

NORDSTROM

Nordstrom Second Quarter Earnings Increase 39 Percent

August 16, 2005

SEATTLE, Aug. 16 /PRNewswire-FirstCall/ -- Nordstrom, Inc. (NYSE: JWN) today reported net earnings of \$148.9 million, or \$0.53 per diluted share, for the second quarter ended July 30, 2005. For the same period last year, net earnings and earnings per diluted share were \$106.9 million and \$0.37, respectively.

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

Total sales for the second quarter of 2005 increased 7.8 percent, to \$2.1 billion, compared to sales of \$2.0 billion in the same period last year. Second quarter same-store sales increased 6.2 percent.

SECOND QUARTER HIGHLIGHTS

Earnings increased 39 percent in the second quarter compared to the same quarter last year, ahead of company expectations. Results reflect ongoing merchandise execution, inventory productivity and expense management improvements. The company continues to focus on providing a differentiated shopping experience and delivering superior long-term financial performance.

* Same-store sales were better than the company's plan, increasing 6.2 percent for the quarter. Regular price selling was strong throughout the quarter and the initial response to fall merchandise was favorable.

* Gross profit, as a percent of sales, increased 110 basis points due to strong sell through and a lower markdown rate compared to the prior year.

* Disciplined expense management, combined with higher than plan sales, resulted in a 120 basis point reduction in selling, general and administrative expenses on a percent to sales basis.

FULL YEAR RESULTS

Year-to-date net earnings increased 44 percent to \$253.5 million for the period ended July 30, 2005, compared to net earnings of \$175.6 million for the same period last year. Earnings per share for the same periods were \$0.91 and \$0.62, respectively.

Year-to-date total sales increased 7.8 percent to \$3.8 billion compared to prior year sales of \$3.5 billion. Same-store sales increased 6.2 percent.

EXPANSION UPDATE

No new stores were opened during the second quarter. Throughout the remainder of the year, the company plans to open three full-line stores. Stores will open in San Antonio, Texas at The Shops at La Cantera on September 16th and in Irvine, Calif. at The Irvine Spectrum on September 30th. The final opening of the year will be on November 11th in Dallas, Texas at NorthPark Center. Gross square footage for the year is expected to increase approximately 3.4 percent, from 19,397,000 to 20,048,000.

QUARTERLY DIVIDEND

The company's Board of Directors has approved a quarterly dividend of \$0.085 per share, payable on September 15, 2005, to shareholders of record on August 31, 2005.

SHARE REPURCHASE

Nordstrom repurchased approximately 917,000 shares of common stock during the second quarter for a total of \$26 million. This did not materially impact earnings per share for the quarter, as the impact on weighted average shares outstanding was insignificant.

2005 OUTLOOK

For the fiscal year ending January 28, 2006, the company is raising its prior earnings per share outlook of \$1.70-\$1.75 to \$1.80-\$1.90. This represents a 30 to 38 percent increase over the prior year. For the third quarter, the company expects three to five percent same-store sales growth and earnings per share in the range of \$0.30-\$0.35.

CONFERENCE CALL INFORMATION:

Company management will be hosting a conference call and webcast to discuss second quarter results at 5:00p.m.(ET) today. Access to the conference call is open to the press and general public in a listen only mode. To participate, please dial, 212-547-0138 ten minutes prior to the call (passcode: NORD). A telephone replay will be available for 48 hours beginning approximately one hour after the conclusion of the call by dialing 800-835-4610. Interested parties may also access the call over the Internet by visiting the Investor Relations section of the company's corporate website at <http://about.nordstrom.com/aboutus/investor/webcasts.asp> . An archived version of the webcast will be available at this location for 30 days.

Nordstrom, Inc. is one of the nation's leading fashion specialty retailers, with 152 US stores located in 27 states. Founded in 1901 as a shoe store in Seattle, today Nordstrom operates 95 full-line stores, 49 Nordstrom Racks, five Faconnable boutiques, one free-standing shoe store, and two clearance stores. Nordstrom also operates 32 international Faconnable boutiques in Europe. Additionally, Nordstrom serves customers through its online presence at <http://www.nordstrom.com> and through its catalogs. Nordstrom, Inc. is publicly traded on the NYSE under the symbol JWN.

Certain statements in this news release contain "forward-looking" information (as defined in the Private Securities Litigation Reform Act of 1995) that

involves risks and uncertainties, including anticipated results, store openings and trends in company operations. Actual future results and trends may differ materially from historical results or current expectations depending upon factors including, but not limited to, the company's ability to predict fashion trends, consumer apparel buying patterns, the company's ability to control costs, weather conditions, hazards of nature, trends in personal bankruptcies and bad debt write-offs, changes in interest rates, employee relations, the company's ability to continue its expansion plans, changes in government or regulatory requirements 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. The company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events, new information or future circumstances.

NORDSTROM, INC.

CONSOLIDATED STATEMENTS OF EARNINGS - 2nd Quarter

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

	Quarter ended 7/30/05	% of sales(1) (except as indicated)	Quarter ended 7/31/04	% of sales (except as indicated)
Net sales	\$2,106,438	100.0%	\$1,953,480	100.0%
Cost of sales and related buying & occupancy costs	(1,347,515)	(64.0%)	(1,270,892)	(65.1%)
Gross profit	758,923	36.0%	682,588	34.9%
Selling, general and administrative expenses	(551,196)	(26.2%)	(536,233)	(27.4%)
Operating income	207,727	9.9%	146,355	7.5%
Interest expense, net	(10,904)	(0.5%)	(14,091)	(0.7%)
Other income including finance charges, net	44,970	2.1%	43,002	2.2%
Earnings before income taxes	241,793	11.5%	175,266	9.0%
Income tax expense	(92,875)	(38.4%)(2)	(68,351)	(39.0%)(2)
Net earnings	\$148,918	7.1%	\$106,915	5.5%
Earnings per share				
Basic	\$0.54		\$0.38	
Diluted	\$0.53		\$0.37	
ADDITIONAL DATA				
Weighted average shares outstanding				
Basic	273,379		281,469	
Diluted	279,169		286,994	

(1) Subtotals and totals calculated as a percentage of net sales.

(2) Percent of earnings before income taxes.

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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 7/30/05	% of sales(1) (except as indicated)	Year-to-Date ended 7/31/04	% of sales (except as indicated)
Net sales	\$3,760,912	100.0%	\$3,488,970	100.0%
Cost of sales and related buying & occupancy costs	(2,393,680)	(63.6%)	(2,243,824)	(64.3%)
Gross profit	1,367,232	36.4%	1,245,146	35.7%
Selling, general and administrative expenses	(1,016,618)	(27.0%)	(988,967)	(28.4%)
Operating income	350,614	9.3%	256,179	7.3%
Interest expense, net	(23,543)	(0.6%)	(50,775)	(1.5%)
Other income including				

finance charges, net	87,702	2.3%	82,489	2.5%
Earnings before income				
taxes	414,773	11.0%	287,893	8.3%
Income tax expense	(161,317)	(38.9%)(2)	(112,251)	(39.0%)(2)
Net earnings	\$253,456	6.7%	\$175,642	5.0%
Earnings per share				
Basic	\$0.93		\$0.63	
Diluted	\$0.91		\$0.62	

ADDITIONAL DATA

Weighted average shares
outstanding

Basic	273,225	279,844
Diluted	278,832	285,481

- (1) Subtotals and totals calculated as a percentage of net sales.
(2) Percent of earnings before income taxes.

SOURCE

Nordstrom, Inc.
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