UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q/A

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

For the quarterly period ended August 2, 2003

[ ] 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 001-15059

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

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 whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES X NO _____

Common stock outstanding as of August 30, 2003: 136,065,954 shares of common stock.

NORDSTROM, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

~~Item 1.~~

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

Quarter Ended Year to Date Ended ------- ------------- -- ---------- ------------
August 2, July 31, August 2, July 31, 2003 2002 2003 2002 -------- -- ---------- ---------- -- --------
~~Net sales $1,794,975 $1,655,528 $3,138,514 $2,901,289~~
~~Cost of sales and related buying and occupancy (1,192,195) (1,104,035) (2,080,653) (1,927,123)~~
~~Gross profit 602,780 551,493 1,057,861 974,166~~
~~Selling, general and administrative expenses (504,656) (496,915) (930,686) (882,999)~~
~~Operating income 98,124 54,578 127,175~~

~~91,167 Interest expense, net (26,134) (19,605) (46,362) (39,654) Minority interest purchase and reintegration costs -- (11,121) -- (53,168) Service charge income and other, net 36,081 35,341 71,713 68,645~~

~~Earnings before income taxes and cumulative effect of accounting change 108,071 59,193 152,526 66,990 Income tax expense (42,200) (22,858) (59,500) (41,868)~~

~~Earnings before cumulative effect of accounting change 65,871 36,335 93,026 25,122 Cumulative effect of accounting change (net of tax of $8,541) (13,359)~~

~~Net earnings $ 65,871 $ 36,335 $ 93,026 $ 11,763~~

~~========== ========== ========== ==========~~

~~Basic earnings per share $ .48 $ .27 $ .69 $ .09~~

~~========== ========== ========== ==========~~

~~Diluted earnings per share $ .48 $~~

~~.27 $ .68 $ .09~~
~~==========~~
~~==========~~
~~==========~~
~~==========~~
~~Cash dividends paid per share of common stock outstanding $ .10 $ .09 $ .20 $ .18~~
~~==========~~
~~==========~~
~~==========~~
~~==========~~
~~The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.~~

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

August 2, January 31, July 31, 2003 2003 2002 ---------- ---------- ----------
(Unaudited) (Audited) (Unaudited)
~~ASSETS~~
~~Current Assets: Cash and cash equivalents $ 298,779 $ 219,344 $ 244,544~~
~~Accounts receivable, net 665,177 639,630 685,465~~
~~Retained interest in accounts receivable 218,401 124,543 86,666~~
~~Merchandise inventories~~

~~1,019,467~~
~~953,112~~
~~1,039,365~~
~~Prepaid~~
~~expenses~~
~~48,053~~
~~40,261~~
~~36,010 Other~~
~~current~~
~~assets~~
~~112,613~~
~~111,654~~
~~105,272 -----~~
~~------------~~
~~------------~~
~~----- Total~~
~~current~~
~~assets~~
~~2,362,490~~
~~2,088,544~~
~~2,197,322~~
~~Land,~~
~~buildings~~
~~and~~
~~equipment~~
~~(net of~~
~~accumulated~~
~~depreciation~~
~~of~~
~~$2,006,527,~~
~~$1,882,976,~~
~~and~~
~~$1,770,885)~~
~~1,735,202~~
~~1,761,544~~
~~1,805,861~~
~~Goodwill,~~
~~net 56,609~~
~~56,609~~
~~56,227~~
~~Tradename,~~
~~net 84,000~~
~~84,000~~
~~84,000 Other~~
~~assets~~
~~158,264~~
~~121,726~~
~~97,009 ------~~
~~------------~~
~~------------~~
~~---- TOTAL~~
~~ASSETS~~
~~$4,396,565~~
~~$4,112,423~~
~~$4,240,419~~
~~==========~~
~~==========~~
~~==========~~
~~LIABILITIES~~
~~AND~~
~~SHAREHOLDERS'~~
~~EQUITY~~
~~Current~~
~~Liabilities:~~
~~Notes~~
~~payable $~~
~~139 $ 244 $~~
~~209 Accounts~~
~~payable~~
~~634,762~~
~~429,808~~
~~688,842~~
~~Accrued~~
~~salaries,~~
~~wages and~~
~~related~~
~~benefits~~
~~258,041~~
~~260,562~~
~~233,279~~
~~Income taxes~~

~~and other~~
~~accruals~~
~~222,071~~
~~188,986~~
~~173,045~~
~~Current~~
~~portion of~~
~~long-term~~
~~debt 6,084~~
~~5,545 4,769~~
~~------------~~
~~------------~~
~~--------~~
~~Total~~
~~current~~
~~liabilities~~
~~1,121,097~~
~~885,145~~
~~1,100,144~~
~~Long-term~~
~~debt~~
~~1,300,356~~
~~1,341,826~~
~~1,343,797~~
~~Deferred~~
~~lease~~
~~credits~~
~~374,782~~
~~383,100~~
~~389,526~~
~~Other~~
~~liabilities~~
~~152,535~~
~~128,972~~
~~94,478~~
~~Shareholders'~~
~~Equity:~~
~~Common~~
~~stock, no~~
~~par:~~
~~500,000,000~~
~~shares~~
~~authorized;~~
~~135,891,406,~~
~~135,444,041~~
~~and~~
~~135,089,518~~
~~shares~~
~~issued and~~
~~outstanding~~
~~362,293~~
~~358,069~~
~~351,587~~
~~Unearned~~
~~stock~~
~~compensation~~
~~(746)~~
~~(2,010)~~
~~(2,345)~~
~~Retained~~
~~earnings~~
~~1,080,002~~
~~1,014,105~~
~~962,699~~
~~Accumulated~~
~~other~~
~~comprehensive~~
~~earnings~~
~~6,246 3,216~~
~~533 ------------~~
~~------------~~
~~------------~~
~~Total~~
~~shareholders'~~
~~equity~~
~~1,447,795~~
~~1,373,380~~
~~1,312,474 ---~~
~~------------~~
~~------------~~
~~------- TOTAL~~

~~LIABILITIES AND SHAREHOLDERS' EQUITY $4,396,565 $4,112,423 $4,240,419 ========== ========== ==========~~

~~The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.~~

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

Year to Date Ended
----------- -----------
August 2, July 31,
2003 2002 - ------- --- -----

~~OPERATING ACTIVITIES:~~
~~Net earnings $93,026 $11,763~~
~~Adjustments to reconcile net earnings to net cash provided by operating activities:~~
~~Depreciation and amortization 123,349 111,917~~
~~Amortization of deferred lease credits and other, net (12,988) (9,176)~~
~~Stock-based compensation expense 1,815 2,087~~
~~Deferred income taxes, net 3,776 5,184~~
~~Cumulative~~

~~effect of accounting change, net of tax — 13,359~~

~~Impairment of IT investment — 15,570~~

~~Minority interest purchase expense — 40,389~~

~~Change in assets and liabilities:~~

~~Accounts receivable, net (24,252) (40,264)~~

~~Retained interest in accounts receivable (91,371) (29,760)~~

~~Merchandise inventories (62,209) (183,976)~~

~~Prepaid expenses (973) 2,745~~

~~Other assets (6,188) 2,787~~

~~Accounts payable 190,796 233,643~~

~~Accrued salaries, wages and related benefits (2,217) (5,064)~~

~~Income taxes and other accruals 25,121 27,972~~

~~Other liabilities 9,387 4,098~~

~~Net cash provided by operating activities 247,072 203,274~~

~~INVESTING ACTIVITIES:~~

~~Capital expenditures (131,874) (184,507)~~

~~Additions to deferred lease credits 28,908 58,449~~

~~Minority interest purchase — (70,000) Other, net 106 (3,169) ------------------ Net cash used for investing activities (102,860) (199,227) ------------------ FINANCING ACTIVITIES: Proceeds from notes payable (105) 61 Proceeds from long-term borrowings — 815 Principal payments on long-term debt (46,003) (84,053) Proceeds from sale of interest rate swap 2,341 — Proceeds from issuance of common stock 6,119 10,086 Cash dividends paid (27,129) (24,267) ------------------ Net cash used by financing activities (64,777) (97,358) ------------------ Net increase (decrease) in cash and cash equivalents 79,435 (93,311) Cash and cash equivalents at beginning of period 219,344 337,855 ------------------ Cash and cash equivalents at end of period $298,779 $244,544~~

~~========~~
~~========~~
~~The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.~~

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

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation
- ---------------------
The accompanying condensed consolidated financial statements should be read in conjunction with the Notes to Consolidated Financial Statements contained in our 2002 Annual Report. The same accounting policies are followed for preparing quarterly and annual financial data. All adjustments necessary for the fair presentation of the results of operations, financial position and cash flows have been included and are of a normal, recurring nature.

Due to the seasonal nature of the retail industry, quarterly results are not necessarily indicative of the results for the full fiscal year.

Reclassification
- ----------------
We reclassified certain prior year amounts to conform to the current year presentation.

Change in Fiscal Year
- ---------------------
On February 1, 2003, our fiscal year-end changed from January 31 to the Saturday closest to January 31. Each fiscal year consists of four 13 week quarters, with an extra week added onto the fourth quarter every five to six years. A one-day transition period is included in our first quarter 2003 results.

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 our 2002 Annual Report.

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:
Quarter
Ended Year
to Date
Ended -----

---- ------

--- August
2, July 31,
August 2,
July 31,
2003 2002
2003 2002 -

-------- --
------- ---
------ ----
----- ~~Net~~
~~earnings,~~
~~as reported~~
~~$65,871~~
~~$36,335~~
~~$93,026~~
~~$11,763~~
~~Incremental~~
~~stock-based~~
~~compensation~~
~~expense~~
~~under fair~~
~~value, net~~
~~of tax~~
~~(3,396)~~
~~(5,611)~~
~~(9,620)~~
~~(11,211)~~
~~Pro~~
~~forma net~~
~~earnings~~
~~$62,475~~
~~$30,724~~
~~$83,406~~
~~$552~~
~~=========~~
~~=========~~
~~=========~~
~~=========~~
~~Earnings~~
~~per share:~~
~~Basic - as~~
~~reported~~
~~$0.48 $~~
~~0.27 $0.69~~
~~$ 0.09~~
~~Diluted -~~
~~as reported~~
~~$0.48 $~~
~~0.27 $0.68~~
~~$ 0.09~~
~~Basic and~~
~~Diluted -~~
~~pro forma~~
~~$0.46 $~~
~~0.23 $0.61~~
~~$ 0.00~~

Note 1 - Summary of Significant Accounting Policies (Cont.)

Recent Accounting Pronouncements
- --------------------------------
In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" for certain decisions made by the FASB as part of the Derivatives Implementation Group process. SFAS No. 149 also amends SFAS No. 133 to incorporate clarifications of the definition of a derivative. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, and should be applied prospectively. Adoption of SFAS No. 149 did not have an impact on our earnings or financial position.

Note 2 - Goodwill and Other Intangible Assets

The carrying amounts of our intangible assets are as follows:
Catalog/
Retail
Stores
Internet
segment
segment
Total --

--- ----
---- ---

Goodwill
Tradename
Goodwill

- ------
--
~~Balance~~
~~as of~~
~~February~~
~~1, 2003~~
~~and~~
~~August~~
~~2, 2003~~
~~$ 40,893~~
~~$ 84,000~~
~~$ 15,716~~
~~$~~
~~140,609~~

The purchase of the minority interest of Nordstrom.com in the first quarter of 2002 resulted in additional goodwill of $24,178, of which $8,462 was allocated to the Retail Stores reporting unit and $15,716 to the Catalog/Internet reporting unit. Goodwill of $32,431 and Tradename of $84,000 are assigned to the Faconnable reporting unit.

Note 3 - Earnings Per Share
Quarter
Ended Year
to Date
Ended -----

-------- --

August 2,
July 31,
August 2,
July 31,
2003 2002
2003 2002 -

~~Net~~
~~earnings~~
~~$65,871~~
~~$36,335~~
~~$93,026~~
~~$11,763~~
~~Basic~~
~~shares~~
~~135,843,977~~
~~135,066,212~~
~~135,710,396~~
~~134,887,294~~
~~Basic~~
~~earnings~~
~~per share~~
~~$0.48 $0.27~~
~~$0.69 $0.09~~
~~Dilutive~~
~~effect of~~

stock
options and
performance
share units
494,171
753,673
305,907
878,448
Diluted
shares
136,338,148
135,819,885
136,016,303
135,765,742
Diluted
earnings
per share
$0.48 $0.27
$0.68 $0.09
Antidilutive
stock
options
8,224,504
6,764,220
9,686,838
6,542,883

Note 4 - Accounts Receivable

The components of accounts receivable are as follows:
August 2,
January 31,
July 31,
2003 2003
2002 ------
----- -----
------ ----

Trade
receivables:
Unrestricted
$19,675
$15,599
$18,393
Restricted
638,572
613,647
658,775
Allowance
for
doubtful
accounts
(21,146)
(22,385)
(22,131) --

Trade
receivables,
net 637,101
606,861

~~655,037~~
~~Other~~
~~28,076~~
~~32,769~~
~~30,428~~
~~Accounts receivable, net~~
~~$665,177~~
~~$639,630~~
~~$685,465~~

The restricted private label receivables back the $300 million 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. As all vendor receivables are fully earned at period end, no allowance for doubtful vendor receivables has been recorded.

Note 5 - Debt

In the second quarter, we purchased $40,825 of our 8.95% senior notes and $2,500 of our 6.7% medium-term notes for a total cash payment of $50,054. Approximately $6,423 of expense was recognized in the second quarter of 2003 related to this purchase.

In August 2003, we purchased an additional $14,500 of our 8.95% senior notes for a total cash payment of $16,397. Approximately $1,800 of expense will be recognized in the third quarter of 2003 related to this purchase.

We entered into a variable interest rate swap agreement in the second quarter of 2003. The swap has a $250,000 notional amount and a 5.5-year term. Under the agreement, we receive a fixed rate of 5.63% and pay a variable rate based on LIBOR plus a margin of 2.3% set at six-month intervals (3.55% at August 2, 2003). The swap agreement qualifies as a fair value hedge and is recorded at its market value of ($15,283) in other liabilities.

Note 6 - Segment Reporting

The following tables set forth the information for our reportable segments and a reconciliation to the consolidated totals:

Quarter ended
Retail
Credit
Catalog/
Corporate
August 2, 2003 Stores
Operations

Internet
and Other
Eliminations
Total - ---

~~Revenues~~
~~from~~
~~external~~
~~customers~~
~~$1,723,687~~
~~$71,288~~
~~—~~
~~$1,794,975~~
~~Service~~
~~charge~~
~~income~~
~~$32,622~~
~~32,622~~
~~Intersegment~~
~~revenues~~
~~8,270~~
~~10,390~~
~~$(18,660)~~
~~Interest~~
~~expense,~~
~~net 24~~
~~5,442 4~~
~~$20,664~~
~~26,134~~
~~Earnings~~
~~before~~
~~taxes~~
~~162,196~~
~~5,326 974~~
~~(60,425)~~
~~108,071 Net~~
~~earnings~~
~~(loss)~~
~~98,833~~
~~3,242 597~~
~~(36,801)~~
~~65,871~~
~~Quarter~~
~~ended~~
~~Retail~~
~~Credit~~
~~Catalog/~~
~~Corporate~~
~~July 31,~~
~~2002 Stores~~
~~Operations~~
~~Internet~~
~~and Other~~
~~Eliminations~~
~~Total~~
~~Revenues~~
~~from~~
~~external~~
~~customers~~
~~$1,592,131~~
~~$63,397~~
~~—~~
~~$1,655,528~~
~~Service~~

~~charge~~
~~income —~~
~~$33,041 — —~~
~~— 33,041~~
~~Intersegment~~
~~revenues~~
~~9,421 9,583~~
~~$(19,004) —~~
~~Interest~~
~~expense,~~
~~net (183)~~
~~5,474 152~~
~~$14,162 —~~
~~19,605~~
~~Earnings~~
~~before~~
~~taxes and~~
~~cumulative~~
~~effect of~~
~~accounting~~
~~change~~
~~115,562~~
~~6,850~~
~~(13,506)~~
~~(49,713) —~~
~~59,193 Net~~
~~earnings~~
~~(loss)~~
~~70,433~~
~~4,175~~
~~(8,238)~~
~~(30,035) —~~
~~36,335 Year~~
~~to date~~
~~ended~~
~~Retail~~
~~Credit~~
~~Catalog/~~
~~Corporate~~
~~August 2,~~
~~2003 Stores~~
~~Operations~~
~~Internet~~
~~and Other~~
~~Eliminations~~
~~Total — —~~
~~Revenues~~
~~from~~
~~external~~
~~customers~~
~~$3,001,085~~
~~— $137,429~~
~~$3,138,514~~
~~Service~~
~~charge~~
~~income —~~
~~$66,554 — —~~
~~— 66,554~~
~~Intersegment~~
~~revenues~~
~~14,521~~
~~17,238 — —~~
~~$(31,759) —~~
~~Interest~~
~~expense,~~
~~net 118~~
~~10,815 (12)~~
~~$35,441 —~~
~~46,362~~
~~Earnings~~

before taxes 257,992 11,706 (1,485) (115,687) - 152,526 Net earnings (loss) 157,349 7,139 (905) (70,557) - 93,026 Assets 2,757,778 860,089 105,128 673,570 - 4,396,565 Year to date ended Retail Credit Catalog/ Corporate July 31, 2002 Stores Operations Internet and Other Eliminations Total

Revenues from external customers $2,779,258 - $122,031 - - $2,901,289 Service charge income - $62,462 - - - 62,462 Intersegment revenues 13,239 16,108 - - $(29,347) - Interest expense, net 1 11,913 337 $27,403 - 39,654 Earnings before taxes and cumulative effect of accounting change 214,399 13,468 (16,023) (144,854) - 66,990 Net earnings (loss) 117,444 8,217

(dollars in thousands)

~~(9,775)~~
~~(104,123)~~
~~11,763~~
~~Assets~~
~~2,756,360~~
~~759,929~~
~~76,183~~
~~647,947~~
~~4,240,419~~

Note 7 - Nordstrom.com

During 2002, we purchased the outstanding shares of Nordstrom.com, Inc. series C preferred stock for $70,000. 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 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 prior year to date effective tax rate to 62.5% before the cumulative effect of accounting change.

Note 7 - Nordstrom.com (Cont.)

Also in 2002, $10,432 of expense was recognized related to the purchase of the outstanding Nordstrom.com options and warrants.

The following table presents the charges resulting from the minority interest purchase and reintegration of Nordstrom.com.

	July 31, 2002	
	Three Months Ended	Six Months Ended
~~Excess of the purchase price over the fair market value of the preferred stock~~	~~$ (659)~~	~~$40,389~~
~~Nordstrom.com option/warrant buyback expense~~	~~10,432~~	~~10,432~~
~~Professional fees incurred~~	~~1,348~~	~~2,347~~
	~~$11,121~~	~~$53,168~~

Note 8 - Litigation

Cosmetics
- ---------

We were 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.

We entered into a settlement agreement with the plaintiffs and the other defendants on July 16, 2003. In connection with the settlement, the case is being refiled in the United States District Court for the Northern District of California. The settlement requires Court approval and, if approved by the Court, will result in the plaintiffs' claims being dismissed, with prejudice, in their entirety. In connection with the settlement agreement, the defendants will provide consumers with certain free products and pay the plaintiffs' attorneys' fees. Our share of the cost of the settlement will not have a material adverse effect on our financial condition.

We have entered into the settlement agreement solely to avoid protracted and costly litigation. There has been no finding or admission of any wrongdoing by us in this lawsuit.

Note 8 - Litigation (Cont.)

Other

We are subject to routine litigation incidental to our business. No material liability is expected.

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

Dollars in Thousands

The following discussion should be read in conjunction with the Management's Discussion and Analysis section of the 2002 Annual Report.

RESULTS OF OPERATIONS:

Overview

Earnings for the second quarter of 2003 increased to $65,871 or $0.48 per diluted share from $36,335 or $0.27 per diluted share for the same period in 2002. The 81% increase was partially due to two charges taken in 2002 to write-off an IT investment and acquire and reintegrate the minority interest of Nordstrom.com.

Earnings for the year to date period ended August 2, 2003 increased to $93,026 or $0.68 per diluted share from $11,763 or $0.09 per diluted share for the same period in 2002. The increase for the year to date period was primarily attributable to three charges taken in 2002 to write-off an IT investment, acquire and reintegrate the minority interest of Nordstrom.com and to adopt a new accounting pronouncement.

Excluding these nonrecurring and impairment charges, earnings increased $13,511 for the quarter and $10,221 year to date when compared to the same periods last year. This increase was the result of better than expected same store sales, expense leverage and overall expense control.

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

Year-over-year net income before and after nonrecurring and impairment charges are as follows:

	Quarter Ended August 2, 2003		July 31, 2002	
	Dollars	Diluted EPS	Dollars	Diluted EPS
~~Reported net income~~	~~$65,871~~	~~$0.48~~	~~$36,335~~	~~$0.27~~
~~Nonrecurring and impairment charges, net of tax:~~				
~~Minority interest purchase and reintegration costs~~	~~—~~	~~—~~	~~6,527~~	~~0.05~~
~~Write off of IT investment~~	~~—~~	~~—~~	~~9,498~~	~~0.07~~
~~Net income before nonrecurring and impairment charges~~	~~$65,871~~	~~$0.48~~	~~$52,360~~	~~$0.39~~

~~Year to Date Ended~~	~~August 2, 2003~~		~~July 31, 2002~~	
	~~Dollars~~	~~Diluted EPS~~	~~Dollars~~	~~Diluted EPS~~
~~Reported net income~~	~~$93,026~~	~~$0.68~~	~~$11,763~~	~~$0.09~~
~~Nonrecurring and impairment charges, net of tax:~~				
~~Minority interest purchase and reintegration costs~~	~~--~~	~~--~~	~~48,185~~	~~0.35~~
~~Cumulative effect of accounting change~~	~~--~~	~~--~~	~~13,359~~	~~0.10~~
~~Write-off of IT investment~~	~~--~~	~~--~~	~~9,498~~	~~0.07~~
~~Net income before nonrecurring and impairment charges~~	~~$93,026~~	~~$0.68~~	~~$82,805~~	~~$0.61~~

Sales
- -----

Total sales for the quarter and year to date on a 4-5-4 comparable basis increased 7.9% and 6.0% due to same store sales increases and store openings. Same store sales on a 4-5-4 comparable basis increased 3.9% for the quarter and 1.6% year to date due to several factors, including better merchandising, strong sales events and an improving retail climate. In addition, for the twelve months ended August 2, 2003, we have opened six full-line stores and one Nordstrom Rack store.

Our strongest performing merchandise divisions for the quarter were cosmetics, accessories, men's wear and women's designer apparel, followed by shoes, women's bridge, women's better, women's active wear, junior women's, and intimate apparel. Our weakest divisions were women's special sizes and children's apparel.

Gross Profit

	QTD 2003	QTD 2002	YTD 2003	YTD 2002
~~Gross profit as a percent of sales~~	~~33.6%~~	~~33.3%~~	~~33.7%~~	~~33.6%~~

Gross profit as a percentage of sales improved 27 basis points for the quarter and 13 basis points for the year to date period ended August 2, 2003, compared to the same periods last year primarily due to better than expected same store sales which allowed us to leverage buying and occupancy expenses. For the quarter, markdowns as a percent of sales were flat with last year. On a year to date basis, markdowns were higher than the prior year due to slow sales in the first quarter. Higher than expected sales volume and overall inventory control in the second quarter resulted in an 8% decrease in our inventory per square foot.

Selling, General and Administrative

	QTD 2003	QTD 2002	YTD 2003	YTD 2002
~~Selling, general and administrative expense as a percent of sales~~	~~28.1%~~	~~30.0%~~	~~29.6%~~	~~30.5%~~

For the second quarter of 2002, selling, general and administrative expense includes an impairment charge of $15,570 related to the write-down of an information technology investment in a supply chain tool at our manufacturing division.

Excluding this charge, selling, general and administrative expenses as a percentage of sales for the quarter decreased to 28.1% from 29.1% in the prior year. Excluding this charge on a year to date basis, selling, general and administrative expenses decreased to 29.6% from 29.9% in the prior year. These decreases resulted from leverage on better than expected same store sales and overall expense control. We saw the most significant improvements in direct selling labor, information technology expenses and distribution costs.

Interest Expense

Interest expense, net increased for the quarter and year to date periods ended August 2, 2003 when compared to the same periods in 2002 due to approximately $6,423 in additional expense resulting from the repurchase of $43,325 in debt.

Service Charge Income and Other

Service charge income and other, net increased for the quarter and year to date periods ended August 2, 2003 primarily due to gains recorded from our VISA securitization. Securitization gains continued as increased sales on our VISA cards have led to higher receivable balances and related revenues, while the cost of funds declined and bad debt write-offs stabilized.

Minority Interest Purchase and Reintegration Costs

During 2002, we purchased the outstanding shares of Nordstrom.com, Inc. series C preferred stock for $70,000. 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 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 prior year to date effective tax rate to 62.5% before the cumulative effect of accounting change.

Also in 2002, $10,432 of expense was recognized related to the purchase of the outstanding Nordstrom.com options and warrants.

The following table presents the charges resulting from the minority interest purchase and reintegration of Nordstrom.com:

	July 31, 2002	
	Three Months Ended	Six Months Ended
Excess of the purchase price over the fair market value of the preferred stock	$ (659)	$40,389
Nordstrom.com option/warrant buyback expense	10,432	10,432
Professional fees incurred	1,348	2,347
	$11,121	$53,168

Cumulative Effect of Accounting Change
- -------------------------------------
During the first quarter of 2002, we completed the initial review required by SFAS No. 142 "Goodwill and Other Intangible Assets." As a result of our review, we recorded a cumulative effect of accounting change of $13,359, net of tax, or $0.10 per share on a diluted basis.

Seasonality
- ------------
Our business, like that of other retailers, is subject to seasonal fluctuations. Our anniversary sale in July and the holidays in December result in higher sales in the second and fourth quarters of the fiscal year. Accordingly, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year.

GAAP Sales Reconciliation (Dollars in millions)
- ---
We converted to a 4-5-4 Retail Calendar at the beginning of 2003. This change in our fiscal calendar has resulted in one less day of sales being included in our second quarter versus the same period in the prior year and two additional days of sales for the current year to date versus the same period last year. Sales performance numbers included in this document have been calculated on a comparative 4-5-4 basis. We believe that adjusting for the difference in days provides a more comparable basis (4-5-4 vs 4-5-4) from which to evaluate sales performance. The following reconciliation bridges the reported GAAP sales to the 4-5-4 comparable sales.

Sales Reconciliation ($M)	QTD 2003 Sales	QTD 2002 Sales	Dollar Increase	% Change Total Sales	% Change Comp Sales
Number of Days Reported GAAP	91	92			
Reported GAAP Sales	$1,795.0	$1,655.6	$139.4	8.4%	4.5%
Less May 1-4, 2002 sales	-	($65.2)			
Plus August 1-3, 2002 sales	-	$73.0			
Reported 4-5-4 sales	$1,795.0	$1,663.4	$131.6	7.9%	3.9%
4-5-4 Adjusted Days	91	91			

%

Change %
Change Dollar
Total Comp
Sales
Reconciliation
($M) YTD 2003
YTD 2002
Increase
Sales Sales -

-- ---------
--------- ---
----- -------
-- --------
Number of
Days Reported
GAAP 183 181
Reported GAAP
Sales
$3,138.5
$2,901.3
$237.2 8.2%
3.1% Less
Feb. 1, 2003
($18.2) -
Less Feb. 1-
2, 2002 sales
- ($30.4)
Plus August
1-3, 2002
sales - $73.0
--------- ---

Reported 4-5-
4 sales
$3,120.3
$2,943.9
$176.4 6.0%
1.6% --------
- ---------
4-5-4
Adjusted Days
182 182

LIQUIDITY AND CAPITAL RESOURCES:
- --------------------------------
We finance our working capital needs and capital expenditures with cash provided by operations and borrowings.

Cash Flow from Operations
- -------------------------
Net cash provided by operating activities for the year to date period ended August 2, 2003 increased compared to the same period last year. This increase was primarily a result of a decrease in inventory from better than expected same store sales and overall inventory control, partially offset by an increase in the retained interest of our VISA securitization and a reduction in our accounts payable balance. The increase in the retained interest was a result of increased sales on our VISA card while the change in accounts payable resulted from timing differences.

Capital Expenditures
- --------------------
For the year to date period ended August 2, 2003, net cash used in investing activities decreased primarily due to the $70,000 payment for the acquisition of the outstanding shares of Nordstrom.com, Inc. series C preferred stock in 2002. In addition, net capital expenditures decreased from a planned reduction in new store openings.

We opened one full-line store in Houston, TX during the first quarter of 2003. In August 2003, we also opened a full-line store in Austin, TX and two Nordstrom Rack stores in Chicago, IL and Sunrise, FL. Throughout the remainder of the year, we expect to open two full-line stores in Richmond, VA and Wellington Green, FL and relocate our Lynnwood, WA full-line store. Gross square footage for the year is expected to increase approximately 4% from 18,428,000 to 19,109,000.

Financing

For the year to date period ended August 2, 2003, cash used by financing activities decreased primarily due to the scheduled retirement of $76,750 in medium-term notes in the prior year partially offset by our current year debt buyback of $43,325.

Debt Buyback

In the second quarter, we purchased $40,825 of our 8.95% senior notes and $2,500 of our 6.7% medium-term notes for a total cash payment of $50,054. Approximately $6,423 of expense was recognized in the second quarter of 2003 related to this purchase.

In August 2003, we purchased an additional $14,500 of our 8.95% senior notes for a total cash payment of $16,397. Approximately $1,800 of expense will be recognized in the third quarter of 2003 related to this purchase.

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, sales return, income taxes, self-insurance liabilities, post-retirement benefits, contingent liabilities and litigation. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. No changes to our methodologies have occurred since our disclosures in the 2002 Annual Report.

Recent Accounting Pronouncements

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" for certain decisions made by the FASB as part of the Derivatives Implementation Group process. SFAS No. 149 also amends SFAS No. 133 to incorporate clarifications of the definition of a derivative. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, and should be applied prospectively. Adoption of SFAS No. 149 did not have an impact on our earnings or financial position.

FORWARD-LOOKING INFORMATION 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 condensed consolidated financial statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We entered into a variable interest rate swap agreement in the second quarter of 2003. The swap has a $250,000 notional amount and a 5.5-year term. Under the agreement, we receive a fixed rate of 5.63% and pay a variable rate based on LIBOR plus a margin of 2.3% set at six-month intervals (3.55% at August 2, 2003). The swap agreement qualifies as a fair value hedge and is recorded at its market value of ($15,283) in other liabilities.

Item 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this Quarterly Report on Form 10-Q, 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 (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities and Exchange Act of 1934 (the "Exchange Act")). 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.

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The information required under this item is included in the following section of Part I, Item 1 of this report:

Note 8 in Notes to Condensed Consolidated Financial Statements

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

We held our Annual Shareholders Meeting on May 20, 2003, at which time the shareholders voted on the following proposals:

(1) Election of nine directors for a one-year term each.

Name of Candidate	For	Withheld
D. Wayne Gittinger	107,940,890	5,459,227
Enrique Hernandez, Jr.	110,233,575	3,166,542
Jeanne P. Jackson	111,808,631	1,591,486
John A. McMillan	112,242,469	1,157,648
Bruce A. Nordstrom	111,808,900	1,591,217
John N. Nordstrom	111,808,220	1,591,897
Alfred E. Osborne, Jr.	105,941,325	7,458,792
William D. Ruckelshaus	105,888,526	7,511,591
Stephanie M. Shern	111,804,582	1,595,535
Alison A. Winter	111,801,990	1,598,127

There were no abstentions and no broker non-votes.

(2) Ratification of the appointment of Deloitte and Touche LLP as auditors.

The vote was 109,915,286 for, 2,761,957 against, and there were 722,874 abstentions. There were no broker non-votes.

(3) Shareholder proposal regarding expensing stock options

The vote was 41,181,941 for, 57,215,120 against, and there were 1,957,745 abstentions and 13,045,311 broker non-votes.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.1 1997 Stock Option Plan, amended and restated as of February 16, 2000.

10.2 Nordstrom Executive Deferred Compensation Plan (2003 Restatement).

31.1 Certification of Chief Executive Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer regarding periodic report containing financial statements as required by Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer regarding periodic report containing financial statements as required by Section 906 of the Sarbanes-Oxley Act of 2002.

Item 6. Exhibits and Reports on Form 8-K (Cont.)

(b) Reports on Form 8-K

We filed a Form 8-K on May 7, 2003 attaching a press release to announce our preliminary April 2003 sales results and earnings guidance for the first quarter of 2003.

We filed a Form 8-K on May 19, 2003 attaching a press release to announce our results of operations for the quarter ending May 3, 2003.

We filed a Form 8-K on June 5, 2003 attaching a press release to announce our preliminary May 2003 sales results.

We filed a Form 8-K on July 10, 2003 attaching a press release to announce our preliminary June 2003 sales results.

SIGNATURES

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

NORDSTROM, INC.
(Registrant)

/s/ Michael G. Koppel

Michael G. Koppel
Executive Vice President and Chief Financial Officer
(Principal Accounting and Financial Officer)

Date: September 9, 2003

NORDSTROM INC. AND SUBSIDIARIES

Exhibit Index
Exhibit
Method of
Filing - ----
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------- ~~10.1 1997 Stock Option Plan, amended Filed herewith electronically and restated as of February 16, 2000 10.2 Nordstrom Executive Deferred Filed herewith electronically Compensation Plan (2003 Restatement) 31.1 Certification of Chief Executive Filed herewith electronically Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002 31.2 Certification of Chief Financial Filed herewith electronically Officer required by Section 302(a) of the Sarbanes-Oxley Act of 2002 32.1 Certification of Chief Executive Filed herewith electronically Officer regarding periodic report containing financial statements as required by Section 906 of the Sarbanes-Oxley Act of 2002 32.2 Certification of Chief Financial~~

~~Filed herewith electronically Officer regarding periodic report containing financial statements as required by Section 906 of the Sarbanes-Oxley Act of 2002~~