section 5.02(c):
Principal to be distributed to Class C Noteholders $_____

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate this ____ day of _____, ____.

NORDSTROM fsb,
as Servicer

By:

Name:
Title:

EXHIBIT C

FORM OF MONTHLY STATEMENT

NORDSTROM CREDIT CARD MASTER NOTE TRUST

SERIES 2002-1

Pursuant to the Master Indenture, dated as of April 1, 2002 (as amended, supplemented or modified from time to time, the "Master Indenture"), between Nordstrom Credit Card Master Note Trust (the "Trust") and Wilmington Trust Company, as indenture trustee (the "Indenture Trustee"), as supplemented by the Series 2002-1 Indenture Supplement, dated as of April 1, 2002 (the "Series 2002-1 Indenture Supplement"), between the Trust and the Indenture Trustee, Nordstrom fsb, as Servicer (the "Servicer") under the Transfer and Servicing Agreement, dated as of April 1, 2002 (the "Transfer and Servicing Agreement"), among Nordstrom Credit Card Receivables LLC, as Transferor, the Servicer, the Trust and Wells Fargo Bank Minnesota, National Association, as Indenture Trustee, is required to prepare certain information each month regarding current distributions to the Series 2002-1 Noteholders and the performance of the Trust during the previous month. The information which is required to be prepared with respect to the Distribution Date of _____, and with respect to the performance of the Trust during the month of _____ is set forth below. Capitalized terms used in this Monthly Statement have their respective meanings set forth in the Master Indenture and the Series 2002-1 Indenture Supplement.

(A) Information regarding distributions in respect of the Class A Notes

(1) The total amount of the distribution in respect of Class A Notes $_____

(2) The amount of the distribution set forth in paragraph 1 above in respect of interest on the Class A Notes $_____

(3) The amount of the distribution set forth in paragraph 1 above in respect of principal of the Class A Notes $_____

(B) Information regarding distributions in respect of the Class B Notes

(1) The total amount of the distribution in respect of Class B Notes $_____

(2) The amount of the distribution set forth in paragraph 1 above in respect of interest on the Class B Notes $_____

(3) The amount of the distribution set forth in paragraph 1 above in respect of principal of the Class B Notes $_____

(C) Information regarding distributions in respect of the Class C Notes

(1) The total amount of the distribution in respect of Class C Notes $_____

(2) The amount of the distribution set forth in paragraph 1 above in respect of interest on the Class C Notes $_____

(3) The amount of the distribution set forth in paragraph 1 above in respect of principal of the Class C Notes $_____

Receivables --

Beginning of the Month Principal Receivables:	$_____
Beginning of the Month Finance Charge Receivables:	$_____
Beginning of the Month Total Receivables:	$_____
Removed Principal Receivables:	$_____
Removed Finance Charge Receivables:	$_____
Removed Total Receivables:	$_____
Additional Principal Receivables:	$_____
Additional Finance Charge Receivables:	$_____
Additional Total Receivables:	$_____
Discounted Receivables Generated this Period:	$_____
Net Recoveries for month of _____, 200_	$_____
Interchange	$_____
End of the Month Principal Receivables:	$_____
End of the Month Finance Charge Receivables:	$_____
End of the Month Total Receivables:	$_____
Special Funding Account Balance:	$_____
Aggregate Principal Balance (all Series):	$_____
End of the Month Transferor Interest:	$_____

Delinquencies And Losses --

End of the Month Delinquencies:	Receivables
31-60 Days Delinquent	$_____
61-90 Days Delinquent	$_____
91+ Days Delinquent	$_____
Total 31+ Days Delinquent	$_____
Defaulted Receivables During the Month	$_____
Note Principal Balances --	
Class A Note Principal Balance	$_____
Class B Note Principal Balance	$_____
Class C Note Principal Balance	$_____
Initial Invested Amount	$_____
Investor Default Amount	$_____
Investor Charge-Offs	$_____
Series 2002-1	_____%
Floating Investor Percentage	_____%
Fixed Investor Percentage	
Available Finance Charge Collections	$_____
Investor Default Amount	$_____
Monthly Servicing Fees	$_____
Available Principal Collections	$_____
Required Transferor Interest	$_____
Excess Finance Charge Collections	$_____
Shared Principal Collections	$_____
Application Of Collections --	
Monthly Servicing Fee	$_____
Class A Monthly Interest	$_____
Class B Monthly Interest	$_____
Class C Monthly Interest	$_____
Investor Default Amount	$_____
Investor Charge Offs and Reallocated Principal Collections not previously reimbursed	$_____
Amounts To Be Deposited In The Reserve Account	$_____
Reserve Account Draw Amount	$_____

Excess Finance Charges Collections	
Total Excess Finance Charge Collections for all allocation series	$_____
Yield And Base Rate --	
Base Rate (Current Month)	_____%
Base Rate (Prior Month)	_____%
Base Rate (Two Months Ago)	_____%
Three Month Average Base Rate	_____%
Portfolio Yield (Current Month)	_____%
Portfolio Yield (Prior Month)	_____%
Portfolio Yield (Two Months Ago)	_____%
Three Month Average Portfolio Yield	_____%
Principal Collections --	
Principal Funding Account Balance	
Series 2002-1 Principal Shortfall	$_____
Shared Principal Collections Allocable from other Principal Sharing Series	$_____
Investor Charge Offs and Reductions	
Investor Charge Offs	$_____
Reductions in Invested Amount (other than by Principal Payments)	$_____
Previous Reductions In Invested Amount Reimbursed	$_____

NORDSTROM fsb,
as Servicer

By:

Name:
Title:

EXHIBIT D

FORM OF MONTHLY SERVICER'S CERTIFICATE

NORDSTROM fsb

NORDSTROM CREDIT CARD MASTER NOTE TRUST

SERIES 2002-1

The undersigned, a duly authorized representative of Nordstrom fsb, as Servicer (the "Servicer") pursuant to the Transfer and Servicing Agreement, dated as of April 1, 2002 (as amended and supplemented, the "Transfer and Servicing Agreement"), among the Servicer, Nordstrom Credit Card Receivables LLC, as Transferor, Nordstrom Credit Card Master Note Trust (the "Trust") and Wells Fargo Bank Minnesota, National Association, as Indenture Trustee (the "Indenture Trustee"), does hereby certify as follows:

1. Capitalized terms used in this Certificate have their respective meanings set forth in the Transfer and Servicing Agreement or the Master Indenture, dated as of April 1, 2002 (as amended or supplemented, the "Master Indenture"), between the Trust and the Indenture Trustee as supplemented by the Series 2002-1 Indenture Supplement, dated as of April 1, 2002, between the Trust and the Indenture Trustee (as amended and supplemented, the "Series 2002-1 Indenture Supplement" and together with the Master Indenture, the "Indenture"), as applicable.

2. Nordstrom fsb is, as of the date hereof, the Servicer under the Transfer and Servicing Agreement.

3. The undersigned is an Authorized Officer of the Servicer. This Certificate relates to the Distribution Date occurring on _____ ____, 200_. As of the date hereof, to the best knowledge of the undersigned, the Servicer has performed in all material respects all its obligations under the Transfer and Servicing Agreement and the Indenture through the Monthly Period preceding such Distribution Date [or, if there has been a default in the performance of any such obligation, set forth in detail the (i) nature of such default, (ii) the action taken by the Servicer, if any, to remedy such default and (iii) the current status of each such default]; if applicable, insert "None."

4. As of the date hereof, to the best knowledge of the undersigned, no Pay Out Event occurred on or prior to such Distribution Date.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Certificate this _____ day of _____, _____.

NORDSTROM fsb,
as Servicer

By:_____
Name:
Title:

EXHIBIT E

FORM OF TRANSFER CERTIFICATE
FOR TRANSFER FROM A REGULATION S GLOBAL NOTE TO A RULE 144A GLOBAL NOTE
(Transfer pursuant to Section 2.03(e)(ii) of the
Series 2002-1 Indenture Supplement)

---------, ----

Wells Fargo Bank Minnesota, National Association,
as Indenture Trustee
625 Marquette Avenue
MAC N9311-161
Minneapolis, Minnesota 55479
Attention: Corporate Trust, Asset Backed Securities

Re: Nordstrom Credit Card Master Note Trust, Series 2002-1, Class A Notes and Class B Notes

Dear Sirs:

In connection with our proposed purchase of $_____ aggregate principal amount of Asset Backed Notes, Class A (the "Class A Notes") and $_____ aggregate principal amount of Asset Backed Notes, Class B (the "Class B Notes", and together with the Class A Notes, the "Offered Notes"), representing obligations of the Nordstrom Credit Card Master Note Trust (the "Trust"), the investor on whose behalf the undersigned is executing this letter (the "Transferee") confirms that:

1. Reference is made to the offering circular, as supplemented by the offering circular supplement, each dated _____ (collectively the "Offering Circular"), relating to the Offered Notes. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Offering Circular. The Transferee has received a copy of the Offering Circular and such other information as the Transferee deems necessary in order to make its investment decision and the Transferee has been provided the opportunity to ask questions of, and receive answers from, the Servicer and Nordstrom Credit Card Receivables LLC, as Transferor, concerning the Servicer, the Transferor and the terms and conditions of the offering described in the Offering Circular. The Transferee has received and understands the above, and understands that substantial risks are involved in an investment in the Offered Notes. The Transferee represents that in making its investment decision to acquire the Offered Notes, the Transferee has not relied on representations, warranties, opinions, projections, financial or other information or analysis, if any, supplied to it by any person, including you, the Transferor, the Servicer or the Owner Trustee or any of your or their affiliates, except as expressly contained in the Offering Circular and in the other written information, if any, discussed above. The

Transferee acknowledges that it has read and agreed to the matters stated on pages S-2 through S-3 of such Offering Circular and the information under the heading "Transfer Restrictions." The Transferee has relied upon its own tax, legal and financial advisors in connection with its decision to purchase the Offered Notes.

2. The Transferee is (i) a "Qualified Institutional Buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) and (ii) acquiring the Offered Notes for its own account or for the account of an investor of the type described in clause (i)(a) above as to each of which the Transferee exercises sole investment discretion. The Transferee is purchasing the Offered Notes for investment purposes and not with a view to, or for, the offer or sale in connection with, a public distribution or in any other manner that would violate the Securities Act or the securities or Blue Sky laws of any State.

3. The Transferee understands that (i) the Offered Notes have not been and will not be registered under the Securities Act or any state securities or Blue Sky law, and may not be reoffered, resold, pledged or otherwise transferred except (a) to a person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A or (b) in a transaction complying with the provisions of Rule 903 or 904 under the Securities Act, in each case, in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdictions, and that (ii) the Transferee will, and each subsequent holder is required to, notify any subsequent Transferee of such Offered Notes from it of the resale restrictions referred to in (i) above.

4. The Transferee agrees that if in the future it should offer, sell or otherwise transfer such Offered Note, it will do so only (i) pursuant to Rule 144A to a person who the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, purchasing for its own account or for the account of a QIB, whom the holder has informed that such offer, sale or other transfer is being made in reliance on Rule 144A, or (ii) in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S.

5. The Transferee acknowledges that the Offered Notes offered in reliance on Rule 144A will be represented by a Rule 144A Global Note.

6. Each Offered Note will bear a legend to the following effect, unless the Transferor and the Indenture Trustee determine otherwise in accordance with applicable law:

> "THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAW. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (I)(A) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO AN INSTITUTIONAL INVESTOR THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN

THE MEANING OF RULE 144A (A "QIB"), PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (B) IN A TRANSACTION EFFECTED IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT AND (II) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTIONS.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

NO RESALE OR OTHER TRANSFER OF ANY NOTE SHALL BE MADE TO ANY TRANSFEREE UNLESS: (A) SUCH TRANSFEREE IS NOT, AND WILL NOT ACQUIRE THE NOTE ON BEHALF OR WITH PLAN ASSETS OF, AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR ANY OTHER "PLAN" AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "INTERNAL REVENUE CODE"), THAT IS SUBJECT TO ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE OR ANY ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (EACH, A "BENEFIT PLAN") OR (B) THE ACQUISITION AND HOLDING OF THE NOTE BY SUCH TRANSFEREE ARE ELIGIBLE FOR THE EXEMPTIVE RELIEF AVAILABLE UNDER PTCE 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 OR A SIMILAR EXEMPTION. EACH PURCHASER OR TRANSFEREE OF A NOTE, BY ITS ACCEPTANCE OF SUCH NOTE, WILL BE DEEMED TO HAVE MADE THE REPRESENTATION SET FORTH IN CLAUSE (A) OR (B) ABOVE.

THE PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

TRANSFERS OF THE NOTES MUST GENERALLY BE ACCOMPANIED BY APPROPRIATE TAX TRANSFER DOCUMENTATION AND ARE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE INDENTURE.

THE HOLDER, BY ACCEPTANCE OF THIS NOTE, SHALL BE DEEMED TO HAVE AGREED TO TREAT THE NOTE AS DEBT SOLELY OF THE TRUST FOR UNITED STATES FEDERAL, STATE AND LOCAL INCOME, SINGLE BUSINESS AND FRANCHISE TAX PURPOSES."

7. (a) The Transferee is not acquiring and will not acquire the Offered Notes on behalf of or with plan assets of any "employee benefit plan", as defined in Section 3(3) of ERISA, that is subject to the requirements of Title I of ERISA or any other "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code that is subject to Section 4975 of the Internal Revenue Code or any entity deemed to hold plan assets of any of the foregoing by reason of an employee benefit plan's or plan's investment in the entity (each, a "Benefit Plan") or (b) its acquisition and holding of the Offered Note are eligible for the exemptive relief available under PTCE 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 or a similar exemption. By its acceptance of an Offered Note each Transferee will be deemed to have made the representation set forth in clause (i) or (ii).

8. The Transferee agrees that if at some time in the future it wishes to transfer or exchange any of the Offered Notes, it will not transfer or exchange any of the Offered Notes unless such transfer or exchange is in accordance with the Indenture and the Indenture Supplement. The Transferee understands that any purported transfer of any Offered Note (or any interest therein) in contravention of any of the restrictions and conditions in the Indenture and the Indenture Supplement shall be void, and the purported transferee in such transfer shall not be recognized by the Trust or any other Person as an Offered Noteholder for any purpose.

The Transferee hereby irrevocably requests for you to arrange for Offered Notes to be purchased by the Transferee and to be recorded on the books of the Indenture Trustee as follows:

PRINCIPAL AMOUNT OF OFFERED NOTES	RECORDED IN NAME OF:

9. You and the Indenture Trustee are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

By: _____
Name:
Title:

EXHIBIT F

FORM OF TRANSFER CERTIFICATE
FOR SUBSEQUENT TRANSFER FROM A RULE 144A GLOBAL NOTE
TO A REGULATION S GLOBAL NOTE
(Transfer pursuant to Section 2.03(e)(iii) of the Indenture Supplement)

---------, ----

Wells Fargo Bank Minnesota, National Association,
as Indenture Trustee
625 Marquette Avenue
MAC N9311-161
Minneapolis, Minnesota 55479
Attention: Corporate Trust, Asset Backed Securities

Re: Nordstrom Credit Card Master Note Trust, Series 2002-1, Class A Notes and Class B Notes

Dear Sirs:

In connection with our proposed purchase of $_____ aggregate principal amount of Asset Backed Notes, Class A (the "Class A Notes") and $_____ aggregate principal amount of Asset Backed Notes, Class B (the "Class B Notes", and together with the Class A Notes, the "Offered Notes"), representing obligations of the Nordstrom Credit Card Master Note Trust (the "Trust"), the investor on whose behalf the undersigned is executing this letter (the "Transferee") confirms that:

1. Reference is made to the offering circular, as supplemented by the offering circular supplement, each dated _____ (collectively the "Offering Circular"), relating to the Offered Notes. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Offering Circular. The Transferee has received a copy of the Offering Circular and such other information as the Transferee deems necessary in order to make its investment decision and the Transferee has been provided the opportunity to ask questions of, and receive answers from, the Servicer and Nordstrom Credit Card Receivables LLC, as Transferor, concerning the Servicer, the Transferor and the terms and conditions of the offering described in the Offering Circular. The Transferee has received and understands the above, and understands that substantial risks are involved in an investment in the Offered Notes. The Transferee represents that in making its investment decision to acquire the Offered Notes, the Transferee has not relied on representations, warranties, opinions, projections, financial or other information or analysis, if any, supplied to it by any person, including you, the Transferor, the Servicer or the Owner Trustee or any of your or their affiliates, except as expressly contained in the Offering Circular and in the other written information, if any, discussed above. The Transferee has such knowledge and experience in financial and business matters as to be capable

of evaluating the merits and risks of an investment in the Offered Notes and the Transferee is able to bear the substantial economic risks of such an investment. The Transferee has relied upon its own tax, legal and financial advisors in connection with its decision to purchase the Offered Notes.

2. The Transferee is (i) was outside the United States when the order to purchase was originated and (ii) is not a United States person (as defined in Regulation S under the Securities Act ("Regulation S")) and is purchasing the Offered Notes in an offshore transaction pursuant to Rule 903 or 904 under Regulation S. The Transferee is purchasing the Offered Notes for investment purposes and not with a view to, or for, the offer or sale in connection with, a public distribution or in any other manner that would violate the Securities Act or the securities or Blue Sky laws of any State.

3. The Transferee understands that (i) the Offered Notes have not been and will not be registered under the Securities Act or any state securities or Blue Sky law, and may not be reoffered, resold, pledged or otherwise transferred except (a) to a person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (b) in a transaction complying with the provisions of Rule 903 or 904 under the Securities Act, in each case, in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdictions, and that (ii) the Transferee will, and each subsequent holder is required to, notify any subsequent Transferee of such Offered Notes from it of the resale restrictions referred to in (i) above.

4. The Transferee agrees that if in the future it should offer, sell or otherwise transfer such Offered Note, it will do so only (i) pursuant to Rule 144A to a person who the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, purchasing for its own account or for the account of a QIB, whom the holder has informed that such offer, sale or other transfer is being made in reliance on Rule 144A, or (ii) in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S.

5. The Transferee, if it is a foreign Transferee outside the United States, acknowledges that the Notes will initially be represented by a Regulation S Global Note and that transfers thereof are restricted as described herein.

6. Each Offered Note will bear a legend to the following effect, unless the Transferor and the Indenture Trustee determine otherwise in accordance with applicable law:

> "THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAW. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (I)(A) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO AN INSTITUTIONAL INVESTOR THAT THE HOLDER REASONABLY

BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB"), PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (B) IN A TRANSACTION EFFECTED IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT AND (II) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTIONS.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

NO RESALE OR OTHER TRANSFER OF ANY NOTE SHALL BE MADE TO ANY TRANSFEREE UNLESS: (A) SUCH TRANSFEREE IS NOT, AND WILL NOT ACQUIRE THE NOTE ON BEHALF OR WITH PLAN ASSETS OF, AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR ANY OTHER "PLAN" AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "INTERNAL REVENUE CODE"), THAT IS SUBJECT TO ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE OR ANY ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (EACH, A "BENEFIT PLAN") OR (B) THE ACQUISITION AND HOLDING OF THE NOTE BY SUCH TRANSFEREE ARE ELIGIBLE FOR THE EXEMPTIVE RELIEF AVAILABLE UNDER PTCE 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 OR A SIMILAR EXEMPTION. EACH PURCHASER OR TRANSFEREE OF A NOTE, BY ITS ACCEPTANCE OF SUCH NOTE, WILL BE DEEMED TO HAVE MADE THE REPRESENTATION SET FORTH IN CLAUSE (A) OR (B) ABOVE.

THE PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

TRANSFERS OF THE NOTES MUST GENERALLY BE ACCOMPANIED BY APPROPRIATE TAX TRANSFER DOCUMENTATION AND ARE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE INDENTURE.

THE HOLDER, BY ACCEPTANCE OF THIS NOTE, SHALL BE DEEMED TO HAVE AGREED TO TREAT THE NOTE AS DEBT SOLELY OF THE TRUST FOR UNITED STATES FEDERAL, STATE AND LOCAL INCOME, SINGLE BUSINESS AND FRANCHISE TAX PURPOSES."

7. The Transferee is not acquiring and will not acquire the Class C Notes on behalf of or with plan assets of any "employee benefit plan", as defined in Section 3(3) of ERISA, whether or not subject to ERISA (including, without limitation, foreign and governmental plans), any "plan" of the Internal Revenue Code or any entity deemed to include plan assets of any of the foregoing by reason of an employee benefit plan's or plan's investment in the entity (each, a "Benefit Plan").

8. It understands that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Transferor and the Indenture Trustee:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND, ACCORDINGLY, MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO AN INSTITUTIONAL INVESTOR THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB"), PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A."

9. The Transferee agrees that if at some time in the future it wishes to transfer or exchange any of the Offered Notes, it will not transfer or exchange any of the Offered Notes unless such transfer or exchange is in accordance with the Indenture and the Indenture Supplement. The Transferee understands that any purported transfer of any Offered Note (or any interest therein) in contravention of any of the restrictions and conditions in the Indenture and the

Indenture Supplement shall be void, and the purported transferee in such transfer shall not be recognized by the Trust or any other Person as a Offered Noteholder for any purpose.

The Transferee hereby irrevocably requests for you to arrange for Offered Notes to be purchased by the Transferee and to be recorded on the books of the Indenture Trustee as follows:

PRINCIPAL AMOUNT OF OFFERED NOTES	RECORDED IN NAME OF:

10. You and the Indenture Trustee are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

By: _____
Name:
Title:

EXHIBIT G

FORM OF TRANSFER CERTIFICATE
FOR INITIAL AND SUBSEQUENT TRANSFER OF A CLASS C NOTE
(Transfer pursuant to Section 2.03(f)(i) of the Indenture Supplement)

---------, ----

Wells Fargo Bank Minnesota, National Association,
as Indenture Trustee
625 Marquette Avenue
MAC N9311-161
Minneapolis, Minnesota 55479
Attention: Corporate Trust, Asset Backed Securities

Re: Nordstrom Credit Card Master Note Trust, Series 2002-1, Class C Notes

Dear Sirs:

In connection with our proposed purchase of $_____ aggregate principal amount of Asset Backed Notes, Class C (the "Class C Notes"), representing obligations of the Nordstrom Credit Card Master Note Trust (the "Trust"), the investor on whose behalf the undersigned is executing this letter (the "Transferee") confirms that:

1. Reference is made to the master indenture, as supplemented by the indenture supplement, each dated as of April 1, 2002, as the same may be amended, supplemented or otherwise modified from time to time (collectively, the "Indenture"), relating to the Class C Notes. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Indenture. The Transferee has received a copy of the Indenture and such other information as the Transferee deems necessary in order to make its investment decision and the Transferee has been provided the opportunity to ask questions of, and receive answers from, the Servicer and Nordstrom Credit Card Receivables LLC, as Transferor, concerning the Servicer, the Transferor and the terms and conditions of the offering described in the Indenture. The Transferee has received and understands the above, and understands that substantial risks are involved in an investment in the Class C Notes. The Transferee represents that in making its investment decision to acquire the Class C Notes, the Transferee has not relied on representations, warranties, opinions, projections, financial or other information or analysis, if any, supplied to it by any person, including you, the Transferor, the Servicer or the Owner Trustee or any of your or their affiliates, except as expressly contained in the Indenture and in the other written information, if any, discussed above. The Transferee has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Class C Notes, and the Transferee is able to bear the substantial economic risks of such an investment. The Transferee has relied upon its own tax, legal and financial advisors in connection with its decision to purchase the Class C Notes.

2. The Transferee is (i)(a) a "Qualified Institutional Buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) and (b) acquiring the Class C Notes for its own account or for the account of an investor of the type described in clause (i)(a) above as to each of which the Transferee exercises sole investment discretion or (ii) is not a United States person (as defined in Regulation S under the Securities Act ("Regulation S")) and is purchasing the Class C Notes in an offshore transaction pursuant to Regulation S. The Transferee is purchasing the Class C Notes for investment purposes and not with a view to, or for, the offer or sale in connection with, a public distribution or in any other manner that would violate the Securities Act or the securities or Blue Sky laws of any State.

3. The Transferee understands that (i) the Class C Notes have not been and will not be registered under the Securities Act or any state securities or Blue Sky law, and may not be reoffered, resold, pledged or otherwise transferred except (a) to a person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (b) in a transaction complying with the provisions of Rule 903 or 904 under the Securities Act, in each case, in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdictions, and that (ii) the Transferee will, and each subsequent holder is required to, notify any subsequent Transferee of such Class C Notes from it of the resale restrictions referred to in (i) above.

4. The Transferee agrees that if in the future it should offer, sell or otherwise transfer such Class C Note, it will do so only (i) pursuant to Rule 144A to a person who the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, purchasing for its own account or for the account of a QIB, whom the holder has informed that such offer, sale or other transfer is being made in reliance on Rule 144A, or (ii) in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S.

5. The Transferee, if it is a foreign Transferee outside the United States, acknowledges that the Notes will initially be represented by a Regulation S Global Note and that transfers thereof are restricted as described herein. If it is a QIB, it acknowledges that the Class C Notes offered in reliance on Rule 144A will be represented by a Rule 144A Global Note.

6. Each Class C Note will bear a legend to the following effect, unless the Transferor and the Indenture Trustee determine otherwise in accordance with applicable law:

> "NO CLASS C NOTE MAY BE SOLD, TRANSFERRED, ASSIGNED OR CONVEYED (EACH A "TRANSFER") UNLESS THE INDENTURE TRUSTEE AND THE TRANSFEROR ARE PROVIDED WITH AN OPINION OF COUNSEL THAT SUCH TRANSFER WILL NOT CAUSE THE TRUST TO BE TREATED AS AN ASSOCIATION OR PUBLICLY TRADED PARTNERSHIP TAXABLE AS A CORPORATION FOR FEDERAL INCOME TAX PURPOSES.
>
> THIS CLASS C NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAW. THE HOLDER HEREOF, BY

PURCHASING THIS CLASS C NOTE, AGREES THAT THIS CLASS C NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (I)(A) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO AN INSTITUTIONAL INVESTOR THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB"), PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (B) IN A TRANSACTION EFFECTED IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT AND (II) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTIONS.

UNLESS THIS CLASS C NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CLASS C NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS CLASS C NOTE MAY NOT BE PURCHASED BY OR TRANSFERRED TO ANY "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF ERISA (WHETHER OR NOT SUBJECT TO ERISA, AND INCLUDING, WITHOUT LIMITATION, FOREIGN AND GOVERNMENTAL PLANS) OR ANY "PLAN" DESCRIBED IN SECTION 4975(E)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "INTERNAL REVENUE CODE"), OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING BY REASON OF A PLAN'S INVESTMENT IN SUCH ENTITY.

THE PRINCIPAL OF THIS CLASS C NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS CLASS C NOTE AT ANY TIME

MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

TRANSFERS OF THE CLASS C NOTES MUST GENERALLY BE ACCOMPANIED BY APPROPRIATE TAX TRANSFER DOCUMENTATION AND ARE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE INDENTURE.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF COVENANTS AND AGREES THAT IT WILL NOT AT ANY TIME INSTITUTE AGAINST THE ISSUER OR THE TRANSFEROR, OR JOIN IN INSTITUTING AGAINST THE ISSUER OR THE TRANSFEROR, ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS, OR OTHER PROCEEDINGS UNDER ANY UNITED STATES FEDERAL OR STATE BANKRUPTCY OR SIMILAR LAW."

7. The Transferee is not acquiring and will not acquire the Class C Notes on behalf of or with plan assets of any "employee benefit plan", as defined in Section 3(3) of ERISA, whether or not subject to ERISA (including, without limitation, foreign and governmental plans), any "plan" of the Internal Revenue Code or any entity deemed to include plan assets of any of the foregoing by reason of an employee benefit plan's or plan's investment in the entity (each, a "Benefit Plan").

8. It understands that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Transferor and the Indenture Trustee:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND, ACCORDINGLY, MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT."

9. The Transferee agrees that if at some time in the future it wishes to transfer or exchange any of the Class C Notes, it will not transfer or exchange any of the Class C Notes unless such transfer or exchange is in accordance with the Indenture and the Indenture Supplement. The Transferee understands that any purported transfer of any Class C Note (or any interest therein) in contravention of any of the restrictions and conditions in the Indenture and the Indenture Supplement shall be void, and the purported transferee in such transfer shall not be recognized by the Trust or any other Person as a Class C Noteholder for any purpose.

The Transferee hereby irrevocably requests for you to arrange for Class C Notes to be purchased by the Transferee and to be recorded on the books of the Indenture Trustee as follows:

PRINCIPAL AMOUNT OF CLASS C NOTES	RECORDED IN NAME OF:

10. You and the Indenture Trustee are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

By: _____
Name:
Title:

EXHIBIT H

INVESTOR CERTIFICATION

Wells Fargo Bank Minnesota,
National Association
Sixth Street and Marquette Avenue
MAC N9311-161
Minneapolis, MN 55479

Attention: Corporate Trust Services - Asset-Backed Administration
Nordstrom Credit Card Master Note Trust

In accordance with Section 5.03(e) of the Series 2002-1 Indenture Supplement (the "Series 2002-1 Indenture Supplement"), with respect to the Series 2002-1 Notes (the "Notes"), the undersigned hereby certifies and agrees as follows:

1. The undersigned is a beneficial owner of $_____ in principal balance of the Notes.

2. The undersigned is requesting a password pursuant to Section 5.03(e) of the Indenture Supplement for access to certain information (the "Information ") on the Paying Agent's website.

3. In consideration of the Paying Agent's disclosure to the undersigned of the Information, or the password in connection therewith, the undersigned will keep the Information confidential (except from such outside persons as are assisting it in connection with the related Notes, from its accountants and attorneys, and otherwise from such governmental or banking authorities or agencies to which the undersigned is subject), and such Information will not, without the prior written consent of the Paying Agent and the Indenture Trustee, be otherwise disclosed by the undersigned or by its officers, directors, partners, employees, agents or representatives (collectively, the "Representatives") in any manner whatsoever, in whole or in part.

4. The undersigned will not use or disclose the Information in any manner which could result in a violation of any provision of the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended, or would require registration of any Certificate pursuant to Section 5 of the Securities Act.

5, The undersigned shall be fully liable for any breach of this agreement by itself or any of its Representatives and shall indemnify the Transferor, the Servicer, the Paying Agent and the Indenture Trustee for any loss, liability or expense incurred thereby with respect to any such breach by the undersigned or any of its Representatives,

6. Capitalized terms used by not defined herein shall have the respective meanings assigned thereto in the Indenture Supplement.

IN WITNESS WHEREOF, the undersigned has caused its name to be signed hereby by its duly authorized officer, as of the day and year written above.

_____
Beneficial Owner

By: _____
Title: _____
Company: _____
Phone: _____

Exhibit 10.44

NORDSTROM CREDIT CARD RECEIVABLES LLC,
Transferor,

NORDSTROM fsb,
Servicer,

WELLS FARGO BANK MINNESOTA, NATIONAL ASSOCIATION,
Indenture Trustee,

and

NORDSTROM CREDIT CARD MASTER NOTE TRUST,
Issuer

TRANSFER AND SERVICING AGREEMENT

Dated as of April 1, 2002

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TRANSFER AND SERVICING AGREEMENT

This Transfer and Servicing Agreement, dated as of April 1, 2002, is between Nordstrom Credit Card Receivables LLC, a Delaware limited liability company, as Transferor (the "Transferor"), Nordstrom fsb, as Servicer (the "Servicer"), Nordstrom Credit Card Master Note Trust, a Delaware business trust, as Issuer (the "Issuer") and Wells Fargo Bank Minnesota, National Association, a national banking association, as Indenture Trustee (the "Indenture Trustee").

In consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the other parties, the Noteholders and any Series Enhancer (as such capitalized terms are defined below) to the extent provided herein, in the Master Indenture and in any Indenture Supplement:

ARTICLE One

DEFINITIONS

Section 1.01. Definitions. Whenever used in this Agreement, the following words and phrases shall have the following meanings, and the definitions of such terms are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

"Account" means each (i) Initial Account, (ii) Additional Account (but only from and after the Addition Date with respect thereto), (iii) Related Account and (iv) Transferred Account, but shall exclude any Account all the Receivables in which are either: (a) after the Removal Date, Removed Accounts or Removed Participation Interests, (b) Ineligible Receivables reassigned to the Transferor pursuant to Section 2.05 or (c) Servicer Repurchase Receivables assigned and transferred to the Servicer pursuant to Section 3.03.

"Account Originator" means Nordstrom fsb or, upon satisfaction of the Rating Agency Condition, any other entity which is the issuer of the credit card relating to an Account pursuant to a Credit Card Agreement.

"Account Owner" means the Account Originator relating to an Account or any Person who has acquired such Account and has sold the related Receivables to the Transferor pursuant to a Receivables Purchase Agreement.

"Addition" means the designation of (i) additional Eligible Accounts to be included as Accounts or (ii) Participation Interests to be included as Trust Assets, in each case pursuant to Section 2.09(a) or (b).

"Addition Cut-Off Date" means, with respect to any Additional Accounts or Participation Interests to be included in the Trust, the date on which such Additional Accounts are designated for inclusion in the Trust.

"Addition Date" means, with respect to (i) Additional Accounts, the date on which the Receivables in such Additional Accounts are conveyed to the Trust and (ii) Participation

Interests, the date from and after which such Participation Interests are to be included as Trust Assets, in each case pursuant to Section 2.09(a) or (b).

"Additional Account" means each VISA(R) or other retail consumer revolving credit card account established pursuant to a Credit Card Agreement, and designated pursuant to Section 2.09(a) or (b) to be included as an Account.

"Additional Transferors" means Affiliates of the Transferor designated by the Transferor to be included as Transferors pursuant to Section 2.09(d).

"Adverse Effect" means, with respect to any action, that such action will (i) result in the occurrence of a Redemption Event or an Event of Default or (ii) materially and adversely affect the amount or timing of distributions to be made to the Noteholders of any Series or Class pursuant to this Agreement, the Master Indenture or the related Indenture Supplement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" means the power to direct the management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" means this Transfer and Servicing Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Appointment Date" means the day on which an Insolvency Event occurs with respect to the Transferor.

"Assignment" means an Assignment of Receivables in Additional Accounts, in substantially the form of Exhibit A.

"Authorized Newspaper" means any major newspaper or newspapers of general circulation in the Borough of Manhattan, The City of New York, printed in the English language (and, with respect to any Series or Class, if and so long as the Notes of such Series are (i) listed on the Luxembourg Stock Exchange and such Exchange shall so require, in Luxembourg, printed in any language satisfying the requirements of such Exchange or (ii) Bearer Notes, in such place as may be specified in the applicable Indenture Supplement) and customarily published on each business day at such place, whether or not published on Saturdays, Sundays or holidays.

"Bearer Notes" has the meaning set forth in the Master Indenture.

"Business Day" means any day other than (i) a Saturday or Sunday or (ii) any other day on which national banking associations or state banking institutions in Arizona, Colorado, Minnesota, New York, Delaware or any other state in which the principal executive offices of Nordstrom fsb, the Owner Trustee, the Indenture Trustee or other Account Owner, as the case may be, are located, are authorized or obligated by law, executive order or governmental decree to be closed or (iii) for purposes of any particular Series, any other day specified in the related Indenture Supplement.

"Cash Advance Fees" means cash advance transaction fees and cash advance late fees, if any, as specified in the Credit Card Agreement applicable to each Account.

"Certificateholder" or "Holder" means each holder of a Transferor Certificate.

"Class" has the meaning set forth in the Master Indenture.

"Closing Date" means, with respect to any Series, the closing date specified in the related Indenture Supplement.

"Collections" means all payments by or on behalf of Obligors (including Insurance Proceeds) received in respect of the Receivables, in the form of cash, checks, wire transfers, electronic transfers, ATM transfers or any other form of payment in accordance with a Credit Card Agreement in effect from time to time and all other amounts specified by this Agreement, the Master Indenture or any Indenture Supplement as constituting Collections. As specified in any Participation Interest Supplement or Indenture Supplement, Collections shall include amounts received with respect to Participation Interests. All Recoveries with respect to Receivables previously charged off as uncollectible will be treated as Collections of Finance Charge Receivables. Collections with respect to any Monthly Period shall include a portion, calculated pursuant to Section 2.07(h), of Interchange paid to the Trust with respect to such Monthly Period, to be applied as if such amount were Collections of Finance Charge Receivables for all purposes.

"Commission" has the meaning set forth in the Master Indenture.

"Continued Errors" has the meaning set forth in Section 7.02(e).

"Contractually Delinquent" with respect to an Account, means an Account as to which the required minimum payment set forth on the related billing statement has not been received by the due date thereof.

"Corporate Trust Office" has the meaning when used in respect of (i) the Owner Trustee, specified in the Trust Agreement and (ii) the Indenture Trustee, specified in the Master Indenture.

"Coupon" has the meaning set forth in the Master Indenture.

"Credit Card Agreement" means, with respect to VISA(R) revolving credit card accounts or other retail revolving consumer credit card accounts subsequently conveyed to the Trust, the agreements between an Account Owner and the Obligor governing the terms and conditions of such account, as such agreements may be amended, modified or otherwise changed from time to time and as distributed (including any amendments and revisions thereto) to holders of such account.

"Credit Card Guidelines" means the written policies and procedures of the Servicer, the Transferor or any other Account Owner, as the case may be, relating to the operation of its consumer revolving lending business as they pertain to VISA(R) credit card accounts or other retail revolving consumer credit card accounts subsequently conveyed to the Trust, which are

consistent with prudent practice, including, the written policies and procedures for determining the creditworthiness of credit card account customers, the extension of credit to credit card account customers and relating to the maintenance of credit card accounts and collection of receivables with respect thereto, as such policies and procedures may be amended, modified or otherwise changed from time to time.

"Date of Processing" means, with respect to any transaction or receipt of Collections, the date on which such transaction is first recorded on the Servicer's computer file of revolving credit card accounts (without regard to the effective date of such recordation).

"Defaulted Receivables" means, with respect to any Monthly Period, all Principal Receivables which are charged off as uncollectible in such Monthly Period in accordance with the Credit Card Guidelines and the Servicer's customary and usual servicing procedures for servicing VISA(R) or other retail consumer revolving credit account receivables comparable to the Receivables (excluding any servicing procedures applicable to receivables arising in Secured Accounts). A Principal Receivable shall become a Defaulted Receivable on the day on which such Principal Receivable is recorded as charged off on the Servicer's computer master file of consumer revolving credit card accounts but, in any event, shall be deemed a Defaulted Receivable no later than the month following the day the related Account becomes 151 days Contractually Delinquent unless the Obligor cures such default by making a partial payment which satisfies the criteria for curing delinquencies set forth in the applicable Credit Card Guidelines.

"Determination Date" means, with respect to any Series, the date specified in the applicable Indenture Supplement.

"Dilution Amount" means the amount by which the Servicer is required to adjust the amount of Principal Receivables used to calculate the Transferor Interest pursuant to the first two sentences of Section 3.09.

"Discount Option Date" means, initially the Closing Date and thereafter, each date on which an increase, withdrawal or reduction of the Discount Percentage takes effect, as designated by the Transferor pursuant to Section 2.12 of the Transfer and Servicing Agreement.

"Discount Option Receivable Collections" means on any Date of Processing, the product of (i) a fraction the numerator of which is the aggregate amount of Discount Option Receivables and the denominator of which is the sum of the aggregate amount of Principal Receivables and the aggregate amount of Discount Option Receivables, in each case at the end of the prior Date of Processing and (ii) Collections of Principal Receivables on such Date of Processing prior to any reduction for Finance Charge Receivables which are Discount Option Receivables received on such Date of Processing.

"Discount Option Receivables" means Principal Receivables (or a specified portion thereof) existing on or after the Discount Option Date designated by the Transferor as being treated as Finance Charge Receivables pursuant to Section 2.12(a). The aggregate amount of Discount Option

Receivables outstanding on any Date of Processing occurring on or after the Discount Option Date shall equal the sum of (i) the aggregate amount of Discount Option Receivables at the end of the prior Date of Processing (which amount, prior to the Discount Option Date, shall be zero) plus (ii) the aggregate amount of any new Discount Option Receivables created on such Date of Processing minus (iii) any Discount Option Receivables Collections received on such Date of Processing. Discount Option Receivables created on any Date of Processing means the product of the amount of any Principal Receivables created on such Date of Processing prior to any reduction for Finance Charge Receivables which are Discount Option Receivables received on such Date of Processing and the Discount Percentage.

"Discount Percentage" means 1.0% initially and such other percentage the Transferor may designate pursuant to Section 2.12(a).

"Distribution Date" means, with respect to any Series, the date specified in the applicable Indenture Supplement.

"Dollars", "$" or "U.S. $" means United States dollars.

"Early Accumulation Period" has the meaning, with respect to any Series, specified in the related Indenture Supplement.

"Eligible Account" means a consumer revolving credit card account owned by an Account Owner identified by the Transferor as of (i) the Initial Cut-Off Date, in the case of the Initial Accounts or (ii) the applicable Addition Cut-Off Date, in the case of the Additional Accounts, as having the following characteristics:

(a) has not been cancelled and is in existence and maintained by the applicable Account Owner;

(b) is payable in Dollars;

(c) except as provided below, has not been identified as an Account the credit card or cards with respect to which have been reported to the applicable Account Owner as having been lost or stolen or has an Obligor who has not been identified as deceased;

(d) except as provided below, does not have any Receivables which are Defaulted Receivables;

(e) has at no time been a Secured Account;

(f) except as provided below, does not have any Receivables which have been identified by the applicable Account Owner or the relevant Obligor as having been incurred as a result of fraudulent use of any related credit card;

(g) except as provided below, the Obligor of which has not been identified by the Servicer in its computer files as having been declared bankrupt;

(h) is a VISA(R)account originated by the Bank or, subject to satisfaction of the Rating Agency Condition, other retail revolving credit card account;

(i) was created in accordance with the Credit Card Guidelines or if the Account Owner is not the applicable Account Originator, in accordance with the underwriting guidelines of the Account Originator, in either case at the time of creation of such Account;

(j) does not have outstanding Receivables which have been sold or pledged by the related Account Owner to any party other than the Transferor pursuant to a Receivables Purchase Agreement; and

(k) does not have outstanding Receivables that give rise to any claim of any governmental agency including, without limitation, the government of the United States or any State thereof or any agency, instrumentality or department thereof.

Eligible Accounts may include Accounts, the Receivables of which have been written off, or with respect to which the Transferor believes the related Obligor is bankrupt, or as to which certain Receivables have been identified by the Obligor as having been incurred as a result of fraudulent use of any credit cards, or as to which any credit cards have been reported to the Account Owner or the Servicer as lost or stolen, in each case as of the Initial Cut-Off Date, with respect to the Initial Accounts, and as of the related Addition Cut-Off Date, with respect to the Additional Accounts; provided that (i) the balance of all Receivables included in such Accounts is reflected on the books and records of the Account Owner (and is treated for purposes of this Agreement) as "zero", and (ii) charging privileges with respect to all such Accounts have been canceled in accordance with the relevant Credit Card Guidelines.

"Eligible Investments" has the meaning set forth in the Master Indenture.

"Eligible Receivable" means each Receivable, including, where applicable, the underlying receivable:

(a) which has arisen in an Eligible Account;

(b) which was created in compliance in all material respects with all Requirements of Law applicable to the institution which owned such Receivable at the time of its creation and pursuant to a Credit Card Agreement which complies in all material respects with all Requirements of Law applicable to the Account Originator or Account Owner, as the case may be;

(c) with respect to which all material consents, licenses, approvals or authorizations of, or registrations or declarations with, any Governmental Authority required to be obtained, effected or given in connection with the creation of such Receivable or the execution, delivery and performance by the applicable Account Originator and any subsequent Account Owner of its obligations, if any, under the related Credit Card Agreement pursuant to which such Receivable was created, have been duly obtained, effected or given and are in full force and effect;

(d) as to which at the time of the transfer of such Receivable to the Trust, the Transferor or the Trust will have good and marketable title thereto, free and clear of all Liens (other than any Lien for municipal or other local taxes if such taxes are not then

due and payable or if the Transferor is then contesting the validity thereof in good faith by appropriate proceedings and has set aside on its books adequate reserves with respect thereto);

(e) which has been the subject of either a valid transfer and assignment from the Transferor to the Trust of all the Transferor's right, title and interest therein (including any proceeds thereof), or the grant of a first priority perfected security interest therein (and in the proceeds thereof), effective until the termination of the Trust;

(f) which at all times will be the legal, valid and binding payment obligation of the related Obligor enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(g) which, at the time of transfer to the Trust, has not been waived or modified except as permitted in accordance with the Credit Card Guidelines and which waiver or modification is reflected in the Servicer's computer file of revolving credit card accounts;

(h) which, at the time of transfer to the Trust, is not subject to any right of rescission, setoff, counterclaim or any other defense (including defenses arising out of violations of usury laws) of the Obligor, other than defenses arising out of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or equity) or as to which the Servicer is required by Section 3.09 to make an adjustment;

(i) as to which, at the time of transfer to the Trust, the relevant Account Originator and any subsequent Account Owner has satisfied all of its obligations required to be satisfied by such time;

(j) as to which, at the time of transfer to the Trust, none of the Transferor, the Bank, or any other Account Owner, as the case may be, has taken any action which would impair, or omitted to take any action the omission of which would impair, the rights of the Trust or the Noteholders therein;

(k) that does not cause the aggregate amount of Receivables that arises from Accounts that have Obligors with a billing address outside the United States and its territories to be more than 1.0% of total amount of Receivables in the Trust;

(l) that does not cause the aggregate amount of Receivables that arise from Accounts the Obligors for which are employees of Nordstrom or its affiliates to be more than 6.0% of the total amount of Receivables in the Trust; and

(m) which constitutes an "account" under and as defined in Article 9 of the UCC in effect in the State of Delaware and any other State where the filing of a financing

statement is required to perfect the Trust's interest in the Receivables and the proceeds thereof.

"Eligible Servicer" means the Indenture Trustee or, if the Indenture Trustee is not acting as Servicer, an entity which, at the time of its appointment as Servicer, (i) is servicing a portfolio of revolving credit card accounts, (ii) is legally qualified and has the capacity to service the Accounts, (iii) has demonstrated the ability to service professionally and competently a portfolio of similar accounts in accordance with high standards of skill and care, (iv) is qualified to use the software that is then being used to service the Accounts or obtains the right to use or has its own software which is adequate to perform its duties under this Agreement and (v) has a net worth of at least $50,000,000 as of the end of its most recent fiscal quarter.

"Enhancement Agreement" has the meaning set forth in the Master Indenture.

"Errors" has the meaning set forth in Section 7.02(e).

"Event of Default" has the meaning set forth in the Master Indenture.

"Excess Reserve Account Investment Earnings" has the meaning specified in the related Indenture Supplement.

"Exchange Act" has the meaning set forth in the Master Indenture.

"FDIC" means the Federal Deposit Insurance Corporation, and its successors.

"Finance Charge Receivables" means all amounts billed to the Obligors on any Account in respect of all (i) Periodic Rate Finance Charges, (ii) Cash Advance Fees, (iii) annual membership fees and annual service charges, (iv) Late Fees, (v) Overlimit Fees, (vi) Discount Option Receivables, (vii) the interest portion of Participation Interests as shall be determined pursuant to, and only if so provided in, the applicable Participation Interest Supplement or Indenture Supplement for any Series, (viii) Recoveries, (ix) Excess Reserve Account Investment Earnings and (x) Interchange.

"Fitch" means Fitch, Inc. and its successors.

"GAAP" means generally accepted accounting principles.

"Governmental Authority" means the United States, any State or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Indenture" means the Master Indenture, as supplemented by the related Indenture Supplement, as the same may be amended, supplemented or otherwise modified from time to time.

"Indenture Collateral" has the meaning set forth in Section 2.01.

"Indenture Supplement" has the meaning set forth in the Master Indenture.

"Indenture Trustee" means Wells Fargo Bank Minnesota, National Association, and its successors, in its capacity as trustee under the Master Indenture, its successors in interest and any successor indenture trustee under the Master Indenture.

"Ineligible Receivables" has the meaning set forth in Section 2.05(a).

"Initial Account" means each VISA credit card account established pursuant to a Credit Card Agreement between the applicable Account Owner and any Person, which account is identified in the computer file or microfiche list delivered to the Owner Trustee by the Transferor pursuant to Section 2.01 on the Initial Issuance Date.

"Initial Cut-Off Date" means February 28, 2002.

"Initial Issuance Date" means May 1, 2002, the date the Transferor's Certificate is delivered by the Trust to the Transferor pursuant to the Trust Agreement.

"Insolvency Event" has the meaning set forth in Section 6.01.

"Insurance Proceeds" means any amounts received pursuant to the payment of benefits under any credit life insurance policies, credit disability or unemployment insurance policies covering any Obligor with respect to Receivables under such Obligor's Account.

"Interchange" means certain fees received by Nordstrom fsb, or any other Account Owner, in its capacity as credit card issuing bank, from the VISA U.S.A., Inc. or any other retail credit card association for which the retail credit card receivables have been added to the Trust, as partial compensation for taking credit risk, absorbing fraud losses and funding receivables for a limited period prior to initial billing.

"Invested Amount" means, with respect to any Series and for any date, an amount equal to the invested amount or adjusted invested amount, as applicable, specified in the related Indenture Supplement.

"Investor Percentage" means, with respect to any Series, the investor percentage for such Series specified in the related Indenture Supplement.

"Issuer" means Nordstrom Credit Card Master Note Trust or its successors.

"Late Fees" has the meaning set forth in the Credit Card Agreement applicable to each Account for late fees or similar terms.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, equity interest, encumbrance, lien (statutory or other), preference, participation interest, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing and the filing of any financing statement under the UCC or comparable law of any jurisdiction to evidence any of the foregoing; provided, however, that any assignment permitted by Section 3.06(b) of the Trust

Agreement or Section 4.02 hereof, and the lien created by this Agreement shall not be deemed to constitute a Lien.

"Master Indenture" means the Master Indenture, dated as of April 1, 2002, between the Issuer and the Indenture Trustee, as the same may be amended, supplemented or otherwise modified from time to time.

"Monthly Period" has the meaning set forth in the Master Indenture.

"Monthly Servicing Fee" means, with respect to any Series and any Monthly Period, the portion of the Servicing Fee for such Monthly Period allocable to such Series.

"Moody's" means Moody's Investors Service, Inc., and its successors.

"Note Interest Rate" has the meaning set forth in the Master Indenture.

"Note Owner" has the meaning set forth in the Master Indenture.

"Note Register" has the meaning set forth in the Master Indenture.

"Noteholder" or "Holder" has the meaning set forth in the Master Indenture.

"Notices" means all demands, notices, instructions, directions and communications under this Agreement.

"Obligor" means, with respect to any Account, the Person or Persons obligated to make payments with respect to such Account, including any guarantor thereof, but excluding any merchant.

"Officer's Certificate" has the meaning set forth in the Master Indenture.

"Opinion of Counsel" has the meaning set forth in the Master Indenture.

"Overlimit Fees" has the meaning set forth in the Credit Card Agreement applicable to each Account for overlimit fees or similar terms if such fees are provided for with respect to such Account.

"Owner Trustee" means Wilmington Trust Company, not in its individual capacity, but solely as owner trustee under the Trust Agreement, its successors in interest and any successor owner trustee under the Trust Agreement.

"Participating Transferor" means each Transferor who (i) owns any Additional Account the Receivables in which shall be transferred to the Trust on an Addition Date or (ii) is transferring a Participation Interest to the Trust on an Addition Date.

"Participation Interest Supplement" means a supplement to this Agreement entered into pursuant to Section 2.09(a)(ii) or (b) in connection with the conveyance of Participation Interests to the Trust.

"Participation Interests" has the meaning set forth in Section 2.09(a)(ii).

"Paying Agent" has the meaning set forth in the Master Indenture.

"Periodic Rate Finance Charges" has the meaning set forth in the Credit Card Agreement applicable to each Account for finance charges (due to periodic rate) or any similar term.

"Person" means any legal person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, governmental entity or other entity of any nature.

"Portfolio Yield" has the meaning set forth in the related Indenture Supplement.

"Predecessor Servicer Work Product" has the meaning set forth in Section 7.02(e).

"Principal Funding Account" has the meaning, with respect to any Series, specified in the related Indenture Supplement.

"Principal Funding Account Balance" has the meaning, with respect to any Series, specified in the related Indenture Supplement.

"Principal Receivables" means all Receivables other than Finance Charge Receivables or Defaulted Receivables; provided, however, that after the Discount Option Date, Principal Receivables on any Date of Processing thereafter means Principal Receivables as otherwise determined pursuant to this definition minus the amount of any Discount Option Receivables. Principal Receivables shall also include the principal portion of Participation Interests as shall be determined pursuant to, and only if so provided in, the applicable Participation Interest Supplement or Indenture Supplement for any Series. In calculating the aggregate amount of Principal Receivables on any day, the amount of Principal Receivables shall be reduced by the aggregate amount of credit balances in the Accounts on such day. Any Principal Receivables which the Transferor is unable to transfer as provided in Section 2.11 shall not be included in calculating the amount of Principal Receivables.

"Rating Agency" has the meaning set forth in the Master Indenture.

"Rating Agency Condition" has the meaning set forth in the Master Indenture.

"Reassignment" means a Reassignment of Receivables in Removed Accounts, in substantially the form of Exhibit B.

"Receivables" means all amounts shown on the Servicer's records as amounts payable by Obligors on any Account from time to time, including amounts payable for Principal Receivables and Finance Charge Receivables. Receivables which become Defaulted Receivables will cease to be included as Receivables as of the day on which they become Defaulted Receivables.

"Receivables Purchase Agreement" means (i) the receivables purchase agreement, dated as of April 1, 2002, between Nordstrom fsb, as seller, and Nordstrom Credit Card Receivables LLC, as purchaser, as the same may be amended, supplemented or otherwise modified from time

to time or (ii) any receivables purchase agreement entered into between the Transferor and an Account Owner, as the same may be amended, supplemented or otherwise modified from time to time.

"Recoveries" means all amounts received (net of out-of-pocket costs of collection) including Insurance Proceeds, which are reasonably estimated by the Servicer to be attributable to Defaulted Receivables, including the net proceeds of any sale of such Defaulted Receivables by the Transferor or the Servicer.

"Redemption Event" has the meaning set forth in the Master Indenture.

"Registered Notes" has the meaning set forth in the Master Indenture.

"Related Account" means an Account with respect to which a new credit account number has been issued by the applicable Account Owner or Servicer or the applicable Transferor under circumstances resulting from a lost or stolen credit card and not requiring standard application and credit evaluation procedures under the Credit Card Guidelines.

"Removal Date" means the date specified by the Transferor for removal of Removed Accounts and Removed Participation Interest.

"Removed Accounts" has the meaning set forth in Section 2.10(a).

"Removed Participation Interests" has the meaning set forth in Section 2.10(a).

"Required Designation Date" has the meaning set forth in Section 2.09(a)(i).

"Required Minimum Principal Balance" means, unless otherwise provided in an Indenture Supplement relating to any Series, as of any date of determination, an amount equal to the sum of the numerators used in the calculation of the Investor Percentages with respect to Principal Receivables for all outstanding Series on such date; provided that with respect to any Series in its Early Accumulation Period or such other period as designated in the related Indenture Supplement with an Invested Amount as of such date of determination equal to the Principal Funding Account Balance relating to such Series taking into account the Principal Funding Account Balance relating to such Series on deposit in the Principal Funding Account on such date of determination, the numerator used in the calculation of the Investor Percentage with respect to Principal Receivables relating to such Series shall, solely for the purpose of the definition of Required Minimum Principal Balance, be deemed to equal zero.

"Required Transferor Interest" has the meaning set forth in the Master Indenture.

"Requirements of Law" means any law, treaty, rule or regulation, or determination of an arbitrator or Governmental Authority, whether federal, state or local (including usury laws, the Federal Truth in Lending Act and Regulation B and Regulation Z of the Board of Governors of the Federal Reserve System), and, when used with respect to any Person, the certificate of incorporation and by-laws or other organizational or governing documents of such Person.

"Secured Account" means any Account for which the related Obligor has pledged assets or made a cash collateral deposit as security for payment of the Receivables arising in such Account.

"Seller" has the meaning set forth in the Master Indenture.

"Series" has the meaning set forth in the Master Indenture.

"Series Account" has the meaning set forth in the Master Indenture.

"Series Enhancement" has the meaning set forth in the Master Indenture.

"Series Enhancer" has the meaning set forth in the Indenture.

"Service Transfer" has the meaning set forth in Section 7.01.

"Servicer" means Nordstrom fsb, in its capacity as Servicer pursuant to this Agreement, and, after any Service Transfer, the Successor Servicer.

"Servicer Default" has the meaning set forth in Section 7.01(a).

"Servicer Repurchase Receivables" has the meaning set forth in Section 3.03(b).

"Servicing Fee" means the servicing fee payable to the Servicer in respect of each Monthly Period pursuant to Section 3.02 in an amount equal to one-twelfth of the product of (i) the weighted average of the Servicing Fee Rates with respect to each outstanding Series (based upon the Servicing Fee Rate for each Series and the Invested Amount (or such other amount as specified in the related Indenture Supplement) of such Series, in each case as of the last day of the prior Monthly Period) and (ii) the amount of Principal Receivables on the last day of the prior Monthly Period prior to the termination of the Trust pursuant to Section 8.01 of the Trust Agreement.

"Servicing Fee Rate" means, with respect to any Series, the servicing fee rate specified in the related Indenture Supplement.

"Special Funding Account" has the meaning set forth in the Master Indenture.

"Special Funding Amount" has the meaning set forth in the Master Indenture.

"Standard & Poor's" means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., and its successors.

"State" has the meaning set forth in the Master Indenture.

"Successor Servicer" has the meaning set forth in Section 7.02(a).

"Supplemental Accounts" means Additional Accounts that the Transferor designates as Accounts pursuant to Sections 2.09(a)(i) and 2.09(b).

"Supplemental Certificate" has the meaning set forth in the Trust Agreement.

"Tax Opinion" has the meaning set forth in the Master Indenture.

"Termination Notice" has the meaning set forth in Section 7.01.

"Transaction Documents" has the meaning set forth in the Master Indenture.

"Transfer Agent and Registrar" has the meaning set forth in the Master Indenture.

"Transfer Restriction Event" means, with respect to a Transferor, that such Transferor unable for any reason to transfer Receivables to the Trust pursuant to this Agreement, including by reason of the application of the provisions of Section 6.01 or any order of any Governmental Authority or, with respect to the Bank, the Bank is unable for any reason to transfer Receivables to the Trust pursuant to the Receivables Purchase Agreement.

"Transferor" means (i) Nordstrom Credit Card Receivables LLC, or its successor under this Agreement and (ii) any Additional Transferor.

"Transferor Certificates" has the meaning set forth in the Trust Agreement.

"Transferor Interest" has the meaning set forth in the Master Indenture.

"Transferred Account" means each account into which an Account shall be transferred; provided, that (i) such transfer was made in accordance with the Credit Card Guidelines and (ii) such account can be traced or identified as an account into which an Account has been transferred.

"Trust" means the Nordstrom Credit Card Master Note Trust.

"Trust Agreement" means the Trust Agreement, dated as of April 1, 2002, between Nordstrom Credit Card Receivables LLC and the Owner Trustee, as the same may be amended, supplemented or otherwise modified from time to time.

"Trust Assets" has the meaning set forth in Section 2.01.

"Trust Termination Date" has the meaning set forth in the Trust Agreement.

"Trustees" means the Owner Trustee and the Indenture Trustee.

"UCC" means the Uniform Commercial Code, as amended from time to time, as in effect in the applicable jurisdiction.

"United States" has the meaning set forth in the Master Indenture

"Wells Fargo" means Wells Fargo Bank Minnesota, National Association, and its successors.

Section 1.02. Other Definitional Provisions.

(a) With respect to any Series, all terms used herein and not otherwise defined herein shall have meanings ascribed to them in the Trust Agreement, the Master Indenture or the related Indenture Supplement, as applicable.

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) As used in this Agreement and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Agreement or in any such certificate or other document, and accounting terms partly defined in this Agreement or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under GAAP. To the extent that the definitions of accounting terms in this Agreement or in any such certificate or other document are inconsistent with the meanings of such terms under GAAP, the definitions contained in this Agreement or in any such certificate or other document shall control.

(d) Any reference to each Rating Agency shall only apply to any specific rating agency if such rating agency is then rating any outstanding Series.

(e) Unless otherwise specified, references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day.

(f) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, (i) terms used herein include, as appropriate, all genders and the plural as well as the singular, (ii) references to this Agreement include all Exhibits hereto, (iii) references to words such as "herein", "hereof" and the like shall refer to this Agreement as a whole and not to any particular part, Article or Section within this Agreement, (iv) references to an Article or Section such as "Article One" or "Section 1.01" and the like shall refer to the applicable Article or Section of this Agreement, (v) the term "include" and all variations thereof shall mean "include without limitation", (vi) the term "or" shall include "and/or" and (vii) the term "proceeds" shall have the meaning ascribed to such term in the UCC.

ARTICLE TWO

CONVEYANCE OF RECEIVABLES

Section 2.01. Conveyance of Receivables. By execution of this Agreement, Nordstrom Credit Card Receivables LLC or, if applicable, any Additional Transferor, does hereby transfer, assign, set over and otherwise convey to the Trust, without recourse except as provided herein, all its right, title and interest in, to and under (i) the Receivables existing at the close of business on the Initial Cut-Off Date, in the case of Receivables arising in the Initial Accounts, and on each Addition Cut-Off Date, in the case of Receivables arising in the Additional Accounts, and in each case thereafter created from time to time until the termination of the Trust, (ii) Collections and all Interchange and Recoveries allocable to the Trust as provided herein and all monies due or to become due and all amounts received or receivable with respect thereto (including proceeds of the reassignment of the Receivables to the Transferor pursuant to Section 2.05(a) or 2.06), (iii) all Eligible Investments and all monies, investment properties, instruments and other property credited to the Collection Account, the Series Accounts and the Special Funding Account (including any subaccount of any such account), and all interest, dividends, earnings, income and other distributions from time to time received, receivable or otherwise distributed or distributable thereto or in respect thereof (including any accrued discount realized on liquidation of any investment purchased at a discount), (iv) all rights, remedies powers, privileges and claims of the Transferor under or with respect to any Series Enhancement, the rights of the Transferor under this Agreement and the Trust Agreement with respect to any Series (whether arising pursuant to the terms of such Enhancement Agreement, the Trust Agreement or this Agreement or otherwise available to the Transferor at law or in equity), including the rights of the Transferor to enforce such Enhancement Agreement, the Trust Agreement or this Agreement, and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to such Series Enhancement, the Trust Agreement or this Agreement to the same extent as the Transferor could but for the assignment and security interest granted to the Indenture Trustee for the benefit of the Noteholders, (v) the rights of the Transferor to any property conveyed to the Trust under any Participation Interest Supplement and the right to receive Recoveries attributed to cardholder charges for merchandise and services in the Accounts, (vi) the rights of the Seller under the Receivables Purchase Agreements, (vii) all Insurance Proceeds related to the Receivables, (viii) all money, accounts, general intangibles, chattel paper, instruments, documents, goods, investment property, deposit accounts, certificates of deposit, letters of credit and advices of credit consisting of, arising from, or related to the foregoing, (ix) any rights of the Transferor under the Receivables Purchase Agreements, (x) all present and future claims, demands, causes and chooses in action in respect of any or all of the foregoing and (xi) any and all proceeds of the foregoing; in each case, including any rights of the Owner Trustee and the Trust pursuant to the Transaction Documents, but excluding the Transferor Interest and all amounts distributable to the holders of any Certificates pursuant to the terms of any Transaction Document shall constitute the assets of the Trust (the "Trust Assets"). The foregoing does not constitute and is not intended to result in the creation or assumption by the Trust, the Owner Trustee (as such or in its individual capacity), the Indenture Trustee or any Noteholder of any obligation of any Account Owner, any Transferor, the Servicer or any other Person in connection with the Accounts or the Receivables or under any agreement or instrument relating thereto, including any obligation to Obligors, merchant banks, merchants clearance

systems or insurers. The Obligors shall not be notified in connection with the creation of the Trust of the transfer, assignment, set-over and conveyance of the Receivables to the Trust.

Each Transferor agrees to record and file, at its own expense, financing statements (and continuation statements when applicable) with respect to the Receivables conveyed by such Transferor existing on the Initial Cut-Off Date and thereafter created meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect, and maintain the perfection of, the transfer and assignment of its interest in such Receivables to the Trust, and to deliver a file stamped copy of each such financing statement or other evidence of such filing to the Owner Trustee as soon as practicable after the first Closing Date, in the case of Receivables arising in the Initial Accounts, and (if any additional filing is so necessary) as soon as practicable after the applicable Addition Date, in the case of Receivables arising in Additional Accounts. The Owner Trustee shall be under no obligation whatsoever to file such financing or continuation statements or to make any other filing under the UCC in connection with such transfer and assignment.

Each Transferor further agrees, at its own expense, on or prior to (i) the first Closing Date, in the case of the Initial Accounts, (ii) the applicable Addition Date, in the case of Additional Accounts with respect to such Transferor, if any, and (iii) the applicable Removal Date, in the case of Removed Accounts with respect to such Transferor, (a) to cause each Account Owner to indicate in its respective computer files that Receivables created (or reassigned, in the case of Removed Accounts) in connection with the Accounts have been conveyed to the Trust pursuant to this Agreement (or conveyed to each such Transferor or its designee in accordance with Section 2.10, in the case of Removed Accounts) by including (or deleting in the case of Removed Accounts) in such computer files a clearly specified code correctly indicating the Trust's ownership of the Receivables, and (b) to deliver to the Owner Trustee a computer file or microfiche list containing a true and complete list of all such Accounts specifying for each such Account, as of the Initial Cut-Off Date, in the case of the Initial Accounts, the applicable Addition Cut-Off Date in the case of Additional Accounts, and the applicable Removal Date in the case of Removed Accounts, its account number and the aggregate amount outstanding in such Account. Each such file or list, as supplemented, from time to time, to reflect Additional Accounts and Removed Accounts, shall be marked as Schedule 1 to this Agreement and is hereby incorporated into and made a part of this Agreement. Each Transferor further agrees not to alter the code referenced in this paragraph with respect to any Account during the term of this Agreement unless and until such Account becomes a Removed Account.

If the arrangements with respect to the Receivables hereunder shall constitute a loan and not a purchase and sale of such Receivables, it is the intention of the parties hereto that this Agreement shall constitute a security agreement under applicable law, and each Transferor hereby grants to the Trust a first priority perfected security interest in all of such Transferor's right, title and interest, whether owned on the Initial Cut-Off Date or thereafter acquired, in, to and under the Trust Assets, and all money, accounts, general intangibles, chattel paper, instruments, documents, goods, investment property, deposit accounts, certificates of deposit, letters of credit, and advices of credit consisting of, arising from or related to the Trust Assets, and all proceeds thereof, to secure its obligations hereunder.

To the extent that any Transferor retains any interest in the Trust Assets, such Transferor grants to the Issuer a security interest in all of such Transferor's right, title, and interest, whether owned on the Initial Cut-Off Date or thereafter acquired, in, to and under the Trust Assets, and all money, accounts, general intangibles, chattel paper, instruments, documents, goods, investment property, deposit accounts, certificates of deposit, letters of credit and advices of credit consisting of, arising from, or related to the Trust Assets, and all proceeds thereof (collectively, the "Indenture Collateral"), to secure its obligations hereunder. With respect to the Indenture Collateral, the Issuer shall have all of the rights that it has under the Indenture and the all of the rights of a secured creditor under the UCC. The Transferor shall perform all actions necessary to maintain the perfection and priority of Trust's security interest in the Indenture Collateral.

Section 2.02. Acceptance by Trust.

(a) The Trust hereby acknowledges its acceptance of all right, title and interest to the property, now existing and hereafter created, conveyed to the Trust pursuant to Section 2.01. The Trust further acknowledges that, prior to or simultaneously with the execution and delivery of this Agreement, the Transferor delivered to the Owner Trustee the computer file or microfiche list relating to the Initial Accounts described in the third paragraph of Section 2.01. The Trust shall maintain all of its right, title and interest in the Indenture Collateral until the Lien of the Indenture is released. The Owner Trustee shall maintain a copy of Schedule 1, as delivered from time to time, at its Corporate Trust Office.

(b) The Trust hereby agrees not to disclose to any Person any of the account numbers or other information contained in the computer files or microfiche lists marked as Schedule 1 and delivered to the Owner Trustee or the Trust, from time to time, except (i) to the Servicer, a Successor Servicer or as required by a Requirement of Law applicable to the Owner Trustee, (ii) in connection with the performance of the Owner Trustee's or the Trust's duties hereunder, (iii) to the Indenture Trustee in connection with its duties in enforcing the rights of Noteholders or (iv) to bona fide creditors or potential creditors of any Account Owner, the Servicer or any Transferor for the limited purpose of enabling any such creditor to identify applicable Receivables or Accounts subject to this Agreement or the Receivables Purchase Agreements. The Trust agrees to take such measures as shall be reasonably requested by any Transferor to protect and maintain the security and confidentiality of such information and, in connection therewith, shall allow each Transferor or its duly authorized representatives to inspect the Owner Trustee's security and confidentiality arrangements as they specifically relate to the administration of the Trust from time to time during normal business hours upon prior written notice. The Trust shall provide the applicable Transferor with notice five Business Days prior to disclosure of any information of the type described in this Section.

Section 2.03. Corporate Representations and Warranties of Each Transferor. Each Transferor hereby severally represents and warrants to the Trust (and agrees that the Owner Trustee and the Indenture Trustee may conclusively rely on each such representation and warranty in accepting the Receivables in trust and in authenticating the Notes, respectively) as of each Closing Date (but only if it was a Transferor on such date) that:

(a) Organization and Good Standing. Such Transferor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has, in all material respects, full power and authority to own its properties and conduct its business as presently owned or conducted, and to execute, deliver and perform its obligations under this Agreement, each Transaction Document to which it is a party and each applicable Participation Interest Supplement.

(b) Due Qualification. Such Transferor is duly qualified to do business and is in good standing as a foreign limited liability company or foreign corporation (or is exempt from such requirements) and has obtained all necessary licenses and approvals, in each jurisdiction in which failure to so qualify or to obtain such licenses and approvals would (i) render any Credit Card Agreement relating to an Account specified in a Receivables Purchase Agreement with such Transferor or any Receivable conveyed to the Trust by such Transferor unenforceable by such Transferor or the Trust or (ii) have a material adverse effect on the Noteholders.

(c) Due Authorization. (i) The execution and delivery of this Agreement, each Transaction Document to which it is a party and each applicable Participation Interest Supplement by such Transferor and the order to the Owner Trustee to have the Notes authenticated and delivered and the consummation by such Transferor of the transactions provided for in this Agreement, any Receivables Purchase Agreement to which it is a party and each applicable Participation Interest Supplement have been duly authorized by such Transferor by all necessary limited liability company action on the part of such Transferor and (ii) this Agreement, each Transaction Document to which it is a party and each Participation Interest Supplement will remain, from the time of its execution, an official record of such Transferor.

(d) No Conflict. The execution and delivery by such Transferor of this Agreement, each Transaction Document to which it is a party and each applicable Participation Interest Supplement, and the performance of the transactions contemplated by this Agreement, each Transaction Document to which it is a party and each applicable Participation Interest Supplement and the fulfillment of the terms hereof and thereof applicable to such Transferor, will not conflict with or violate any Requirements of Law applicable to such Transferor or conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of trust or other instrument to which such Transferor is a party or by which it or its properties are bound.

(e) No Proceedings. There are no proceedings or investigations, pending or, to the best knowledge of such Transferor, threatened against such Transferor before any Governmental Authority (i) asserting the invalidity of this Agreement, any Transaction Document to which it is a party or any applicable Participation Interest Supplement, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement, any Transaction Document to which it is a party or any applicable Participation Interest Supplement, (iii) seeking any determination or ruling that, in the reasonable judgment of such Transferor, would materially and adversely affect the

performance by such Transferor of its obligations under this Agreement, any Receivables Purchase Agreement to which it is a party or any applicable Participation Interest Supplement, (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement, any Receivables Purchase Agreement to which it is a party or any applicable Participation Interest Supplement or (v) seeking to affect adversely the income or franchise tax attributes of the Trust under the United States Federal or any State income or franchise tax systems.

(f) All Consents. All authorizations, consents, orders or approvals of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by such Transferor in connection with the execution and delivery by such Transferor of this Agreement, each Transaction Document to which it is a party and each applicable Participation Interest Supplement and the performance of the transactions contemplated by this Agreement, any each Transaction Document to which it is a party and each applicable Participation Interest Supplement by such Transferor have been duly obtained, effected or given and are in full force and effect.

(g) Insolvency. No Insolvency Event with respect to such Transferor has occurred and the transfer of the Receivables by such Transferor to the Trust has not been made in contemplation of the occurrence thereof or with the intent to hinder, delay or defraud such Transferor or the creditors of such Transferor.

The representations and warranties of each Transferor set forth in this Section shall survive the transfer and assignment by such Transferor of the respective Receivables to the Trust, the pledge of the Receivables to the Indenture Trustee pursuant to the Indenture, and the issuance of the Notes. Upon discovery by such Transferor, the Servicer or the Owner Trustee of a breach of any of the representations and warranties by such Transferor set forth in this Section, the party discovering such breach shall give prompt written notice to the other parties and the Indenture Trustee. Such Transferor agrees to cooperate with the Servicer and the Owner Trustee in attempting to cure any such breach.

Section 2.04. Other Representations and Warranties of Each Transferor.

(a) Representations and Warranties. Each Transferor hereby severally represents and warrants to the Trust as of the Initial Issuance Date, each Closing Date and, with respect to Additional Accounts, as of the related Addition Date (but only if, in either case, it was a Transferor on such date) that:

(i) each Transaction Document to which it is a party, each applicable Participation Interest Supplement and, in the case of Additional Accounts, the related Assignment, each constitutes a legal, valid and binding obligation of such Transferor enforceable against such Transferor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect or general principles of equity;

(ii) as of the Initial Cut-Off Date with respect to the Initial Accounts (and the Receivables arising therein), and as of the related Removal Date or Addition Cut-Off Date with respect to Removed Accounts or Additional Accounts, respectively (and the Receivables arising therein), the portion of Schedule 1 to this Agreement under such Transferor's name, as supplemented to such date, is an accurate and complete listing in all material respects of all the Accounts the Receivables in which were transferred by such Transferor on the Initial Issuance Date or such Addition Cut-Off Date, as the case may be, and the information contained therein with respect to the identity of such Accounts and the Receivables existing thereunder is true and correct in all material respects as of the Initial Cut-Off Date or such Addition Cut-Off Date, as the case may be;

(iii) each Receivable conveyed to the Trust by such Transferor has been conveyed to the Trust free and clear of any Lien of any Person claiming through or under such Transferor or any of its Affiliates (other than Liens permitted under Section 2.07(b)) and in compliance with all Requirements of Law applicable to such Transferor;

(iv) all authorizations, consents, orders or approvals of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by such Transferor in connection with the conveyance by such Transferor of Receivables to the Trust have been duly obtained, effected or given and are in full force and effect;

(v) either this Agreement or, in the case of Supplemental Accounts, the related Assignment constitutes an absolute sale, transfer and assignment to the Trust of all right, title and interest of such Transferor in the Receivables conveyed to the Trust by such Transferor and the proceeds thereof and Recoveries identified as relating to the Receivables conveyed to the Trust by such Transferor or, if this Agreement or, in the case of Additional Accounts, the related Assignment does not constitute a sale of such property, it constitutes a grant of a first priority perfected "security interest" (as defined in the UCC) in such property to the Trust, which, in the case of existing Receivables and the proceeds thereof and said Recoveries, is enforceable upon execution and delivery of this Agreement, or, with respect to then existing Receivables in Additional Accounts, as of the applicable Addition Date, and which will be enforceable with respect to such Receivables hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the financing statements and, in the case of Receivables hereafter created and the proceeds thereof, upon the creation thereof, the Trust shall have a first priority perfected security or ownership interest in such property and proceeds;

(vi) on the Initial Cut-Off Date, each Initial Account specified in Schedule 1 with respect to such Transferor is an Eligible Account and, on the applicable Addition Cut-Off Date, each related Additional Account specified in Schedule 1 with respect to such Transferor is an Eligible Account;

(vii) on the Initial Cut-Off Date, each Receivable then existing and conveyed to the Trust by such Transferor is an Eligible Receivable and, on the applicable Addition Cut-Off Date, each Receivable contained in the related Additional Accounts and conveyed to the Trust by such Transferor is an Eligible Receivable;

(viii) as of the date of the creation of any new Receivable transferred to the Trust by such Transferor, such Receivable is an Eligible Receivable;

(ix) each Account has been randomly selected and no selection procedures believed by such Transferor to be materially adverse to the interests of the Noteholders have been used in selecting such Accounts;

(x) except as otherwise expressly provided in this Agreement or any Indenture Supplement, neither such Transferor nor any Person claiming through or under such Transferor has any claim to or interest in the Collection Account, the Special Funding Account, any Series Account or any Series Enhancement;

(xi) the aggregate amount of Receivables that arise from Accounts that have Obligors with a billing address outside the United States or its territories is less than 1.0% of the total amount of Receivables in the Trust, and

(xii) the aggregate amount of Receivables that arise from Accounts for which the Obligors is an employee of Nordstrom or an Affiliate is less than 6.0% of the total amount of Receivables in the Trust.

(b) Notice of Breach. The representations and warranties set forth in Section 2.03 and this Section shall survive the transfers and assignments of the Receivables to the Trust, the pledge of the Receivables to the Indenture Trustee pursuant to the Indenture, and the issuance of the Notes. Upon discovery by any Transferor or the Servicer of a breach of any of the representations and warranties set forth in Section 2.03 or this Section, the party discovering such breach shall give notice to the other parties within three Business Days following such discovery; provided that the failure to give notice within three Business Days does not preclude subsequent notice.

Section 2.05. Reassignment of Ineligible Receivables.

(a) Reassignment of Receivables. In the event (i) any representation or warranty contained in Section 2.04(a)(ii), (iv), (vi), (vii), (viii) or (ix) is not true and correct in any material respect as of the date specified therein with respect to any Receivable or the related Account and such breach has a material adverse effect on any Receivable (which determination shall be made without regard to whether funds are then available pursuant to any Series Enhancement) unless cured within 60 days (or, if the Transferor is diligently pursuing a cure of such breach, 150 days) after the earlier to occur of the discovery thereof by the Transferor which conveyed such Receivables to the Trust or receipt by such Transferor of written notice thereof given by the Trust, the Indenture Trustee or the Servicer, (ii) any representation or warranty contained in Section 2.04(a)(iii) is not true and correct in any material respect as of the date specified therein with respect to any Receivable and such breach has a material adverse effect on any Receivable (which determination shall be made without regard to whether funds are then available pursuant to any Series Enhancement) or (iii) it is so provided in Section 2.07(a) with respect to any Receivables conveyed to the Trust by such Transferor, then such Transferor shall accept reassignment of all Receivables in the related Account ("Ineligible Receivables") on the terms and conditions set forth in Section 2.05(b).

(b) Price of Reassignment. The Servicer shall deduct the portion of such Ineligible Receivables reassigned to each Transferor which are Principal Receivables from the aggregate amount of Principal Receivables used to calculate the Transferor Interest. In the event that, following the exclusion of such Principal Receivables from the calculation of the Transferor Interest, the Transferor Interest would be less than the Required Transferor Interest, not later than 1:00 p.m., New York City time, two Business Days after which such reassignment obligation arises, the applicable Transferor shall make a deposit into the Special Funding Account in immediately available funds in an amount equal to the amount by which the Transferor Interest would be below the Required Transferor Interest (up to the amount of such Principal Receivables).

Upon reassignment of any Ineligible Receivable, the Trust shall automatically and without further action be deemed to transfer, assign, set over and otherwise convey to the applicable Transferor or its designee, without recourse, representation or warranty, all the right, title and interest of the Trust in and to such Ineligible Receivable, all Recoveries related thereto, all monies and amounts due or to become due and all proceeds thereof and such reassigned Ineligible Receivable shall be treated by the Trust as collected in full as of the date on which it was transferred. The obligation of each Transferor to accept reassignment of any Ineligible Receivables conveyed to the Trust by such Transferor, and to make the deposits, if any, required to be made to the Special Funding Account as provided in this Section, shall constitute the sole remedy respecting the event giving rise to such obligation available to the Trust, the Noteholders (or the Indenture Trustee on behalf of the Noteholders) or any Series Enhancer. Notwithstanding any other provision of this Section, a reassignment of an Ineligible Receivable in excess of the amount that would cause the Transferor Interest to be less than the Required Transferor Interest shall not occur if the applicable Transferor fails to make any deposit required by this Section with respect to such Ineligible Receivable. The Trust shall execute such documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested and provided by the applicable Transferor to effect the conveyance of such Ineligible Receivables pursuant to this Section, but only upon receipt of an Officer's Certificate from such Transferor that states that all conditions set forth in this Section have been satisfied.

Section 2.06. Reassignment of Trust Portfolio. In the event any representation or warranty of a Transferor set forth in Section 2.03(a) or (c) or Section 2.04(a)(i) or (v) is not true and correct in any material respect and such breach has a material adverse effect on the Receivables or Participation Interests conveyed to the Trust by such Transferor or the availability of the proceeds thereof to the Trust (which determination shall be made without regard to whether funds are then available pursuant to any Series Enhancement), then either the Trust, the Indenture Trustee or the Holders of Notes evidencing not less than 50% of the Outstanding Amount of the Notes of all Series, by notice then given to such Transferor and the Servicer (and to the Trust and Indenture Trustee if given by the Noteholders), may direct such Transferor to accept a reassignment of the Receivables and any Participation Interests conveyed to the Trust by such Transferor if such breach and any material adverse effect caused by such breach is not cured within 60 days of such notice (or, if the Transferor is diligently pursuing a cure of such breach, 150 days), and upon those conditions such Transferor shall be obligated to accept such reassignment on the terms set forth below; provided, however, that such Receivables and Participation Interests will not be reassigned to such Transferor if, on any day prior to the end of such 60-day or longer period (i) the relevant representation and warranty shall be true and correct

in all material respects as if made on such day and (ii) such Transferor shall have delivered to the Trust a certificate of an authorized officer describing the nature of such breach and the manner in which the relevant representation and warranty has become true and correct.

The applicable Transferor shall deposit in the Collection Account in immediately available funds not later than 1:00 p.m., New York City time, two Business Days after which such reassignment obligation arises, in payment for such reassignment, an amount equal to the sum of the amounts specified therefor with respect to each outstanding Series in the related Indenture Supplement. Notwithstanding anything to the contrary in this Agreement, such amounts shall be distributed to the Noteholders on such Distribution Date in accordance with the terms of each Indenture Supplement. If the Trust, the Indenture Trustee or the Noteholders give notice directing the applicable Transferor to accept a reassignment of the Receivables and Participation Interests as provided above, the obligation of such Transferor to accept such reassignment pursuant to this Section and to make the deposit required to be made to the Collection Account as provided in this paragraph shall constitute the sole remedy respecting an event of the type specified in the first sentence of this Section available to the Noteholders (or the Indenture Trustee on behalf of the Noteholders) or any Series Enhancer. Upon reassignment of the Receivables and the Participation Interests on such Distribution Date, the Trust shall automatically and without further action be deemed to transfer, assign, set-over and otherwise convey to the applicable Transferor, without recourse, representation or warranty, all the right, title and interest of the Trust in and to the Receivables and the Participation Interests, all Recoveries allocable to the Trust, and all monies and amounts due or to become due with respect thereto and all proceeds thereof. The Trust shall execute such documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested by the applicable Transferor to effect the conveyance of such property pursuant to this Section.

Section 2.07. Covenants of each Transferor. Each Transferor hereby severally covenants that:

(a) Receivables Not Evidenced by Promissory Notes. Except in connection with its enforcement or collection of any Receivable, such Transferor will take no action to cause any Receivable conveyed by it to the Trust to be evidenced by any instrument (as defined in the UCC) and if any such Receivable is so evidenced (whether or not in connection with the enforcement or Collection of a Receivable) it shall be deemed to be an Ineligible Receivable and shall be reassigned to such Transferor in accordance with Section 2.05(b).

(b) Security Interests. Except for the conveyances hereunder, such Transferor will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on, any Receivable or Participation Interest conveyed by it to the Trust, whether now existing or hereafter created, or any interest therein, and such Transferor shall defend the right, title and interest of the Trust and the Indenture Trustee in, to and under the Receivables and any Participation Interest, whether now existing or hereafter created, against all claims of third parties claiming through or under such Transferor; provided, however, that nothing in this Section shall prevent or be deemed to prohibit such Transferor from suffering to exist upon any of the Receivables transferred by it to the Trust any Liens for municipal or other local taxes if such taxes shall not at the

time be due and payable or if such Transferor shall currently be contesting the validity thereof in good faith by appropriate proceedings and shall have set aside on its books adequate reserves with respect thereto.

(c) Transferor Interest. Except for the conveyances hereunder, in connection with any transaction permitted by Section 4.02(a)(i) and as provided in Section 2.09(d) of this Agreement or Section 2.12 of the Master Indenture such Transferor agrees not to transfer, sell, assign, exchange or otherwise convey or pledge, hypothecate or otherwise grant a security interest in the Transferor Interest, the Transferor Certificate or any Supplemental Certificate and any such attempted transfer, assignment, exchange, conveyance, pledge, hypothecation, grant or sale shall be void; provided, however, that nothing in this Section shall prevent the owner of an interest in the Transferor Interest from granting to an Affiliate a participation interest or other beneficial interest in the rights to receive cash flows related to the Transferor Interest, if (i) such interest does not grant such Affiliate any rights hereunder or under any other Transaction Document or delegate to such Affiliate any obligations or duties hereunder or under any other Transaction Document, (ii) after giving effect to such transfer, the interest in the Transferor's Interest owned directly by the Transferor represents an undivided ownership interest in 2.0% or more of the Trust Assets and (iii) a Tax Opinion shall have been delivered to each Trustee.

(d) Delivery of Collections or Recoveries. In the event that such Transferor receives Collections or Recoveries, such Transferor agrees to pay the Servicer all such Collections and Recoveries as soon as practicable after receipt thereof but in no event later than two Business Days after the Date of Processing.

(e) Notice of Liens. Such Transferor shall notify the Trust, the Indenture Trustee and each Series Enhancer promptly after becoming aware of any Lien on any Receivable (or on the underlying receivable) or Participation Interest conveyed by it to the Trust other than the conveyances hereunder and under any Receivables Purchase Agreement to which it is a party and the Indenture.

(f) Notice of Change in Credit Card Guidelines. The Transferor shall notify the Rating Agencies of any materially adverse change in the Credit Card Guidelines.

(g) Continuous Perfection. The Transferor shall not change its name, identity or structure in any manner that might cause any financing or continuation statement filed pursuant to this Agreement to be misleading unless the Transferor shall have delivered to the Trust at least 30 days' prior written notice thereof and, no later than 30 days after making such change, shall have taken all action necessary or advisable to amend such financing statement or continuation statement so that it is not misleading. The Transferor shall not change the jurisdiction under whose laws it is organized, its chief executive office or change the location of its principal records concerning the Receivables unless it has delivered to the Trust at least 30 days' prior written notice of its intention to do so and has taken such action as is necessary or advisable to cause the interest of the Trust in the Receivables to continue to be perfected with the priority required by this Agreement.

(h) Interchange. With respect to any Distribution Date, on or prior to the immediately preceding Determination Date, the Servicer shall notify the Transferor of the amount of Interchange required to be included as Collections of Finance Charge Receivables with respect to such Monthly Period, which amount for any Series shall be specified in the related Indenture Supplement. Not later than 1:00 p.m., New York City time, on the related Transfer Date, the Transferor shall deposit, or cause to be deposited, into the Collection Account, in immediately available funds, the amount of the Interchange to be so included as Collections of Finance Charge Receivables with respect to such Monthly Period.

Section 2.08. Covenants of each Transferor with Respect to Receivables Purchase Agreements.

(a) Each Transferor hereby covenants that it will at all times enforce the covenants and agreements of the Account Owners under the terms of the Receivables Purchase Agreements to which it is a party, including covenants to the effect set forth below:

(i) Periodic Rate Finance Charges and Other Fees. Except (A) as otherwise required by any Requirements of Law or (B) as is deemed by the Account Owner to be necessary in order for it to maintain its credit card business on a competitive basis based on a good faith assessment by it of the nature of its competition in the credit card business, it shall not at any time reduce the Periodic Rate Finance Charges assessed on the Receivables transferred by it to the Transferor or other fees charged on any of the Accounts owned by it if either (1) as a result of any such reduction, such Account Owner's reasonable expectation is that such reduction will cause a Redemption Event or Event of Default to occur or (2) such reduction is not also applied to all comparable segments of VISA(R) or other retail consumer revolving credit card accounts owned by such Account Owner which have characteristics the same as, or substantially similar to, such Accounts.

(ii) Credit Card Agreements and Guidelines. Such Account Owner shall comply with and perform its obligations under the Credit Card Agreements relating to the Accounts owned by it and the Credit Card Guidelines except insofar as any failure so to comply or perform would not materially and adversely affect the rights of the Trust or the Noteholders. Subject to compliance with all Requirements of Law and Section 2.08(a)(i), such Account Owner may change the terms and provisions of the Credit Card Agreements or the Credit Card Guidelines with respect to any of the Accounts owned by it in any respect (including the calculation of the amount or the timing of charge-offs and the Periodic Rate Finance Charges and other fees to be assessed thereon) only if such change is made applicable to all comparable segments of VISA(R) or other retail consumer revolving credit card accounts owned by such Account Owner which have characteristics the same as, or substantially similar to, such Accounts. Notwithstanding the foregoing, unless required by Requirements of Law or as permitted by Section 2.08(a), no Account Owner will take any action with respect to the applicable Credit Card Agreements or the applicable Credit Card Guidelines, which, at the time of such action, the Account Owner reasonably believes will have a material adverse effect on the Noteholders.

(iii) Receivables Purchase Agreement. The Transferor, in its capacity as Purchaser of Receivables from the Seller under the Receivables Purchase Agreement, shall enforce the covenants and agreements of the Seller as set forth in such Receivables Purchase Agreement, where a failure of the Seller to comply would have an Adverse Effect.

(b) New or Amendments to Receivables Purchase Agreements.

Each Transferor further covenants that it will not enter into any amendments to a Receivables Purchase Agreement or enter into a new Receivables Purchase Agreement unless the Rating Agency Condition has been satisfied.

Section 2.09. Addition of Accounts.

(a) Additional Accounts.

(i) Required Additions. If on any Business Day, either (A) the Transferor Interest is less than the Required Transferor Interest or (B) the total amount of Principal Receivables is less than the Required Minimum Principal Balance on such Business Day, the Transferor shall on or prior to the close of business on the second Business Day following such Business Day (the "Required Designation Date"), unless the Transferor Interest exceeds the Required Transferor Interest and the total amount of Principal Receivables exceeds the Required Minimum Principal Balance, in each case, as of the close of business on such Required Designation Date, cause to be designated additional Eligible Accounts to be included as Accounts as of the Required Designation Date or any earlier date in a sufficient amount such that, after giving effect to such addition, the Transferor Interest as of the close of business on the applicable Addition Date, is at least equal to the Required Transferor Interest and the aggregate principal balance of Principal Receivables, plus the then outstanding principal amount of any Participation Interests conveyed to the Trust as of the close of business on the Addition Date, is at least equal to the Required Minimum Principal Balance on such date. The Transferor shall promptly give notice to each Rating Agency of any obligation of the Transferor to designate Accounts pursuant to the preceding sentence. The failure of any condition set forth in Section 2.09(c) shall not relieve the Transferor of its obligation pursuant to this paragraph; provided, however, that the failure of the Transferor to transfer Receivables to the Trust as provided in this clause solely as a result of the unavailability of a sufficient amount of Eligible Receivables shall not constitute a breach of this Agreement; provided further, that any such failure which has not been timely cured may nevertheless result in the occurrence of a Pay Out Event.

(ii) Optional Participation Interests. In lieu of, or in addition to, designating Additional Accounts pursuant to Section 2.09(a)(i), the Transferor may, subject to the conditions specified in Section 2.09(c), convey to the Trust participations (including 100% participations) representing undivided interests in a pool of assets primarily consisting of revolving credit card receivables and any interests in any of the foregoing, including securities representing or backed by such receivables and collections thereon ("Participation Interests"). The addition of Participation Interests in the Trust shall be

effected by a Participation Interest Supplement, dated the applicable Addition Date and entered into pursuant to Section 9.01(a).

(iii) Optional Additions. In addition to designating Additional Accounts pursuant to clause (i) above, the Transferor, subject to the conditions set forth in this Section, may elect on any date to designate Eligible Accounts to the Trust and/or to automatically convey newly originated Eligible Receivables to the Trust upon their establishment. The Transferor hereby elects to automatically convey newly originated Eligible Receivables to the Trust upon their establishment. The Transferor shall be permitted to transfer Eligible Receivables to the Trust pursuant to this clause as long as (A) the number of new Accounts and the amount of Receivables arising from such Accounts designated during any fiscal year do not exceed 20% of the total amount of Accounts designated to the Trust and Receivables in the Trust, respectively, as of the first day of such year fiscal year or (B) for any fiscal quarter, the number of new Accounts and the amount of Receivables arising from such Accounts designated during such fiscal quarter do not exceed 15% of the total amount of Accounts designated to the Trust and Receivables in the Trust, respectively, as of the first day of such quarter. The Transferor shall give prompt notice to each Rating Agency if any of the limits set forth in the preceding sentence have been exceeded. If the Transferor elects to suspend or terminate the automatic addition of Eligible Receivables, it shall do so only upon providing the Indenture Trustee, the Trust, the Rating Agencies and the Servicer with notice thereof.

(b) Restricted Additions. Each Transferor may from time to time, at its sole discretion, subject to the conditions specified in Section 2.09(c), designate additional Eligible Accounts to be included as Accounts or Participation Interests to be included as Trust Assets, in either case as of the applicable Addition Date.

(c) Conditions to Required Additions, Optional Participation Interests and Restricted Additions. On the Addition Date with respect to any Supplemental Accounts or Participation Interests designated pursuant to Section 2.09(a) or (b), the Transferor shall transfer the Receivables in such Supplemental Accounts (and such Supplemental Accounts shall be deemed to be Accounts for purposes of this Agreement) or shall transfer such Participation Interests, in each case as of the close of business on the applicable Addition Date, subject to the satisfaction of the following conditions:

(i) on or before the tenth Business Day immediately preceding the Addition Date, each Participating Transferor shall have given the Trust, the Indenture Trustee and each Rating Agency written notice that the Supplemental Accounts or Participation Interests will be included and specifying the applicable Addition Date, the Addition Cut-Off Date and the approximate number of accounts expected to be added and the approximate aggregate balances expected to be outstanding in the accounts to be added (in the case of Supplemental Accounts);

(ii) in the case of Supplemental Accounts, the Participating Transferor shall have delivered to the Trust and the Indenture Trustee copies of UCC-1 financing statements covering such Supplemental Accounts, if necessary to perfect the Trust's interest in the Receivables arising therein;

(iii) as of each of the Addition Cut-Off Date and the Addition Date, no Insolvency Event with respect to the Participating Transferor or the Account Owner of the Supplemental Accounts shall have occurred nor shall the transfer of the Receivables arising in the Supplemental Accounts or of the Participation Interests to the Trust have been made in contemplation of the occurrence thereof or with the intent to hinder, delay or defraud the Transferor or the creditors of the Transferor;

(iv) the Rating Agency Condition shall have been satisfied with respect to such Addition;

(v) each Participating Transferor shall have delivered to the Trust and the Indenture Trustee an Officer's Certificate, dated the Addition Date, stating that (A) in the case of Supplemental Accounts, as of the applicable Addition Cut-Off Date, the Supplemental Accounts are all Eligible Accounts, (B) to the extent applicable, the conditions set forth in Sections 2.09(c)(ii) through (c)(iv) and (c)(viii) have been satisfied and (C) such Participating Transferor reasonably believes that the addition by such Participating Transferor of the Receivables arising in the Supplemental Accounts or of the Participation Interests to the Trust will not, based on the facts known to such officer at the time of such addition, then or thereafter result in an Adverse Effect with respect to any Series;

(vi) on or prior to each Distribution Date, the Participating Transferors shall have delivered to the Trust, the Indenture Trustee and each Rating Agency, an Opinion of Counsel substantially in the form of Exhibit D-2 with respect to the Supplemental Accounts, if any, included as Accounts during the related Monthly Periods ending prior to such Distribution Date; the opinion delivery requirement set forth in the immediately preceding sentence may be modified provided that the Rating Agency Condition is satisfied;

(vii) in the case of designation of Supplemental Accounts, Participating Transferors shall have delivered to the Owner Trustee (A) the computer file or microfiche list required to be delivered pursuant to Section 2.01 with respect to such Supplemental Accounts and (B) a duly executed Assignment; and

(viii) to the extent required by Section 4.03, the Servicer shall have deposited in the Collection Account all Collections with respect to such Supplemental Accounts since the Addition Cut-off Date.

(d) Additional Transferors. Upon satisfaction of the Rating Agency Condition, the Transferor may designate Additional Transferors under this Agreement in an amendment hereto pursuant to Section 9.01(a) and, in connection with such designation, the Transferor shall surrender the Transferor Certificate to the Owner Trustee in exchange for a newly issued Transferor Certificate modified to reflect such Additional Transferor's interest in the Transferor Interest; provided, however, that prior to any such designation and exchange the conditions set forth in clauses (iii) and (v) of Section 3.06(b) of the Trust Agreement shall have been satisfied with respect thereto.

Section 2.10. Removal of Accounts and Participation Interests.

(a) Once per Monthly Period, each Transferor shall have the right to require the reassignment to it or its designee of all the Trust's right, title and interest in, to and under the Receivables then existing and thereafter created, all Recoveries related thereto after the Removal Date, all monies due or to become due and all amounts received or receivable with respect thereto, and all proceeds thereof in or with respect to certain specified Accounts (the "Removed Accounts") or Participation Interests conveyed to the Trust by such Transferor (the "Removed Participation Interests") (unless otherwise set forth in the applicable Participation Interest Supplement or Indenture Supplement) and designated for removal by the Transferor, upon satisfaction of the following conditions:

(i) on or before the fifth Business Day preceding the Removal Date, such Transferor shall have given written notice to the Trust, the Indenture Trustee, the Servicer, the Rating Agency and each Series Enhancer (unless such notice requirement is otherwise waived) of such removal and specifying the Removal Date;

(ii) on or prior to the date that is five Business Days on or before the Removal Date, such Transferor shall amend Schedule 1 by delivering to the Owner Trustee a computer file or microfiche list containing a true and complete list of the Removed Accounts specifying for each such Account, as of the date notice of the Removal Date is given, its account number, the aggregate amount outstanding in such Account and the aggregate amount of Principal Receivables outstanding in such Account;

(iii) the removal will not cause the Transferor Interest to be less than the Required Transferor Interest;

(iv) such Transferor shall have represented and warranted as of the Removal Date that the list of Removed Accounts delivered pursuant to clause (ii) above, as of the Removal Date, is true and complete in all material respects;

(v) the Rating Agency Condition shall have been satisfied with respect to the removal of the Removed Accounts and removed Participation Interests;

(vi) such Transferor shall have delivered to the Trust and the Indenture Trustee an Officer's Certificate, dated the Removal Date, to the effect that such Transferor reasonably believes that (A) such removal will not have a material adverse effect on the Noteholders, (B) such removal will not result in the occurrence of a Pay Out Event or Event of Default, and (C) random selection procedures were used and no selection procedures believed by such Transferor to be materially adverse to the interests of the Noteholders have been used in selecting the Removed Accounts; and

(vii) as of the Removal Date, no more than 10% of the Receivables outstanding are more than 30 days Contractually Delinquent.

(b) Upon satisfaction of the above conditions, the Trust shall execute and deliver to such Transferor a Reassignment and shall, without further action, be deemed to transfer, assign, set over and otherwise convey to such Transferor or its designee, effective as of the Removal

Date, without recourse, representation or warranty, all the right, title and interest of the Trust in and to the Receivables arising in the Removed Accounts and Removed Participation Interests, all Recoveries related thereto, all monies due and to become due and all amounts received or receivable with respect thereto after the Removal Date and all proceeds thereof and any Insurance Proceeds relating thereto. The Trust and Owner Trustee may conclusively rely on the Officer's Certificate delivered pursuant to this Section and shall have no duty to make inquiries with regard to the matters set forth therein and shall incur no personal liability in so relying.

(c) Notwithstanding the foregoing, upon the effective date of any rules promulgated under the Financial Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities ("FAS 140") that would preclude sale accounting treatment for the conveyance of the Receivables for FAS 140 purposes because of the existence or continued effectiveness of the removal provisions of this Section 2.10, then the Transferor shall no longer have the right to so remove accounts and the provisions of this Section 2.10 shall no longer be in effect.

Section 2.11. Account Allocations. In the event that a Transfer Restriction Event occurs with respect to a Transferor, then, (i) such Transferor and the Servicer agree (except as prohibited by any such order) to allocate and pay to the Trust, after the date of such inability, all Collections, including Collections of Receivables transferred to the Trust prior to the occurrence of such event, and all amounts which would have constituted Collections but for such Transferor's inability to transfer Receivables (up to an aggregate amount equal to the amount of Receivables transferred to the Trust by such Transferor in the Trust on such date), (ii) such Transferor and the Servicer agree that such amounts will be applied as Collections in accordance with Article Eight of the Master Indenture and the terms of each Indenture Supplement and (iii) for so long as the allocation and application of all Collections and all amounts that would have constituted Collections are made in accordance with clauses (i) and (ii) above, Principal Receivables and all amounts which would have constituted Principal Receivables but for such Transferor's inability to transfer Receivables to the Trust which are charged off as uncollectible in accordance with this Agreement shall continue to be allocated in accordance with Article Eight of the Master Indenture and the terms of each Indenture Supplement. For the purpose of the immediately preceding sentence, such Transferor and the Servicer shall treat the first received Collections with respect to the Accounts as allocable to the Trust until the Trust shall have been allocated and paid Collections in an amount equal to the aggregate amount of Principal Receivables in the Trust as of the date of the occurrence of such event. If such Transferor and the Servicer are unable pursuant to any Requirements of Law to allocate Collections as described above, such Transferor and the Servicer agree that, after the occurrence of such event, payments on each Account with respect to the principal balance of such Account shall be allocated first to the oldest principal balance of such Account and shall have such payments applied as Collections in accordance with Article Eight of the Master Indenture and the terms of each Indenture Supplement. The parties hereto agree that Finance Charge Receivables, whenever created, accrued in respect of Principal Receivables which have been conveyed to the Trust shall continue to be a part of the Trust notwithstanding any cessation of the transfer of additional Principal Receivables to the Trust and Collections with respect thereto shall continue to be allocated and paid in accordance with Article Eight of the Master Indenture and the terms of each Indenture Supplement.

Section 2.12. Discount Option.

(a) The Transferor shall have the option to designate at any time and from time to time a percentage or percentages, which may be a fixed percentage or a variable percentage based on a formula (the "Discount Percentage"), of all or any specified portion of Principal Receivables existing on or after the Discount Option Date to be treated as Discount Option Receivables and thereafter treated as Finance Charge Receivables. As of the Closing Date, the Discount Percentage is 1.0%. Upon satisfaction of the Rating Agency Condition, the Transferor shall also have the option of increasing, reducing or withdrawing the Discount Percentage, at any time and from time to time, on and after the applicable Discount Option Date. The Transferor shall provide to the Servicer, the Trustees and any Rating Agency 30 days' prior written notice of the Discount Option Date, and such designation shall become effective on the Discount Option Date (i) unless such designation in the reasonable belief of the Transferor would cause a Redemption Event or Event of Default with respect to any Series to occur, or an event which, with notice or lapse of time or both, would constitute a Redemption Event or Event of Default with respect to any Series and (ii) only if the Rating Agency Condition shall have been satisfied with respect to such designation.

(b) After the Discount Option Date, Discount Option Receivable Collections shall be treated as Collections of Finance Charge Receivables.

Section 2.13. Representations and Warranties as to the Security Interest of the Trust in the Receivables. The Transferor makes the following representations and warranties to the Trust. The representations and warranties speak as of the execution and delivery of this Agreement and as of each Closing Date. Such representations and warranties shall survive the sale, transfer and assignment of the Receivables to the Trust, the pledge thereof to the Indenture Trustee and the termination of this Agreement and shall not be waived by any party hereto unless the Rating Agency Condition is satisfied.

(a) This Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in the Indenture Collateral in favor of the Trust, which security interest is prior to all other Liens other than the Lien of the Indenture, and is enforceable as such as against creditors of and purchasers from the Transferor.

(b) The Receivables constitute "accounts" within the meaning of the applicable UCC.

(c) The Transferor owns and has good and marketable title to the Indenture Collateral free and clear of any Lien, claim or encumbrance of any Person.

(d) The Transferor has caused or will have caused, within ten days, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Indenture Collateral granted to the Trust hereunder.

(e) Other than the security interest granted to the Trust pursuant to this Agreement, the Transferor has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Indenture Collateral. The Transferor has not authorized

the filing of and is not aware of any financing statements against the Transferor that include a description of collateral covering the Indenture Collateral other than any financing statement relating to the security interest granted to the Trust hereunder or that has been terminated. The Transferor is not aware of any judgment or tax lien filings against the Transferor.

ARTICLE THREE

ADMINISTRATION AND SERVICING
OF RECEIVABLES

Section 3.01. Acceptance of Appointment and Other Matters Relating to the Servicer.

(a) Nordstrom fsb agrees to act as the Servicer under this Agreement and the Noteholders, by their acceptance of Notes or a beneficial interest therein, consent to Nordstrom fsb acting as Servicer.

(b) As agent for each Transferor and the Trust, the Servicer shall service and administer the Receivables (including the underlying receivables) and any Participation Interests, shall collect and deposit into the Collection Account amounts received under the Receivables (including the underlying receivables) and any Participation Interests and shall charge off as uncollectible Receivables, all in accordance with its customary and usual servicing procedures for servicing credit card receivables comparable to the Receivables and in accordance with the Credit Card Guidelines and the Transaction Documents. As agent for each Transferor and the Trust, the Servicer shall have full power and authority, acting alone or through any party properly designated by it hereunder, to do any and all things in connection with such servicing and administration which it may deem reasonably necessary or desirable, including, but not limited to, billing, collecting and remitting Collections, providing customer service and performing other activities customary in servicing credit card receivables. Without limiting the generality of the foregoing and subject to Section 7.01, the Servicer or its designee is hereby authorized and empowered, unless such power is revoked by the Indenture Trustee on account of the occurrence of a Servicer Default, (i) to instruct the Owner Trustee or the Indenture Trustee to make withdrawals and payments from the Collection Account, the Special Funding Account and any Series Account, as set forth in this Agreement, the Master Indenture or any Indenture Supplement, (ii) to take any action required or permitted under any Series Enhancement, as set forth in this Agreement, the Master Indenture or any Indenture Supplement, (iii) to execute and deliver, on behalf of the Trust, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge, and all other comparable instruments, with respect to the Receivables and, after the delinquency of any Receivable and to the extent permitted under and in compliance with applicable Requirements of Law, to commence collection proceedings with respect to such Receivable and (iv) to make any filings, reports, notices, applications and registrations with, and to seek any consents or authorizations from, the Commission and any state securities authority on behalf of the Trust as may be necessary or advisable to comply with any federal or state securities or reporting requirements or other laws or regulations. The Owner Trustee and the Indenture Trustee upon written request therefor shall furnish the Servicer with any documents necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder.

(c) The Servicer shall not, and no Successor Servicer shall, be obligated to use separate servicing procedures, offices, employees or accounts for servicing the Receivables from the procedures, offices, employees and accounts used by the Servicer or such Successor Servicer, as the case may be, in connection with servicing other credit card receivables.

(d) The Servicer shall comply with and perform its servicing obligations with respect to the Accounts and Receivables in accordance with the Credit Card Agreements relating to the Accounts and the Credit Card Guidelines, except insofar as any failure to so comply or perform would not materially and adversely affect the Trust or the Noteholders.

(e) The Servicer shall pay out of its own funds, without reimbursement, all expenses incurred in connection with the Trust and the servicing activities hereunder including expenses related to enforcement of the Receivables, fees and disbursements of the Owner Trustee (as such and in its individual capacity including amounts owed to the Owner Trustee under the Trust Agreement, the Administrator and the Indenture Trustee (including the reasonable fees and expenses of its outside counsel) and independent accountants and all other fees and expenses, including the costs of filing UCC continuation statements, the costs and expenses relating to obtaining and maintaining the listing of any Notes on any stock exchange and any stamp, documentary, excise, property (whether on real, personal or intangible property) or any similar tax levied on the Trust or the Trust's assets that are not expressly stated in this Agreement to be payable by the Trust or the Transferor (other than federal, state, local and foreign income and franchise taxes, if any, or any interest or penalties with respect thereto, assessed on the Trust).

(f) The Servicer agrees at its own cost and expense to maintain during the term of this Agreement adequate fidelity bond coverage of the officers and employees of the Servicer (as well as any temporary personnel if not covered by their agency's insurance) who handle or may have occasion to handle or control any funds handled by the Servicer, documents and/or papers relating to the Receivables. Such fidelity bond shall be in form and substance reasonable and customary for companies which service credit card receivables, shall protect against losses, including losses resulting from forgery, theft, embezzlement and fraud, and the coverage under the fidelity bond shall be at least $5,000,000. The Servicer shall furnish to the Administrator certification by the carrier of such fidelity coverage attesting to the form or type of bond evidencing such coverage, together with the amount, term, date of commencement, anniversary or renewal date and name of insured and affirmatively assuring the Administrator that such coverage cannot be materially changed, other than by an increase in amount, or canceled without 30 days' prior written notice to the Administrator.

(g) The Servicer is authorized, in it own name, in the name of the Trust or in the name of the Trustee on behalf of the Trust, to commence, defend against or otherwise participate in a proceeding relating to or involving the protection or enforcement of the interests of the Trust or the Trustee on behalf of the Trust. If the Servicer commences or participates in a legal proceeding in its own name, each such party shall thereupon be deemed to have automatically assigned its interest in (excluding legal title to) the related Receivable to the Servicer to the extent necessary for the purposes of such proceeding.

Section 3.02. Servicing Compensation. As compensation for its servicing activities hereunder and as reimbursement for any expense incurred by it in connection therewith, the Servicer shall be entitled to receive the Servicing Fee with respect to each Monthly Period, payable on the related Distribution Date. The Monthly Servicing Fee allocable to a Series of Notes with respect to any Monthly Period (the "Monthly Servicing Fee") shall be determined in accordance with the relevant Indenture Supplement. The portion of the Servicing Fee with respect to any Monthly Period not paid pursuant to the preceding sentence shall be paid by the

Holders of the Transferor Certificates on the related Distribution Date and in no event shall the Trust, the Owner Trustee (as such or in its individual capacity), the Indenture Trustee, the Noteholders of any Series or any Series Enhancer be liable for the share of the Servicing Fee with respect to any Monthly Period to be paid by the Holders of the Transferor Certificates.

Section 3.03. Representations, Warranties and Covenants of the Servicer.

(a) Nordstrom fsb, as initial Servicer, hereby makes, and any Successor Servicer by its appointment hereunder shall make, with respect to itself, on each Closing Date (and on the date of any such appointment), the following representations, warranties and covenants on which the Trust and the Indenture Trustee shall be deemed to have relied in accepting the Receivables in trust and in entering into the Indenture:

(i) Organization and Good Standing. The Servicer is a federal savings bank duly organized and validly existing in good standing under the laws of the United States and has, in all material respects, full power and authority to own its properties and conduct its credit card servicing business as presently owned or conducted, and to execute, deliver and perform its obligations under this Agreement.

(ii) Due Qualification. The Servicer is duly qualified to do business and is in good standing as a foreign corporation or other foreign entity (or is exempt from such requirements) and has obtained all necessary licenses and approvals in each jurisdiction in which the servicing of the Receivables (including the underlying receivables) and any Participation Interests as required by this Agreement requires such qualification except where the failure to so qualify or obtain licenses or approvals would not have a material adverse effect on its ability to perform its obligations as Servicer under this Agreement.

(iii) Due Authorization. The execution, delivery, and performance of this Agreement and the other agreements and instruments executed or to be executed by the Servicer as contemplated hereby, have been duly authorized by the Servicer by all necessary action on the part of the Servicer.

(iv) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Servicer, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect or the rights of creditors of federally chartered savings associations the deposit accounts of which are insured by the FDIC or which are subject to regulation by the FDIC or by general principles of equity.

(v) No Conflict. The execution and delivery of this Agreement by the Servicer, and the performance of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms hereof and thereof applicable to the Servicer, will not conflict with, violate or result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of

trust or other instrument to which the Servicer is a party or by which it or its properties are bound.

(vi) No Violation. The execution and delivery of this Agreement by the Servicer, the performance of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms hereof applicable to the Servicer will not conflict with or violate any Requirements of Law applicable to the Servicer or conflict with, violate, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under any indenture, contract, agreement, mortgage, deed of trust or other instrument to which the Servicer is a party or by which it or any of its properties are bound.

(vii) No Proceedings. There are no proceedings or investigations pending or, to the best knowledge of the Servicer, threatened against the Servicer before any Governmental Authority seeking to prevent the consummation of any of the transactions contemplated by this Agreement or seeking any determination or ruling that, in the reasonable judgment of the Servicer, would materially and adversely affect the performance by the Servicer of its obligations under this Agreement and the other Transaction Documents.

(viii) Compliance with Requirements of Law. The Servicer shall duly satisfy all obligations on its part to be fulfilled under or in connection with each Receivable (and the underlying receivable) and the related Account, if any, will maintain in effect all qualifications required under Requirements of Law in order to service properly each Receivable and the related Account, if any, and will comply in all material respects with all other Requirements of Law in connection with servicing each Receivable and the related Account the failure to comply with which would have an Adverse Effect.

(ix) No Rescission or Cancellation. Subject to Section 3.09, the Servicer shall not permit any rescission or cancellation of any Receivable (or the underlying receivable) except in accordance with the Credit Card Guidelines or as ordered by a court of competent jurisdiction or other Governmental Authority.

(x) Protection of Rights. The Servicer shall take no action which, nor omit to take any action the omission of which, would substantially impair the rights of the Trust, the Indenture Trustee or the Noteholders in any Receivable (or the underlying receivable) or the related Account, if any, nor shall it reschedule, revise or defer payments due on any Receivable except in accordance with the Credit Card Guidelines.

(xi) Receivables Not Evidenced by Promissory Notes. Except in connection with its enforcement or collection of an Account, the Servicer will take no action to cause any Receivable to be evidenced by any instrument (as defined in the UCC) and if any Receivable is so evidenced (whether or not in connection with the enforcement or collection of an Account) it shall be reassigned or assigned to the Servicer as provided in this Section.

(xii) All Consents. All authorizations, consents, orders or approvals of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by the Servicer in connection with the execution and delivery of this Agreement by the Servicer and the performance of the transactions contemplated by this Agreement by the Servicer, have been duly obtained, effected or given and are in full force and effect.

(b) In the event (i) any of the representations, warranties or covenants of the Servicer contained in Section 3.03(a)(viii), (ix) or (x) with respect to any Receivable or the related Account is breached, and such breach has a material adverse effect on such Receivable (which determination shall be made without regard to whether funds are then available to any Noteholders pursuant to any Series Enhancement) and is not cured within 60 days (or such longer period, not in excess of 150 days, as may be agreed to by the Indenture Trustee and the Transferor) of the earlier to occur of the discovery of such event by the Servicer, or receipt by the Servicer of notice of such event given by the Indenture Trustee or the Transferor, or (ii) as provided in Section 3.03(a)(xi) with respect to any Receivable, all Receivables in the Account or Accounts to which such event relates shall be assigned and transferred to the Servicer ("Servicer Repurchase Receivables") on the terms and conditions set forth below.

The Servicer shall effect such assignment by making a deposit into the Collection Account in immediately available funds two Business Days after which such assignment obligation arises in an amount equal to the amount of such Receivables.

Upon each such reassignment or assignment to the Servicer, the Trust shall automatically and without further action be deemed to sell, transfer, assign, set over and otherwise convey to the Servicer, without recourse, representation or warranty, all right, title and interest of the Trust in and to such Receivables, all Interchange and Recoveries related thereto, all monies due or to become due and all amounts received or receivable with respect thereto and all proceeds thereof. The Trust shall execute such documents and instruments of transfer or assignment and take such other actions as shall be reasonably requested by the Servicer to effect the conveyance of any such Receivables pursuant to this Section but only upon receipt of an Officer's Certificate of the Servicer that states that all conditions set forth in this section have been satisfied. The obligation of the Servicer to accept reassignment or assignment of such Receivables, and to make the deposits, if any, required to be made to the Collection Account as provided in the preceding paragraph, shall constitute the sole remedy respecting the event giving rise to such obligation available to Noteholders (or the Indenture Trustee on behalf of Noteholders) or any Series Enhancer, except as provided in Section 5.04.

Section 3.04. Reports and Records for the Owner Trustee and the Indenture Trustee.

(a) Daily Records. On each Business Day, the Servicer shall make or cause to be made available at the office of the Servicer for inspection by the Owner Trustee and the Indenture Trustee upon request a record setting forth (i) the Collections in respect of Principal Receivables and in respect of Finance Charge Receivables processed by the Servicer on the second preceding Business Day in respect of each Account and (ii) the amount of Receivables as of the close of business on the second preceding Business Day in each Account. The Servicer shall, at all times, maintain its computer files with respect to the Accounts in such a manner so

that the Accounts may be specifically identified and shall make available to the Owner Trustee and the Indenture Trustee at the office of the Servicer on any Business Day any computer programs necessary to make such identification. The Owner Trustee and the Indenture Trustee shall enter into such reasonable confidentiality agreements as the Servicer shall deem necessary to protect its interests and as are reasonably acceptable in form and substance to the Owner Trustee and the Indenture Trustee.

(b) Monthly Servicer's Certificate. Not later than the Determination Date preceding each Distribution Date, the Servicer shall, with respect to each outstanding Series, deliver to the Owner Trustee, the Indenture Trustee and each Rating Agency a certificate of an Authorized Officer in substantially the form set forth in the related Indenture Supplement.

Section 3.05. Annual Certificate of Servicer. The Servicer shall deliver to the Owner Trustee, the Indenture Trustee and each Rating Agency on or before April 30 of each calendar year, beginning with April 30, 2003, an Officer's Certificate substantially in the form of Exhibit C.

Section 3.06. Annual Servicing Report of Independent Public Accountants; Copies of Reports Available.

(a) On or before April 30 of each fiscal year, beginning with April 30, 2003, the Servicer shall cause a firm of nationally recognized independent public accountants (who may also render other services to the Servicer or the Transferor or any Account Owner) to furnish a report (addressed to the Indenture Trustee) to the Indenture Trustee, the Servicer and each Rating Agency to the effect that they have applied certain procedures agreed upon with the Servicer and examined certain documents and records relating to the servicing of the Receivables under this Agreement, the Master Indenture and each Indenture Supplement for the prior fiscal year (or since the effective date of this Agreement in the case of the first such report) and that, on the basis of such agreed-upon procedures, nothing has come to the attention of such accountants that caused them to believe that the servicing (including the allocation of Collections set forth in Article Eight of the Master Indenture and in each Indenture Supplement) has not been conducted in compliance with the terms and conditions set forth in Article Three and Section 5.08 of this Agreement, Article Eight of the Master Indenture and the applicable provisions of each Indenture Supplement, except for such exceptions as they believe to be immaterial and such other exceptions as shall be set forth in such statement. Such report shall set forth the agreed-upon procedures performed.

(b) On or before April 30 of each fiscal year, beginning with April 30, 2003, the Servicer shall cause a firm of nationally recognized independent public accountants (who may also render other services to the Servicer or Transferor) to furnish a report to the Indenture Trustee, the Servicer and each Rating Agency to the effect that they have applied certain procedures agreed upon with the Servicer to compare the mathematical calculations of certain amounts set forth in the Servicer's certificates delivered pursuant to Section 3.04(b) during the period covered by such report with the Servicer's computer reports that were the source of such amounts and that on the basis of such agreed-upon procedures and comparison, and that such amounts are in agreement, except for such exceptions as are immaterial and such other

exceptions as shall be set forth in such statement. Such report shall set forth the agreed-upon procedures performed.

(c) In the event such independent public accountants require the Indenture Trustee to agree to the procedures to be performed by such firm in any of the reports required to be prepared pursuant to this Section, the Servicer shall direct the Indenture Trustee in writing to so agree; provided, however, that the Indenture Trustee will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and the Indenture Trustee will not make any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

(d) A copy of each certificate and report provided pursuant to Section 3.04(b), or Section 3.05 or 3.06, may be obtained by any Noteholder or Note Owner by a request in writing to the Indenture Trustee addressed to the Corporate Trust Office.

Section 3.07. Tax Treatment. Unless otherwise specified in the Master Indenture or an Indenture Supplement with respect to a particular Series, the Transferor has entered into this Agreement, and the Notes will be issued, with the intention that, for federal, State and local income and franchise tax purposes, (i) the Notes of each Series which are characterized as indebtedness at the time of their issuance will qualify as indebtedness secured by the Receivables and (ii) the Trust shall not be treated as an association or publicly traded partnership taxable as a corporation. The Transferor, by entering into this Agreement, and each Noteholder, by the acceptance of any such Note (and each Note Owner, by its acceptance of an interest in the applicable Note), agree to treat such Notes for federal, State and local income and franchise tax purposes as indebtedness of the Transferor. Each Holder of such Note agrees that it will cause any Note Owner acquiring an interest in a Note through it to comply with this Agreement as to treatment as indebtedness under applicable tax law, as described in this Section. The parties hereto agree that they shall not cause or permit the making, as applicable, of any election under Treasury Regulation Section 301.7701-3 whereby the Trust or any portion thereof would be treated as a corporation for federal income tax purposes and, except as required by Section 6.13 of the Master Indenture, shall not file tax returns or obtain any federal employer identification number for the Trust but shall treat the Trust as a security device for federal income tax purposes. The provisions of this Agreement shall be construed in furtherance of the foregoing intended tax treatment.

Section 3.08. Notices to Nordstrom fsb. In the event that Nordstrom fsb is no longer acting as Servicer, any Successor Servicer shall deliver or make available to Nordstrom fsb each certificate and report required to be provided thereafter pursuant to Sections 3.04(b), 3.05 and 3.06.

Section 3.09. Adjustments.

(a) If the Servicer adjusts downward the amount of any Receivable because of a rebate, refund, unauthorized charge or billing error to a cardholder, or because such Receivable was created in respect of merchandise which was refused or returned by a cardholder, then, in any such case, the amount of Principal Receivables used to calculate the Transferor Interest, and (unless otherwise specified) any other amount required herein or in the Master Indenture or any

Indenture Supplement to be calculated by reference to the amount of Principal Receivables, will be reduced by the amount of the adjustment. Similarly, the amount of Principal Receivables used to calculate the Transferor Interest and (unless otherwise specified) any other amount required herein or in any Indenture Supplement to be calculated by reference to the amount of Principal Receivables will be reduced by the principal amount of any Receivable which was discovered as having been created through a fraudulent or counterfeit charge or with respect to which the covenant contained in Section 2.07(b) was breached. Any adjustment required pursuant to either of the two preceding sentences shall be made on the second Business Day after which such adjustment obligation arises. In the event that, following the exclusion of such Principal Receivables from the calculation of the Transferor Interest, the Transferor Interest would be less than the Required Transferor Interest, not later than 1:00 p.m., New York City time, on the second Business Day after which such adjustment obligation arises, the Transferor shall make a deposit into the Special Funding Account in immediately available funds in an amount equal to the amount by which the Transferor Interest would be less than the Required Transferor Interest, due to adjustments with respect to Receivables conveyed by such Transferor (up to the amount of such Principal Receivables).

(b) If the Servicer (i) makes a deposit into the Collection Account in respect of a Collection of a Receivable and such Collection was received by the Servicer in the form of a check which is not honored for any reason or (ii) makes a mistake with respect to the amount of any Collection and deposits an amount that is less than or more than the actual amount of such Collection, the Servicer shall appropriately adjust the amount subsequently deposited into the Collection Account to reflect such dishonored check or mistake. Any Receivable in respect of which a dishonored check is received shall be deemed not to have been paid. Notwithstanding the foregoing, adjustments made pursuant to this Section shall not require any change in any report previously delivered pursuant to Section 3.04(a).

Section 3.10. Reports to the Commission. The Servicer shall, on behalf of the Trust, cause to be filed with the Commission all periodic reports required to be filed under the provisions of the Exchange Act, and the rules and regulations of the Commission thereunder. The Transferor shall, at its own expense, cooperate in any reasonable request of the Servicer in connection with such filings.

Section 3.11. Reports to Rating Agencies. Not later than each Determination Date, the Servicer shall deliver to each Rating Agency a written report (unless one or more of such Rating Agencies agrees in writing to waive receipt of such reports, in which case, the reports need not be delivered to the Rating Agency or Rating Agencies which waived the requirement) setting forth, as of the last day of the related Monthly Period, the number of Accounts which were with Obligors that had addresses located outside the United States and its territories, and the amount of Principal Receivables in such Accounts; provided that the foregoing report shall not be required if the number of such Accounts is less than 1.0% of all Accounts and the amount of Principal Receivables in such Accounts is less than 1.0% of all Principal Receivables, in each case as of the end of such Monthly Period.

ARTICLE FOUR

OTHER TRANSFEROR MATTERS

Section 4.01. Liability of each Transferor. Each Transferor shall be severally, and not jointly, liable for all obligations, covenants, representations and warranties of such Transferor arising under or related to this Agreement. Each Transferor shall be liable only to the extent of the obligations specifically undertaken by it in its capacity as a Transferor.

Section 4.02. Merger or Consolidation of, or Assumption of the Obligations of, a Transferor.

(a) No Transferor shall dissolve, liquidate, consolidate with or merge into any other corporation or convey, transfer or sell its properties and assets substantially as an entirety to any Person unless:

(i) (A) the entity formed by such consolidation or into which such Transferor is merged or the Person which acquires by conveyance, transfer or sale the properties and assets of the Transferor substantially as an entirety shall be, if such Transferor is not the surviving entity, organized and existing under the laws of the United States or any State, and shall be a depository institution or other entity which is not eligible to be a debtor in a case under Title 11 of the United States Code or is a special purpose entity whose powers and activities are limited to substantially the same degree as provided in the certificate of formation of the Transferor, and, if such Transferor is not the surviving entity, shall expressly assume, by an agreement supplemental hereto, executed and delivered to the Trust and the Indenture Trustee, in form reasonably satisfactory to the Trust and the Indenture Trustee, the performance of every covenant and obligation of such Transferor hereunder, and (B) such Transferor or the surviving entity, as the case may be, has delivered to the Owner Trustee and the Indenture Trustee (with a copy to each Rating Agency) an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance, transfer or sale and such supplemental agreement comply with this Section, that such supplemental agreement is a valid and binding obligation of such surviving entity enforceable against such surviving entity in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect or general principles of equity, and that all conditions precedent herein provided for relating to such transaction have been complied with;

(ii) the Rating Agency Condition shall have been satisfied with respect to such consolidation, merger, conveyance or transfer; and

(iii) the relevant Transferor shall have delivered to the Trust, the Indenture Trustee and each Rating Agency a Tax Opinion, dated the date of such consolidation, merger, conveyance or transfer, with respect thereto.

(b) Except as permitted by Section 2.07(c), the obligations, rights or any part thereof of each Transferor hereunder shall not be assignable nor shall any Person succeed to such obligations or rights of any Transferor hereunder except for conveyances, mergers, consolidations, assumptions, sales or transfers (i) in accordance with the provisions of the foregoing paragraph and (ii) to other entities (A) which such Transferor and the Servicer determine will not result in an Adverse Effect, (B) which meet the requirements of Section 4.02(a)(ii) and (a)(iii) and (C) for which the related purchaser, transferee, pledgee or entity shall expressly assume, in an agreement supplemental hereto, executed and delivered to the Trust and the Indenture Trustee in writing in form satisfactory to the Trust and the Indenture Trustee, the performance of every covenant and obligation of such Transferor thereby conveyed.

Section 4.03. Limitations on Liability of Each Transferor. Subject to Section 4.01, no Transferor nor any of its directors, officers, employees, incorporators or agents acting in such capacities shall be under any liability to the Trust, either Trustee, the Noteholders, any Series Enhancer or any other Person for any action taken, or for refraining from the taking of any action, in good faith in such capacities pursuant to this Agreement, it being expressly understood that such liability is expressly waived and released as a condition of, and consideration for, the execution of this Agreement, the Master Indenture and any Indenture Supplement and the issuance of the Notes; provided, however, that this provision shall not protect any Transferor or any such individual against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. Each Transferor and any director, officer, employee or agent of such Transferor may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person (other than such Transferor) respecting any matters arising hereunder.

ARTICLE FIVE

OTHER MATTERS RELATING TO THE SERVICER

Section 5.01. Liability of the Servicer. The Servicer shall be liable under this Article only to the extent of the obligations specifically undertaken by the Servicer in its capacity as Servicer.

Section 5.02. Merger or Consolidation of, or Assumption of the Obligations of, the Servicer. The Servicer shall not consolidate with or merge into any other corporation or convey, transfer or sell its properties and assets substantially as an entirety to any Person, unless:

(a) (i) the entity formed by such consolidation or into which the Servicer is merged or the Person which acquires by conveyance, transfer or sale the properties and assets of the Servicer substantially in their entirety shall be, if the Servicer is not the surviving entity, a corporation or a depository institution organized and existing under the laws of the United States or any State, and, if the Servicer is not the surviving entity, such corporation shall expressly assume, by an agreement supplemental hereto, executed and delivered to the Trust, Owner Trustee and the Indenture Trustee, in form satisfactory to the Trust, Owner Trustee and the Indenture Trustee, the performance of every covenant and obligation of the Servicer hereunder;

(i) the Servicer has delivered to the Trust, Owner Trustee and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance, transfer or sale comply with this Section and that all conditions precedent herein provided for relating to such transaction are in compliance; and

(ii) the Rating Agency Condition shall have been satisfied with respect to such consolidation, merger or transfer or assets; and

(b) the corporation formed by such consolidation or into which the Servicer is merged or the Person which acquires by conveyance or transfer the properties and assets of the Servicer substantially in their entirety shall be an Eligible Servicer.

Section 5.03. Limitation on Liability of the Servicer and Others. Except as provided in Section 3.01(e) and Section 5.04, neither the Servicer nor any of its directors, officers, employees or agents shall be under any liability to the Trust, either Trustee, the Noteholders, any Series Enhancer or any other Person for any action taken, or for refraining from the taking of any action, in good faith in its capacity as Servicer pursuant to this Agreement; provided, however, that this provision shall not protect the Servicer or any such Person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person (other than the Servicer) respecting any matters arising hereunder. The Servicer shall not be under any obligation to appear in, prosecute or defend any legal action which is not incidental to its duties

as Servicer in accordance with this Agreement and which in its reasonable judgment may involve it in any expense or liability. The Servicer may, in its sole discretion, undertake any such legal action which it may deem necessary or desirable for the benefit of the Noteholders with respect to this Agreement and the rights and duties of the parties hereto and the interests of the Noteholders hereunder.

Section 5.04. Servicer Indemnification of the Trust and the Trustees. The Servicer shall indemnify and hold harmless each of the Trust, the Owner Trustee (as such and in its individual capacity), the Indenture Trustee and any trustees predecessor thereto (including the Indenture Trustee in its capacity as Transfer Agent and Registrar or as Paying Agent) and their respective directors, officers, employees and agents from and against any and all loss, liability, claim, expense or damage suffered or sustained by reason of (i) any acts or omissions of the Servicer with respect to the Trust pursuant to this Agreement or (ii) the administration by the Owner Trustee or the Indenture Trustee of the Trust or the performance by the Indenture Trustee of its duties under the Indenture (other than such as may arise from the gross negligence or willful misconduct of the Owner Trustee or the negligence or willful misconduct of the Indenture Trustee, as applicable), including any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any action, proceeding or claim. Indemnification pursuant to this Section shall not be payable from the Trust Assets. The Servicer's obligations under this Section shall survive the termination of this Agreement or the Trust or the earlier removal or resignation of the Owner Trustee or the Indenture Trustee, as applicable. The Servicer agrees that the Indenture Trustee is a third party beneficiary of this Section and is entitled to enforce the provisions hereof for the benefit of the Trust and in its individual capacity.

Section 5.05. Resignation of the Servicer. The Servicer shall not resign from the obligations and duties hereby imposed on it except (i) upon determination that (a) the performance of its duties hereunder is no longer permissible under applicable law and (b) there is no reasonable action which the Servicer could take to make the performance of its duties hereunder permissible under applicable law and (ii) upon the assumption, by a supplemental agreement hereto, executed and delivered to the Trustees, in form satisfactory to each Trustee, of the obligations and duties of the Servicer hereunder by any of its Affiliates that is a direct or indirect wholly owned subsidiary of Nordstrom, Inc. or by any entity the appointment of which shall have satisfied the Rating Agency Condition and, in either case, qualifies as an Eligible Servicer. Any determination permitting the resignation of the Servicer shall be evidenced as to clause (i) above by an Opinion of Counsel to such effect delivered to the Trust, the Owner Trustee and the Indenture Trustee. No resignation shall become effective until the Indenture Trustee or a Successor Servicer shall have assumed the responsibilities and obligations of the Servicer in accordance with Section 7.02. If within 120 days of the date of the determination that the Servicer may no longer act as Servicer under clause (i) above the Indenture Trustee is unable to appoint a Successor Servicer, the Indenture Trustee shall serve as Successor Servicer. Notwithstanding the foregoing, the Indenture Trustee shall, if it is legally unable so to act, petition a court of competent jurisdiction to appoint any established institution qualifying as an Eligible Servicer as the Successor Servicer hereunder. The Trust shall give prompt notice to each Rating Agency and each Series Enhancer upon the appointment of a Successor Servicer. Notwithstanding anything in this Agreement to the contrary, Nordstrom fsb may assign part or all of its obligations and duties as Servicer under this Agreement to an Affiliate of Nordstrom fsb

so long as Nordstrom fsb shall have fully guaranteed the performance of such obligations and duties under this Agreement.

Section 5.06. Access to Certain Documentation and Information Regarding the Receivables. The Servicer shall provide to the Owner Trustee or the Indenture Trustee, as applicable, access to the documentation regarding the Accounts and the Receivables in such cases where the Owner Trustee or the Indenture Trustee, as applicable, is required in connection with the enforcement of the rights of Noteholders or by applicable statutes or regulations to review such documentation, such access being afforded without charge but only (i) upon reasonable request, (ii) during normal business hours, (iii) subject to the Servicer's normal security and confidentiality procedures and (iv) at reasonably accessible offices in the continental United States designated by the Servicer. Nothing in this Section shall derogate from the obligation of the Transferor, the Owner Trustee, the Indenture Trustee and the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

Section 5.07. Delegation of Duties. In the ordinary course of business, the Servicer may at any time delegate its duties hereunder with respect to the Accounts and the Receivables to any Person that agrees to conduct such duties in accordance with the Credit Card Guidelines and this Agreement. The Servicer shall promptly give notice to each Rating Agency of any delegation of duties hereunder. Such delegation shall not relieve the Servicer of its liability and responsibility with respect to such duties, and shall not constitute a resignation within the meaning of Section 5.05.

Section 5.08. Examination of Records. Each Transferor and the Servicer shall indicate generally in their computer files or other records that the Receivables arising in the Accounts have been conveyed to the Trust, pursuant to this Agreement. Each Transferor and the Servicer shall, prior to the sale or transfer to a third party of any receivable held in its custody, examine its computer records and other records to determine that such receivable is not, and does not include, a Receivable.

ARTICLE SIX

INSOLVENCY EVENTS

Section 6.01. Rights upon the Occurrence of an Insolvency Event. If any Transferor shall consent or fail to object to the appointment of a bankruptcy trustee or conservator, receiver or liquidator in any bankruptcy proceeding or other insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to any Transferor or relating to all or substantially all of such Transferor's property, or the commencement of an action seeking a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a bankruptcy trustee or conservator, receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up, insolvency, bankruptcy, reorganization, conservatorship, receivership or liquidation of such entity's affairs, or notwithstanding an objection by such Transferor any such action shall have remained undischarged or unstayed for a period of 60 days or upon entry of any order or decree providing for such relief; or such Transferor shall admit in writing its inability to pay its debts generally as they become due, file, or consent or fail to object (or object without dismissal of any such filing within 60 days of such filing) to the filing of, a petition to take advantage of any applicable bankruptcy, insolvency or reorganization, receivership or conservatorship statute, make an assignment for the benefit of its creditors or voluntarily suspend payment of its obligations; or any order or decree providing for relief under any applicable bankruptcy, insolvency or reorganization, receivership or conservatorship statute shall be entered (any such act or occurrence with respect to any Person being an "Insolvency Event"), such Transferor shall, on the related Appointment Date, immediately cease to transfer Principal Receivables to the Trust and shall promptly give notice to each Rating Agency and the Trustees thereof. Notwithstanding any cessation of the transfer to the Trust of additional Principal Receivables, Principal Receivables transferred to the Trust prior to the occurrence of such Insolvency Event, Collections in respect of such Principal Receivables and Finance Charge Receivables (whenever created) accrued in respect of such Principal Receivables shall continue to be a part of the Trust Assets and shall be allocated and distributed to Noteholders in accordance with the terms of the Master Indenture and each Indenture Supplement.

ARTICLE SEVEN

SERVICER DEFAULTS

Section 7.01. Servicer Defaults.

(a) If any one of the following events (a "Servicer Default") shall occur and be continuing:

(i) any failure by the Servicer to make any payment, transfer or deposit or to give instructions or to give notice to the Indenture Trustee to make such payment, transfer or deposit on or before the date occurring five Business Days after the date such payment, transfer or deposit or such instruction or notice is required to be made or given, as the case may be, under the terms of this Agreement, the Master Indenture or, with respect to a particular Series of Notes, any Indenture Supplement;

(ii) failure on the part of the Servicer duly to observe or perform in any material respect any other covenants or agreements of the Servicer set forth in this Agreement which has an Adverse Effect and which continues unremedied for a period of 60 days after the date on which notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Owner Trustee or the Indenture Trustee, or to the Servicer, the Owner Trustee and the Indenture Trustee by Holders of Notes evidencing not less than 10% of the Outstanding Amount of the Notes of all Series (or, with respect to any such failure that does not relate to all Series, 10% of the aggregate unpaid principal amount of all Series to which such failure relates); or the Servicer shall assign or delegate its duties under this Agreement, except as permitted by Sections 5.02 and 5.07;

(iii) any representation, warranty or certification made by the Servicer in this Agreement or in any certificate delivered pursuant to this Agreement shall prove to have been incorrect when made, which has an Adverse Effect on the rights of the Noteholders of any Series (which determination shall be made without regard to whether funds are then available pursuant to any Series Enhancement) and which Adverse Effect continues for a period of 60 days after the date on which notice thereof, requiring the same to be remedied, shall have been given to the Servicer by the Owner Trustee or the Indenture Trustee, or to the Servicer, the Owner Trustee and the Indenture Trustee by the Holders of Notes evidencing not less than 10% of the Outstanding Amount of the Notes of all Series (or, with respect to any such representation, warranty or certification that does not relate to all Series, 10% of the aggregate unpaid principal amount of all Series to which such representation, warranty or certification relates);

(iv) the Servicer shall consent to the appointment of a bankruptcy trustee or conservator or receiver or liquidator in any bankruptcy proceeding or other insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Servicer or of or relating to all or substantially all its property, or a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a bankruptcy trustee or a conservator or receiver or liquidator in

any bankruptcy, insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or the winding-up or liquidation of its affairs, shall have been entered against the Servicer and such decree or order shall have remained in force undischarged or unstayed for a period of 60 days; or the Servicer shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable bankruptcy, insolvency or reorganization statute, make any assignment for the benefit of its creditors or voluntarily suspend payment of its obligations; or

(v) with respect to a particular Series of Notes, any other Servicer Default described in the related Indenture Supplement.

Notwithstanding the foregoing, a delay in or failure of performance referred to in Section 7.01(a)(i) for a period of ten Business Days after the applicable grace period or under Section 7.01(a)(ii) or (a)(iii) for a period of 60 Business Days after the applicable grace period, shall not constitute a Servicer Default if such delay or failure could not be prevented by the exercise of reasonable diligence by the Servicer and such delay or failure was caused by an act of God or the public enemy, acts of declared or undeclared war, public disorder, rebellion or sabotage, epidemics, landslides, lightning, fire, hurricanes, earthquakes, floods or similar causes. The preceding sentence shall not relieve the Servicer from using all commercially reasonable efforts to perform its obligations in a timely manner in accordance with the terms of this Agreement and the Servicer shall provide the Trustees, each Transferor and any Series Enhancer with an Officer's Certificate giving prompt notice of such failure or delay by it, together with a description of its efforts so to perform its obligations.

(b) Upon the occurrence of a Servicer Default, so long as the Servicer Default shall not have been remedied, either the Indenture Trustee or the Holders of Notes evidencing more than 50% of the Outstanding Amount of the Notes of all Series (or, with respect to any such Servicer Default that does not relate to all Series, 50% of the Outstanding Amount of all Series to which such Servicer Default relates), by notice then given to the Servicer and the Owner Trustee (and to the Indenture Trustee if given by the Noteholders) (a "Termination Notice"), may terminate all but not less than all the rights and obligations of the Servicer as Servicer under this Agreement with respect to all Notes or the Notes of one or more affected Series; provided, however, if within 60 days of receipt of a Termination Notice the Indenture Trustee does not receive any bids from Eligible Servicers in accordance with Section 7.02(c) to act as a Successor Servicer and receives an Officer's Certificate of the Servicer to the effect that the Servicer cannot in good faith cure the Servicer Default which gave rise to the Termination Notice, the Indenture Trustee shall grant a right of first refusal to the Transferor which would permit the Transferor at its option to acquire the Notes on the Distribution Date in the next calendar month.

The price for the Notes shall be equal to the sum of the amounts specified therefor with respect to each outstanding Series in the related Indenture Supplement. The Transferor shall notify the Indenture Trustee prior to the Record Date for the Distribution Date of the acquisition if it is exercising such right of first refusal. If the Transferor exercises such right of first refusal, the Transferor shall deposit the price into the Collection Account not later than 1:00 p.m., New York City time, on such Distribution Date in immediately available funds. The price shall be allocated and distributed to Noteholders in accordance with the terms of the Master Indenture and each Indenture Supplement.

After receipt by the Servicer of a Termination Notice, and on the date that a Successor Servicer is appointed by the Indenture Trustee pursuant to Section 7.02, all authority and power of the Servicer under this Agreement with respect to all Notes or the Notes of one or more affected Series shall pass to and be vested in the Successor Servicer (each, a "Service Transfer"); and, without limitation, the Indenture Trustee is hereby authorized and empowered (upon the failure of the Servicer to cooperate) to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, all documents and other instruments upon the failure of the Servicer to execute or deliver such documents or instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such Service Transfer. The Servicer agrees to cooperate with the Indenture Trustee and such Successor Servicer in effecting the termination of the responsibilities and rights of the Servicer to conduct servicing hereunder, including the transfer to such Successor Servicer of all authority of the Servicer to service the Receivables provided for under this Agreement, including all authority over all Collections which shall on the date of transfer be held by the Servicer for deposit, or which have been deposited by the Servicer, in the Collection Account, or which shall thereafter be received with respect to the Receivables, and in assisting the Successor Servicer. The Servicer shall within 20 Business Days transfer its electronic records relating to the Receivables to the Successor Servicer in such electronic form as the Successor Servicer may reasonably request and shall promptly transfer to the Successor Servicer all other records, correspondence and documents necessary for the continued servicing of the Receivables in the manner and at such times as the Successor Servicer shall reasonably request. To the extent that compliance with this Section shall require the Servicer to disclose to the Successor Servicer information of any kind which the Servicer deems to be confidential, the Successor Servicer shall be required to enter into such customary licensing and confidentiality agreements as the Servicer shall deem reasonably necessary to protect its interests.

Section 7.02. Indenture Trustee To Act; Appointment of Successor.

(a) On and after the receipt by the Servicer of a Termination Notice pursuant to Section 7.01, the Servicer shall continue to perform all servicing functions under this Agreement until the date specified in the Termination Notice or otherwise specified by the Indenture Trustee or until a date mutually agreed upon by the Servicer and the Indenture Trustee. The Indenture Trustee shall as promptly as possible after the giving of a Termination Notice notify each Rating Agency of such Termination Notice and appoint an Eligible Servicer as a successor servicer (each, a "Successor Servicer"), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Indenture Trustee. In the event that a Successor Servicer has not been appointed or has not accepted its appointment at the time when the Servicer ceases to act as Servicer, the Indenture Trustee without further action shall automatically be appointed the Successor Servicer. The Indenture Trustee may delegate any of its servicing obligations to an Affiliate or agent in accordance with Sections 3.01(b) and 5.07. Notwithstanding the foregoing, the Indenture Trustee shall, if it is legally unable so to act, petition at the expense of the Servicer a court of competent jurisdiction to appoint any established institution qualifying as an Eligible Servicer as the Successor Servicer hereunder. The Indenture Trustee shall give prompt notice to each Rating Agency and each Series Enhancer upon the appointment of a Successor Servicer.

(b) Upon its appointment, the Successor Servicer shall be the successor in all respects to the Servicer with respect to servicing functions under this Agreement and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer by the terms and provisions hereof, and all references in this Agreement to the Servicer shall be deemed to refer to the Successor Servicer.

Notwithstanding the foregoing obligations, the Successor Servicer, Wells Fargo, its successors or assigns, shall have (i) no liability with respect to any obligation which was required to be performed by the terminated Servicer prior to the date that the Successor Servicer becomes the Servicer or any claim of a third party based on any alleged action or inaction of the terminated Servicer, (ii) no obligation to perform any repurchase obligations, if any, of the Servicer pursuant to Section 3.03(b), (iii) no obligations of the Servicer in accordance with the Credit Card Guidelines, (iv) no obligations to maintain fidelity bond coverage pursuant to Section 3.01(f) and (v) no liability or obligation with respect to any Servicer indemnification obligations of any prior Servicer, including the original Servicer.

(c) In connection with any Termination Notice, the Indenture Trustee will review any bids which it obtains from Eligible Servicers and shall be permitted to appoint any Eligible Servicer submitting such a bid as a Successor Servicer for servicing compensation not in excess of the aggregate Servicing Fees for all Series plus the sum of the amounts with respect to each Series and with respect to each Distribution Date equal to any Collections of Finance Charge Receivables allocable to Noteholders of such Series which are payable to the Holders of the Transferor Certificates after payment of all amounts owing to the Noteholders of such Series with respect to such Distribution Date or required to be deposited in the applicable Series Accounts with respect to such Distribution Date and any amounts required to be paid to any Series Enhancer for such Series with respect to such Distribution Date pursuant to the terms of any Enhancement Agreement; provided, however, that the Certificateholders shall be responsible for payment of the Transferor's portion of such aggregate Servicing Fees and all other such amounts in excess of such aggregate Servicing Fees. Each Certificateholder agrees that, if Nordstrom fsb (or any Successor Servicer) is terminated as Servicer hereunder, the portion of the Collections in respect of Finance Charge Receivables that the Transferor is entitled to receive pursuant to this Agreement, the Master Indenture or any Indenture Supplement shall be reduced by an amount sufficient to pay the Transferor's share of the compensation of the Successor Servicer.

(d) All authority and power granted to the Servicer under this Agreement shall automatically cease and terminate upon termination of the Trust pursuant to Section 8.01 of the Trust Agreement, and shall pass to and be vested in the Transferor and, without limitation, the Transferor is hereby authorized and empowered to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, all documents and other instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights. The Servicer agrees to cooperate with the Transferor in effecting the termination of the responsibilities and rights of the Servicer to conduct servicing of the Receivables. The Servicer shall transfer its electronic records relating to the Receivables to the Transferor or its designee in such electronic form as it may reasonably request and shall transfer all other records, correspondence and documents to it in the manner and at such times as it shall reasonably request. To the extent that compliance with this Section shall require the Servicer to

disclose to the Transferor information of any kind which the Servicer deems to be confidential, the Transferor shall be required to enter into such customary licensing and confidentiality agreements as the Servicer shall deem necessary to protect its interests.

(e) Notwithstanding anything contained in the Transfer and Servicing Agreement to the contrary, Wells Fargo, as Successor Servicer, is authorized to accept and rely on all of the accounting records (including computer records) and work of the prior Servicer relating to the Receivables (collectively, the "Predecessor Servicer Work Product") without any audit or other examination thereof, and it shall have no duty, responsibility, obligation or liability for the acts and omissions of the prior Servicer. If any error, inaccuracy, omission or incorrect or non-standard practice or procedure (collectively, "Errors") exist in any Predecessor Servicer Work Product and such Errors make it materially more difficult to service or should cause or materially contribute to Wells Fargo making or continuing any Errors (collectively, "Continued Errors"), it shall have no duty, responsibility, obligation or liability to perform servicing for such Continued Errors; provided, however, that Wells Fargo agrees to use its best efforts to prevent further Continued Errors. In the event that Wells Fargo becomes aware of Errors or Continued Errors, it shall, with the prior consent of the Noteholders representing 66-2/3% of the outstanding Notes, use its best efforts to reconstruct and reconcile such data as is commercially reasonable to correct such Errors and Continued Errors and to prevent future Continued Errors. Wells Fargo shall be entitled to recover its costs thereby expended in accordance with Section 4.03(a) of the Series 2002-1 Indenture Supplement or similar section.

Section 7.03. Notification to Noteholders. Within two Business Days after the Servicer becomes aware of any Servicer Default, the Servicer shall give notice thereof to the Trustees, each Rating Agency and each Series Enhancer and the Indenture Trustee shall give notice to the Noteholders. Upon any termination or appointment of a Successor Servicer pursuant to this Article, the Indenture Trustee shall give prompt notice thereof to the Noteholders.

ARTICLE EIGHT

TERMINATION

Section 8.01. Termination of Agreement. This Agreement and the respective obligations and responsibilities of the parties hereto shall terminate, except with respect to the duties described in Section 5.04, on the Trust Termination Date.

ARTICLE NINE

MISCELLANEOUS PROVISIONS

Section 9.01. Amendment; Waiver of Past Defaults.

(a) This Agreement may be amended by the parties hereto from time to time prior to, or in connection with, the issuance of the first Series of Notes hereunder without the requirement of any consents or the satisfaction of any conditions set forth below. This Agreement may be amended from time to time by the Servicer, the Transferor, the Indenture Trustee and the Trust, by a written instrument signed by each of them, without the consent of the Noteholders, provided that (i) the Transferor shall have delivered to the Trustees an Officer's Certificate, dated the date of any such amendment, stating that the Transferor reasonably believes that such amendment will not have an Adverse Effect, (ii) such amendment does not affect the rights, duties or obligations of the Servicer or either Trustee hereunder and (iii) the Rating Agency Condition shall have been satisfied with respect to any such amendment. Additionally, notwithstanding the preceding sentence, this Agreement may be amended by the Servicer, the Indenture Trustee and the Trust at the direction of the Transferor without the consent of any of the Noteholders or Series Enhancers to add, modify or eliminate such provisions as may be necessary or advisable in order to enable all or a portion of the Trust (i) to qualify as, and to permit an election to be made to cause the Trust to be treated as, a "financial asset securitization investment trust" as described in the provisions of Section 860L of the Code, and (ii) to avoid the imposition of state or local income or franchise taxes imposed on the Trust's property or its income; provided, however, that (A) the Transferor delivers to the Trustees an Officer's Certificate to the effect that the proposed amendments meet the requirements set forth in this Section, (B) the Rating Agency Condition hereunder shall have been satisfied with respect to any such amendment and (C) such amendment does not affect the rights, duties or obligations of the Servicer or either Trustee. The amendments which the Transferor may make without the consent of Noteholders or Series Enhancers pursuant to the preceding sentence may include the addition of a sale of Receivables or Participations.

(b) This Agreement may also be amended from time to time by the parties hereto, with the consent of the Noteholders evidencing not less than 66-2/3% of the Outstanding Amount of all affected Series for which the Transferor has not delivered an Officer's Certificate stating that there is no Adverse Effect, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or of modifying in any manner the rights of the Noteholders; provided, however, that such amendment shall satisfy the Rating Agency Condition and shall not (i) reduce in any manner the amount of or delay the timing of any distributions (changes in Redemption Events or Events of Default that decrease the likelihood of the occurrence thereof shall not be considered delays in the timing of distributions for purposes of this clause) to be made to Noteholders or deposits of amounts to be so distributed or the amount available under any Series Enhancement without the consent of each affected Noteholder, (ii) change the definition of or the manner of calculating the interest of any Noteholder without the consent of each affected Noteholder, (iii) reduce the aforesaid percentage required to consent to any such amendment without the consent of each Noteholder or (iv) change in any material respect the permitted activities of the Trust or the Servicer.

(c) Promptly after the execution of any such amendment or consent (other than an amendment pursuant to Section 9.01(a)), the Servicer shall furnish notification of the substance of such amendment to the Indenture Trustee, each Noteholder, each Rating Agency and each Series Enhancer.

(d) It shall not be necessary for the consent of Noteholders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Noteholders shall be subject to such reasonable requirements as the Indenture Trustee may prescribe.

(e) Notwithstanding anything in this Section to the contrary, no amendment may be made to this Agreement or any Participation Interest Supplement which would adversely affect in any material respect the interests of any Series Enhancer without the consent of such Series Enhancer.

(f) Any Indenture Supplement executed in accordance with the provisions of Article Ten of the Master Indenture shall not be considered an amendment of this Agreement for the purposes of this Section.

(g) The Owner Trustee may, but shall not be obligated to, enter into any such amendment which affects the Owner Trustee's rights, duties, benefits, protections, privileges or immunities under this Agreement or otherwise. In connection with the execution of any amendment hereunder, the Owner Trustee shall be entitled to receive the Opinion of Counsel described in Section 9.03(d).

Section 9.02. Waiver of Transferor or Servicer Defaults.

The Holders of Notes evidencing more than 66-2/3% of the Outstanding Amount of the Notes of all Series or, with respect to any Series with two or more Classes, of each Class (or, with respect to any default that does not relate to all Series, 66-2/3% of the of the Outstanding Amount of the Notes of each Series to which such default relates or, with respect to any such Series with two or more Classes, of each Class) may, on behalf of all Noteholders, waive any default by the Transferor or the Servicer in the performance of their obligations hereunder and its consequences, except the failure to make any distributions required to be made to Noteholders or to make any required deposits of any amounts to be so distributed. Upon any such waiver of a past default, such default shall cease to exist, and any default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon except to the extent expressly so waived. Promptly after any such waiver of a past default, the Servicer shall furnish notification of the substance of such waiver to each Rating Agency.

Section 9.03. Protection of Right, Title and Interest to Trust Assets.

(a) The Transferor shall cause this Agreement, all amendments and supplements hereto and all financing statements and continuation statements and any other necessary documents covering the Indenture Trustee's and the Trust's right, title and interest to the Trust Assets to be promptly recorded, registered and filed, and at all times to be kept recorded,

registered and filed, all in such manner and in such places as may be required by law fully to preserve and protect the right, title and interest of the Indenture Trustee, Noteholders and the Trust hereunder to all property comprising the Trust Assets. The Transferor shall deliver to the Owner Trustee and Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Transferor shall cooperate fully with the Servicer in connection with the obligations set forth above and will execute any and all documents reasonably required to fulfill the intent of this paragraph.

(b) Within 30 days after any Transferor makes any change in its name, identity or corporate structure which would make any financing statement or continuation statement filed in accordance with Section 9.03(a) seriously misleading within the meaning of Section 9-506 (or any comparable provision) of the UCC, such Transferor shall give the Trustees notice of any such change and shall file such financing statements or amendments as may be necessary to continue the perfection of the Trust's security interest or ownership interest in the Receivables and the proceeds thereof.

(c) Each Transferor shall give the Trustees prompt notice of any relocation of its chief executive office or any change in the jurisdiction under whose laws it is organized and whether, as a result of such relocation or change, the applicable provisions of the UCC would require the filing of any amendment of any previously filed financing or continuation statement or of any new financing statement and shall file such financing statements or amendments as may be necessary to perfect or to continue the perfection of the Trust's security interest in the Receivables and the proceeds thereof. Each Transferor shall at all times maintain its chief executive offices within the United States and shall at all times be organized under the laws of a jurisdiction located within the United States.

(d) The Transferor shall deliver to the Trustees and each Rating Agency (i) upon the execution and delivery of each amendment of this Agreement, an Opinion of Counsel to the effect specified in Exhibit D-1, (ii) on each date specified in Section 2.09(c)(vi) with respect to any Additional Accounts to be designated as Accounts, an Opinion of Counsel substantially in the form of Exhibit D-2, (iii) on each Addition Date on which any Participation Interests are to be included in the Trust pursuant to Section 2.09(a) or (b), an Opinion of Counsel covering the same substantive legal issues addressed by Exhibits D-1 and D-2 but conformed to the extent appropriate to relate to Participation Interests and (iv) on or before April 30 of each year, beginning with April 30, 2003, an Opinion of Counsel substantially in the form of Exhibit D-3.

Section 9.04. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 9.05. Notices; Payments.

(a) All Notices under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered at, mailed by registered mail, return receipt requested, or sent by facsimile transmission (i) in the case of the Transferor, to Nordstrom Credit Card Receivables LLC, at 13531 East Caley Avenue, Englewood, Colorado 80111, Attention: Legal Department (facsimile no. (303) 397-4767), (ii) in the case of the Servicer, to Nordstrom fsb, at 13531 East Caley Avenue, Englewood, Colorado 80111, Attention: Legal Department (facsimile no. (303) 397-4767), (iii) in the case of the Trust or the Owner Trustee, to Owner Trustee, Rodney Square North, 1100 N. Market St., Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration (facsimile no. (302) 636-4140), (iv) Wells Fargo Bank Minnesota, National Association, 625 Marquette Avenue, MAC N9311-161, Minneapolis, Minnesota 55479, Attention: Corporate Trust, Asset Backed Securities (facsimile no. (617) 667-3464), (v) in the case of the Rating Agency for a particular Series, the address, if any, specified in the Indenture Supplement relating to such Series and (vi) to any other Person as specified in the Master Indenture or any Indenture Supplement; or, as to each party, at such other address or facsimile number as shall be designated by such party in a written notice to each other party.

(b) Any Notice required or permitted to be given to a Holder of Registered Notes shall be given by first-class mail, postage prepaid, at the address of such Holder as shown in the Note Register. No Notice shall be required to be mailed to a Holder of Bearer Notes or Coupons but shall be given as provided below. Any Notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Noteholder receives such Notice. In addition, (i) if and so long as any Series or Class is listed on the Luxembourg Stock Exchange and such Exchange shall so require, any Notice to Noteholders shall be published in an Authorized Newspaper of general circulation in Luxembourg within the time period prescribed in this Agreement and (ii) in the case of any Series or Class with respect to which any Bearer Notes are outstanding, any Notice required or permitted to be given to Noteholders of such Series or Class shall be published in an Authorized Newspaper within the time period prescribed in this Agreement.

Section 9.06. Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the remaining covenants, agreements, provisions or terms or of the Notes or the rights of the Noteholders or Note Owners.

Section 9.07. Further Assurances. The Transferor and the Servicer agree to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by the Owner Trustee and the Indenture Trustee more fully to effect the purposes of this Agreement, including the execution of any financing statements or continuation statements relating to the Receivables for filing under the provisions of the UCC of any applicable jurisdiction.

Section 9.08. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Trust, the Owner Trustee, the Indenture Trustee or the Noteholders,

any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided under this Agreement are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

Section 9.09. Counterparts. This Agreement may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.

Section 9.10. Third-Party Beneficiaries. This Agreement will inure to the benefit of and be binding upon the parties hereto and inure to the benefit of the Owner Trustee, the Noteholders and their respective successors and permitted assigns. Except as otherwise expressly provided in this Agreement, no other Person will have any right or obligation hereunder.

Section 9.11. Actions by Noteholders.

(a) Wherever in this Agreement a provision is made that an action may be taken or a Notice given by Noteholders, such action or Notice may be taken or given by any Noteholder, unless such provision requires a specific percentage of Noteholders.

(b) Any Notice, request, authorization, direction, consent, waiver or other act by the Holder of a Note shall bind such Holder and every subsequent Holder of such Note and of any Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done or omitted to be done by the Owner Trustee, the Transferor or the Servicer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 9.12. Rule 144A Information. For so long as any of the Notes of any Series or Class are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, each of the Transferor, the Trust, the Indenture Trustee, the Servicer and any Series Enhancer agree to cooperate with each other to provide to any Noteholders of such Series or Class and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information in its possession required to be provided to such holder or prospective purchaser to satisfy the condition set forth in Rule 144A(d)(4) under the Securities Act.

Section 9.13. Merger and Integration. Except as specifically stated otherwise herein, this Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

Section 9.14. Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

Section 9.15. Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 5.02, this Agreement may not be assigned by the Servicer without the prior consent of Holders of Notes evidencing not less than 66-2/3% of the aggregate unpaid

principal amount of all Series of Notes. The Servicer shall give the Rating Agencies prior written notice of any such assignment.

Section 9.16. Nonpetition Covenant. Notwithstanding any prior termination of this Agreement, the Servicer, the Owner Trustee, the Indenture Trustee, the Seller and each Transferor shall not, prior to the date which is one year and one day after the termination of this Agreement, acquiesce, petition or otherwise invoke or cause a Transferor or the Trust to invoke the process of any Governmental Authority for the purpose of commencing or sustaining a case against a Transferor or the Trust under any Federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of a Transferor or the Trust or any substantial part of its property or ordering the winding-up or liquidation of the affairs of a Transferor or the Trust.

Section 9.17. Limitation of Liability. Notwithstanding any other provision herein or elsewhere, this Agreement has been executed and delivered by the Owner Trustee, not in its individual capacity, but solely in its capacity as Owner Trustee of the Trust, in no event shall Owner Trustee in its individual capacity have any liability in respect of the representations, warranties, or obligations of the Trust hereunder or under any other document, as to all of which recourse shall be had solely to the assets of the Trust, and for all purposes of this Agreement and each other document, the Owner Trustee (as such or in its individual capacity) shall be subject to, and entitled to the benefits of, the terms and provisions of the Trust Agreement.

IN WITNESS WHEREOF, the Transferor, the Servicer, the Trust and the Indenture Trustee have caused this Transfer and Servicing Agreement to be duly executed by their respective officers as of the day and year first above written.

NORDSTROM CREDIT CARD RECEIVABLES LLC,
as Transferor

By: /s/ Kevin T. Knight

Name: Kevin T. Knight
Title: President

NORDSTROM fsb,
as Servicer

By: /s/ Denny D. Dumler

Name: Denny D. Dumler
Title: President

NORDSTROM CREDIT CARD MASTER NOTE TRUST,
as Issuer

By: WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee

By: /s/ James P. Lawler

Name: James P. Lawler
Title: Vice President

WELLS FARGO BANK MINNESOTA,
NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ Jennifer C. Davis

Name: Jennifer C. Davis
Title: Assistant Vice President

FORM OF ASSIGNMENT OF RECEIVABLES IN ADDITIONAL ACCOUNTS
(As required by Section 2.09(a)(i) and 2.09(b) of
the Transfer and Servicing Agreement)

ASSIGNMENT No. __ OF RECEIVABLES IN ADDITIONAL ACCOUNTS dated as of _____,1 among Nordstrom Credit Card Receivables LLC, as transferor (the "Transferor"), Nordstrom fsb, as servicer (the "Servicer"), Nordstrom Credit Card Master Note Trust (the "Trust") and Wells Fargo Bank Minnesota, National Association, as Trustee (the "Indenture Trustee"), pursuant to the Transfer and Servicing Agreement referred to below.

WITNESSETH

WHEREAS, the Transferor, the Servicer, the Trust and the Indenture Trustee are parties to the Transfer and Servicing Agreement, dated as of April 1, 2002 (as amended and supplemented, the "Agreement");

WHEREAS, pursuant to the Agreement, the Transferor wishes to designate Additional Accounts to be included as Accounts and to convey the Receivables of such Additional Accounts, whether now existing or hereafter created, to the Trust; and

WHEREAS, the Trust is willing to accept such designation and conveyance subject to the terms and conditions hereof.

NOW, THEREFORE, the Transferor, the Servicer, the Trust and the Indenture Trustee hereby agree as follows:

1. Defined Terms. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Transfer and Servicing Agreement.

"Addition Cut-Off Date" means, with respect to the Additional Accounts designated hereby, _____, ____.

"Addition Date" means, with respect to the Additional Accounts designated hereby, _____, ____.

2. Designation of Additional Accounts. On or before the date hereof, the Transferor will deliver to the Owner Trustee a computer file or microfiche list containing a true and complete schedule identifying all Additional Accounts designated hereby (the "Additional Accounts") specifying for each such Additional Account, as of the Addition Cut-Off Date, its

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1 To be dated as of the applicable Addition Date.

account number and the aggregate amount outstanding in such Account, which computer file or microfiche list shall supplement Schedule 1 to the Agreement.

3. Conveyance of Receivables.

(a) The Transferor does hereby transfer, assign, set over and otherwise convey, without recourse except as set forth in the Transfer and Servicing Agreement, to the Trust, all its right, title and interest in, to and under the Receivables of such Additional Accounts existing at the close of business on the Addition Cut-Off Date and thereafter created from time to time until the termination of the Trust, all Interchange and Recoveries related thereto, all monies due or to become due and all amounts received or receivable with respect thereto and all proceeds (including "proceeds" as defined in the UCC) thereof. The foregoing does not constitute and is not intended to result in the creation or assumption by the Trust, the Owner Trustee (as such or in its individual capacity), the Indenture Trustee, any Noteholders or any Series Enhancer of any obligation of the Servicer, the Transferor or any other Person in connection with the Accounts, the Receivables or under any agreement or instrument relating thereto, including any obligation to Obligors, merchant banks, merchants clearance systems or insurers. If necessary, the Transferor agrees to record and file, at its own expense, financing statements (and continuation statements when applicable) with respect to the Receivables in Additional Accounts existing on the Addition Cut-Off Date and thereafter created meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect, and maintain perfection of, the sale and assignment of its interest in such Receivables to the Trust, and to deliver a file-stamped copy of each such financing statement or other evidence of such filing to the Owner Trustee on or prior to the Addition Date. The Owner Trustee shall be under no obligation whatsoever to file such financing or continuation statements or to make any other filing under the UCC in connection with such sale and assignment.

(b) In connection with such sale, the Transferor further agrees, at its own expense, on or prior to the date of this Assignment, to indicate in the appropriate computer files that Receivables created in connection with the Additional Accounts have been conveyed to the Trust pursuant to the Agreement and this Assignment.

(c) The Transferor does hereby grant to the Trust a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the Receivables in the Additional Accounts existing on the Addition Cut-Off Date and thereafter created from time to time until the termination of the Trust, all Interchange and Recoveries related thereto, all monies due or to become due and all amounts received or receivable with respect thereto, all money, accounts, general intangibles, chattel paper, instruments, documents, goods, investment property, deposit accounts, certificates of deposit, letters of credit, and advices of credit consisting of, arising from or related to the foregoing, and all "proceeds" (including "proceeds" as defined in the UCC) thereof. This Assignment constitutes a security agreement under the UCC.

4. Acceptance by Trust. The Trust hereby acknowledges its acceptance of all right, title and interest to the property, now existing and hereafter created, conveyed to the Trust pursuant to Section 3 of this Assignment. The Trust further acknowledges that, prior to or simultaneously with the execution and delivery of this Assignment, the Transferor delivered to the Owner Trustee the computer file or microfiche list described in Section 2 of this Assignment.

5. Representations and Warranties of the Transferor. The Transferor hereby represents and warrants to the Trust, as the Addition Date that:

(a) Legal Valid and Binding Obligation. This Assignment constitutes a legal, valid and binding obligation of the Transferor enforceable against the Transferor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

(b) Eligibility of Accounts. As of the Addition Cut-Off Date, each Additional Account designated hereby is an Eligible Account.

(c) Insolvency. As of each of the Addition Cut-Off Date and the Addition Date, no Insolvency Event with respect to the Transferor has occurred and the transfer by the Transferor of Receivables arising in the Additional Accounts to the Trust has not been made in contemplation of the occurrence thereof.

(d) Redemption Event; Event of Default. The Transferor reasonably believes that (i) the transfer of the Receivables arising in the Additional Accounts will not, based on the facts known to the Transferor, then or thereafter cause a Redemption Event or Event of Default to occur with respect to any Series and (ii) the Additional Accounts were randomly selected and no selection procedure was utilized by the Transferor which would result in the selection of Additional Accounts (from among the available Eligible Accounts available to the Transferor) that would be materially adverse to the interests of the Noteholders of any Series as of the Addition Date.

(e) Security Interest. This Assignment constitutes a valid sale, transfer and assignment to the Trust of all right, title and interest, whether owned on the Addition Cut-Off Date or thereafter acquired, of the Transferor in the Receivables existing on the Addition Cut-Off Date or thereafter created in the Additional Accounts, all Interchange and Recoveries related thereto, all monies due or to become due and all amounts received or receivable with respect thereto and the "proceeds" (including "proceeds" as defined in the applicable UCC) thereof, or, if this Assignment does not constitute a sale of such property, it constitutes a grant of a "security interest" (as defined in the applicable UCC) in such property to the Trust, which, in the case of existing Receivables and the proceeds thereof, is enforceable upon execution and delivery of this Assignment, and which will be enforceable with respect to such Receivables hereafter created and the proceeds thereof upon such creation. Upon the filing of the financing statements described in Section 3 of this Assignment and, in the case of the Receivables hereafter created and the proceeds thereof, upon the creation thereof, the Trust shall have a first priority perfected security or ownership interest in such property.

(f) No Conflict. The execution and delivery by the Transferor of this Assignment, the performance of the transactions contemplated by this Assignment and the fulfillment of the terms hereof applicable to the Transferor, will not conflict with or

violate any Requirements of Law applicable to the Transferor or conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of trust or other instrument to which the Transferor is a party or by which it or its properties are bound.

(g) No Proceedings. There are no proceedings or investigations, pending or, to the best knowledge of the Transferor, threatened against the Transferor before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality (i) asserting the invalidity of this Assignment, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Assignment, (iii) seeking any determination or ruling that, in the reasonable judgment of the Transferor, would materially and adversely affect the performance by the Transferor of its obligations under this Assignment or (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Assignment.

(h) All Consents. All authorizations, consents, orders or approvals of any court or other governmental authority required to be obtained by the Transferor in connection with the execution and delivery of this Assignment by the Transferor and the performance of the transactions contemplated by this Assignment by the Transferor, have been obtained.

6. Ratification of Agreement. As supplemented by this Assignment, the Agreement is in all respects ratified and confirmed and the Agreement as so supplemented by this Assignment shall be read, taken and construed as one and the same instrument.

7. Counterparts. This Assignment may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

8. GOVERNING LAW. THIS ASSIGNMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

9. Limitation of Liability. Notwithstanding any other provision herein or elsewhere, this Assignment has been executed and delivered by Wilmington Trust Company, not in its individual capacity, but solely in its capacity as Owner Trustee of the Trust, in no event shall Wilmington Trust Company in its individual capacity have any liability in respect of the representations, warranties or obligations of the Trust hereunder or under any other document, as to all of which recourse shall be had solely to the assets of the Trust and for all purposes of this Assignment and each other document, the Owner Trustee (as such or in its individual capacity) shall be subject to, and entitled to the benefits of, the terms and provisions of the Trust Agreement.

IN WITNESS WHEREOF, the Transferor, the Servicer, the Trust and the Indenture Trustee have caused this Assignment to be duly executed by their respective officers as of the day and year first above written.

NORDSTROM CREDIT CARD RECEIVABLES LLC,
as Transferor

By:

Name:
Title:

NORDSTROM fsb,
as Servicer

By:

Name:
Title:

NORDSTROM CREDIT CARD MASTER NOTE TRUST,
as Issuer

By: WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee

By:

Name:
Title:

WELLS FARGO BANK MINNESOTA,
NATIONAL ASSOCIATION,
as Indenture Trustee

By:

Name:
Title:

SCHEDULE 1

LIST OF ACCOUNTS

EXHIBIT B

FORM OF REASSIGNMENT OF RECEIVABLES IN REMOVED ACCOUNTS
(As required by Section 2.10 of
the Transfer and Servicing Agreement)

REASSIGNMENT No. _____ OF RECEIVABLES dated as of _____,(2) among Nordstrom Credit Card Receivables LLC, as transferor (the "Transferor"), Nordstrom fsb, as Servicer (the "Servicer"), Nordstrom Credit Card Master Note Trust (the "Trust") and Wells Fargo Bank Minnesota, National Association, as Trustee (the "Indenture Trustee"), pursuant to the Transfer and Servicing Agreement referred to below.

WITNESSETH:

WHEREAS the Transferor, the Servicer, the Trust and the Indenture Trustee are parties to the Transfer and Servicing Agreement, dated as of April 1, 2002 (as amended and supplemented, the "Agreement");

WHEREAS pursuant to the Agreement, the Transferor wishes to remove from the Trust all Receivables owned by the Trust in certain designated Accounts (the "Removed Accounts") and to cause the Trust to reconvey the Receivables of such Removed Accounts, whether now existing or hereafter created, from the Trust to the Transferor; and

WHEREAS the Trust is willing to accept such designation and to reconvey the Receivables in the Removed Accounts subject to the terms and conditions hereof.

NOW, THEREFORE, the Transferor, the Servicer, the Trust and the Indenture Trustee hereby agree as follows:

1. Defined Terms. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Transfer and Servicing Agreement.

"Removal Date" means, with respect to the Removed Accounts designated hereby, _____, ____

"Removal Notice Date" means, with respect to the Removed Accounts _____, ____

2. Designation of Removed Accounts. On or before the Removal Date, the Transferor will deliver to the Owner Trustee a computer file or microfiche list containing a true and complete schedule identifying all Accounts the Receivables of which are being removed from the Trust, specifying for each such Account, as of the Removal Notice Date, its account

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(2) To be dated as of the Removal Date.

number and the aggregate amount outstanding in such Account, which computer file or microfiche list shall supplement Schedule 1 to the Agreement.

3. Conveyance of Receivables. The Trust does hereby transfer, assign, set over and otherwise convey to the Transferor, without recourse, all right, title and interest of the Trust in, to and under the Receivables existing at the close of business on the Removal Notice Date and thereafter created from time to time in the Removed Accounts designated hereby, all Interchange and Recoveries related thereto, all monies due or to become due and all amounts received or receivable with respect thereto and all proceeds thereof.

In connection with such transfer, the Trust agrees to execute and deliver to the Transferor on or prior to the date this Reassignment is delivered, applicable termination statements prepared by the Transferor with respect to the Receivables existing at the close of business on the Removal Date and thereafter created from time to time in the Removed Accounts reassigned hereby and the proceeds thereof evidencing the release by the Trust of its interest in the Receivables in the Removed Accounts, and meeting the requirements of applicable state law, in such manner and such jurisdictions as are necessary to terminate such interest.

4. Representations and Warranties of the Transferor. The Transferor hereby represents and warrants to the Trust as of the Removal Date:

(a) Legal Valid and Binding Obligation. This Reassignment constitutes a legal, valid and binding obligation of the Transferor enforceable against the Transferor, in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

(b) Redemption Event; Event of Default. The Transferor reasonably believes that (i) the removal of the Receivables existing in the Removed Accounts will not, based on the facts known to the Transferor, then or thereafter cause a Redemption Event or Event of Default to occur with respect to any Series and (ii) the Removed Accounts were selected randomly from all of the Accounts and no selection procedure was utilized by the Transferor which would result in a selection of Removed Accounts that would be materially adverse to the interests of the Noteholders of any Series as of the Removal Date.

(c) List of Removed Accounts. The list of Removed Accounts delivered pursuant to Section 2.10(a)(ii) of the Agreement, as of the Removal Date, is true and complete in all material respects.

5. Ratification of Agreement. As supplemented by this Reassignment, the Agreement is in all respects ratified and confirmed and the Agreement as so supplemented by this Reassignment shall be read, taken and construed as one and the same instrument.

6. Counterparts. This Reassignment may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

7. GOVERNING LAW. THIS REASSIGNMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

8. Limitation of Liability. Notwithstanding any other provision herein or elsewhere, this Reassignment has been executed and delivered by Wilmington Trust Company, not in its individual capacity, but solely in its capacity as Owner Trustee of the Trust, in no event shall Wilmington Trust Company in its individual capacity have any liability in respect of the representations, warranties, or obligations of the Trust hereunder or under any other document, as to all of which recourse shall be had solely to the assets of the Trust, and for all purposes of this Reassignment and each other document, the Owner Trustee (as such or in its individual capacity) shall be subject to, and entitled to the benefits of, the terms and provisions of the Trust Agreement.

IN WITNESS WHEREOF, the Transferor, the Servicer, the Trust and the Indenture Trustee have caused this Reassignment to be duly executed by their respective officers as of the day and year first above written.

NORDSTROM CREDIT CARD RECEIVABLES LLC,
as Transferor

By:

Name:
Title:

NORDSTROM fsb,
as Servicer

By:

Name:
Title:

NORDSTROM CREDIT CARD MASTER NOTE TRUST,
as Issuer

By: WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee

By:

Name:
Title:

WELLS FARGO BANK MINNESOTA,
NATIONAL ASSOCIATION,
as Indenture Trustee

By:

Name:
Title:

EXHIBIT C

FORM OF ANNUAL SERVICER'S CERTIFICATE

(To be delivered on or before March 31 of each calendar year beginning with March 31, 2003, pursuant to Section 3.05 of the Transfer and Servicing Agreement referred to below)

NORDSTROM CREDIT CARD MASTER NOTE TRUST

The undersigned, a duly authorized representative of Nordstrom fsb, as Servicer (the "Servicer") and Nordstrom Credit Card Receivables LLC, as Transferor (the "Transferor"), pursuant to the Transfer and Servicing Agreement, dated as of April 1, 2002 (as amended and supplemented, the "Agreement"), among Nordstrom Credit Card Receivables LLC, Nordstrom fsb, Nordstrom Credit Card Master Note Trust and Wells Fargo Bank Minnesota, National Association, does hereby certify that:

1. Nordstrom fsb is, as of the date hereof, the Servicer under the Agreement.

2. The undersigned is an Authorized Officer who is duly authorized pursuant to the Agreement to execute and deliver this Certificate to the Trust.

3. A review of the activities of the Servicer during the year ended December 31, _____, and of its performance under the Agreement was conducted under my supervision.

4. Based on such review, the Servicer has, to the best of my knowledge, performed in all material respects its obligations under the Agreement throughout such year and no default in the performance of such obligations has occurred or is continuing except as set forth in paragraph 5 below.

5. The following is a description of each default in the performance of the Servicer's obligations under the provisions of the Agreement known to me to have been made by the Servicer during the year ended December 31, _____ which sets forth in detail (i) the nature of each such default, (ii) the action taken by the Servicer, if any, to remedy each such default and (iii) the current status of each such default: [If applicable, insert "None."]

Capitalized terms used in this Certificate have their respective meanings as set forth in the Agreement.

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate this ____ day of _____, 20__.

NORDSTROM fsb,
as Servicer

By:

Name:
Title:

FORM OF OPINION OF COUNSEL
WITH RESPECT TO AMENDMENTS

Provisions to be included in
Opinion of Counsel to be delivered pursuant
to subsection 9.02(d)(i)

The opinions set forth below may be subject to all the qualifications, assumptions, limitations and exceptions taken or made in the Opinions Of Counsel delivered on any applicable Closing Date.

(i) The amendment to the Transfer and Servicing Agreement, attached hereto as Schedule 1 (the "Amendment"), has been duly authorized, executed and delivered by the Transferor and constitutes the legal, valid and binding agreement of the Transferor, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer and other similar laws relating to or affecting creditors' rights generally and general equitable principles (regardless of whether considered in a proceeding in equity or at law), including concepts of commercial reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, and with respect to the Nordstrom fsb, the rights and powers of the Federal Deposit Insurance Corporation.

(ii) The Amendment has been entered into in accordance with the terms and provisions of Section 9.01 of the Transfer and Servicing Agreement.

FORM OF OPINION OF COUNSEL
WITH RESPECT TO ACCOUNTS

Provisions to be included in
Opinion of Counsel to be
delivered pursuant to
Section 9.02(d)(ii) or (iii)

The opinions set forth below may be subject to all the qualifications, assumptions, limitations and exceptions taken or made in the Opinions of Counsel delivered on any applicable Closing Date.

(i) To the extent that the transfer of Additional Receivables by the Transferor to the Trust pursuant to the Assignment does not constitute an absolute assignment by the Transferor to the Trust of such Additional Receivables or the proceeds thereof, the Assignment creates in favor of the Trust a security interest in the rights of the Transferor in such Additional Receivables and the proceeds thereof.

(ii) The security interests described in paragraph 1 above is perfected by filing and there is no security interest prior to the security interest of the Trust.

PROVISIONS TO BE INCLUDED IN
ANNUAL OPINION OF COUNSEL

The opinions set forth below may be subject to all the qualifications, assumptions, limitations and exceptions taken or made in the Opinions of Counsel delivered on any applicable Closing Date with respect to similar matters. Unless otherwise indicated, all capitalized terms used herein has the meanings ascribed to them in the Transfer and Servicing Agreement.

(i) No filing or other action, other than such filing or other action described in such opinion, is necessary from the date of such opinion through April 30 of the following year to continue the perfected status of the security interest of the Trust in the Receivables described in the financing statements referenced in such opinion.

SCHEDULE 1

LIST OF ACCOUNTS

[Original list delivered to Owner Trustee]

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Exhibit 13.1

financial highlights
Dollars in thousands except per share amounts

FISCAL YEAR	2002	2001	% CHANGE
Net sales	$5,975,076	$5,634,130	6.1
Earnings before income taxes and cumulative effect of accounting change	195,624	204,488	(4.3)
Earnings before cumulative effect of accounting change	103,583	124,688	(16.9)
Net earnings	90,224	124,688	(27.6)
Basic earnings per share	.67	.93	(28.0)
Diluted earnings per share	.66	.93	(29.0)
Cash dividends paid per share	.38	.36	5.6

COMP-STORE SALES % CHANGE

[LINE CHART]

92	1.4%
93	2.7%
94	4.4%
95	-0.7%
96	0.6%
97	4.0%
98	-2.7%
99	-1.1%
00	0.3%
01	-2.9%
02	1.4%

SALES PER SQUARE FOOT

[LINE CHART]

92	$381
93	$383
94	$395
95	$382
96	$377
97	$384
98	$362
99	$350
00	$342
01	$321
02	$319

GROSS PROFIT % OF SALES

[LINE CHART]

92	31.6%
93	31.2%
94	33.3%
95	31.9%
96	30.9%
97	32.2%
98	33.8%
99	34.8%
00	34.0%
01	33.2%
02	33.5%

SG&A AS A % OF SALES

[LINE CHART]

92	26.4%
93	26.2%
94	26.4%
95	27.6%
96	27.7%
97	27.5%
98	28.3%
99	29.6%

00 31.6%
01 30.6%
02 30.3%

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VIEW THIS ENTIRE REPORT ONLINE. PLEASE VISIT WWW.NORDSTROM.COM TO SEE THIS REPORT AND OBTAIN THE LATEST AVAILABLE INFORMATION.

OVERVIEW

Nordstrom is a fashion specialty retailer offering a wide selection of high-quality apparel, shoes and accessories for men, women and children. We believe that we offer our customers an exceptional shopping experience by providing superior service and distinctive merchandise with an emphasis on quality and value. We also offer our products through multiple retail channels including our full-line stores, Nordstrom Rack stores, our catalogs and on the Internet.

Our financial performance is driven largely by our ability to generate positive comparable store sales, successfully execute store openings, manage inventory and control expenses. To that end, our goals for 2002 were to drive top-line growth, implement our new perpetual inventory system and continue lowering expense levels as a percent of sales.

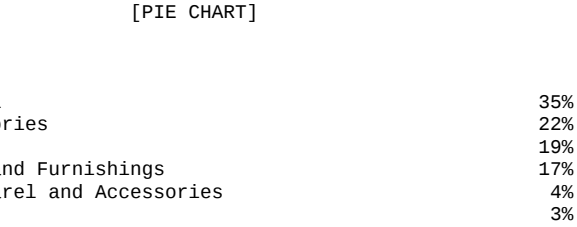
During 2002, we were able to generate comparable store sales gains of 1.4%. We are encouraged by these gains in this challenging retail and economic environment. In recent years, our sales per square foot have declined as we have ventured into new markets and opened new stores. This year our sales per square foot decline slowed. In 2002, sales per square foot declined from $321 to $319, in spite of an 8% expansion in our retail square footage.

We substantially completed the implementation of our perpetual inventory system, which allows us to more effectively manage inventory. Additionally, we are implementing a new replenishment system, which is scheduled for completion in the first quarter of 2003.

Progress was made on controlling expenses in the current year. In 2002, selling, general and administrative expenses as a percent of sales were down 0.3% to 30.3%. This decrease is in addition to the 1.0% decrease we achieved in 2001. While we have made progress in this area, we are still focused on reaching our goal of 28.5% to 29.0% of sales in the next few years.

Our focus for 2003 is to increase top line growth through positive comparable store sales and store openings, improve gross margin performance through better inventory control, and further reduce our expenses as a percent of sales.

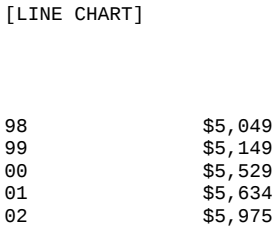
PERCENTAGE OF 2002 SALES BY MERCHANDISE CATEGORY



RESULTS OF OPERATIONS:

Segment results are discussed in each of the following sections as applicable.

NET SALES (IN MILLIONS)



Sales increases and comparable store sales are shown in the table below. Comparable stores are stores open at least one full fiscal year at the beginning of the fiscal year.

FISCAL YEAR	2000	2001	2002
Net sales increase	7.4%	1.9%	6.1%
Comparable store sales:			
Full-line stores	0.2%	(2.6%)	0.7%
Nordstrom Rack & other	1.2%	(5.9%)	7.4%
Total	0.3%	(2.9%)	1.4%

In 2002, net sales increased 6.1% over the prior year. This growth was primarily due to store openings. During 2002, we opened eight full-line stores, four Nordstrom Rack stores and one Faconnable boutique. We also closed one Nordstrom Rack location. The net impact was an increase to our retail square footage of 8%. Comparable store sales increased 1.4% due to increases at both full-line stores and Nordstrom Rack stores. Sales at Nordstrom Direct (formerly known as Nordstrom.com) declined slightly with a planned reduction in catalog sales partially offset by an increase in Internet sales.

Merchandise division sales were led by Women's Designer, Cosmetics and Accessories. Men's Apparel and Shoes experienced small sales declines. The Women's Designer division benefited from the addition of new vendors, close scrutiny of developing trends and a targeted marketing plan. The increase in Cosmetics was primarily due to the addition of product lines. Accessories improved by differentiating its product and offering attractive values.

In 2001, net sales increased 1.9% due to store openings. During 2001, we opened four full-line stores, eight Nordstrom Rack stores and three Faconnable boutiques. We also closed one Nordstrom Rack store and one full-line store. The net impact was an increase to our retail square footage of 6%. New store sales were partially offset by negative comparable store sales and a decline in sales at Nordstrom Direct. The most significant sales declines were in Men's Apparel and Shoes while Women's Apparel was essentially flat.

In 2003, we plan to open four full-line stores and two Nordstrom Rack stores, increasing retail square footage by approximately 4%. Because of the continued challenging retail environment, comparable store sales are expected to be flat to slightly positive.

GROSS PROFIT

FISCAL YEAR	2000	2001	2002
Gross profit as a percent of net sales	34.0%	33.2%	33.5%

Gross profit as a percentage of net sales improved in 2002 due to better inventory management. In our merchandising divisions, improvement in gross profit rate offset lower sales in certain categories. Merchandise division gross profit was led by both Women's and Men's Apparel. Additionally, costs related to our private label operations improved. Total inventory increased as we added new stores, however, inventory per square foot declined due to improved performance at full-line stores partially offset by inventory increases at our Nordstrom Rack division. Total shrinkage as a percentage of sales was even with the previous year.

Gross profit as a percentage of net sales declined in 2001 due to increased markdowns and new store occupancy expenses. The markdowns were taken to drive sales and to liquidate excess inventory caused by the decrease in comparable store sales. Inventory declines at comparable stores were partially offset by the addition of new stores. The comparable stores inventory decrease was due to a concerted effort to reduce inventory levels during the year resulting in lower inventory per square foot. Total shrinkage as a percentage of sales was even with the previous year.

In 2003, we anticipate continuing progress in our ability to improve gross profit performance through better inventory management.

SELLING, GENERAL AND ADMINISTRATIVE

FISCAL YEAR	2000	2001	2002
Selling, general and administrative expense as a percent of net sales	31.6%	30.6%	30.3%

In 2002, we recognized a charge of $15.6 million to write-down an investment in a supply chain tool intended to support our private label division. Due to changes in business strategy, we determined that this asset was impaired. This charge reduced this asset to its estimated market value.

Excluding the effect of the write-down, selling, general and administrative expenses as a percentage of net sales decreased in 2002 to 30.1% from 30.6% in the prior year. This decrease is the result of improvements in bad debt and selling expense and reductions in sales promotion. These costs were partially offset by higher distribution costs and higher information systems expense. Bad debt expense decreased as both delinquency and write-off trends stabilized. Selling expense decreased primarily due to continued efficiencies in shipping costs at Nordstrom Direct. Sales promotion decreased as Nordstrom Direct executed planned reductions in catalog size and number of mailings consistent with sales trends. Distribution costs increased primarily due to higher merchandise volumes and temporary inefficiencies caused by the implementation of our perpetual inventory system. The information

systems expense increase resulted from depreciation and rollout costs of our new perpetual inventory system.

In 2000, we recognized a charge of $13.0 million for certain severance and other costs related to a change in management. Also in 2000, we recorded an impairment charge of $10.2 million. Due to changes in business strategy, we determined that several software projects under development were either impaired or obsolete.

Excluding the effect of the severance and impairment charge, selling, general and administrative expenses as a percentage of net sales decreased in 2001 to 30.6% versus 31.2% in the prior year. This improvement in selling, general and administrative expenses as a percentage of net sales is due to reductions in sales promotion and improvements in selling expenses. Sales promotion expenses decreased due to the discontinuation of a company-wide brand advertising program. Selling expenses decreased as Nordstrom Direct improved the efficiency of their shipping and call center activities. These improvements were partially offset by an increase in bad debt on our credit cards due to increased delinquencies and write-offs.

In 2003, selling, general and administrative expenses as a percent of net sales are expected to improve slightly as we continue our focus on expense management.

INTEREST EXPENSE, NET

Interest expense, net increased 9.2% in 2002 primarily due to lower capitalized interest. Capitalized interest decreased due to lower average balances during the year for construction and software in progress.

Interest expense, net increased 19.7% in 2001 due to higher average borrowings, partially offset by a decrease in interest rates.

Interest expense, net for 2003 is expected to be flat with 2002.

WRITE-DOWN OF STREAMLINE.COM, INC.

We held an investment in Streamline.com, Inc., an Internet grocery and consumer goods delivery company. Streamline ceased its operations effective November 2000. During 2000 we wrote off our entire investment in Streamline, for a total expense of $32.9 million.

MINORITY INTEREST PURCHASE AND REINTEGRATION COSTS

During 2002, we purchased the outstanding shares of Nordstrom.com, Inc. series C preferred stock for $70.0 million. The excess of the purchase price over the fair market value of the preferred stock and professional fees resulted in a one-time charge of $42.7 million. No tax benefit was recognized on the share purchase, as we do not believe it is probable that this benefit will be realized. The impact of not recognizing this income tax benefit increased our effective tax rate to 47% before the cumulative effect of accounting change.

Also in 2002, $10.4 million of expense was recognized related to the purchase of the outstanding Nordstrom.com options and warrants.

SERVICE CHARGE INCOME AND OTHER, NET (IN MILLIONS)

Service charge income and other, net increased in 2002 primarily due to gains recorded from our VISA securitization. Securitization gains increased this year as credit spreads improved, the cost of funds decreased and bad debt write-offs stabilized. This increase was partially offset by a decline in service charge and late fee income resulting from a decline in our private label accounts receivable.

Service charge income declined slightly in 2001 due to lower interest rates, flat credit sales and a steady number of credit accounts.

In 2003, service charge income is expected to be higher due to a small increase in credit sales and credit accounts, and adjustments to interest rates charged.

DILUTED EARNINGS PER SHARE

Earnings per share decreased in 2002 due to the write down of the supply chain tool, the minority interest purchase and reintegration costs and the cumulative effect of accounting change. Excluding the impact of these charges, earnings per share would have been $1.19, an increase from the prior year of 28.0%. This increase was primarily driven by an increase in comparable store sales, an improvement in gross profit percent and a decrease in selling, general and administrative expenses as a percent of sales.

Earnings per share for 2001 were 19.2% higher than 2000 due to charges recognized in 2000, which include the write-down of Streamline, the management severance and the asset impairments. Excluding the impact of these charges, 2000 earnings per share would have been $1.04 resulting in a 2001 earnings per share decrease of 10.6%. This decrease is primarily due to a decline in comparable store sales and a decline in gross profit percent offset by decreases in selling, general and administrative expenses as a percent of sales.

FOURTH QUARTER RESULTS

Fourth quarter 2002 earnings per share were $0.44 compared with $0.38 in 2001. Total sales for the quarter increased by 7.3% versus the same quarter in the prior year and comparable store sales increased by 1.9%. The increase in sales was primarily due to the opening of eight full-line stores and four Nordstrom Rack stores during the year. Gross profit as a percentage of sales was flat with the same quarter in the prior year.

Selling, general and administrative expenses as a percent of sales decreased in the quarter compared to the prior year primarily due to improved selling costs and reduced sales promotion offset by higher distribution costs and information systems expense.

LIQUIDITY AND CAPITAL RESOURCES

We finance our working capital needs, capital expenditures, acquisitions and share repurchase activity with a combination of cash flows from operations and borrowings.

We believe that our operating cash flows, existing cash and available credit facilities are sufficient to finance our operations and planned growth for the foreseeable future.

OPERATING ACTIVITIES

Our operations are seasonal in nature. The second quarter, which includes our Anniversary Sale, accounts for approximately 28% of net sales, while the fourth quarter, which includes the holiday season, accounts for about 29% of net sales. Cash requirements are highest in the third quarter as we build our inventory for the holiday season.

The decrease in net cash provided by operating activities between 2002 and 2001 was primarily due to increases in inventories and accounts receivable partially offset by an increase in net earnings before noncash items and an increase in our accrual for income taxes. Inventory grew as we added stores during the year. Accounts receivable increased as Nordstrom VISA credit sales improved. The increased income tax accrual resulted from the timing of payments.

Net cash provided by operating activities increased approximately $235 million in 2001 compared to 2000 primarily due to decreases in inventories and accounts receivable. The inventories decreased as a result of improved inventory management, while accounts receivable declined due to lower credit sales.

In 2003, cash flows provided by operating activities are expected to remain fairly consistent with 2002. Inventory increases from store openings are expected to slow, offset by slower increases in accounts payable. Accounts receivable should increase modestly as credit sales grow.

INVESTING ACTIVITIES

For the last three years, investing activities have primarily consisted of capital expenditures, the minority interest purchase of Nordstrom.com and the acquisition of Faconnable.

CAPITAL EXPENDITURES

Our capital expenditures over the last three years totaled approximately $738 million, net of developer reimbursements, principally to add stores, improve existing facilities and purchase or develop new information systems. More than 3.9 million square feet of retail store space has been added during this period, representing an increase of 27% since January 31, 2000.

We plan to spend approximately $700-$750 million, net of developer reimbursements, on capital projects during the next three years. Compared to the previous three years, we plan to open fewer stores, slow spending on information systems and increase our spending on the improvement of existing facilities. In the information systems area, we are in the process of replacing our point of sale system, which we expect to be substantially completed by 2004.

At January 31, 2003, approximately $227 million has been contractually committed primarily for the construction of new stores or remodeling of existing stores. Although we have made commitments for stores opening in 2003 and beyond, it is possible that some stores may not be opened as scheduled because of delays in the development process, or because of the termination of store site negotiations.

TOTAL SQUARE FOOTAGE (IN THOUSANDS)

ACQUISITION

In 2000, we acquired Faconnable, S.A.S. in exchange for $88 million of cash and 5,074,000 shares of our common stock, for a total consideration of $169 million. The purchase provides for a contingent payment to a former owner that may be paid after five years from the acquisition date. If the former owner continues to have involvement in the business and performance targets are met, the contingent payment could approximate $12 million. The contingent payment will be expensed when it becomes probable that the targets will be met.

FINANCING ACTIVITIES

Financing activities primarily consist of share repurchases, dividend payments, as well as proceeds and payments on debt.

SHARE REPURCHASE

In May 1995, the Board of Directors authorized $1.1 billion of share repurchases. As of January 31, 2003, we have purchased 39 million shares of our common stock for $1 billion, with remaining share repurchase authority of $82 million. The share repurchase represents 24% of the shares outstanding as of May 1995 after adjusting for the 1998 stock split, at an average price per share of $25.93.

DIVIDENDS

In 2002, we paid $.38 per share in common stock dividends, the sixth consecutive annual dividend increase. We paid $.36 and $.35 per share of common stock in fiscal 2001 and 2000.

DEBT TO CAPITAL RATIO

By the end of 2001, our debt to capital ratio had increased to 52.1% as a result of retail expansion, share repurchases and an acquisition. By the end of 2002, this ratio had decreased to 49.6%. Our near-term goal is to reduce this ratio to be in the range of 40% to 45%.

DEBT

In May 2002, we replaced the $200 million variable funding note backed by Nordstrom VISA credit card receivables with 5-year term notes also backed by the VISA credit card receivables. Class A and B notes with a combined face value of $200 million were issued to third party investors. We used the proceeds to retire the $200 million outstanding on the variable funding note. Based on SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" this debt and the related assets are not reflected in our consolidated balance sheets.

In November 2001, we issued $300 million of Class A notes backed by Nordstrom private label receivables. These notes bear a fixed interest rate of 4.82% and have a maturity of five years. Both the debt and related assets are included in our consolidated balance sheets. A portion of the proceeds was used to pay-down approximately $77 million in medium-term notes and the purchase of Nordstrom.com, Inc.'s preferred stock for $70 million. The remaining proceeds will be used for general corporate purposes and capital expansion.

In October 2000, we issued $300 million of 8.95% senior notes due in 2005. These proceeds were used to reduce short-term indebtedness, to fund the acquisition of Faconnable, and for general corporate purposes.

INTEREST RATE SWAPS

We entered into a variable interest rate swap agreement in the fourth quarter of 2002. The swap had a $250 million notional amount and a six-year term. Under the agreement, we received a fixed rate of 5.63% and paid a variable rate based on LIBOR plus a margin of 1.31% set at six-month intervals (3.25% at January 31, 2003). The swap agreement qualified as a fair value hedge and was recorded at fair value in other assets at January 31, 2003. Subsequent to January 31, 2003, we sold the interest rate swap and received cash of $2.3 million, which will be recognized as interest income evenly over the remaining life of the related debt.

In the third quarter of 2002, we sold the interest rate swap that converted our $300 million, 8.95% fixed-rate debt to variable rate. We received cash of $4.9 million, which will be recognized as interest income evenly over the remaining life of the related debt.

NONCASH FINANCING

We own 49% of a limited partnership which constructed a new corporate office building in which we are the primary occupant. During the first quarter of 2002, the limited partnership refinanced its construction loan obligation with an $85 million mortgage secured by the property, of which $79 million was included in our balance sheet at January 31, 2003. The obligation has a fixed interest rate of 7.68% and a term of 18 years.

AVAILABLE CREDIT

In November 2001, we entered into a $300 million unsecured revolving credit facility that expires in November 2004. As of January 31, 2003, no borrowings have been made against this revolving credit facility.

Also in November 2001, we issued a variable funding note backed by Nordstrom private label receivables with a $200 million capacity. As of January 31, 2003, no borrowings were outstanding against this note.

Additionally, we have universal shelf registrations on file with the Securities and Exchange Commission that permit us to offer an additional $450 million of securities to the public. These registration statements allow us to issue various types of securities, including debt, common stock, warrants to purchase common stock, warrants to purchase debt securities and warrants to purchase or sell foreign currency.

CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations and the expected effect on liquidity and cash flows.

FISCAL YEAR	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	OVER 5 YEARS
Long-term Debt	$1,338.4	$ 5.2	$ 407.9	$ 307.1	$ 618.2
Capital Leases	16.0	1.1	2.2	2.2	10.5
Operating Leases	780.4	73.2	141.3	123.9	442.0
Construction Commitments	227.3	165.2	62.1	--	--
TOTAL	$2,362.1	$ 244.7	$ 613.5	$ 433.2	$1,070.7

DEBT RATINGS

The following table shows our credit ratings at the date of this report.

CREDIT RATINGS	Moody's*	Standard and Poor's*
Senior unsecured debt	Baa1	A-
Commercial paper	P-2	A-2

* negative outlook

These ratings could change depending on our performance and other factors. A significant ratings drop could result in the termination of the $200 million Nordstrom private label receivables variable funding note and a change in interest rates on the $300 million 8.95% senior notes and the $300 million revolving credit facility. The remainder of our outstanding debt is not subject to termination or interest rate adjustments based on changes in credit ratings.

CRITICAL ACCOUNTING POLICIES

The preparation of our financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. We regularly evaluate our estimates including those related to doubtful accounts, inventory valuation, intangible assets, income taxes, self-insurance liabilities, post-retirement benefits, contingent liabilities and litigation. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. The following discussion highlights the policies we feel are critical.

REVENUE RECOGNITION

We recognize revenues net of estimated returns and exclude sales tax. Retail stores record revenue at the point of sale. Catalog and Internet sales include shipping revenue and are recorded upon delivery to the customer. Our sales return liability is estimated based on historical return levels.

INVENTORY

Our inventory is stated at the lower of cost or market using the retail inventory method (first-in, first-out basis). Under the retail method, inventory is valued by applying a cost-to-retail ratio to the ending retail value of inventory. As our inventory retail value is adjusted regularly to reflect market conditions, our inventory method approximates the lower of cost or market. Factors considered in determining markdowns include current and anticipated demand, customer preferences, age of the merchandise and fashion trends. We also reserve for obsolescence based on historical trends and specific identification. Shrinkage is estimated as a percentage of sales for the period from the last inventory date, based on historical shrinkage losses.

VENDOR ALLOWANCES

We receive allowances from merchandise vendors for purchase price adjustments, cooperative advertising programs and cosmetic selling expenses. Purchase price adjustments are recorded as a reduction of cost of sales at the point they have been earned and the related merchandise has been sold. Allowances for cooperative advertising programs and cosmetic selling expenses are recorded as a reduction of selling, general and administrative expense when the advertising or selling expense is incurred.

SELF INSURANCE

We are self insured for certain losses related to health and welfare, workers' compensation and general liability. We record estimates of the total cost of claims incurred as of the balance sheet date. These estimates are based on analysis of historical data and actuarial estimates.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

We evaluate the collectibility of our customer accounts receivable based on several factors, including historical trends, aging of accounts, write-off experience and expectations of future performance. Delinquent accounts are usually written off after the passage of 151 days without receiving a full scheduled monthly payment. Accounts are written off sooner in the event of customer bankruptcy or other circumstances that make further collection unlikely.

OFF-BALANCE SHEET FINANCING

We have $200 million in outstanding term notes backed by our Nordstrom VISA credit card receivables. On an ongoing basis, our Nordstrom VISA receivables are transferred to a master note trust which has issued Class A and B notes to third party investors. We hold securities that represent our retained interests in the trust.

We recognize gains or losses on the sale of Nordstrom VISA receivables to the trust based on the difference between the face value of the receivables sold and the fair value of the assets created during the securitization process. The fair value of the assets is calculated as the present value of their expected cash flows. The discount rates used to calculate present value represent the volatility and risk of the assets. Significant assumptions and judgments are made to estimate the present value of expected cash flows and to determine the fair value of our retained interest. We have no other off-balance sheet transactions.

REALIZATION OF DEFERRED TAX ASSETS

In January 2003, we sold our Denver Credit facility generating a capital gain for tax purposes of $15.4 million, which was used to offset a portion of our existing capital loss carryforwards. Capital loss carryforwards of $19.0 million remain available to offset capital gain income in the next three years. No valuation allowance reserve has been provided because we believe it is probable that the full benefit of these carryforwards will be realized.

Our purchase of the outstanding shares of Nordstrom.com, Inc. series C preferred stock resulted in an expense of $40.4 million which we believe will not be deductible for tax purposes. As a result, we have established a valuation allowance reserve of $16.5 million to offset the deferred tax asset related to this purchase.

RECENT ACCOUNTING PRONOUNCEMENTS

SFAS No. 141 "Business Combinations" - SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, and establishes specific criteria for the recognition of goodwill separate from other intangible assets. Adoption of SFAS No. 141 did not have a material impact on our financial statements.

SFAS No. 142 "Goodwill and Other Intangible Assets" - Under SFAS No. 142, goodwill and intangible assets having indefinite lives will no longer be amortized but will be subject to annual impairment tests. Other intangible assets will continue to be amortized over their estimated useful lives. Adoption of SFAS No. 142 resulted in an impairment charge and a reduction in amortization expense, which is detailed in Note 2 of the Notes to Consolidated Financial Statements.

SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" - SFAS No. 144 retains the fundamental provisions of SFAS No. 121, but establishes new criteria for asset classification and broadens the scope of qualifying discontinued operations. The adoption of this statement did not have a material impact on our financial statements.

We adopted SFAS No. 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections" in the second quarter of 2002. SFAS No. 145 updates, clarifies and simplifies existing accounting pronouncements related to extinguishments of debt, provisions of the Motor Carrier Act of 1980 and lease transactions. The adoption of this statement did not have a material impact on our financial statements.

SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" was also adopted by us in the second quarter of 2002. SFAS No. 146 nullifies EITF 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" by requiring that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred versus when an entity is committed to an exit plan. The adoption of this statement did not have a material impact on our financial statements.

We adopted SFAS No. 148 "Accounting for Stock-Based Compensation" in the fourth quarter of 2002. SFAS No. 148 amends SFAS No. 123 of the same name and provides alternative transition methods for a voluntary change to fair value based accounting for stock-based employee compensation. SFAS No. 148 also requires more prominent and frequent disclosures about the effects of stock-based compensation. Adoption of SFAS No. 148 did not have a material impact on our financial statements.

In November 2002, the Emerging Issues Task Force reached a consensus on certain issues discussed in EITF 02-16, "Accounting by a Reseller for Cash Consideration Received from a Vendor." This pronouncement addresses the timing and classification of cash payments received by a reseller from a vendor. Adoption of EITF 02-16 did not have a material impact on our financial statements.

In November 2002, the FASB issued FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including

Indirect Guarantees of the Indebtedness of Others." FIN 45 elaborates on the disclosures made by a guarantor and also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. Adoption of FIN 45 in the fourth quarter of 2002 did not have a material impact on our financial statements.

CAUTIONARY STATEMENT

The preceding disclosures included forward-looking statements regarding our performance, liquidity and adequacy of capital resources. These statements are based on our current assumptions and expectations and are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Forward-looking statements are qualified by the risks and challenges posed by increased competition, shifting consumer demand, changing consumer credit markets, changing capital markets, changing interest rates and general economic conditions, hiring and retaining effective team members, sourcing merchandise from domestic and international vendors, investing in new business strategies, achieving our growth objectives and the impact of economic and competitive market forces, including the impact of terrorist activity or the impact of war. As a result, while we believe there is a reasonable basis for the forward-looking statements, you should not place undue reliance on those statements. This discussion and analysis should be read in conjunction with the consolidated financial statements and the Eleven-Year Statistical Summary.

independent auditors'
and management reports

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated balance sheets of Nordstrom, Inc. and subsidiaries (the "Company") as of January 31, 2003 and 2002, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended January 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Nordstrom, Inc. and subsidiaries as of January 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

The Company changed its method of accounting for goodwill and other intangible assets upon adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, for the year ended January 31, 2003, as discussed in Note 2 to the consolidated financial statements.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP

Seattle, Washington

March 28, 2003

MANAGEMENT REPORT

We are responsible for preparing our financial statements and the other information that appears in the annual report. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include estimates based on our best judgment.

We maintain a comprehensive system of internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with established procedures. The concept of reasonable assurance is based on the recognition that the cost of maintaining the system of internal accounting controls should not exceed the benefit derived from the system.

Deloitte and Touche LLP audits our financial statements in accordance with auditing standards generally accepted in the United States of America and provides an objective, independent review of our internal controls and the fairness of our reported financial condition and results of operations.

The Audit Committee, which is comprised of six independent directors, meets periodically with our management and the independent auditors to ensure that each is properly fulfilling its responsibilities. The Committee oversees our systems of internal control, accounting practices, financial reporting and audits to ensure their quality, integrity and objectivity are sufficient to protect shareholders' investments.

/s/ Michael G. Koppel

Michael G. Koppel

Executive Vice President and Chief Financial Officer

consolidated statements of earnings

Dollars in thousands except per share amounts

YEAR ENDED JANUARY 31,	2003	% OF SALES	2002	% OF SALES	2001	% OF SALES
Net sales	$ 5,975,076	100.0	$ 5,634,130	100.0	$ 5,528,537	100.0
Cost of sales and related buying and occupancy	(3,971,372)	(66.5)	(3,765,859)	(66.8)	(3,649,516)	(66.0)
Gross profit	2,003,704	33.5	1,868,271	33.2	1,879,021	34.0
Selling, general and administrative	(1,813,968)	(30.3)	(1,722,635)	(30.6)	(1,747,048)	(31.6)
Operating income	189,736	3.2	145,636	2.6	131,973	2.4
Interest expense, net	(81,921)	(1.4)	(75,038)	(1.4)	(62,698)	(1.1)
Write-down of investment	--	--	--	--	(32,857)	(0.6)
Minority interest purchase and reintegration costs	(53,168)	(0.9)	--	--	--	--
Service charge income and other, net	140,977	2.4	133,890	2.4	130,600	2.3
Earnings before income taxes and cumulative effect of accounting change	195,624	3.3	204,488	3.6	167,018	3.0
Income taxes	(92,041)	(1.6)	(79,800)	(1.4)	(65,100)	(1.2)
Earnings before cumulative effect of accounting change	103,583	1.7	124,688	2.2	101,918	1.8
Cumulative effect of accounting change (net of tax)	(13,359)	(0.2)	--	--	--	--
NET EARNINGS	$ 90,224	1.5	$ 124,688	2.2	$ 101,918	1.8
Basic earnings per share	$ 0.67		$ 0.93		$ 0.78	
Diluted earnings per share	$ 0.66		$ 0.93		$ 0.78	
Cash dividends paid per share	$ 0.38		$ 0.36		$ 0.35	

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

consolidated balance sheets

Dollars in thousands

JANUARY 31,	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 208,329	$ 331,327
Accounts receivable, net	759,262	698,475
Merchandise inventories	953,112	888,172
Prepaid expenses	40,261	36,888
Other current assets	111,654	102,249
Total current assets	2,072,618	2,057,111
Land, buildings and equipment, net	1,761,544	1,761,082
Goodwill, net	40,355	38,198
Tradename, net	100,133	100,133
Other assets	121,726	94,655
TOTAL ASSETS	$ 4,096,376	$ 4,051,179
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 244	$ 148
Accounts payable	414,754	490,988
Accrued salaries, wages and related benefits	260,562	236,373
Income taxes and other accruals	188,986	144,402
Current portion of long-term debt	5,545	78,227
Total current liabilities	870,091	950,138
Long-term debt	1,341,826	1,351,044
Deferred lease credits	383,100	342,046
Other liabilities	129,302	93,463
Shareholders' equity:		
Common stock, no par: 500,000,000 shares authorized; 135,444,041 and 134,468,608 shares issued and outstanding	358,069	341,316
Unearned stock compensation	(2,010)	(2,680)
Retained earnings	1,014,105	975,203
Accumulated other comprehensive earnings	1,893	649
Total shareholders' equity	1,372,057	1,314,488
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 4,096,376	$ 4,051,179

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

consolidated statements
of shareholders' equity

Dollars in thousands except per share amounts

	Common Stock Shares	Common Stock Amount	Unearned Stock Compensation	Retained Earnings	Accum. Other Comprehensive Earnings	Total
BALANCE AT FEBRUARY 1, 2000	132,279,988	$ 247,559	$ (8,593)	$ 929,616	$ 17,032	$ 1,185,614
Net earnings	--	--	--	101,918	--	101,918
Other comprehensive earnings:						
Unrealized loss on investment during period, net of tax	--	--	--	--	(23,461)	(23,461)
Reclassification of realized loss, net of tax	--	--	--	--	6,429	6,429
Foreign currency translation adjustment	--	--	--	--	2,824	2,824
Comprehensive net earnings:	--	--	--	--	--	87,710
Cash dividends paid ($.35 per share)	--	--	--	(45,935)	--	(45,935)
Issuance of common stock for:						
Stock option plans	181,910	4,039	--	--	--	4,039
Employee stock purchase plan	165,842	2,211	--	--	--	2,211
Business acquisition	5,074,000	77,696	--	--	--	77,696
Stock compensation	(14,075)	(1,111)	4,853	--	--	3,742
Purchase and retirement of common stock	(3,889,908)	--	--	(85,509)	--	(85,509)
BALANCE AT JANUARY 31, 2001	133,797,757	330,394	(3,740)	900,090	2,824	1,229,568
Net earnings	--	--	--	124,688	--	124,688
Other comprehensive earnings:						
Foreign currency translation adjustment	--	--	--	--	(2,175)	(2,175)
Comprehensive net earnings:	--	--	--	--	--	122,513
Cash dividends paid ($.36 per share)	--	--	--	(48,265)	--	(48,265)
Issuance of common stock for:						
Stock option plans	186,165	3,788	--	--	--	3,788
Employee stock purchase plan	541,677	6,754	--	--	--	6,754
Stock compensation	19,009	380	1,060	--	--	1,440
Purchase and retirement of common stock	(76,000)	--	--	(1,310)	--	(1,310)
BALANCE AT JANUARY 31, 2002	134,468,608	341,316	(2,680)	975,203	649	1,314,488
Net earnings	--	--	--	90,224	--	90,224
Other comprehensive earnings:						
Foreign currency translation adjustment	--	--	--	--	7,755	7,755(1)
SERP adjustment, net of tax	--	--	--	--	(6,511)	(6,511)(1)
Comprehensive net earnings:	--	--	--	--	--	91,468
Cash dividends paid ($.38 per share)	--	--	--	(51,322)	--	(51,322)
Issuance of common stock for:						
Stock option plans	350,004	7,959	--	--	--	7,959
Employee stock purchase plan	596,351	8,062	--	--	--	8,062
Stock compensation	29,078	732	670	--	--	1,402
BALANCE AT JANUARY 31, 2003	135,444,041	$ 358,069	$ (2,010)	$ 1,014,105	$ 1,893	$ 1,372,057

(1) The ending balance of the foreign currency translation adjustment and SERP adjustment, net of tax was $8,404 and $(6,511) as of January 31, 2003.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

consolidated statements
of cash flows
Dollars in thousands

YEAR ENDED JANUARY 31,	2003	2002	2001
OPERATING ACTIVITIES			
Net earnings	$ 90,224	$ 124,688	$ 101,918
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization of buildings and equipment	233,931	213,089	203,048
Amortization of intangible assets	--	4,630	1,251
Amortization of deferred lease credits and other, net	(22,179)	(8,886)	(12,761)
Stock-based compensation expense	1,130	3,414	6,480
Deferred income taxes, net	6,190	16,114	(3,234)
Cumulative effect of accounting change, net of tax	13,359	--	--
Write-down of investment	--	--	32,857
Impairment of IT investment	15,570	--	10,227
Minority interest purchase expense	40,389	--	--
Change in operating assets and liabilities, net of effects from acquisition of business:			
Accounts receivable, net	(58,397)	22,556	(102,945)
Merchandise inventories	(117,379)	80,246	(120,729)
Prepaid expenses	521	(2,438)	(1,191)
Other assets	3,378	(16,770)	(3,821)
Accounts payable	(9,826)	(18,241)	58,212
Accrued salaries, wages and related benefits	23,763	(203)	17,850
Income tax liabilities and other accruals	43,771	(10,413)	5,309
Other liabilities	14,227	12,088	(7,184)
NET CASH PROVIDED BY OPERATING ACTIVITIES	278,672	419,874	185,287
INVESTING ACTIVITIES			
Capital expenditures	(328,166)	(396,048)	(330,347)
Additions to deferred lease credits	97,673	126,383	92,361
Proceeds from sale-leaseback of Denver Credit facility	20,000	--	--
Minority interest purchase	(70,000)	--	--
Payment for acquisition, net of cash acquired	--	--	(83,828)
Other, net	(3,513)	(3,104)	(1,781)
NET CASH USED IN INVESTING ACTIVITIES	(284,006)	(272,769)	(323,595)
FINANCING ACTIVITIES			
Proceeds (payments) from notes payable	96	(82,912)	12,126
Proceeds from issuance of long-term debt	1,665	300,000	308,266
Principal payments on long-term debt	(87,697)	(18,640)	(58,191)
Proceeds from sale of interest rate swap	4,931	--	--
Proceeds from issuance of common stock	14,663	10,090	5,768
Cash dividends paid	(51,322)	(48,265)	(45,935)
Purchase and retirement of common stock	--	(1,310)	(85,509)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(117,664)	158,963	136,525
Net (decrease) increase in cash and cash equivalents	(122,998)	306,068	(1,783)
Cash and cash equivalents at beginning of year	331,327	25,259	27,042
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 208,329	$ 331,327	$ 25,259

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

notes to consolidated
financial statements

Dollars in thousands except per share amounts

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE COMPANY: We are a fashion specialty retailer offering high-quality apparel, shoes and accessories for women, men and children with 142 U.S. stores located in 27 states.

We also operate 23 Faconnable boutiques located primarily in Europe. Additionally, we generate catalog and Internet sales through Nordstrom Direct (formerly known as Nordstrom.com) and service charge income through Nordstrom Credit, Inc.

CHANGE IN FISCAL YEAR: Beginning February 1, 2003, our fiscal year end will change from January 31 to the Saturday closest to January 31. Each fiscal year will consist of four 13 week quarters, with an extra week added onto the fourth quarter every five to six years. This fiscal calendar is widely used in the retail industry.

BASIS OF PRESENTATION: The consolidated financial statements include the balances of Nordstrom, Inc. and its subsidiaries for the entire fiscal year. All significant intercompany transactions and balances are eliminated in consolidation.

USE OF ESTIMATES: We make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

RECLASSIFICATIONS: Certain reclassifications of prior year balances have been made for consistent presentation with the current year.

REVENUE RECOGNITION: We record revenues net of estimated returns and exclude sales tax. Retail stores record revenue at the point of sale. Catalog and Internet sales include shipping revenue and are recorded upon delivery to the customer.

BUYING AND OCCUPANCY COSTS: Buying costs consist primarily of salaries and expenses incurred by our merchandise managers, buyers and private label product development group. Occupancy costs include rent, depreciation, property taxes and operating costs of our retail and distribution facilities.

SHIPPING AND HANDLING COSTS: Our shipping and handling costs include payments to third-party shippers and costs to store, move and prepare merchandise for shipment. Shipping and handling costs of $42,506, $30,868 and $38,062 in 2002, 2001 and 2000 were included in selling, general and administrative expenses.

ADVERTISING: Costs for newspaper, television, radio and other media are generally expensed as they occur. Direct response advertising costs, such as catalog book production and printing costs, are expensed over the life of the catalog, not to exceed six months. Total advertising expenses were $144,482, $145,341 and $190,991 in 2002, 2001 and 2000.

STORE PREOPENING COSTS: Store opening and preopening costs are expensed as they occur.

STOCK COMPENSATION: We apply APB No. 25, "Accounting for Stock Issued to Employees," in measuring compensation costs under our stock-based compensation programs, which are described more fully in Note 17.

If we had elected to recognize compensation cost based on the fair value of the options and shares at grant date, net earnings and earnings per share would have been as follows:

YEAR ENDED JANUARY 31,	2003	2002	2001
Net earnings, as reported	$ 90,224	$ 124,688	$ 101,918
Incremental stock-based compensation expense under fair value, net of tax	(19,674)	(17,252)	(13,458)
Pro forma net earnings	$ 70,550	$ 107,436	$ 88,460
Earnings per share:			
Basic--as reported	$ 0.67	$ 0.93	$ 0.78
Basic--pro forma	$ 0.52	$ 0.80	$ 0.68
Diluted--as reported	$ 0.66	$ 0.93	$ 0.78
Diluted--pro forma	$ 0.52	$ 0.80	$ 0.67

CASH EQUIVALENTS: Cash equivalents are short-term investments with a maturity of three months or less from the date of purchase.

CASH MANAGEMENT: Our cash management system provides for the reimbursement of all major bank disbursement accounts on a daily basis. Accounts payable at January 31, 2002 includes $31,817 of checks not yet presented for payment drawn in excess of cash balances.

CUSTOMER ACCOUNTS RECEIVABLE: Based on industry practices, installments maturing in more than one year or deferred payment accounts receivable are included in current assets.

MERCHANDISE INVENTORIES: Merchandise inventories are valued at the lower of cost or market, using the retail method (first-in, first-out basis).

LAND, BUILDINGS AND EQUIPMENT: Depreciation is computed using a combination of accelerated and straight-line methods. Estimated useful lives by major asset category are as follows:

ASSET	LIFE (IN YEARS)
Buildings	5-40
Store fixtures and equipment	3-15
Leasehold improvements	SHORTER OF LIFE OF LEASE OR ASSET LIFE
Software	3-7

ASSET IMPAIRMENT: We review our intangibles and other long-lived assets annually for impairment or when circumstances indicate the carrying value of these assets may not be recoverable.

DEFERRED LEASE CREDITS: We receive developer reimbursements as incentives to construct stores in certain developments. We capitalize the property, plant and equipment for these stores during the construction period. At the end of the construction period, developer reimbursements in excess of construction costs are recorded as deferred lease credits and amortized as a reduction to rent expense, on a straight-line basis over the life of the applicable lease or operating covenant. Construction costs in excess of developer reimbursements are recorded as prepaid rent and amortized as rent expense on a straight-line basis over the life of the applicable lease or operating covenant.

FOREIGN CURRENCY TRANSLATION: The assets and liabilities of our foreign subsidiary have been translated to U.S. dollars using the exchange rates effective on the balance sheet date, while income and expense accounts are translated at the average rates in effect during the year. Resulting translation adjustments are recorded as other comprehensive earnings.

INCOME TAXES: We use the asset and liability method of accounting for income taxes. Using this method, deferred tax assets and liabilities are recorded based on differences between financial reporting and tax basis of assets and liabilities. The deferred tax assets and liabilities are calculated using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

LOYALTY PROGRAMS: We have customer loyalty programs in which customers receive points for qualifying purchases. Upon the accumulation of a certain number of points, customers receive a merchandise certificate. We accrue the cost of anticipated merchandise certificate redemptions upon issuance of the certificate to the customer. The related expense is recorded in selling, general and administrative expense.

VENDOR ALLOWANCES: We receive allowances from merchandise vendors for purchase price adjustments, cooperative advertising programs and cosmetic selling expenses. Purchase price adjustments are recorded as a reduction of cost of sales at the point they have been earned and the related merchandise has been sold. Allowances for cooperative advertising programs and cosmetic selling expenses are recorded as a reduction of selling, general and administrative expense when the advertising or selling expense is incurred.

FAIR VALUE OF FINANCIAL INSTRUMENTS: The carrying amounts of cash equivalents and notes payable approximate fair value. The fair value of long-term debt, including current maturities, using quoted market prices of the same or similar issues, was approximately $1,443,000 and $1,378,000 at January 31, 2003 and 2002.

DERIVATIVES POLICY: We limit our use of derivative financial instruments to the management of foreign currency and interest rate risks. The effect of these activities is not material to our financial condition or results of operations. We have no material off-balance sheet credit risk, and the fair value of derivative financial instruments at January 31, 2003 and 2002 was not material.

RECENT ACCOUNTING PRONOUNCEMENTS: In February 2002, we adopted the following three pronouncements:

SFAS No. 141 "Business Combinations" - SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, and establishes specific criteria for the recognition of goodwill separate from other intangible assets. Adoption of SFAS No. 141 did not have a material impact on our financial statements.

SFAS No. 142 "Goodwill and Other Intangible Assets" - Under SFAS No. 142, goodwill and intangible assets having indefinite lives will no longer be amortized but will be subject to annual impairment tests. Other intangible assets will continue to be amortized over their estimated useful lives. Adoption of SFAS No. 142 resulted in an impairment charge and a reduction in amortization expense, which is detailed in Note 2.

SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" - SFAS No. 144 retains the fundamental provisions of SFAS No. 121, but establishes new criteria for asset classification and broadens the scope of qualifying discontinued operations. The adoption of this statement did not have a material impact on our financial statements.

We adopted SFAS No. 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections" in the second quarter of 2002. SFAS No. 145 updates, clarifies and simplifies existing accounting pronouncements related to extinguishments of debt, provisions of the Motor Carrier Act of 1980 and lease transactions. The adoption of this statement did not have a material impact on our financial statements.

SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" was also adopted by us in the second quarter of 2002. SFAS No. 146 nullifies EITF 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" by requiring that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred versus when an entity is committed to an exit plan. The adoption of this statement did not have a material impact on our financial statements.

We adopted SFAS No. 148 "Accounting for Stock-Based Compensation" in the fourth quarter of 2002. SFAS No. 148 amends SFAS No. 123 of the same name and provides alternative transition methods for a voluntary change to fair value based accounting for employee stock compensation. SFAS No. 148 also requires more prominent and frequent disclosures about the effects of stock-based compensation. Adoption of SFAS No. 148 did not have a material impact on our financial statements.

In November 2002, the Emerging Issues Task Force reached a consensus on certain issues discussed in EITF 02-16, "Accounting by a Reseller for Cash Consideration Received from a Vendor." This pronouncement addresses the timing and classification of cash payments received by a reseller from a vendor. Adoption of EITF 02-16 did not have a material impact on our financial statements.

In November 2002, the FASB issued FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others." FIN 45 elaborates on the disclosures made by a guarantor and also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. Adoption of FIN 45 in the fourth quarter of 2002 did not have a material impact on our financial statements.

NOTE 2: CUMULATIVE EFFECT OF ACCOUNTING CHANGE

Effective February 2002, we adopted SFAS No. 142, "Goodwill and Other Intangible Assets," which establishes new accounting and reporting requirements for goodwill and other intangible assets. Under SFAS No. 142, goodwill and intangible assets having indefinite lives will no longer be amortized but will be subject to annual impairment tests.

In connection with the adoption of SFAS No. 142, we reviewed the classification and useful lives of our intangible assets. Our intangible assets were determined to be either goodwill or indefinite lived tradename.

As required by SFAS No. 142, we defined our reporting unit as the Faconnable Business Unit, one level below our reportable Retail Stores segment. We then tested our intangible assets for impairment by comparing the fair value of the reporting unit with its carrying value. Fair value was determined using a discounted cash flow methodology. SFAS No. 142 requires us to perform these impairment tests at adoption and at least annually thereafter. We expect to perform our impairment test annually during our first quarter or when circumstances indicate we should do so. Our initial impairment test resulted in an impairment charge to goodwill of $21,900 in the first quarter of 2002, while the tradename was determined not to be impaired. The goodwill impairment resulted from a reduction in management's estimate of future growth for this reporting unit. The impairment charge is reflected as a cumulative effect of accounting change.

The changes in the carrying amount of our intangible assets for the year ended January 31, 2003, are as follows:

	Retail Stores Segment		Catalog/ Internet Segment	
	Goodwill	Tradename	Goodwill	Total
FEBRUARY 1, 2002	$ 38,198	$ 100,133	$ --	$ 138,331
Goodwill impairment	(21,900)	--	--	(21,900)
Goodwill acquired through purchase of minority interest (see Note 21)	--	--	24,057	24,057
JANUARY 31, 2003	$ 16,298	$ 100,133	$ 24,057	$ 140,488

The following table shows the actual results of operations as well as pro-forma results adjusted to exclude intangible amortization and the cumulative effect of accounting change.

YEAR ENDED JANUARY 31,	2003	2002	2001
Reported net earnings	$ 90,224	$124,688	$101,918
Intangible amortization, net of tax	--	2,824	763
Cumulative effect of accounting change, net of tax	13,359	--	--
ADJUSTED NET EARNINGS	$103,583	$127,512	$102,681

Basic and diluted earnings per share:

YEAR ENDED JANUARY 31,	2003		2002	2001
Earnings per share:	BASIC	DILUTED	BASIC AND DILUTED	
Reported net earnings	$0.67	$0.66	$0.93	$0.78
Intangible amortization, net of tax	--	--	0.02	--
Cumulative effect of accounting change, net of tax	0.10	0.10	--	--
ADJUSTED NET EARNINGS	$0.77	$0.76	$0.95	$0.78

Before adoption of SFAS No. 142, we amortized our intangible assets over their estimated useful lives on a straight-line basis ranging from 10 to 35 years. Accumulated amortization of intangible assets was $5,881 as of January 31, 2003 and 2002.

NOTE 3: ACQUISITION

In 2000, we acquired Faconnable, S.A.S., of Nice, France, a designer, wholesaler and retailer of high quality men's and women's apparel and accessories. We paid $87,685 in cash and issued 5,074,000 shares of our common stock for a total consideration of $168,868. The purchase provides for a contingent payment to a former owner that may be paid after five years from the acquisition date. If the former owner continues to have involvement in the business and performance targets are met, the contingent payment could approximate $12,000. The contingent payment will be expensed when it becomes probable that the targets will be met.

NOTE 4: EMPLOYEE BENEFITS

We provide a profit sharing plan and 401(k) plan for our employees. The profit sharing plan is non-contributory and is fully funded by us. The Board of Directors establishes our contribution to the profit sharing plan each year. The 401(k) plan is funded by voluntary employee contributions. In addition, we provide matching contributions up to a stipulated percentage of employee contributions. Our contributions to the profit sharing plan and matching contributions to the 401(k) plan totaled $35,162, $28,525 and $29,113 in 2002, 2001 and 2000.

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NOTE 5: POSTRETIREMENT BENEFITS

We have an unfunded Supplemental Executive Retirement Plan ("SERP"), which provides retirement benefits to certain officers and select employees. Effective February 2003, the SERP was amended to change the target benefit, eliminate the offset of our contributions to the 401k and profit sharing plans and make additional participants eligible. Certain grandfathered participants will remain under the previous plan provisions.

The following provides a reconciliation of benefit obligations and funded status of the SERP:

JANUARY 31,	2003	2002
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 34,411	$ 23,543
Service cost	1,447	1,092
Interest cost	3,537	2,668
Amortization of adjustments	2,941	1,821
Change in additional minimum liability	7,760	7,308
Distributions	(2,523)	(2,021)
Benefit obligations at end of year	$ 47,573	$ 34,411
Funded status of plan:		
Under funded status	$(50,125)	$(39,547)
Unrecognized transitional obligation	--	324
Unrecognized prior service cost	3,805	6,396
Unrecognized loss	15,074	6,983
Accrued pension cost	$(31,246)	$(25,844)
Balance sheet amounts:		
Additional minimum liability	$(16,327)	$ (8,567)
Intangible asset	3,805	6,720

The components of SERP expense and a summary of significant assumptions are as follows:

YEAR ENDED JANUARY 31,	2003	2002	2001
Service cost	$1,447	$1,092	$ 630
Interest cost	3,537	2,668	2,044
Amortization of adjustments	2,941	1,821	688
Total SERP expense	$7,925	$5,581	$3,362
Assumption percentages:			
Discount rate	7.00%	7.25%	7.50%
Rate of compensation increase	4.00%	5.00%	5.00%

NOTE 6: INTEREST EXPENSE, NET

The components of interest expense, net are as follows:

YEAR ENDED JANUARY 31,	2003	2002	2001
Short-term debt	$ 677	$ 3,741	$ 12,682
Long-term debt	89,850	83,225	58,988
Total interest expense	90,527	86,966	71,670
Less:			
Interest income	(4,254)	(1,545)	(1,330)
Capitalized interest	(4,352)	(10,383)	(7,642)
INTEREST EXPENSE, NET	$ 81,921	$ 75,038	$ 62,698

NOTE 7: INVESTMENT

In September 1998, we made an investment in Streamline.com, Inc., an Internet grocery and consumer goods delivery company. Streamline ceased its operations effective November 2000, after failing to obtain additional capital to fund its operations. During 2000, we wrote-off our entire investment in Streamline, for a

total pre-tax loss on the investment of $32,857.

notes to consolidated
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NOTE 8: INCOME TAXES

Income tax expense consists of the following:

YEAR ENDED JANUARY 31,	2003	2002	2001
Current income taxes:			
Federal	$ 76,901	$ 58,122	$ 79,778
State and local	10,633	6,142	11,591
Total current income taxes	87,534	64,264	91,369
Deferred income taxes:			
Current	(4,225)	(7,217)	(11,215)
Non-current	8,732	22,753	(15,054)
Total deferred income taxes	4,507	15,536	(26,269)
Total before cumulative effect of accounting change	92,041	79,800	65,100
Deferred income taxes on cumulative effect of accounting change	(8,541)	--	--
TOTAL TAX EXPENSE	$ 83,500	$ 79,800	$ 65,100

A reconciliation of the statutory Federal income tax rate to the effective tax rate on earnings before the cumulative effect of accounting change is as follows:

YEAR ENDED JANUARY 31,	2003	2002	2001
Statutory rate	35.00%	35.00%	35.00%
State and local income taxes, net of Federal income taxes	3.78	3.93	3.93
Change in valuation allowance	8.45	--	--
Other, net	(0.18)	.09	.05
EFFECTIVE TAX RATE	47.05%	39.02%	38.98%

Deferred income taxes reflect the net tax effect of temporary differences between amounts recorded for financial reporting purposes and amounts used for tax purposes. The major components of deferred tax assets and liabilities are as follows:

JANUARY 31,	2003	2002
Accrued expenses	$ 35,480	$ 33,896
Compensation and benefits accruals	52,969	48,584
Merchandise inventories	25,831	24,643
Capital loss carryforwards	7,406	13,399
Loss on minority interest purchase	16,532	--
Other	28,835	21,123
Total deferred tax assets	167,053	141,645
Land, buildings and equipment basis and depreciation differences	(50,401)	(49,978)
Employee benefits	(9,657)	(9,771)
Other	(3,891)	(3,195)
Total deferred tax liabilities	(63,949)	(62,944)
Valuation allowance	(16,532)	--
NET DEFERRED TAX ASSETS	$ 86,572	$ 78,701

In January 2003 we sold our Denver Credit facility, generating a capital gain for tax purposes of $15,367 which was used to offset a portion of our existing capital loss carryforwards. Capital loss carryforwards of $18,990 remain available to offset capital gain income in the next three years. No valuation allowance has been provided because we believe it is probable that the full benefit of these carryforwards will be realized.

Our purchase of the outstanding shares of Nordstrom.com, Inc. series C preferred stock resulted in an expense of $40,389 which we believe will not be deductible

for tax purposes. As a result, we have established a valuation allowance of $16,532 to offset the deferred tax asset related to this purchase.

NOTE 9: EARNINGS PER SHARE

Basic earnings per share is computed using the weighted average number of common shares outstanding during the year. Diluted earnings per share uses the weighted average number of common shares outstanding during the year plus dilutive common stock equivalents, primarily stock options and performance share units.

Options with an exercise price greater than the average market price were not included in diluted earnings per share. These options totaled 7,259,273, 8,563,996 and 7,409,387 shares in 2002, 2001 and 2000.

YEAR ENDED JANUARY 31,	2003	2002	2001
Net earnings	$ 90,224	$ 124,688	$ 101,918
Basic shares	135,106,772	134,104,582	131,012,412
Basic earnings per share	$ 0.67	$ 0.93	$ 0.78
Dilutive effect of stock options and performance share units	617,468	234,587	100,673
Diluted shares	135,724,240	134,339,169	131,113,085
Diluted earnings per share	$ 0.66	$ 0.93	$ 0.78

NOTE 10: ACCOUNTS RECEIVABLE

The components of accounts receivable are as follows:

JANUARY 31,	2003	2002
Private label trade receivables:		
Unrestricted	$ 15,599	$ 16,242
Restricted	613,647	628,271
Allowance for doubtful accounts	(22,385)	(23,022)
Private label trade receivables, net	606,861	621,491
VISA securitization master trust certificates	123,220	55,659
Other	29,181	21,325
ACCOUNTS RECEIVABLE, NET	$ 759,262	$ 698,475

The restricted private label receivables back the $300 million of Class A notes and the $200 million variable funding note issued by us in November 2001. Other accounts receivable consist primarily of vendor receivables and cosmetic rebates receivable.

Bad debt expense totaled $29,080, $34,750 and $20,368 in 2002, 2001 and 2000.

NOTE 11: OFF-BALANCE SHEET FINANCING

In May 2002, we replaced our $200 million variable funding note backed by VISA credit card receivables ("VISA VFN") with 5-year term notes also backed by the VISA credit card receivables. Class A and B notes with a combined face value of $200 million were issued to third party investors. These proceeds were used to retire the $200 million outstanding on the VISA VFN. We hold securities that represent our retained interests in a master note trust. The carrying amounts of the retained interests approximate fair value and are included in accounts receivable.

In accordance with SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," our consolidated balance sheets do not include this debt and the related receivables. These related VISA credit card receivables are sold to the trust on an ongoing basis.

We recognize gains or losses on the sale of VISA receivables to the trust based on the difference between the face value of the receivables sold and the fair value of the assets created in the securitization process. The receivables sold to the trust are then allocated between the various interests in the trust based on those interests' relative fair market values. The fair values of the assets are calculated as the present value of their expected future cash flows. The following table summarizes the estimated fair values of our retained interests as well as the assumptions used:

JANUARY 31,	2003

Fair value of retained interests:	$ 124,791
Assumptions:	
Weighted average remaining life (in months)	2.8
Average credit losses	6.38%
Average gross yield	17.81%
Average interest expense on issued securities	1.70%
Average payment rate	20.94%
Discount rates of retained interests:	
Class C Certificate	16.79%
Seller Retained Interest	10.51%
Interest Only Strip	19.92%

These discount rates represent the volatility and risk of the assets and are calculated using an established formula that considers both the current interest rate environment and credit spreads.

The following table illustrates the sensitivity in the fair market value estimates of the retained interests given independent changes in assumptions as of January 31, 2003:

	+10%	+20%	-10%	-20%
Gross Yield	$ 1,207	$ 2,414	$(1,207)	$(2,414)
Interest Expense on Issued Classes	(76)	(152)	76	152
Card Holders Payment Rate	(99)	(296)	207	384
Charge Offs	(531)	(1,059)	533	1,069
Discount Rate	(337)	(673)	339	680

The following table summarizes certain income, expenses and cash flows received from and paid to the master note trust.

YEAR ENDED JANUARY 31,	2003	2002	2001
Principal collections reinvested in new receivables	$824,715	$669,582	$485,422
Gains on sales of receivables	8,290	3,147	5,356
Income earned on retained interests	10,786	6,711	9,035
Cash flows from retained assets:			
Retained interests	28,100	11,916	10,050
Servicing fees	5,407	8,440	8,121

Interest income earned on the retained interests is included in service charge income and other on the consolidated statements of earnings.

The total principal balance of the VISA receivables was $323,101 and $258,075 as of January 31, 2003 and 2002. Gross credit losses were $18,580 and $17,050 for the years ended January 31, 2003 and 2002, and receivables past due for more than 30 days were $8,519 and $8,170 at January 31, 2003 and 2002.

The following table illustrates default projections using net credit losses as a percentage of average outstanding receivables in comparison to actual performance:

YEAR ENDED JANUARY 31,	2004	2003	2002
Original projection	6.16%	7.66%	5.99%
Actual	N/A	6.59%	6.62%

Under the terms of the trust agreement, we may be required to fund certain amounts upon the occurrence of specific events. The securitization agreements set a maximum percentage of receivables that can be associated with employee accounts. As of January 31, 2003, this maximum was exceeded by $1,500. It is possible that we may be required to repurchase these receivables. Aside from this instance, we do not believe any additional funding will be required.

Our continued involvement in the securitization of VISA receivables will include recording gains/losses on sales in accordance with SFAS No. 140 and recognizing income on retained assets as prescribed by EITF 99-20 "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets," holding subordinated, non-subordinated and residual interests in the trust, and servicing the portfolio.

NOTE 12: RECEIVABLE-BACKED SECURITIES

In 2001, we issued $300 million of receivable-backed securities supported by substantially all of our private label credit card receivables. This transaction is accounted for as a secured financing.

Total principal receivables of the securitized portfolio at January 31, 2003 and 2002 were approximately $609,784 and $625,516, and receivables more than 30 days past due were approximately $16,973 and $19,301. Net charged off receivables for the years ending January 31, 2003 and 2002 were $29,555 and $28,134. The private label receivables also serve as collateral for a variable funding facility with a limit of $200,000. Interest on the facility varies based on the actual cost of commercial paper plus specified fees. Nothing was outstanding on this facility at January 31, 2003 or 2002.

Our continuing involvement in the securitization of private label receivables will include pledging new receivables to the master note trust, accounting for the transaction as a secured financing and servicing the portfolio.

NOTE 13: LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following:

JANUARY 31,	2003	2002
Land and land improvements	$ 60,692	$ 59,141
Buildings	829,885	683,926
Leasehold improvements	943,555	910,291
Capitalized software	150,655	46,603
Store fixtures and equipment	1,222,842	1,142,169
Construction in progress	436,891	582,361
	3,644,520	3,424,491
Less accumulated depreciation and amortization	(1,882,976)	(1,663,409)
LAND, BUILDINGS AND EQUIPMENT, NET	$ 1,761,544	$ 1,761,082

Capitalized software includes external direct costs, internal direct labor and employee benefits, as well as interest associated with the development of the computer software. Depreciation begins in the period in which the software is ready for its intended use. Construction in progress includes $61,384 and $127,847 of software in progress at January 31, 2003 and 2002.

The total cost of capitalized leased buildings was $13,884 at January 31, 2003 and 2002, with related accumulated amortization of $9,261 and $8,854. The amortization of capitalized leased buildings was recorded in depreciation expense.

In January 2003, we sold our Denver Credit facility for $20,000 and subsequently leased it back. A gain of $103 was recorded at the time of the sale, while the remaining gain of $15,919 will be recognized as a reduction to rent expense evenly over the 15 year life of the lease.

At January 31, 2003, we have contractual commitments of approximately $227,340 primarily for the construction of new stores or remodeling of existing stores.

NOTE 14: NOTES PAYABLE

A summary of notes payable is as follows:

YEAR ENDED JANUARY 31,	2003	2002	2001
Average daily short-term borrowings	$ 370	$ 81,647	$ 192,392
Maximum amount outstanding	15,000	177,100	360,480
Weighted average interest rate:			
During the year	2.0%	4.6%	6.6%
At year-end	--	--	6.4%

Short-term borrowings during the year represent amounts drawn on our variable funding note, which is described in Note 12.

We have an unsecured line of credit totaling $300,000, which is available as liquidity support for our commercial paper program, and expires in November 2004. The line of credit agreement contains restrictive covenants, which include maintaining certain financial ratios. We pay a commitment fee for the line based on our debt rating. At January 31, 2003 and 2002, there were no borrowings on the line of credit.

Additionally, in connection with the purchase of foreign merchandise, we have outstanding import letters of credit totaling $58,059 and standby letters of credit totaling $20,649 at January 31, 2003.

NOTE 15: LONG-TERM DEBT

A summary of long-term debt is as follows:

JANUARY 31,	2003	2002
Receivable-backed PL Term, 4.82%, due 2006	$ 300,000	$ 300,000
Senior debentures, 6.95%, due 2028	300,000	300,000
Senior notes, 5.625%, due 2009	250,000	250,000
Senior notes, 8.95%, due 2005	300,000	300,000
Medium-term notes, 7.25%, due 2002	--	76,750
Notes payable, 6.7%, due 2005	100,000	100,000
Other	97,371	102,521
Total long-term debt	1,347,371	1,429,271
Less current portion	(5,545)	(78,227)
TOTAL DUE BEYOND ONE YEAR	$ 1,341,826	$ 1,351,044

In the third quarter of 2002, we sold the interest rate swap that converted our $300,000, 8.95% fixed-rate debt to variable rate. We received cash of $4,931, which will be recognized as interest income evenly over the remaining life of the related debt.

We entered into a variable interest rate swap agreement effective in the fourth quarter of 2002. The swap had a $250 million notional amount and a six-year term. Under the agreement, we received a fixed rate of 5.63% and paid a variable rate based on LIBOR plus a margin of 1.31% set at six-month intervals (3.25% at January 31, 2003). The swap agreement qualified as a fair value hedge and was recorded at fair value in other assets at January 31, 2003. Subsequent to January 31, 2003, we sold the interest rate swap and received cash of $2,341, which will be recognized as interest income evenly over the remaining life of the related debt.

We own a 49% interest in a limited partnership which constructed a new corporate office building in which we are the primary occupant. During the first quarter of 2002, the limited partnership refinanced its construction loan obligation with an $85,000 mortgage secured by the property, of which $79,319 was included on our balance sheet at January 31, 2003. This financial obligation will be amortized as we make rental payments to the limited partnership over the 18 year life of the permanent financing. The obligation has a fixed interest rate of 7.68% and a term of 18 years.

Required principal payments on long-term debt, excluding capital lease obligations, are as follows:

YEAR ENDED JANUARY 31,	
2004	$ 5,226
2005	4,683
2006	403,171
2007	303,538
2008	3,584
THEREAFTER	618,232

NOTE 16: LEASES

We lease land, buildings and equipment under noncancelable lease agreements with expiration dates ranging from 2003 to 2080. Certain leases include renewal provisions at our option. Most of the leases provide for additional rent payments based upon specific percentages of sales and require us to pay for certain common area maintenance and other costs.

YEAR ENDED JANUARY 31,	2003	2002	2001
Minimum rent:			
Store locations	$23,511	$26,951	$16,907
Offices, warehouses and equipment	25,851	20,144	21,070
Percentage rent:			
Store locations	7,776	8,047	9,241
TOTAL RENT EXPENSE	$57,138	$55,142	$47,218

Future minimum lease payments as of January 31, 2003 are as follows:

YEAR ENDED JANUARY 31,	CAPITAL LEASES	OPERATING LEASES
2004	$ 1,120	$ 73,158
2005	1,120	73,053
2006	1,120	68,271
2007	1,120	63,796
2008	1,120	60,088
Thereafter	10,350	442,015
Total minimum lease payments	15,950	$ 780,381
Less amount representing interest	7,013	
Present value of net minimum lease payments	$ 8,937	

NOTE 17: STOCK-BASED COMPENSATION

STOCK OPTION PLAN: We have a stock option plan (the "Nordstrom, Inc. Plan") under which stock options, performance share units and restricted stock may be granted to key employees. Options vest over periods ranging from four to eight years, and expire ten years after the date of grant.

PERFORMANCE SHARE UNITS: In 2002, 2001 and 2000 we granted 190,396, 273,864 and 355,072 performance share units which will vest over three years if certain financial goals are met. Employees may elect to receive common stock or cash upon vesting of these performance shares. At January 31, 2003 and 2002, $4,441 and $4,713 was recorded in accrued salaries, wages and related benefits for these performance shares. Employees who receive performance share units pay no monetary consideration. No amounts have been paid and no common stock has been issued in connection with this program. As of January 31, 2003 and 2002, 415,640 and 518,189 units were outstanding.

RESTRICTED STOCK: We also granted 30,069 and 180,000 shares of restricted stock in 1999 and 1998, with a weighted average fair value of $32.09 and $27.75. In September 2000, we accelerated the vesting of 144,000 shares of restricted stock resulting in compensation expense of $3,039, and cancelled 14,175 shares of restricted stock. In January 2002, we accelerated 9,536 unvested shares of restricted stock, resulting in compensation expense of $193. The remaining shares vested normally. As of January 31, 2003 and 2002, there were no shares of unvested restricted stock.

At January 31, 2003, approximately 6,391,703 shares are reserved for future stock option grants pursuant to the Plan.

We apply APB No. 25, "Accounting for Stock Issued to Employees," in measuring compensation costs under our stock-based compensation programs. Stock options are issued at the fair market value of the stock at the date of grant. Accordingly, we recognized no compensation cost for stock options issued under the plan. For performance share units, we record compensation expense over the performance period at the fair value of the stock on the date when it is probable that the employees will earn the units. Restricted stock compensation expense is based on the market price on the date of grant and is recorded over the vesting period. Stock-based compensation expense for 2002, 2001 and 2000 was $1,130, $3,414 and $6,480.

Stock option activity for the Nordstrom, Inc. Plan was as follows:

YEAR ENDED JANUARY 31,	2003		2002		2001	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding, beginning of year	10,763,893	$24	8,873,342	$27	8,135,301	$28
Granted	2,423,966	25	3,288,826	19	2,470,169	21
Exercised	(350,004)	19	(186,165)	18	(181,910)	20
Cancelled	(951,510)	26	(1,212,110)	25	(1,550,218)	28
Outstanding, end of year	11,886,345	$25	10,763,893	$24	8,873,342	$27
Options exercisable at end of year	5,724,629	$26	4,533,281	$27	3,833,379	$26

The following table summarizes information about stock options outstanding for the Nordstrom, Inc. Plan as of January 31, 2003:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
Range of Exercise Prices	Shares	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
$13 - $22	5,499,006	7	$ 19	2,557,503	$ 20
$23 - $32	4,503,716	7	$ 26	1,716,077	$ 27
$33 - $40	1,883,623	6	$ 36	1,451,049	$ 35
	11,886,345	7	$ 25	5,724,629	$ 26

Stock option activity for the Nordstrom.com 1999 and 2000 Plans was as follows:

YEAR ENDED JANUARY 31,	2003		2002		2001	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding, beginning of year	3,524,808	$1.73	4,174,950	$1.72	1,373,950	$1.67
Granted	112,500	1.92	41,500	1.92	3,794,931	1.73
Exercised	--	--	--	--	(135,000)	1.67
Cancelled	(3,637,308)	1.73	(691,642)	1.68	(858,931)	1.68
Outstanding, end of year	--	$--	3,524,808	$1.73	4,174,950	$1.72
Options exercisable at end of year	--	$--	1,241,104	$1.68	703,750	$1.67

NONEMPLOYEE DIRECTOR STOCK INCENTIVE PLAN

In May 2002, our shareholders approved the 2002 Nonemployee Director Stock Incentive Plan under which we reserved 450,000 shares of our common stock for issuance to nonemployee directors. The plan authorizes the grant of awards in the form of restricted shares, stock units, nonqualified stock options or stock appreciation rights, or any combination of these forms. As of January 31, 2003, we issued 18,981 shares of common stock for a total expense of $405 and had 431,019 remaining shares available for issuance.

NORDSTROM.COM

Nordstrom.com had two stock option plans, the "1999 Plan" and the "2000 Plan," as well as warrants issued to vendors in exchange for services. In the third quarter of 2002, we purchased 3,608,322 options and 470,000 warrants in connection with the purchase of the minority interest in Nordstrom.com (see Note 21) for a total cash payment of $11,802. At January 31, 2003, there are no outstanding options or warrants for Nordstrom.com.

EMPLOYEE STOCK PURCHASE PLAN

We offer an Employee Stock Purchase Plan ("ESPP") as a benefit to our employees. Employees participate through payroll deductions in amounts related to their base compensation. At the end of each offering period, the participants purchase shares at 85% of the lower of the fair market value at the beginning or the end of the offering period, usually six months. Under the ESPP, we issued 596,351, 541,677 and 165,842 shares in 2002, 2001 and 2000. As of January 31, 2003 and 2002, we had payroll deductions totaling $3,000 and $2,641 for the purchase of shares. We have 2,196,130 shares available for issuance at January 31, 2003.

PACESETTER STOCK PLAN

We granted 10,653, 6,687 and 100 shares of common stock to key employees under the Pacesetters stock plan in 2002, 2001 and 2000. The Pacesetter stock plan was established in 1997 to provide additional incentive to employees, officers, consultants or advisors to promote the success of the business. The related expense of $240, $130 and $2 was recorded in 2002, 2001 and 2000. As of January 31, 2003, we have 11,055 shares available for issuance.

GRANTS TO EXECUTIVE OFFICERS

Options and performance share units granted to our president and four other most highly compensated individuals were 8.3%, 7.9% and 3.4% as a percent of total options and performance share units granted in 2002, 2001 and 2000.

SFAS NO. 123

If we had elected to recognize compensation cost based on the fair value of the options and shares at grant date as prescribed by SFAS No. 123, "Accounting for Stock-Based Compensation," net earnings and earnings per share would have been the pro forma amounts shown below:

YEAR ENDED JANUARY 31,	2003	2002	2001
Net earnings, as reported	$ 90,224	$ 124,688	$ 101,918
Incremental stock-based compensation expense under fair value, net of tax	(19,674)	(17,252)	(13,458)
Pro forma net earnings	$ 70,550	$ 107,436	$ 88,460
Earnings per share:			
Basic--as reported	$ 0.67	$ 0.93	$ 0.78
Basic--pro forma	$ 0.52	$ 0.80	$ 0.68
Diluted--as reported	$ 0.66	$ 0.93	$ 0.78
Diluted--pro forma	$ 0.52	$ 0.80	$ 0.67

The Black-Scholes method was used to estimate the fair value of the options at grant date based on the following factors:

YEAR ENDED JANUARY 31,	2003	2002	2001
Stock Options:			
Risk-free interest rate	4.3%	4.8%	6.4%
Volatility	69.0%	68.0%	65.0%
Dividend yield	1.5%	1.3%	1.0%
Expected life in years	5.0	5.0	5.0
Weighted-average fair value at grant date	$ 14	$ 10	$ 12
ESPP:			
Risk-free interest rate	1.9%	4.3%	6.0%

Volatility	69.0%	68.0%	65.0%
Dividend yield	1.5%	1.3%	1.0%
Expected life in years	0.5	0.5	0.5
Weighted-average fair value at grant date	$ 7	$ 5	$ 6

For Nordstrom.com, we used the following weighted-average assumptions:

YEAR ENDED JANUARY 31,	2003	2002	2001
Risk-free interest rate	--	4.5%	6.2%
Volatility	--	127.0%	121.0%
Dividend yield	--	0.0%	0.0%
Expected life in years	--	4.0	4.0
Weighted-average fair value at grant date	--	$ 1.56	$ 1.39

NOTE 18: SUPPLEMENTARY CASH FLOW INFORMATION

We capitalize certain property, plant and equipment during the construction period of commercial buildings which is subsequently derecognized and reclassed to prepaid rent or deferred lease credits. We also had noncash activity related to the construction of our corporate office building. The noncash activity is as follows:

YEAR ENDED JANUARY 31,	2003	2002	2001
Noncash activity:			
Reclassification of new stores	$ 61,792	$ 75,555	--
Corporate office construction	(3,951)	36,120	--

Supplementary cash flow information includes the following:

YEAR ENDED JANUARY 31,	2003	2002	2001
Cash paid during the year for:			
Interest (net of capitalized interest)	$84,898	$77,025	$58,190
Income taxes	48,386	80,689	88,911

NOTE 19: SEGMENT REPORTING

We have four segments: Retail Stores, Credit Operations, Catalog/Internet, and Corporate and Other.

The Retail Stores segment derives its revenues from sales of high-quality apparel, shoes and accessories. It includes our full-line, Nordstrom Rack and Faconnable stores as well as our product development group, which coordinates the design and production of private label merchandise sold in our retail stores.

The Credit Operations segment revenues consist primarily of finance charges earned through issuance of the Nordstrom private label and VISA credit cards.

The Catalog/Internet segment generates revenues from direct mail catalogs and the Nordstrom.com website.

We use the same measurements to compute net earnings for reportable segments as we do for the consolidated company. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in Note 1.

The following tables set forth the information for our reportable segments and a reconciliation to the consolidated totals:

YEAR ENDED JANUARY 31, 2003	Retail Stores	Credit Operations	Catalog/ Internet	Corporate and Other	Eliminations	TOTAL
Revenues from external customers (b)	$5,704,795	--	$ 270,281	--	--	$5,975,076
Service charge income	--	$ 133,587	--	--	--	133,587
Intersegment revenues	29,737	32,783	--	--	$ (62,520)	--
Interest expense, net	191	23,582	972	$ 57,176	--	81,921
Depreciation and amortization	201,861	3,212	4,977	23,881	--	233,931
Earnings before taxes and cumulative effect of accounting change	442,115	21,194	(13,565)	(254,120)	--	195,624
Net earnings (loss)	256,339	12,929	(8,275)	(170,769)	--	90,224
Assets (a)(b)	2,677,790	750,510	97,853	570,223	--	4,096,376
Capital expenditures	230,864	2,058	4,507	90,737	--	328,166

YEAR ENDED JANUARY 31, 2002	Retail Stores	Credit Operations	Catalog/ Internet	Corporate and Other	Eliminations	TOTAL
Revenues from external customers (b)	$5,356,875	--	$ 277,255	--	--	$5,634,130
Service charge income	--	$ 131,267	--	--	--	131,267
Intersegment revenues	20,192	25,514	--	--	$ (45,706)	--
Interest expense, net	994	25,013	77	$ 48,954	--	75,038
Depreciation and amortization	182,960	2,253	5,498	22,378	--	213,089
Amortization of intangible assets	4,630	--	--	--	--	4,630
Earnings before taxes	402,299	10,652	(8,139)	(200,324)	--	204,488
Net earnings (loss)	245,305	6,495	(4,963)	(122,149)	--	124,688
Assets (a)(b)	2,570,375	699,454	69,457	711,893	--	4,051,179
Capital expenditures	379,819	2,054	2,554	11,621	--	396,048

YEAR ENDED JANUARY 31, 2001	Retail Stores	Credit Operations	Catalog/ Internet	Corporate and Other	Eliminations	TOTAL
Revenues from external customers (b)	$5,217,889	--	$ 310,648	--	--	$5,528,537
Service charge income	--	$ 135,337	--	--	--	135,337
Intersegment revenues	30,294	12,440	--	--	$ (42,734)	--
Interest expense, net	795	29,267	(604)	$ 33,240	--	62,698
Depreciation and amortization	176,758	1,786	7,552	16,952	--	203,048
Amortization of intangible assets	1,251	--	--	--	--	1,251
Earnings before taxes	440,212	18,851	(29,367)	(262,678)	--	167,018
Net earnings (loss)	268,627	11,503	(17,920)	(160,292)	--	101,918
Assets (a)(b)	2,557,616	703,077	68,010	279,800	--	3,608,503
Intangible assets	143,473	--	--	--	--	143,473
Capital expenditures	295,834	3,095	5,187	26,231	--	330,347

(a) Segment assets in Corporate and Other include unallocated assets in corporate headquarters, consisting primarily of land, buildings and equipment, and deferred tax assets.

(b) Includes sales of foreign operations of $75,645 and $68,487 for the years ended January 31, 2003 and 2002, and $12,318 for the period from October 24, 2000, the date of acquisition, to January 31, 2001, and assets of $219,861, $198,689 and $206,601 as of January 31, 2003, 2002 and 2001.

notes to consolidated
financial statements

NOTE 20: RESTRUCTURINGS, IMPAIRMENTS AND OTHER ONE-TIME CHARGES

The following table provides a summary of restructuring, impairments and other charges:

YEAR ENDED JANUARY 31,	2003	2002	2001
Restructuring - employee severance	$ --	$ 1,791	$ --
Management severance	--	--	13,000
Asset impairment	15,570	--	10,227
TOTAL CHARGES	$15,570	$ 1,791	$23,227

In July 2002, we recognized a charge of $15,570 to write-down an IT investment in a supply chain tool intended to support our manufacturing division. Due to changes in business strategy, we determined that this asset was impaired. This charge to the Retail Stores segment reduced this asset to its estimated market value. The charge was recorded in selling, general and administrative expense.

During the year ended January 31, 2002, we streamlined our operations through a reduction in workforce of approximately 2,600 employees. As a result, we recorded a restructuring charge of $1,791 in selling, general and administrative expenses relating to severance for approximately 195 employees. Personnel affected were primarily located in the corporate center and in full-line stores.

During the year ended January 31, 2001, we recorded an impairment charge of $10,227, consisting of $9,627 recorded in selling, general and administrative expenses and $600 in interest expense. Due to changes in business strategy, we determined that several software projects under development were either impaired or obsolete. The charges consisted of $6,542 primarily related to the disposition of transportation management software. Additionally, merchandise software was written down $3,685 to its estimated fair value. We also accrued $13,000 for certain severance and other costs related to a change in management.

During the year ended January 31, 2000, we recorded a $10,000 charge in selling, general and administrative expenses primarily associated with the restructuring of our information technology services area. The charge consisted of $4,053 in the disposition of several software projects under development, $2,685 in employee severance and $1,206 in other miscellaneous costs. Additionally, we recorded $2,056 related to settlement costs for two lawsuits. The restructuring included the termination of 50 employees in the information technology department. At January 31, 2000, $1,452 of the charge remained unpaid.

The following table presents the activity and balances of the reserves established in connection with the restructuring charges:

YEAR ENDED JANUARY 31,	2003	2002	2001
Beginning balance	$--	$ 178	$ 1,452
Additions	--	1,791	--
Payments	--	(1,890)	(1,220)
Adjustments	--	(79)	(54)
ENDING BALANCE	$--	$ --	$ 178

NOTE 21: NORDSTROM.COM

In May 2002, we paid $70,000 for the outstanding shares of Nordstrom.com, Inc. series C preferred stock in fulfillment of our put agreement with the minority interest holders of Nordstrom.com LLC. The excess of the purchase price over the fair market value of the preferred stock and professional fees resulted in a one-time charge of $42,736. No tax benefit was recognized, as we do not believe it is probable that this benefit will be realized. Purchase of the minority interest of Nordstrom.com also resulted in additional goodwill of $24,057.

In July 2002, we purchased 3,608,322 Nordstrom.com options and 470,000 warrants for $11,802. We recognized $10,432 of expense related to the purchase of these options and warrants.

The following table presents the charges associated with the minority interest purchase and reintegration costs.

YEAR ENDED JANUARY 31,	2003
Excess of the purchase price over the fair market value of the preferred stock	$40,389
Nordstrom.com option/warrant buyback expense	10,432
Professional fees incurred	2,347

TOTAL	$53,168

NOTE 22: VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

Approximately 30% of our retail square footage is located in the state of California. At January 31, 2003, the net book value of property located in California was approximately $263,000. We carry earthquake insurance in all states with a $50,000 deductible and a $50,000 payout limit per occurrence.

At January 31, 2003 and 2002, approximately 38% and 40% of our receivables were obligations of customers residing in California. Concentration of the remaining receivables is considered to be limited due to their geographical dispersion.

NOTE 23: CONTINGENT LIABILITIES

We have been named in various lawsuits and intend to vigorously defend ourself. While we cannot predict the outcome of these lawsuits, we believe these matters will not have a material adverse effect on our financial position, results of operations or cash flows.

COSMETICS. Nordstrom was originally named as a defendant along with other department store and specialty retailers in nine separate but virtually identical class action lawsuits filed in various Superior Courts of the State of California in May, June and July 1998 that have now been consolidated in Marin County state court. In May 2000, plaintiffs filed an amended complaint naming a number of manufacturers of cosmetics and fragrances and two other retailers as additional defendants. Plaintiffs' amended complaint alleges that the retail price of the "prestige" cosmetics sold in department and specialty stores was collusively controlled by the retailer and manufacturer defendants in violation of the Cartwright Act and the California Unfair Competition Act.

Plaintiffs seek treble damages and restitution in an unspecified amount, attorneys' fees and prejudgment interest, on behalf of a class of all California residents who purchased cosmetics and fragrances for personal use from any of the defendants during the period four years prior to the filing of the amended complaint. Defendants, including us, have answered the amended complaint denying the allegations. The defendants have produced documents and responded to plaintiffs' other discovery requests, including providing witnesses for depositions. Plaintiffs have not yet moved for class certification. Pursuant to an order of the court, plaintiffs and defendants have participated in mediation sessions. The California state court has set a status conference for June 2003.

WASHINGTON PUBLIC TRUST ADVOCATES. In early 2002, we were named as one of 30 defendants in Washington Public Trust Advocates, ex rel., et al. v. City of Spokane, et al., filed in the Spokane County Superior Court, State of Washington. Plaintiff is a not-for-profit corporation bringing claims on behalf of the City of Spokane and the Spokane Parking Public Development Authority. The claims relate to the River Park Square Mall and Garage Project in Spokane, Washington (the "Project"), which includes a Nordstrom store. The portion of the complaint applicable to us seeks to recover from us the amount of a Department of Housing and Urban Development loan made to the developer of the Project. Damages are sought in the amount of $22.75 million, or a lesser amount to the extent that the HUD loan proceeds were used for the construction of the store and not as tenant improvements. Other portions of the complaint seek to invalidate bonds issued to finance the public parking garage serving the Project, terminate the lease of the parking garage by the City of Spokane, and rescind other agreements between the City of Spokane and the developer of the Project, as well as damages from the developer of the Project in unspecified amounts. The Complaint also alleges breach of fiduciary duties by various defendants, including us, to the people of the City of Spokane regarding lack of disclosures concerning the developer and the Project. By order dated August 9, 2002, the court granted our motion to dismiss us from that lawsuit. Plaintiff attempted to obtain direct review by the Washington Supreme Court which declined to hear the case and referred it to the Washington Court of Appeals. The Washington Court of Appeals has scheduled a hearing on the appeal for April 25, 2003.

OTHER. We are subject to routine litigation incidental to our business. No material liability is expected.

notes to consolidated
financial statements

NOTE 24: SELECTED QUARTERLY DATA (UNAUDITED)

YEAR ENDED JANUARY 31, 2003	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
Net sales	$ 1,245,761	$ 1,655,528	$ 1,323,201	$ 1,750,586	$ 5,975,076
Gross profit	421,464	551,263	449,354	581,623	2,003,704
Minority interest purchase and reintegration costs	(42,047)	(11,121)	--	--	(53,168)
(Loss)/earnings before cumulative effect of accounting change	(11,213)	36,335	18,427	60,034	103,583
Cumulative effect of accounting change (net of tax)	(13,359)	--	--	--	(13,359)
Net (loss)/earnings	(24,572)	36,335	18,427	60,034	90,224
Basic (loss)/earnings per share	(.18)	.27	.14	.44	.67
Diluted (loss)/earnings per share	(.18)	.27	.14	.44	.66
Dividends per share	.09	.09	.10	.10	.38
Common stock price					
High	26.29	26.87	21.93	22.39	26.87
Low	22.15	16.58	15.06	17.87	15.06

The per share amounts for the (loss)/earnings before cumulative effect of accounting change were $(0.08) for basic and diluted in the first quarter, and $0.77 and $0.76 for basic and diluted for the total year.

YEAR ENDED JANUARY 31, 2002	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
Net sales	$ 1,218,040	$ 1,545,759	$ 1,239,241	$ 1,631,090	$ 5,634,130
Gross profit	419,610	504,851	402,280	541,530	1,868,271
Earnings before income taxes	40,555	63,499	17,095	83,339	204,488
Net earnings	24,755	38,699	10,495	50,739	124,688
Basic earnings per share	.18	.29	.08	.38	.93
Diluted earnings per share	.18	.29	.08	.38	.93
Dividends per share	.09	.09	.09	.09	.36
Common stock price					
High	21.17	22.75	22.97	25.50	25.50
Low	15.60	17.00	13.80	14.25	13.80

Nordstrom, Inc. common stock is traded on the New York Stock Exchange, NYSE Symbol JWN.

Dollars in thousands except square footage and per share amounts

YEAR ENDED JANUARY 31,	2003	2002	2001	2000
FINANCIAL POSITION				
Customer accounts receivable, net	$ 730,081	$ 677,150	$ 699,687	$ 596,020
Merchandise inventories	953,112	888,172	945,687	797,845
Current assets	2,072,618	2,057,111	1,812,982	1,564,648
Current liabilities	870,091	950,138	950,568	866,509
Working capital	1,202,527	1,106,973	862,414	698,139
Working capital ratio	2.38	2.17	1.91	1.81
Land, buildings and equipment, net	1,761,544	1,761,082	1,599,938	1,429,492
Long-term debt, including current portion	1,347,371	1,429,271	1,112,296	804,982
Debt/capital ratio	.4955	.5209	.4929	.4249
Shareholders' equity	1,372,057	1,314,488	1,229,568	1,185,614
Shares outstanding	135,444,041	134,468,608	133,797,757	132,279,988
Book value per share	10.13	9.78	9.19	8.96
Total assets	4,096,376	4,051,179	3,608,503	3,062,081
OPERATIONS				
Net sales	5,975,076	5,634,130	5,528,537	5,149,266
Gross profit	2,003,704	1,868,271	1,879,021	1,789,506
Selling, general and administrative	(1,813,968)	(1,722,635)	(1,747,048)	(1,523,836)
Operating income	189,736	145,636	131,973	265,670
Interest expense, net	(81,921)	(75,038)	(62,698)	(50,396)
Write-down of investment	--	--	(32,857)	--
Minority interest purchase and reintegration costs	(53,168)	--	--	--
Service charge income and other, net	140,977	133,890	130,600	116,783
Earnings before income taxes and cumulative effect of accounting change	195,624	204,488	167,018	332,057
Income taxes	(92,041)	(79,800)	(65,100)	(129,500)
Earnings before cumulative effect of accounting change	103,583	124,688	101,918	202,557
Cumulative effect of accounting change (net of tax)	(13,359)	--	--	--
Net earnings	90,224	124,688	101,918	202,557
Basic earnings per share	.67	.93	.78	1.47
Diluted earnings per share	.66	.93	.78	1.46
Dividends per share	.38	.36	.35	.32
Comparable store sales percentage increase (decrease)	1.4%	(2.9%)	.3%	(1.1%)
Net earnings as a percent of net sales	1.51%	2.21%	1.84%	3.93%
Return on average shareholders' equity	6.72%	9.80%	8.44%	16.29%
Sales per square foot for Company-operated stores	319	321	342	350
STORES	166	156	140	104
TOTAL SQUARE FOOTAGE	18,428,000	17,048,000	16,056,000	14,487,000

1999	1998	1997	1996	1995	1994	1993
$ 567,661	$ 641,862	$ 693,123	$ 874,103	$ 655,715	$ 565,151	$ 584,379
750,269	826,045	719,919	626,303	627,930	585,602	536,739
1,668,689	1,613,492	1,549,819	1,612,776	1,397,713	1,314,914	1,219,844
794,490	979,031	795,321	833,443	693,015	631,064	516,397
874,199	634,461	754,498	779,333	704,698	683,850	703,447
2.10	1.65	1.95	1.94	2.02	2.08	2.36
1,378,006	1,252,513	1,152,454	1,103,298	984,195	845,596	824,142
868,234	420,865	380,632	439,943	373,910	438,574	481,945
.4214	.3194	.2720	.3232	.2575	.2934	.3337
1,300,545	1,458,950	1,457,084	1,408,053	1,330,437	1,153,594	1,038,649
142,114,167	152,518,104	159,269,954	162,226,288	164,488,196	164,118,256	163,949,594
9.15	9.57	9.15	8.68	8.09	7.03	6.34
3,103,689	2,890,664	2,726,495	2,732,619	2,396,783	2,177,481	2,053,170
5,049,182	4,864,604	4,457,931	4,113,717	3,895,642	3,591,228	3,415,613
1,704,237	1,568,791	1,378,472	1,310,931	1,297,018	1,121,539	1,079,608
(1,429,837)	(1,338,235)	(1,232,860)	(1,136,069)	(1,029,856)	(940,708)	(901,446)
274,400	230,556	145,612	174,862	267,162	180,831	178,162
(47,091)	(34,250)	(39,400)	(39,295)	(30,664)	(37,646)	(44,810)
--	--	--	--	--	--	--
--	--	--	--	--	--	--
110,414	110,907	135,331	134,179	98,311	88,509	86,140
337,723	307,213	241,543	269,746	334,809	231,694	219,492
(131,000)	(121,000)	(95,227)	(106,190)	(132,304)	(90,804)	(84,489)
206,723	186,213	146,316	163,556	202,505	140,890	135,003
--	--	--	--	--	--	--
206,723	186,213	146,316	163,556	202,505	140,890	135,003
1.41	1.20	.90	1.00	1.23	.86	.82
1.41	1.20	.90	1.00	1.23	.86	.82
.30	.265	.25	.25	.1925	.17	.16
(2.7%)	4.0%	0.6%	(0.7%)	4.4%	2.7%	1.4%
4.09%	3.83%	3.28%	3.98%	5.20%	3.92%	3.95%
14.98%	12.77%	10.21%	11.94%	16.30%	12.85%	13.73%
362	384	377	382	395	383	381
97	92	83	78	76	74	72
13,593,000	12,614,000	11,754,000	10,713,000	9,998,000	9,282,000	9,224,000

retail store facilities open
at January 31, 2003

LOCATION	STORE NAME	SQUARE FOOTAGE	YEAR STORE OPENED
SOUTHWEST GROUP			
ARIZONA			
Chandler	Chandler Fashion Center	149,000	2001
Scottsdale	Scottsdale Fashion Square	235,000	1998
CALIFORNIA			
Arcadia	Santa Anita	151,000	1994
Brea	Brea Mall	195,000	1989
Canoga Park	Topanga	154,000	1984
Cerritos	Los Cerritos Center	122,000	1981
Corte Madera	The Village at Corte Madera	116,000	1985
Costa Mesa	South Coast Plaza	235,000	1986
Escondido	North County	156,000	1986
Glendale	Glendale Galleria	147,000	1983
Los Angeles	The Grove	120,000	2002
Los Angeles	Westside Pavilion	150,000	1985
Mission Viejo	The Shops at Mission Viejo	172,000	1999
Montclair	Montclair Plaza	134,000	1986
Palo Alto	Stanford Shopping Center	187,000	1984
Pleasanton	Stoneridge Mall in Pleasanton	173,000	1990
Redondo Beach	The Galleria at South Bay	161,000	1985
Riverside	The Galleria at Tyler in Riverside	164,000	1991
Roseville	Galleria at Roseville	149,000	2000
Sacramento	Arden Fair	190,000	1989
San Diego	Fashion Valley	220,000	1981
San Diego	Horton Plaza	151,000	1985
San Diego	University Towne Centre	130,000	1984
San Francisco	San Francisco Shopping Centre	350,000	1988
San Francisco	Stonestown Galleria	174,000	1988
San Jose	Valley Fair	232,000	2001
San Mateo	Hillsdale Shopping Center	149,000	1982
Santa Ana	MainPlace/Santa Ana	169,000	1987
Santa Barbara	Paseo Nuevo in Santa Barbara	186,000	1990
Walnut Creek	Broadway Plaza in Walnut Creek	193,000	1984
NEVADA			
Las Vegas	Fashion Show	207,000	2002
EAST COAST GROUP			
CONNECTICUT			
Farmington	Westfarms	189,000	1997
FLORIDA			
Boca Raton	Town Center at Boca Raton	193,000	2000
Coral Gables	Village of Merrick Park	212,000	2002
Orlando	The Florida Mall	174,000	2002
Tampa	International Plaza	172,000	2001
GEORGIA			
Atlanta	Perimeter Mall	243,000	1998
Buford	Mall of Georgia	172,000	2000

LOCATION	STORE NAME	SQUARE FOOTAGE	YEAR STORE OPENED
MARYLAND			
Annapolis	Annapolis Mall	162,000	1994
Bethesda	Montgomery Mall	225,000	1991
Columbia	The Mall in Columbia	173,000	1999
Towson	Towson Town Center	205,000	1992
NEW JERSEY			
Edison	Menlo Park	204,000	1991
Freehold	Freehold Raceway Mall	174,000	1992
Paramus	Garden State Plaza	282,000	1990
Short Hills	The Mall at Short Hills	188,000	1995
NEW YORK			
Garden City	Roosevelt Field	241,000	1997
White Plains	The Westchester	219,000	1995
NORTH CAROLINA			
Durham	The Streets at Southpoint	149,000	2002
PENNSYLVANIA			
King of Prussia	The Plaza at King of Prussia	238,000	1996
RHODE ISLAND			
Providence	Providence Place	206,000	1999
VIRGINA			
Arlington	The Fashion Centre at Pentagon City	241,000	1989
Dulles	Dulles Town Center	148,000	2002
McLean	Tysons Corner Center	253,000	1988
Norfolk	MacArthur Center	166,000	1999
CENTRAL STATES			
ILLINOIS			
Chicago	Michigan Avenue	271,000	2000
Oak Brook	Oakbrook Center	249,000	1991
Schaumburg	Woodfield Shopping Center	215,000	1995
Skokie	Old Orchard Center	209,000	1994

INDIANA			
Indianapolis	Circle Centre	216,000	1995
KANSAS			
Overland Park	Oak Park Mall	219,000	1998
MICHIGAN			
Troy	Somerset Collection	258,000	1996
MINNESOTA			
Bloomington	Mall of America	240,000	1992
MISSOURI			
Des Peres	West County	193,000	2002
OHIO			
Beachwood	Beachwood Place	231,000	1997
Columbus	Easton Town Center	174,000	2001
TEXAS			
Dallas	Dallas Galleria	249,000	1996
Frisco	Stonebriar Centre	149,000	2000
Hurst	North East Mall	149,000	2001

LOCATION	STORE NAME	SQUARE FOOTAGE	YEAR STORE OPENED
NORTHWEST GROUP			
ALASKA			
Anchorage	Anchorage	97,000	1975
COLORADO			
Broomfield	FlatIron Crossing	172,000	2000
Littleton	Park Meadows	245,000	1996
OREGON			
Portland	Clackamas Town Center	121,000	1981
Portland	Downtown Portland	174,000	1977
Portland	Lloyd Center	150,000	1990
Salem	Salem Center	71,000	1980
Tigard	Washington Square	189,000	1994
UTAH			
Murray	Fashion Place	110,000	1981
Orem	University Mall	122,000	2002
Salt Lake City	Crossroads Plaza	140,000	1980
WASHINGTON			
Bellevue	Bellevue Square	285,000	1982
Lynnwood	Alderwood Mall	127,000	1979
Seattle	Downtown Seattle	383,000	1998
Seattle	Northgate	122,000	1965
Spokane	Spokane	137,000	1999
Tacoma	Tacoma Mall	134,000	1966
Tukwila	Southcenter	170,000	1968
Vancouver	Vancouver	71,000	1977
OTHER			
Honolulu, HI	Ward Centre Shoes	16,000	2002
Faconnable	U.S. (5 boutiques)	46,000	
Faconnable	International (23 boutiques)	77,000	
NORDSTROM RACK GROUP			
Chandler, AZ	Chandler Festival Rack	37,000	2000
Phoenix, AZ	Last Chance	48,000	1995
Scottsdale, AZ	Scottsdale Promenade Rack	38,000	2000
Brea, CA	Brea Union Plaza Rack	45,000	1999
Chino, CA	Chino Spectrum Towne Center Rack	38,000	2002
Colma, CA	Colma Rack	31,000	1987
Costa Mesa, CA	Metro Pointe at South Coast Rack	50,000	1997
Fresno, CA	Villaggio Retail Center Rack	32,000	2002
Glendale, CA	Glendale Fashion Center Rack	36,000	2000
Long Beach, CA	Long Beach CityPlace Rack	33,000	2002
Los Angeles, CA	The Promenade at Howard Hughes Center Rack	41,000	2001
Ontario, CA	Ontario Mills Mall Rack	40,000	2002

LOCATION	STORE NAME	SQUARE FOOTAGE	YEAR STORE OPENED
Oxnard, CA	Esplanade Shopping Center Rack	38,000	2001
Roseville, CA	Creekside Town Center Rack	36,000	2001
Sacramento, CA	Howe `Bout Arden Center Rack	54,000	1999
San Diego, CA	Mission Valley Rack	57,000	1997
San Francisco, CA	555 Ninth Street Retail Center Rack	43,000	2001
San Jose, CA	Westgate Mall Rack	48,000	1998
San Leandro, CA	San Leandro Rack	44,000	1990
Woodland Hills, CA	Topanga Rack	64,000	1984
Littleton, CO	Meadows Marketplace Rack	34,000	1998
Broomfield, CO	Flatiron Marketplace Rack	36,000	2001
Buford, GA	Mall of Georgia Crossing Rack	44,000	2000
Honolulu, HI	Victoria Ward Center Rack	34,000	2000
Northbrook, IL	Northbrook Rack	40,000	1996
Oak Brook, IL	The Shops at Oak Brook Place Rack	42,000	2000
Schaumburg, IL	Woodfield Rack	45,000	1994
Gaithersburg, MD	Gaithersburg Rack	49,000	1999
Towson, MD	Towson Rack	31,000	1992
Grand Rapids, MI	Centerpointe Mall Rack	40,000	2001
Troy, MI	Troy Marketplace Rack	40,000	2000
Bloomington, MN	Mall of America Rack	41,000	1998
Las Vegas, NV	Silverado Ranch Plaza Rack	33,000	2001
Westbury, NY	The Mall at the Source Rack	48,000	1997
Beaverton, OR	Tanasbourne Town Center Rack	53,000	1998
Clackamas, OR	Clackamas Promenade Rack	28,000	1988
Portland, OR	Downtown Portland Rack	19,000	1986
King of Prussia, PA	The Overlook at King of Prussia Rack	45,000	2002
Philadelphia, PA	Franklin Mills Mall Rack (1)	43,000	1993
Hurst, TX	The Shops at North East Mall Rack	40,000	2000
Plano, TX	Preston Shepard Place Rack	39,000	2000
Salt Lake City, UT	Sugarhouse Rack	31,000	1991
Dulles, VA	Dulles Town Crossing Rack	41,000	2001

Woodbridge, VA	Potomac Mills Rack	46,000	1990
Auburn, WA	SuperMall of the Great Northwest Rack	48,000	1995
Bellevue, WA	Factoria Mall Rack	46,000	1997
Lynnwood, WA	Golde Creek Plaza Rack	38,000	1999
Seattle, WA	Downtown Seattle Rack	42,000	1987
Spokane, WA	NorthTown Mall Rack	28,000	2000

(1) Store closed January 26, 2003, however it has been treated as open for the full year.

OFFICERS OF THE CORPORATION
AND EXECUTIVE TEAM

Jammie Baugh, 50
Executive Vice President,
Human Resources, Full-line Stores

Laurie M. Black, 44
Executive Vice President
and President, Nordstrom Rack
MEMBER OF EXECUTIVE TEAM

Mark S. Brashear, 41
Executive Vice President
and President, Faconnable
MEMBER OF EXECUTIVE TEAM

James H. Bromley, 39
Executive Vice President and
President, Nordstrom Direct, Inc.
MEMBER OF EXECUTIVE TEAM

Dale Cameron, 54
Executive Vice President,
Corporate Merchandise Manager,
Cosmetics, Full-line Stores

Robert E. Campbell, 47
Vice President, Strategy and Planning,
Treasurer

Linda Toschi Finn, 55
Executive Vice President, Marketing
MEMBER OF EXECUTIVE TEAM

Bonnie M. Junell, 46
Vice President,
Corporate Merchandise Manager,
Point of View and Narrative,
Full-line Stores

Kevin T. Knight, 47
Executive Vice President,
Chairman and Chief Executive
Officer of Nordstrom fsb,
President of Nordstrom Credit, Inc.
MEMBER OF EXECUTIVE TEAM

Michael G. Koppel, 46
Executive Vice President and
Chief Financial Officer
MEMBER OF EXECUTIVE TEAM

Llynn (Len) A. Kuntz, 42
Executive Vice President,
WA/AK Regional Manager,
Full-line Stores

David P. Lindsey, 53
Vice President, Store Planning

David L. Mackie, 54
Vice President, Real Estate,
and Corporate Secretary

Robert J. Middlemas, 46
Executive Vice President,
Central States Regional Manager,
Full-line Stores

Jack H. Minuk, 48
Vice President,
Corporate Merchandise Manager,
Women's Shoes, Full-line Stores

Blake W. Nordstrom, 42
President
MEMBER OF EXECUTIVE TEAM

Bruce A. Nordstrom, 69

Chairman of the Board of Directors

Erik B. Nordstrom, 39
Executive Vice President,
Full-line Stores
MEMBER OF EXECUTIVE TEAM

Peter E. Nordstrom, 41
Executive Vice President and
President, Full-line Stores
MEMBER OF EXECUTIVE TEAM

James R. O'Neal, 44
Executive Vice President
and President,
Nordstrom Product Group
MEMBER OF EXECUTIVE TEAM

Suzanne R. Patneaude, 56
Vice President,
Corporate Merchandise Manager,
Designer/Savvy, Full-line Stores

R. Michael Richardson, 46
Vice President and
Chief Information Officer

Karen Bowman Roesler, 47
Vice President, Marketing
Nordstrom Credit Group

K. C. (Karen) Shaffer, 49
Executive Vice President,
Nordstrom Rack
NW Rack Regional Manager

Joel T. Stinson, 53
Executive Vice President and
Chief Administrative Officer
MEMBER OF EXECUTIVE TEAM

Delena M. Sunday, 42
Executive Vice President,
Human Resources and Diversity Affairs
MEMBER OF EXECUTIVE TEAM

Geevy S. K. Thomas, 38
Executive Vice President,
South Regional Manager,
Full-line Stores

board of directors

BOARD OF DIRECTORS
D. Wayne Gittinger, 70
Partner,
Lane Powell Spears Lubersky LLP
Seattle, Washington

Enrique Hernandez Jr., 47
President and CEO,
Inter-Con Security Systems, Inc.
Pasadena, California

Jeanne P. Jackson, 51
Founder and General Partner,
MSP Capital
Newport, California

John A. McMillan, 71
Retired Co-Chairman
of the Board of Directors
Seattle, Washington

Bruce A. Nordstrom, 69
Chairman of the Board of Directors
Seattle, Washington

John N. Nordstrom, 66
Retired Co-Chairman
of the Board of Directors
Seattle, Washington

Alfred E. Osborne Jr., 58
Director of the Harold Price Center
for Entrepreneurial Studies and
Associate Professor of
Business Economics,
The Anderson School at UCLA
Los Angeles, California

William D. Ruckelshaus, 70
A Strategic Director,
Madrona Venture Group
Seattle, Washington

Stephanie M. Shern, 55
Former Vice Chairman and Partner,
Ernst & Young LLP
Little Falls, New Jersey

Bruce G. Willison, 54
Dean, The Anderson School at UCLA
Los Angeles, California

Alison A. Winter, 56
President, Northeast Personal
Financial Services,
The Northern Trust Corporation
Chicago, Illinois

AUDIT COMMITTEE
Enrique Hernandez Jr., Chair
Jeanne P. Jackson
Alfred E. Osborne Jr.
William D. Ruckelshaus
Stephanie M. Shern
Alison A. Winter

COMPENSATION AND STOCK
OPTION COMMITTEE
Enrique Hernandez Jr.
Jeanne P. Jackson
Alfred E. Osborne Jr.
William D. Ruckelshaus, Chair
Bruce G. Willison
Alison A. Winter

CORPORATE GOVERNANCE
AND NOMINATING COMMITTEE
D. Wayne Gittinger
Enrique Hernandez Jr.
Alfred E. Osborne Jr., Chair
William D. Ruckelshaus

EXECUTIVE COMMITTEE
John A. McMillan
Bruce A. Nordstrom
John N. Nordstrom

FINANCE COMMITTEE
D. Wayne Gittinger
John A. McMillan
John N. Nordstrom
Alfred E. Osborne Jr.
Bruce G. Willison
Alison A. Winter, Chair

shareholder information

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Seattle, Washington

COUNSEL

Lane Powell Spears Lubersky LLP
Seattle, Washington

TRANSFER AGENT AND REGISTRAR

Mellon Investor Services LLC
P. O. Box 3315
South Hackensack, New Jersey 07606
Telephone (800) 318-7045
TDD for Hearing Impaired (800) 231-5469
Foreign Shareholders (201) 329-8660
TDD Foreign Shareholders (201) 329-8354

GENERAL OFFICES

1617 Sixth Avenue
Seattle, Washington 98101-1742
Telephone (206) 628-2111

ANNUAL MEETING

May 20, 2003 at 11:00 a.m.
Pacific Daylight Time
Nordstrom Downtown Seattle Store
John W. Nordstrom Room, fifth floor
1617 Sixth Avenue
Seattle, Washington 98101-1742

FORM 10-K

The Company's annual report on Form 10-K for the year ended January 31, 2003 will be provided to shareholders upon request to:
Nordstrom, Inc. Investor Relations
P. O. Box 2737
Seattle, Washington 98111
(206) 303-3200
invrelations@nordstrom.com

SHAREHOLDER INFORMATION

Please visit www.nordstrom.com to obtain shareholder information. In addition, the Company is always willing to discuss matters of concern to shareholders.

EXHIBIT 21.1

NORDSTROM, INC. AND SUBSIDIARIES
SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	State/Country of Incorporation
Nordstrom fsb	Arizona
Nordstrom Credit Card Receivables, LLC	Delaware
Nordstrom Credit, Inc.	Colorado
Nordstrom Private Label Receivables, LLC	Delaware
Nordstrom Distribution, Inc.	Washington
N2HC, Inc.	Colorado
Nordstrom International Limited	Washington
Nordstrom European Capital Group	France

Exhibit 99.1

NORDSTROM, INC.

1617 SIXTH AVENUE

SEATTLE, WASHINGTON 98101

CERTIFICATION OF CHIEF EXECUTIVE
OFFICER REGARDING PERIODIC REPORT CONTAINING
FINANCIAL STATEMENTS

I, Blake W. Nordstrom, the President of Nordstrom, Inc. (the "Company") in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that the Company's Annual Report on Form 10-K for the period ended January 31, 2003 (the "Report") filed with the Securities and Exchange Commission:

- fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Blake W. Nordstrom

Blake W. Nordstrom
President
April 17, 2003

A signed original of this written statement required by Section 906 has been provided to Nordstrom, Inc. and will be retained by Nordstrom, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.2

NORDSTROM, INC.

1617 SIXTH AVENUE

SEATTLE, WASHINGTON 98101

CERTIFICATION OF CHIEF FINANCIAL
OFFICER REGARDING PERIODIC REPORT CONTAINING
FINANCIAL STATEMENTS

I, Michael G. Koppel, the Executive Vice President and Chief Financial Officer of Nordstrom, Inc. (the "Company") in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that the Company's Annual Report on Form 10-K for the period ended January 31, 2003 (the "Report") filed with the Securities and Exchange Commission:

- fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael G. Koppel

Michael G. Koppel
Executive Vice President and
Chief Financial Officer
April 17, 2003

A signed original of this written statement required by Section 906 has been provided to Nordstrom, Inc. and will be retained by Nordstrom, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.