

NORDSTROM

Nordstrom Announces First Quarter Charges

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SEATTLE, May 13, 2002 /PRNewsire-FirstCall via Comtex/ -- Nordstrom, Inc. (NYSE: JWN) today announced that an agreement has been reached with Benchmark Capital Partners and Madrona Investment Group, the venture capital firms that hold a minority interest in Nordstrom.com, the company's Internet and catalog subsidiary. Under that agreement, Nordstrom, Inc. will acquire all of their minority interest in Nordstrom.com for \$70 million.

(Photo: <http://www.newscom.com/cgi-bin/prnh/20001011/NORDLOGO>)

The acquisition of the minority interest and the costs associated with this transaction will result in a non-recurring charge equal to the difference between that \$70 million and the fair value of the shares acquired. The exact dollar amount of this charge is still being determined, but it is not expected to exceed the estimated range of \$55 to \$65 million that was disclosed in the Company's financial statements for the year ended January 31, 2002. The majority of this non-recurring charge will be recorded in the first quarter, ended April 30, 2002.

The company had previously reported that, based on a Put Agreement, entered into upon the formation of Nordstrom.com, the company granted Benchmark and Madrona the right to sell their shares in Nordstrom.com to the company for effectively \$80 million if certain events did not occur. The agreement announced today fulfills all of the rights and obligations contained in the Put Agreement.

In a separate matter, the company announced it has completed the impairment test required by the new Statement of Financial Accounting Standards No. 142 ("FAS 142"), "Goodwill and Other Intangible Assets," which went into effect February 1, 2002.

The new accounting rule eliminates amortization of goodwill, but requires annual impairment tests to ensure goodwill valuations remain appropriate. As a result of the test, the Company expects to record a non-cash, pre-tax charge of \$21.9 million in the first quarter of 2002, which will be reflected in the statement of operations as a "cumulative effect of accounting change." The after-tax impact is expected to be \$0.10 per share.

Nordstrom, Inc. is one of the nation's leading fashion specialty retailers, with 136 US stores located in 26 states. Founded in 1901 as a shoe store in Seattle, today Nordstrom operates 83 full-line stores, 46 Nordstrom Racks, four US Faconnable boutiques, two free-standing shoe stores, and one clearance store. Nordstrom also operates 24 international Faconnable boutiques, primarily in Europe. Additionally, Nordstrom serves customers through its online presence at <http://www.nordstrom.com> and through its direct mail catalogs.

Certain statements in this news release contain "forward-looking" information (as defined in the Private Securities Litigation Reform Act of 1995) that involves risks and uncertainties, including anticipated store openings and distribution channels, planned capital expenditures, and trends in company operations. Actual future results and trends may differ materially depending upon a variety of factors including, but not limited to, the company's ability to source and manage appropriate inventory, predict fashion trends and consumer apparel buying patterns, and control costs and expenses; weather conditions; hazards of nature such as earthquakes and floods; trends in personal bankruptcies and bad debt write-offs; employee relations; the company's ability to continue its expansion plans; and the impact of economic and competitive market forces, including the effects of hostile activities on the domestic economy. The company's SEC reports may contain other information on these and other factors, which could affect our financial results and cause actual results to differ from any forward-looking information we may provide.

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