

NORDSTROM

Nordstrom Second Quarter Earnings Increase 62 Percent

August 19, 2004

Board Approves Quarterly Dividend Increase of 18 Percent

SEATTLE, Aug. 19 /PRNewswire-FirstCall/ -- Nordstrom, Inc. (NYSE: JWN) today reported net earnings of \$106.9 million, or \$0.75 per diluted share, for the second quarter ended July 31, 2004, ahead of company guidance of \$0.70 to \$0.74. For the same period last year, net earnings and earnings per diluted share were \$65.9 million and \$0.48, respectively.

Total sales for the second quarter of 2004 increased 9.4 percent, to \$2.0 billion, compared to sales of \$1.8 billion in the same period last year. Second quarter same-store sales increased 6.8 percent.

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

SECOND QUARTER HIGHLIGHTS

Second quarter earnings increased 62 percent, reflecting ongoing improvement in merchandise execution, inventory management and expense control. Results can also be attributed to a successful Anniversary Sale, as this event has a significant impact on overall quarterly performance. The company is committed to delivering superior fundamental performance in all aspects of its business.

-- Same-store sales were better than plan increasing 6.8 percent for the quarter. Color, newness and fashion drove strong regular price selling across all categories and price points.

-- As a percent of sales, gross profit increased 180 basis points due to strong sell-through resulting in lower markdowns compared to the prior year.

-- Selling, general and administrative expenses improved 20 basis points compared to last year due to leverage on core operating expenses.

FULL YEAR RESULTS

Year-to-date net earnings increased 89 percent to \$175.6 million for the period ended July 31, 2004, compared to net earnings of \$93.0 million for the same period last year. Earnings per share for the same periods were \$1.23 and \$0.68, respectively.

Year-to-date total sales increased 11.8 percent to \$3.5 billion compared to prior year sales of \$3.1 billion. Same-store sales increased 9.5 percent.

EXPANSION UPDATE

During the second quarter Nordstrom did not open any stores. The company plans to open one additional store this year; a full-line store at Dadeland Mall in Miami scheduled to open in November. Gross square footage for the year is expected to increase approximately 2 percent, from 19,138,000 to 19,439,000.

QUARTERLY DIVIDEND

The company's Board of Directors approved a quarterly dividend of \$0.13 per share, an increase of 18 percent or \$0.02 per share from prior quarters, payable on September 15, 2004, to shareholders of record on August 31, 2004.

2004 OUTLOOK

The company is providing the following third quarter forecast as well as raising full-year expectations from previously stated guidance of \$2.42 - \$2.46:

	3rd Quarter 2004	Full-Year 2004
Comp-store		
Sales	1% - 3% increase	4% - 6% increase
Gross		
Profit (%)	20-30 basis point increase	100-130 basis point increase
Selling, General and Administrative		
Expense (%)	Flat to last year	70-90 basis point decrease
Service		
Charge		
Income (\$)	Flat to last year	\$11 - \$13 million increase
Interest		
Expense	\$11 - \$12 million decrease	\$11 - \$13 million decrease
Effective		

Tax Rate	39%	39%
Earnings		
per Share	\$0.35 - \$0.40	\$2.46 - \$2.50
Diluted		
Shares		
Outstanding	145.1	144.1
Prior		
Year		
Diluted		
EPS	\$0.33	\$1.76

CONFERENCE CALL INFORMATION:

Company management will be hosting a conference call and webcast to discuss second quarter results at 4:15 p.m. (EDT) today. Access to the conference call is open to the press and general public in a listen only mode. To participate, please dial, 517-319-9282 ten minutes prior to the call (passcode: NORD). A telephone replay will be available for 48 hours beginning approximately one hour after the conclusion of the call by dialing 866-499-4574. Interested parties may also access the call over the Internet by visiting the Investor Relations section of the company's corporate website at <http://about.nordstrom.com/aboutus/investor/webcasts.asp>. An archived version of the webcast will be available at this location for 30 days.

GAAP SALES PERFORMANCE

The additional information provided in this section is to comply with the Securities and Exchange Commission's Regulation G. The company converted to a 4-5-4 Retail Calendar at the beginning of 2003. Year-to-date results for 2003 includes one more day than the year-to-date for 2004. The company believes that adjusting for this difference provides a more comparable basis from which to evaluate sales performance. The following reconciliation bridges the year-to-date 2003 GAAP sales to the 4-5-4 comparable sales.

Sales		%	%			
Reconciliation	YTD	YTD	Change	Change	Total	Comp
(\$M)	2003	2004	Increase	Sales	Sales	Sales
Number of						
Days GAAP	183	182				
GAAP Sales	\$3,120.3	\$3,489.0	\$368.7	11.8%	8.8%	
Less Feb. 1,						
2003 sales	(\$18.2)	--				
Reported						
4-5-4 sales	\$3,102.1	\$3,489.0	\$386.9	12.5%	9.5%	
4-5-4						
Adjusted						
Days	182	182				

Nordstrom, Inc. is one of the nation's leading fashion specialty retailers, with 149 US stores located in 27 states. Founded in 1901 as a shoe store in Seattle, Nordstrom today operates 93 full-line stores, 49 Nordstrom Racks, five U.S. Faconnable boutiques, one freestanding shoe store, and one clearance store. Nordstrom also operates 31 international Faconnable boutiques, primarily in Europe. Additionally, Nordstrom Direct 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 results, store openings and distribution channels, planned capital expenditures, and trends in company operations. Actual future results and trends may differ materially from historical results or current expectations depending upon factors including, but not limited to, the company's ability to predict fashion trends, consumer apparel buying patterns, the company's ability to control costs, weather conditions, hazards of nature such as earthquakes and floods, trends in personal bankruptcies and bad debt write-offs, changes in interest rates, employee relations, the company's ability to continue its expansion plans, and the impact of economic and competitive market forces, including the impact of terrorist activity or the impact of a war on the company, its customers and the retail industry. Our SEC reports may contain other information on these and other factors that could affect our financial results and cause actual results to differ materially from any forward-looking information we may provide.

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NORDSTROM, INC.

CONSOLIDATED STATEMENTS OF EARNINGS - 2nd Quarter

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

	Quarter	% of sales	Quarter	% of sales
	ended	(except as	ended	(except as
	7/31/04	indicated)	8/2/03	indicated)
Net sales	\$1,953,480	100.0%	\$1,784,849	100.0%
Cost of sales				

and related buying & occupancy costs	(1,270,892)	(65.1%)	(1,194,429)	(66.9%)
Gross profit	682,588	34.9%	590,420	33.1%
Selling, general and administrative expenses	(536,233)	(27.4%)	(492,296)	(27.6%)
Operating income	146,355	7.5%	98,124	5.5%
Interest expense, net	(14,091)	(0.7%)	(26,134)	(1.4%)
Service charge income and other, net	43,002	2.2%	36,081	2.0%
Earnings before income taxes	175,266	9.0%	108,071	6.1%
Income tax expense	(68,351)	(39.0%)(1)	(42,200)	(39.0%)(1)
Net earnings	\$106,915	5.5%	\$65,871	3.7%
Earnings per share				
Basic	\$0.76		\$0.48	
Diluted	\$0.75		\$0.48	
ADDITIONAL DATA				
Average number of shares outstanding				
Basic	140,735		135,844	
Diluted	143,497		136,338	

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CONSOLIDATED STATEMENTS OF EARNINGS - Year-to-Date

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

	Year-to-Date ended 7/31/04	% of sales (except as indicated)	Year-to-Date ended 8/02/03	% of sales (except as indicated)
Net sales	\$3,488,970	100.0%	\$3,120,321	100.0%
Cost of sales and related buying & occupancy costs	(2,243,824)	(64.3%)	(2,080,524)	(66.7%)
Gross profit	1,245,146	35.7%	1,039,797	33.3%
Selling, general and administrative expenses	(988,967)	(28.4%)	(912,622)	(29.2%)
Operating income	256,179	7.3%	127,175	4.1%
Interest expense, net	(50,775)	(1.5%)	(46,362)	(1.5%)
Service charge income and other, net	82,489	2.5%	71,713	2.3%
Earnings before income taxes	287,893	8.3%	152,526	4.9%
Income tax expense	(112,251)	(39.0%)(1)	(59,500)	(39.0%)(1)
Net earnings	\$175,642	5.0%	\$93,026	3.0%
Earnings per share				
Basic	\$1.26		\$0.69	
Diluted	\$1.23		\$0.68	

ADDITIONAL DATA

Average number of shares outstanding		
Basic	139,922	135,710

Diluted	142,741	136,016
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(1) Percent of earnings before income taxes.

SOURCE Nordstrom, Inc.

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