

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended July 31, 2000

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  
      \_\_\_\_\_        \_\_\_\_\_

Common stock outstanding as of August 25, 2000: 128,951,144 shares of common stock.

NORDSTROM, INC. AND SUBSIDIARIES

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

|                                                              | Three Months<br>Ended July 31, |             | Six Months<br>Ended July 31, |             |
|--------------------------------------------------------------|--------------------------------|-------------|------------------------------|-------------|
|                                                              | 2000                           | 1999        | 2000                         | 1999        |
| Net sales                                                    | \$1,449,458                    | \$1,443,395 | \$2,595,794                  | \$2,482,500 |
| Cost of sales and related<br>buying and occupancy            | (954,313)                      | (943,348)   | (1,699,968)                  | (1,631,544) |
| Gross profit                                                 | 495,145                        | 500,047     | 895,826                      | 850,956     |
| Selling, general and<br>administrative expenses              | (428,841)                      | (396,446)   | (793,699)                    | (711,863)   |
| Operating income                                             | 66,304                         | 103,601     | 102,127                      | 139,093     |
| Interest expense, net                                        | (14,296)                       | (12,483)    | (27,592)                     | (24,492)    |
| Write-down of investment                                     | (10,540)                       | -           | (10,540)                     | -           |
| Service charge income<br>and other, net                      | 33,033                         | 25,071      | 64,195                       | 53,276      |
| Earnings before income taxes                                 | 74,501                         | 116,189     | 128,190                      | 167,877     |
| Income taxes                                                 | (29,100)                       | (45,350)    | (50,000)                     | (65,500)    |
| Net earnings                                                 | \$ 45,401                      | \$ 70,839   | \$ 78,190                    | \$ 102,377  |
| Basic earnings per share                                     | \$ .35                         | \$ .51      | \$ .60                       | \$ .73      |
| Diluted earnings per share                                   | \$ .35                         | \$ .51      | \$ .60                       | \$ .72      |
| Cash dividends paid per share<br>of common stock outstanding | \$ .09                         | \$ .08      | \$ .17                       | \$ .16      |

These statements should be read in conjunction with the Notes to Consolidated Financial Statements contained herein.

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

|                                                       | July 31,<br>2000   | January 31,<br>2000 | July 31,<br>1999   |
|-------------------------------------------------------|--------------------|---------------------|--------------------|
|                                                       | -----              | -----               | -----              |
| <b>ASSETS</b>                                         |                    |                     |                    |
| Current Assets:                                       |                    |                     |                    |
| Cash and cash equivalents                             | \$ 22,693          | \$ 27,042           | \$ 69,492          |
| Short-term investment                                 | 9,373              | 25,527              | 21,506             |
| Accounts receivable, net                              | 651,525            | 616,989             | 598,506            |
| Merchandise inventories                               | 944,815            | 797,845             | 828,264            |
| Prepaid income taxes and other                        | 109,262            | 97,245              | 87,436             |
|                                                       | -----              | -----               | -----              |
| Total current assets                                  | 1,737,668          | 1,564,648           | 1,605,204          |
| Land, buildings and equipment, net                    | 1,528,147          | 1,429,492           | 1,426,021          |
| Available-for-sale investment                         | 12,944             | 35,251              | 32,259             |
| Other assets                                          | 37,616             | 32,690              | 38,464             |
|                                                       | -----              | -----               | -----              |
| <b>TOTAL ASSETS</b>                                   | <b>\$3,316,375</b> | <b>\$3,062,081</b>  | <b>\$3,101,948</b> |
|                                                       | =====              | =====               | =====              |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>           |                    |                     |                    |
| Current Liabilities:                                  |                    |                     |                    |
| Notes payable                                         | \$ 213,020         | \$ 70,934           | \$ -               |
| Accounts payable                                      | 559,780            | 390,688             | 378,043            |
| Accrued salaries, wages<br>and related benefits       | 185,728            | 211,308             | 184,708            |
| Income taxes and other accruals                       | 158,462            | 135,388             | 139,481            |
| Current portion of long-term debt                     | 591                | 58,191              | 116,146            |
|                                                       | -----              | -----               | -----              |
| Total current liabilities                             | 1,117,581          | 866,509             | 818,378            |
| Long-term debt                                        | 772,567            | 746,791             | 747,148            |
| Deferred lease credits                                | 216,749            | 194,995             | 202,513            |
| Other liabilities                                     | 55,547             | 68,172              | 59,631             |
| Shareholders' Equity:                                 |                    |                     |                    |
| Common stock, no par:                                 |                    |                     |                    |
| 250,000,000 shares authorized;                        |                    |                     |                    |
| 129,145,901, 132,279,988 and                          |                    |                     |                    |
| 138,557,608 shares issued                             |                    |                     |                    |
| and outstanding                                       | 251,336            | 247,559             | 245,890            |
| Unearned stock compensation                           | (7,662)            | (8,593)             | (9,129)            |
| Retained earnings                                     | 910,257            | 929,616             | 1,018,663          |
| Accumulated other comprehensive<br>income             | -                  | 17,032              | 18,854             |
|                                                       | -----              | -----               | -----              |
| Total shareholders' equity                            | 1,153,931          | 1,185,614           | 1,274,278          |
|                                                       | -----              | -----               | -----              |
| <b>TOTAL LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b> | <b>\$3,316,375</b> | <b>\$3,062,081</b>  | <b>\$3,101,948</b> |
|                                                       | =====              | =====               | =====              |

These statements should be read in conjunction with the Notes to Consolidated Financial Statements contained herein.

NORDSTROM, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(dollars in thousands)  
(unaudited)

|                                              | Common Stock<br>Shares | Common Stock<br>Amount | Unearned<br>Compensation | Retained<br>Earnings | Accumulated Other<br>Comprehensive<br>Income | Total       |
|----------------------------------------------|------------------------|------------------------|--------------------------|----------------------|----------------------------------------------|-------------|
| Balance at<br>February 1, 2000               | 132,279,988            | \$247,559              | \$(8,593)                | \$929,616            | \$17,032                                     | \$1,185,614 |
| Net earnings                                 | -                      | -                      | -                        | 78,190               | -                                            | 78,190      |
| Reclassification of<br>unrealized loss       | -                      | -                      | -                        | -                    | (17,032)                                     | (17,032)    |
| Comprehensive net earnings                   |                        |                        |                          |                      |                                              | 61,158      |
| Cash dividends<br>(\$ .17 per share)         | -                      | -                      | -                        | (22,287)             | -                                            | (22,287)    |
| Issuance of common stock                     | 155,256                | 3,594                  | -                        | -                    | -                                            | 3,594       |
| Stock-based compensation                     | 7,057                  | 183                    | 931                      | -                    | -                                            | 1,114       |
| Purchase and retirement of<br>common stock   | (3,296,400)            | -                      | -                        | (75,262)             | -                                            | (75,262)    |
| Balance at<br>July 31, 2000                  | 129,145,901            | \$251,336              | \$(7,662)                | \$910,257            | \$ -                                         | \$1,153,931 |
| Balance at<br>February 1, 1999               | 142,114,167            | \$230,761              | \$(4,703)                | \$1,074,487          | -                                            | \$1,300,545 |
| Net earnings                                 | -                      | -                      | -                        | 102,377              | -                                            | 102,377     |
| Unrealized gain on<br>investment, net of tax | -                      | -                      | -                        | -                    | \$18,854                                     | 18,854      |
| Comprehensive net earnings                   |                        |                        |                          |                      |                                              | 121,231     |
| Cash dividends<br>(\$ .16 per share)         | -                      | -                      | -                        | (22,616)             | -                                            | (22,616)    |
| Issuance of common stock                     | 293,747                | 8,535                  | -                        | -                    | -                                            | 8,535       |
| Stock-based compensation                     | 15,894                 | 6,594                  | (4,426)                  | -                    | -                                            | 2,168       |
| Purchase and retirement of<br>common stock   | (3,866,200)            | -                      | -                        | (135,585)            | -                                            | (135,585)   |
| Balance at<br>July 31, 1999                  | 138,557,608            | \$245,890              | \$(9,129)                | \$1,018,663          | \$18,854                                     | \$1,274,278 |

These statements should be read in conjunction with the Notes to Consolidated Financial Statements contained herein.

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

|                                                                                     | Six Months<br>Ended July 31, |           |
|-------------------------------------------------------------------------------------|------------------------------|-----------|
|                                                                                     | 2000                         | 1999      |
|                                                                                     | -----                        | -----     |
| <b>OPERATING ACTIVITIES:</b>                                                        |                              |           |
| Net earnings                                                                        | \$ 78,190                    | \$102,377 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: |                              |           |
| Depreciation and amortization                                                       | 96,493                       | 94,006    |
| Amortization of deferred lease credits and other, net                               | (5,197)                      | (2,774)   |
| Stock-based compensation expense                                                    | 1,114                        | 2,168     |
| Write-down of investment                                                            | 10,540                       | -         |
| Change in:                                                                          |                              |           |
| Accounts receivable, net                                                            | (34,536)                     | (11,371)  |
| Merchandise inventories                                                             | (146,970)                    | (77,995)  |
| Prepaid income taxes and other                                                      | (7,631)                      | 2,418     |
| Accounts payable                                                                    | 169,092                      | 38,408    |
| Accrued salaries, wages and related benefits                                        | (25,580)                     | (11,658)  |
| Income taxes and other accruals                                                     | 16,657                       | 11,097    |
| Other liabilities                                                                   | 1,119                        | 3,081     |
|                                                                                     | -----                        | -----     |
| Net cash provided by operating activities                                           | 153,291                      | 149,757   |
|                                                                                     | -----                        | -----     |
| <b>INVESTING ACTIVITIES:</b>                                                        |                              |           |
| Capital expenditures                                                                | (180,386)                    | (142,021) |
| Additions to deferred lease credits                                                 | 26,557                       | 58,538    |
| Other, net                                                                          | (5,312)                      | (4,780)   |
|                                                                                     | -----                        | -----     |
| Net cash used for investing activities                                              | (159,141)                    | (88,263)  |
|                                                                                     | -----                        | -----     |
| <b>FINANCING ACTIVITIES:</b>                                                        |                              |           |
| Increase (decrease) in notes payable                                                | 142,086                      | (78,783)  |
| Proceeds from long-term borrowings                                                  | 11,177                       | -         |
| Principal payments on long-term debt                                                | (57,807)                     | (4,984)   |
| Proceeds from issuance of common stock                                              | 3,594                        | 8,535     |
| Cash dividends paid                                                                 | (22,287)                     | (22,616)  |
| Purchase and retirement of common stock                                             | (75,262)                     | (135,585) |
|                                                                                     | -----                        | -----     |
| Net cash provided by (used for) financing activities                                | 1,501                        | (233,433) |
|                                                                                     | -----                        | -----     |
| Net decrease in cash and cash equivalents                                           | (4,349)                      | (171,939) |
| Cash and cash equivalents at beginning of period                                    | 27,042                       | 241,431   |
|                                                                                     | -----                        | -----     |
| Cash and cash equivalents at end of period                                          | \$ 22,693                    | \$ 69,492 |
|                                                                                     | =====                        | =====     |
| <b>Noncash financing activities:</b>                                                |                              |           |
| Assets acquired by incurring long-term debt                                         | \$ 14,762                    | \$ -      |
|                                                                                     | =====                        | =====     |

These statements should be read in conjunction with the Notes to Consolidated Financial Statements contained herein.

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

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

The consolidated balance sheets of Nordstrom, Inc. and subsidiaries (the "Company") as of July 31, 2000 and 1999, and the related consolidated statements of earnings, cash flows and shareholders' equity for the periods then ended, have been prepared from the accounts without audit.

The consolidated financial information applicable to interim periods is not necessarily indicative of the results for the fiscal year.

The financial information should be read in conjunction with the Notes to Consolidated Financial Statements contained in the Nordstrom, Inc. Annual Report on Form 10-K for the fiscal year ended January 31, 2000.

In the opinion of management, the consolidated financial information includes all adjustments (consisting only of normal, recurring adjustments) necessary to present fairly the financial position of Nordstrom, Inc. and subsidiaries as of July 31, 2000 and 1999, and the results of their operations and cash flows for the periods then ended, in accordance with accounting principles generally accepted in the United States of America applied on a consistent basis.

Certain reclassifications of prior year balances have been made for consistent presentation with the current year.

Recent Accounting Pronouncements

Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 137 and No. 138, requires an entity to recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Adoption of this standard, on February 1, 2001, is not expected to have a material impact on the Company's financial statements.

Note 2 - Earnings Per Share

|                                                             | Three Months<br>Ended July 31, |             | Six Months<br>Ended July 31, |             |
|-------------------------------------------------------------|--------------------------------|-------------|------------------------------|-------------|
|                                                             | 2000                           | 1999        | 2000                         | 1999        |
| Basic shares                                                | 129,669,930                    | 139,341,609 | 130,409,067                  | 140,572,417 |
| Dilutive effect of<br>stock options and<br>restricted stock | 430,217                        | 749,318     | 451,566                      | 941,536     |
| Diluted shares                                              | 130,100,147                    | 140,090,927 | 130,860,633                  | 141,513,953 |
| Antidilutive options                                        | 5,710,292                      | 1,081,444   | 5,710,292                    | 1,066,047   |

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

Note 3 - Investment

In September 1998, the Company purchased non-voting convertible preferred stock in a private company. In June 1999, the investee completed an initial public offering of common stock. Upon completion of the offering, the Company's investment was converted to common stock, which has been categorized as available-for-sale. In January 2000, the investee merged with a private company in which the Company had previously purchased preferred stock. The Company's available-for-sale investment has been adjusted to reflect the consummation of the merger.

The Company has invested \$32.8 million in common shares of the investee, which has a market value of approximately \$22.3 million. A portion of the investment is reported as short-term because the Company intends to sell it during fiscal 2000.

The investee is attempting to obtain additional capital to allow it to fund its operations beyond the current year. Due to the financial condition of the investee and general market conditions affecting companies in this market segment, the Company has determined that the decline in the fair market value of its investment is other than temporary, and has recognized a loss of \$10.5 million for the quarter ended July 31, 2000. The Company is expected to take an additional impairment charge in the third quarter related to this investment.

Note 4 - Guarantee of Debt

In February 2000, the Company entered into an agreement whereby it became the guarantor of a \$93 million credit facility provided by a group of banks to a limited partnership in which the Company owns a 49% interest. The proceeds of the credit facility are being used to construct an office building in which the Company has agreed to be the primary occupant. The credit facility provides for interest at either the LIBOR Rate plus 0.75% or the higher of the Federal Funds Rate plus 0.5% and the Prime Rate, requires a fee of 0.125% on the unused amount, and matures in August 2002.

Note 5 - Segment Reporting

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

| Three months ended<br>July 31, 2000          | Retail<br>Stores | Credit<br>Operations | Catalog/<br>Internet | Corporate<br>and Other | Eliminations | Total       |
|----------------------------------------------|------------------|----------------------|----------------------|------------------------|--------------|-------------|
| Net sales and revenues to external customers | \$1,382,950      | -                    | \$ 66,508            | -                      | -            | \$1,449,458 |
| Service charge income                        | -                | \$ 31,642            | -                    | -                      | -            | 31,642      |
| Intersegment revenues                        | 7,654            | 7,419                | -                    | -                      | \$(15,073)   | -           |
| Net earnings                                 | 85,230           | 3,923                | (6,897)              | \$ (36,855)            | -            | 45,401      |



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

Note 5 - Segment Reporting (cont.)

| Three months ended<br>July 31, 1999          | Retail<br>Stores | Credit<br>Operations | Catalog/<br>Internet | Corporate<br>and Other | Eliminations | Total       |
|----------------------------------------------|------------------|----------------------|----------------------|------------------------|--------------|-------------|
| -----                                        |                  |                      |                      |                        |              |             |
| Net sales and revenues to external customers | \$1,395,577      | -                    | \$ 47,818            | -                      | -            | \$1,443,395 |
| Service charge income                        | -                | \$ 27,106            | -                    | -                      | -            | 27,106      |
| Intersegment revenues                        | 3,521            | 7,535                | -                    | -                      | \$(11,056)   | -           |
| Net earnings                                 | 102,897          | 4,493                | (3,458)              | \$ (33,093)            | -            | 70,839      |
| -----                                        |                  |                      |                      |                        |              |             |
| Six months ended<br>July 31, 2000            | Retail<br>Stores | Credit<br>Operations | Catalog/<br>Internet | Corporate<br>and Other | Eliminations | Total       |
| -----                                        |                  |                      |                      |                        |              |             |
| Net sales and revenues to external customers | \$2,467,889      | -                    | \$127,905            | -                      | -            | \$2,595,794 |
| Service charge income                        | -                | \$ 62,594            | -                    | -                      | -            | 62,594      |
| Intersegment revenues                        | 13,974           | 12,651               | -                    | -                      | \$(26,625)   | -           |
| Net earnings                                 | 141,949          | 7,440                | (11,738)             | \$ (59,461)            | -            | 78,190      |
| -----                                        |                  |                      |                      |                        |              |             |
| Six months ended<br>July 31, 1999            | Retail<br>Stores | Credit<br>Operations | Catalog/<br>Internet | Corporate<br>and Other | Eliminations | Total       |
| -----                                        |                  |                      |                      |                        |              |             |
| Net sales and revenues to external customers | \$2,393,478      | -                    | \$ 89,022            | -                      | -            | \$2,482,500 |
| Service charge income                        | -                | \$ 55,484            | -                    | -                      | -            | 55,484      |
| Intersegment revenues                        | 7,377            | 12,512               | -                    | -                      | \$(19,889)   | -           |
| Net earnings                                 | 156,255          | 12,167               | (10,490)             | \$ (55,555)            | -            | 102,377     |

Note 6 - Contingent Liabilities

Because the cosmetics lawsuit, described in the Nordstrom, Inc. Annual Report on Form 10-K for the fiscal year ended January 31, 2000, is still in its preliminary stages, the Company is not in a position at this time to quantify the amount or range of any possible losses related to that claim. The Company intends to vigorously defend itself in that case. While no assurance can be given as to the ultimate outcome of the lawsuit, based on preliminary investigations, management currently believes that resolving the matter will not have a material adverse effect on the Company's financial position.

With regard to the Nine West lawsuit, as described in the Nordstrom, Inc. Annual Report on Form 10-K for the fiscal year ended January 31, 2000, the court has preliminarily approved a settlement and has authorized the plaintiffs to send notices of the settlement to class members. A hearing on final approval of the settlement is scheduled for December, 2000. The settlement does not admit any violation of the law or admit liability by any defendant. The settlement does not require any payment from the Company.

The Company is also subject to other ordinary routine litigation incidental to its business and with respect to which no material liability is expected.

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

THE FOLLOWING "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" INCLUDES "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THIS ACT PROVIDES A "SAFE HARBOR" FOR FORWARD-LOOKING STATEMENTS TO ENCOURAGE COMPANIES TO PROVIDE PROSPECTIVE INFORMATION ABOUT THEMSELVES SO LONG AS THEY IDENTIFY THESE STATEMENTS AS FORWARD-LOOKING AND PROVIDE MEANINGFUL CAUTIONARY STATEMENTS IDENTIFYING IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM THE PROJECTED RESULTS.

STATEMENTS MADE IN THIS FILING THAT ARE NOT HISTORICAL FACTS ARE FORWARD LOOKING INFORMATION THAT INVOLVE RISKS AND UNCERTAINTIES. FORWARD-LOOKING STATEMENTS TYPICALLY ARE IDENTIFIED BY THE USE OF SUCH TERMS AS "MAY," "WILL," "EXPECT," "BELIEVE," "ANTICIPATE," "ESTIMATE," "PLAN" AND SIMILAR WORDS, ALTHOUGH SOME FORWARD-LOOKING STATEMENTS ARE EXPRESSED DIFFERENTLY. YOU SHOULD BE AWARE THAT OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE CONTAINED IN THE FORWARD-LOOKING STATEMENTS DUE TO A NUMBER OF FACTORS, WHICH INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING: THE COMPANY'S ABILITY TO PREDICT FASHION TRENDS, CONSUMER APPAREL BUYING PATTERNS, THE COMPANY'S ABILITY TO CONTROL COSTS AND EXPENSES, THE COMPANY'S ABILITY TO OVERCOME TECHNOLOGICAL PROBLEMS, TRENDS IN PERSONAL BANKRUPTCIES AND BAD DEBT WRITE-OFFS, EMPLOYEE RELATIONS, ADVERSE WEATHER CONDITIONS AND OTHER HAZARDS OF NATURE SUCH AS EARTHQUAKES AND FLOODS, THE COMPANY'S ABILITY TO CONTINUE ITS STORE, BRAND AND LINE EXPANSION PLANS, AND THE IMPACT OF COMPETITIVE MARKET FORCES. YOU SHOULD NOT PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH APPLY ONLY AS OF THE DATE OF THIS REPORT.

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH THE MANAGEMENT'S DISCUSSION AND ANALYSIS SECTION OF THE NORDSTROM, INC. ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED JANUARY 31, 2000.

Results of Operations:

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During the second quarter of 2000, sales increased 0.4% compared to the corresponding quarter in 1999. For the six-month period, sales increased 4.6% compared to the corresponding period in 1999. Comparable store sales (sales in stores open at least one full fiscal year at the beginning of the fiscal year) decreased 4.5% for the quarter and 0.3% for the six-month period, primarily due to calendar variations, the most significant of which was a shift in the timing of the 2000 Anniversary Sale which resulted in five fewer days included in the second quarter of 2000 than were in the 1999 second quarter.

Gross profit (net sales less cost of sales and related buying and occupancy expenses) as a percentage of net sales decreased to 34.2% in the second quarter of 2000, as compared to 34.6% in the same period in 1999 due primarily to a lack of sales leverage and to higher buying costs. For the six-month period, gross profit as a percentage of net sales improved to 34.5%, as compared to 34.3% in the same period in 1999, due primarily to an increase in markups at the full-line stores.

For the second quarter of 2000, selling, general and administrative expenses as a percentage of net sales increased to 29.6%, compared to 27.4% for the second quarter of 1999. For the six-month period, selling, general and administrative expenses as a percentage of net sales were 30.6%, compared to 28.7% for the corresponding period in 1999. The increase for the quarter and

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

six-month period was due to several factors. Selling costs increased due primarily to high levels of staffing relative to sales volumes and higher wage and overtime rates in certain regions. Promotional expenses increased primarily due to the Company's National Brand Campaign and increased catalog production costs due to new catalogs for Nordstrom.com. Information services costs also increased due to the Company's process redesign initiatives for the retail stores and higher web design expenses for certain Nordstrom.com projects. Additionally, credit expenses increased due to numerous credit card marketing programs.

Interest expense, net increased by 14.5% during the quarter, to \$14.3 million. For the six-month period, interest expense, net increased 12.7% to \$27.6 million. The increase for the quarter and the six-month period was due to higher average borrowing levels, as compared to the prior year, which were mainly used to finance the Company's capital spending and share repurchase activity.

A loss of \$10.5 million has been recognized for the quarter ended July 31, 2000 to write down the value of an investment in common shares of a public company. The Company's investment of \$32.8 million had a market value of \$22.3 million as of July 31, 2000. This investee is attempting to obtain additional capital to allow it to fund its operations beyond the current fiscal year. However, the Company is expected to take an additional impairment charge in the third quarter related to this investment due to the financial condition of the investee and general market conditions affecting companies in this market segment.

Service charge income and other, net increased by 31.8% during the quarter, to \$33.0 million. For the six-month period, service charge income and other, net increased 20.5% to \$64.2 million. The increase for the quarter and the six-month period was due to higher accounts receivable securitization income, and higher service charge and late fee income associated with increases in the number of credit accounts and credit sales.

Net earnings for the quarter ended July 31, 2000 decreased 35.9% to \$45.4 million from \$70.8 million in the same period in 1999. Net earnings for the six months ended July 31, 2000 decreased 23.6% to \$78.2 million from \$102.4 million in the same period in 1999. The decrease for the quarter and the six-month period was primarily due to flat sales impacted by timing of event and calendar variations and higher selling, general and administrative expenses, partially offset by higher service charge income. Net earnings were also impacted by a \$10.5 million pretax charge related to the write-down of an investment.

For the second quarter ended July 31, 2000, diluted earnings per share were \$0.35, a decrease of 31.4% from the \$0.51 achieved in the same period in 1999. For the six-month period ended July 31, 2000, diluted earnings per share were \$0.60, a decrease of 16.7% from the \$0.72 achieved in the same period in 1999. The decrease in diluted earnings per share for the quarter and six-month period was due primarily to flat sales, higher selling, general and administrative expenses and the write-down of an investment (\$0.05 per share after tax), partially offset by a decrease in the number of shares outstanding.

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

Liquidity and Capital Resources:

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The Company finances its working capital needs, capital expenditures and share repurchase activity with cash provided by operations and outside borrowings. The Company's cash and cash equivalents decreased \$4.3 million during the six-month period ended July 31, 2000, as cash used for investing activities was slightly more than the cash provided by operations. The increase in accounts payable was primarily due to a change in the Company's policy to pay its vendors based on receipt of goods rather than the invoice date.

During the quarter, the Company opened four new Rack stores in Plano, Texas; Hurst, Texas; Glendale, California and Troy, Michigan. Additionally, in August 2000, the Company opened three full-line stores in Frisco, Texas; Broomfield, Colorado and Roseville, California, and one Rack store in Honolulu, Hawaii. The Company plans to open another two full-line stores and four Rack stores during the remainder of fiscal year 2000.

Although the Company has made commitments for stores opening in 2000 and beyond, it is possible that in one or more instances store site negotiations may be terminated and the store may not be built or delays may occur. Furthermore, environmental and land use regulations and the difficulties encountered by shopping center developers in securing financing could make future development of stores more difficult, time-consuming and expensive.

In November 1999, the Board of Directors authorized an additional repurchase of \$150 million of the Company's common stock. During the six months ended July 31, 2000, the Company repurchased 3.3 million shares of its common stock for an aggregate of approximately \$75 million. At July 31, 2000, the Company had remaining share repurchase authorization of approximately \$93 million.

Seasonality

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The Company's business, like that of other retailers, is subject to seasonal fluctuations. Due to the Company's 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. Accordingly, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is subject to the risk of fluctuating interest rates in the normal course of business, primarily as a result of its short-term borrowing and investment activities which generally bear interest at variable rates. Because the short-term borrowings and investments, other than the investment in marketable equity securities, have maturities of three months or less, the Company believes that the risk of material loss is low, and that the carrying amount approximates fair value. The Company's investment in marketable equity securities is classified as available-for-sale and is recorded on the balance sheet at fair value based upon the quoted market price with unrealized gains or losses reported as a separate component of accumulated other comprehensive income. Realized gains and losses and declines in value judged to be

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (CONT.)

other than temporary are included in net earnings. At July 31, 2000, the Company had outstanding borrowings of \$213 million under short-term notes payable, which bear interest from 6.52% to 6.60%, and mature from August 1, 2000 to August 7, 2000.

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 6 in Notes to Consolidated Financial Statements

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

The Company held its Annual Shareholders Meeting on May 16, 2000, at which time the shareholders voted on the following proposals:

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

| Name of Candidate      | For         | Withheld   |
|------------------------|-------------|------------|
| D. Wayne Gittinger     | 115,792,379 | 2,039,390  |
| Enrique Hernandez, Jr. | 114,129,829 | 3,701,940  |
| Ann D. McLaughlin      | 106,429,344 | 11,402,425 |
| John A. McMillan       | 116,799,290 | 1,032,479  |
| Bruce A. Nordstrom     | 116,794,204 | 1,037,565  |
| John N. Nordstrom      | 116,798,053 | 1,033,716  |
| Alfred E. Osborne, Jr. | 106,458,438 | 11,373,331 |
| William D. Ruckelshaus | 116,256,072 | 1,575,697  |
| John J. Whitacre       | 106,458,800 | 11,372,969 |
| Bruce G. Willison      | 106,770,518 | 11,061,251 |

There were no abstentions and no broker non-votes.

(2) Approval of the Employee Stock Purchase Plan

The vote was 98,432,403 for, 3,133,930 against, and there were 266,338 abstentions. There were no broker non-votes.

(3) Approval of an Amendment to the 1997 Employee Stock Option Plan, to increase the number of shares of common stock authorized under the 1997 Employee Stock Option Plan to 18 million.

The vote was 81,233,827 for, 20,289,215 against, and there were 318,704 abstentions. There were no broker non-votes.

(4) Ratification of appointment of Deloitte and Touche LLP as auditors

The vote was 117,008,319 for, 627,881 against, and there were 195,568 abstentions. There were no broker non-votes.

Item 4. Submission of Matters to a Vote of Security Holders (CONT.)  
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(5) Shareholder proposal regarding a report on Vendor Standards compliance mechanisms and progress in achieving compliance for its vendors.

The vote was 8,847,694 for, 88,928,101 against, and there were 4,056,907 abstentions. There were no broker non-votes.

Item 6. Exhibits and Reports on Form 8-K  
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(a) Exhibits  
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- (3.1) Bylaws (as amended and restated on May 16, 2000) of the Registrant are filed herein as an Exhibit.
- (10.1) Third Amendment to the Transfer and Administration Agreement dated August 11, 1999 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A. is filed herein as an Exhibit.
- (10.2) Fourth Amendment to the Transfer and Administration Agreement dated March 1, 2000 between Enterprise Funding Corporation, Nordstrom fsb, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A. is filed herein as an Exhibit.
- (10.3) Fifth Amendment to the Transfer and Administration Agreement dated July 20, 2000 between Enterprise Funding Corporation, Nordstrom fsb, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A. is filed herein as an Exhibit.
- (10.4) First Amendment to the Master Pooling and Servicing Agreement dated March 1, 2000, between Nordstrom fsb and Wells Fargo Bank West, N.A., as trustee, is filed herein as an Exhibit.
- (27.1) Financial Data Schedule is filed herein as an Exhibit.

(b) Reports on Form 8-K  
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No reports on Form 8-K were filed during the quarter for which this report is filed.

On September 7, 2000, the Company filed an 8-K reporting senior management changes that occurred on August 31, 2000, including the appointment of Blake Nordstrom as president of the Company and Bruce Nordstrom as chairman of the board of directors. Additionally, it was reported that John Whitacre, out-going chairman and chief executive officer, and Mike Stein, executive vice president and chief financial officer, had resigned effective August 31, 2000.

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

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Michael G. Koppel  
Vice President and Corporate Controller  
(Principal Accounting Officer)

Date: September 13, 2000  
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NORDSTROM, INC. AND SUBSIDIARIES

Exhibit Index

| Exhibit<br>-----                                                                                                                                                                                                                                    | Method of Filing<br>-----     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 3.1 Bylaws (as amended and restated on May 16, 2000) of the Registrant                                                                                                                                                                              | Filed herewith electronically |
| 10.1 Third Amendment to the Transfer and Administration Agreement dated August 11, 1999 between Enterprise Funding Corporation, Nordstrom National Credit Bank, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A. | Filed herewith electronically |
| 10.2 Fourth Amendment to the Transfer and Administration Agreement dated March 1, 2000 between Enterprise Funding Corporation, Nordstrom fsb, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A.                   | Filed herewith electronically |
| 10.3 Fifth Amendment to the Transfer and Administration Agreement dated July 20, 2000 between Enterprise Funding Corporation, Nordstrom fsb, The Financial Institutions From Time to Time Parties Thereto, and Nationsbank, N.A.                    | Filed herewith electronically |
| 10.4 First Amendment to the Master Pooling and Servicing Agreement dated March 1, 2000, between Nordstrom fsb and Wells Fargo Bank West, N.A., as trustee,                                                                                          | Filed herewith electronically |
| 27.1 Financial Data Schedule                                                                                                                                                                                                                        | Filed herewith electronically |



BYLAWS  
OF  
NORDSTROM, INC.

(Amended and Restated as of May 16, 2000)

ARTICLE I  
Offices  
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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  
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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 ten (10). 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 contract 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

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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  
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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  
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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  
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The fiscal year of the corporation shall begin on the first day of February and end on the thirty-first day of January in each year.

ARTICLE IX  
Dividends  
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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  
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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  
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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, being or having been such a director or officer, is or was serving 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 (and not in any other capacity in which service was or is rendered by such indemnitee unless required 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  
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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  
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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.



THIRD AMENDMENT TO TRANSFER AND ADMINISTRATION AGREEMENT

This THIRD AMENDMENT TO TRANSFER AND ADMINISTRATION AGREEMENT (this "Amendment"), dated as of August 11, 1999 is among ENTERPRISE FUNDING CORPORATION, a Delaware corporation (the "Company"), NORDSTROM NATIONAL CREDIT BANK, a national banking association (the "Transferor"), THE FINANCIAL INSTITUTIONS FROM TIME TO TIME PARTIES THERETO (collectively, the "Bank Investors" and each a "Bank Investor"), and BANK OF AMERICA, N.A. as agent for the Company and the Bank Investors (in such capacity, the "Agent") and as a Bank Investor.

PRELIMINARY STATEMENTS:

1. The Company, the Transferor, the Bank Investors, and the Agent have entered into a Transfer and Administration Agreement dated as of August 14, 1996, as amended by the First Amendment thereto, dated as of August 19, 1997, as amended by the Second Amendment thereto, dated as of July 6, 1998 (capitalized terms used and not otherwise defined herein have the meanings assigned to such terms in the "Agreement").
2. The Transferor has requested certain amendments to the Transfer and Administration Agreement.
3. The Company is, on the terms and conditions stated below, willing to grant such requests of the Transferor.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Amendments to the Agreement. Effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2 hereof, the Transfer and Administration Agreement is hereby amended as follows:

In Section 1.1 of the Agreement, the definition of "Commitment Termination Date" shall be amended such that the reference to the date appearing in such definition shall be amended to read "August 10, 2000.";

Section 2. Conditions to Effectiveness. This Amendment shall become effective when the Company has executed this Amendment and has received counterparts of this Amendment executed by the Transferor, the Collection Agent, the Bank Investors, and the Agent.

Section 3. Representations and Warranties.

(a) Authority. The Transferor has the requisite corporate power and authority to execute and deliver this Amendment and to perform its obligations hereunder and under the Agreement (as modified hereby). The execution, delivery and performance by the Transferor of this Amendment and the performance of the Agreement (as modified hereby) have been duly approved by all necessary corporate action and no other corporate proceedings are necessary to consummate such transactions.

(b) Enforceability. This Amendment has been duly executed and delivered by the Transferor. This Amendment (as modified hereby) is the legal, valid and binding obligation of the Transferor, enforceable against the Transferor in accordance with its terms, and is in full force and effect.

(c) Representations and Warranties. The representations and warranties contained in the Agreement (other than any such representations or warranties that, by their terms, are specifically of the Transferor made as of a date other than the date hereof) are correct on and as of the date hereof as though made on and as of the date hereof.

(d) No Termination Event. No event has occurred and is continuing that constitutes a Termination Event.

#### Section 4. Reference to and Effect on the Transfer and Administration Agreement.

(a) Except as specifically amended and modified above, the Agreement is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

(b) The execution, delivery and effectiveness of this Amendment shall not operate as waiver of any right, power or remedy of the Company under the Agreement, nor constitute a waiver of any provision of the Agreement.

Section 5. Execution in Counterparts. This amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

Section 6. Successors and Assigns. This Amendment shall bind, and the benefits hereof shall inure to the parties hereof and their respective successors and permitted assigns; provided, however, the Transferor may not assign any of its rights or delegate any of its duties under this Amendment without the prior written consent of the Company.

Section 7. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE TRANSFEROR HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN THE CITY OF NEW YORK FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 8. Severability. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ENTERPRISE FUNDING CORPORATION,  
as Company  
By: /s/ Kevin P. Burns

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Name: Kevin P. Burns  
Title: Vice President

NORDSTROM NATIONAL CREDIT BANK,  
as Transferor  
By: /s/ Kevin Knight

-----  
Name: Kevin Knight  
Title: Chairman/CEO

BANK OF AMERICA, N.A.,  
as Agent and Bank Investor  
By: /s/ Elliott Lemon

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Name: Elliott Lemon  
Title: Vice President

MORGAN GUARANTY TRUST COMPANY OF NEW  
YORK  
as Bank Investor  
By: /s/ Robert Bottamedi

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Name: Robert Bottamedi  
Title: Vice President

FOURTH AMENDMENT TO TRANSFER AND ADMINISTRATION AGREEMENT

This FOURTH AMENDMENT TO TRANSFER AND ADMINISTRATION AGREEMENT (this "Amendment"), dated as of March 1, 2000 is entered into by and between NORDSTROM fsb, a federal savings bank with its main office at 7320 East Butherus Drive, Suite 100, Scottsdale, AZ 85260 and the successor in interest to Nordstrom National Credit Bank ("NNCB"), (together with its successors and permitted assigns, the "Transferor"), ENTERPRISE FUNDING CORPORATION, a Delaware corporation with its main office at 100 N. Tryon Street, NC 1-007-10-06, Charlotte, NC 28255-0001 (together with its successors and permitted assigns, the "Company"), THE FINANCIAL INSTITUTIONS FROM TIME TO TIME PARTIES THERETO (collectively, the "Bank Investors" and each a "Bank Investor") and BANK OF AMERICA, N.A., a national banking association ("NationsBank"), as agent for the Company and the Bank Investors (in such capacity, the "Agent") and as a Bank Investor.

WHEREAS, the NNCB, the Company, the Bank Investors and the Agent have entered into a Transfer and Administration Agreement dated as of August 14, 1996, as amended by a first amendment thereto dated as of August 19, 1997, a second amendment thereto dated as of July 6, 1998 and a third amendment thereto dated as of August 9, 1999 (as amended to the date hereof, the "Transfer and Administration Agreement");

WHEREAS, effective March 1, 2000, NNCB has ceased operation under a national bank charter, and has simultaneously transferred all its assets pursuant to a plan of conversion to an entity governed by a federal savings bank charter issued by the Office of Thrift Supervision and has changed its name from Nordstrom National Credit Bank to Nordstrom fsb, whereupon Nordstrom fsb immediately resumed the operations that NNCB had ceased to perform; and

WHEREAS, all other conditions precedent to the execution of this Amendment have been complied with.

NOW THEREFORE, in consideration of the mutual agreements set forth herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the Transferor, the Company, the Agent and each Bank Investor agree as follows:

Section 1. Except as otherwise specifically set forth in this Amendment, capitalized terms used herein as defined terms but not defined herein shall have the meanings assigned to them in the Transfer and Administration Agreement.

Section 2. Assumption. Pursuant to Section 7.2 of the Pooling and Servicing Agreement, Nordstrom fsb hereby assumes the performance of every covenant and obligation of the Transferor under the Pooling and Servicing Agreement and shall benefit from all the rights granted to the Transferor under the Pooling and Servicing Agreement.

Section 3. Amendment to Definition of Transferor. The definition of "Transferor" set forth in the Transfer and Administration Agreement is hereby amended to read as follows:

"Transferor" shall mean Nordstrom fsb, a federal savings bank, and its permitted successors and assigns.

Section 4. Amendment to Section 3. 1. Section 3.1 (a) of the Transfer and Administration Agreement is hereby amended by substituting the words "federal savings bank" for the words "national banking association".

Section 5. Amendment to Section 3.3. Section 3.3(b) of the Transfer and Administration Agreement is hereby amended by substituting the words "federal savings bank" for the words "national banking association".

Section 6. Amendment to Section 6.3. Section 6.3 of the Transfer and Administration Agreement is hereby amended by replacing the notice address of the Bank provided therein with the following: "Nordstrom fsb, 7320 East Butherus Drive, Suite 100, Scottsdale, AZ 85260, Attention: President, Telephone: (480) 596-3365, Telecopy: (480) 596-7923 with a copy to: Nordstrom fsb, Colorado Service Center, 13531 East Caley Avenue, Englewood, Colorado 80111, Attention: Senior Vice President & Treasurer, Telephone: (303) 397-4780, Fax: (303) 397-4811".

Section 7. Consent to Conversion of Charter and Name Change. The Company, the Agent and each Bank Investor hereby consent to the conversion of Transferor's charter and to Transferor's name change, as described in the above recitals, and further consent and agree that Nordstrom fsb is the permitted successor in interest to NNCB for all purposes of the Transfer and Administration Agreement, and waive any prior notice requirements with respect to such conversion and name change set forth in Section 3.4(e) or elsewhere in the Transfer and Administration Agreement.

Section 8. Governing Law. This Amendment shall be construed in accordance with the laws of the State of New York, 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 9. Severability. If any, one or more of the covenants, agreements, provisions or terms of this Amendment 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 Amendment and shall in no way affect the validity or enforceability of the other provisions of this Amendment.

Section 10. Counterparts. This Amendment may be executed in any number of 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 11. Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

NORDSTROM fsb,  
as Transferor  
By: /s/ Kevin Knight

-----  
Name: KEVIN KNIGHT  
Title: CEO

BANK OF AMERICA, N.A.,  
as Agent and as a Bank Investor  
By: /s/ Elliott Lemon

-----  
Name: Elliott Lemon  
Title: Vice President

ENTERPRISE FUNDING CORPORATION,  
as Company  
By: /s/ Kevin P. Burns

-----  
Name: Kevin P. Burns  
Title: Vice President

MORGAN GUARANTY TRUST COMPANY OF NEW  
YORK, as a Bank Investor  
By: /s/ Robert Bottamedi

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Name: Robert Bottamedi  
Title: Vice President



FIFTH AMENDMENT TO TRANSFER AND ADMINISTRATION AGREEMENT

This FIFTH AMENDMENT TO TRANSFER AND ADMINISTRATION AGREEMENT (this "Amendment"), dated as of July 20, 2000 is entered into by and between NORDSTROM fsb, a federal savings bank with its main office at 7320 East Butherus Drive, Suite 100, Scottsdale, AZ 85260 and the successor in interest to Nordstrom National Credit Bank C'NNCB "), (together with its successors and permitted assigns, the "Transferor"), ENTERPRISE FUNDING CORPORATION, a Delaware corporation with its main office at 100N. Tryon Street, NCI-0-07-to-06, Charlotte, NC 28255-0001 (together with its successors and permitted assigns, the "Company"), THE FINANCIAL INSTITUTIONS FROM TIME TO TIME PARTIES THERETO (collectively, the "Bank Investors" and each a "Bank Investor") and BANK OF AMERICA, N.A., a national banking association ("NationsBank"), as agent for the Company and the Bank Investors (in such capacity, the "Agent") and as a Bank Investor.

WHEREAS, the NNCB, the Company, the Bank Investors and the Agent have entered into a Transfer and Administration Agreement. dated as of August 14, 1996, as amended by a first amendment thereto dated as of August 19, 1997, a second amendment thereto dated as of July 6, 1998, a third amendment thereto dated as of August 9, 1999, and a fourth amendment thereto dated as of March 1, 2000 (as amended to the date hereof, the "Transfer and Administration Agreement");

NOW THEREFORE, in consideration of the mutual agreements set forth herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the Transferor, the Company, the Agent and each Bank Investor agree as follows:

Section 1. Except as otherwise specifically set forth in this Amendment, capitalized terms used herein as defined terms but not defined herein shall have the meanings assigned to them in the Transfer and Administration Agreement.

Section 2. Amendment to Section 1. 1.

(a) Section 1.1 of the Transfer and Administration Agreement is hereby amended by substituting the date referenced in the definition of "Commitment Termination Date" to read "July 19, 2001

(b) Section 1.1 of the Transfer and Administration Agreement is hereby amended by changing the definition of "Facility Limit" to read as follows:

"Facility Limit" shall mean \$204,000,000; provided that such amount may not at any time exceed the aggregate Commitments at any time in effect; provided, further, that from and after the Termination Date the Facility Limit shall at all times equal the Class A Invested Amount plus the aggregate Interest Component of all outstanding Related Commercial Paper.

Section 3. Governing Law. This Amendment shall be construed in accordance with the laws of the State of New York, 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 4. Severability. If any one or more of the covenants, agreements, provisions or terms of this Amendment 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 Amendment and shall in no way affect the validity or enforceability of the other provisions of this Amendment.

Section 5. Counterparts. This Amendment may be executed in any number of 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 6. Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

NORDSTROM fsb,  
as Transferor  
By: /s/ Kevin Knight

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Name: KEVIN KNIGHT  
Title: CEO

BANK OF AMERICA, N.A.,  
as Agent and as a Bank Investor  
By: /s/ Elliott Lemon

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Name: Elliott Lemon  
Title: Vice President

ENTERPRISE FUNDING CORPORATION,  
as Company  
By: /s/ Kevin P. Burns

-----  
Name: Kevin P. Burns  
Title: Vice President

MORGAN GUARANTY TRUST COMPANY OF NEW  
YORK, as a Bank Investor  
By: /s/ Robert Bottamedi

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Name: Robert Bottamedi  
Title: Vice President

FIRST AMENDMENT TO MASTER POOLING AND SERVICING AGREEMENT

This FIRST AMENDMENT TO MASTER POOLING AND SERVICING AGREEMENT (this "Amendment"), dated as of March 1, 2000, is entered into by and between NORDSTROM fsb, a federal savings bank with its main office at 7320 East Butherus Drive, Suite 100, Scottsdale, AZ 85260 and the successor in interest to Nordstrom National Credit Bank ("NNCB"), as Transferor and Servicer (together with its successors and permitted assigns, "Nordstrom fsb") and WELLS FARGO BANK WEST, N.A., successor to Norwest Bank Colorado, National Association, a national banking association, with its main office at 1740 Broadway, Denver CO 80274, as trustee (together with its successors in trust thereunder as provided in the Agreement referred to below, the "Trustee").

WHEREAS, NNCB and the Trustee have entered into a Master Pooling and Servicing Agreement, dated as of August 14, 1996 (the "Master Pooling and Servicing Agreement"), as supplemented by the Supplemental Agreement to Assume Obligations dated May 28, 1999, and NNCB, the Trustee and Nordstrom Credit, Inc. have entered into a Series 1996-A Supplement dated as of August 14, 1996, (the "Supplement" and together with the Master Pooling and Servicing Agreement, the "Agreement") providing for the issuance by the Nordstrom Credit Card Master Trust (the "Trust") of two (2) classes of certificates (collectively, the "Series 1996-A Certificates");

WHEREAS, effective March 1, 2000, NNCB has ceased operation under a national bank charter, and has simultaneously transferred all its assets pursuant to a plan of conversion to an entity governed by a federal savings bank charter issued by the Office of Thrift Supervision and has changed its name from Nordstrom National Credit Bank to Nordstrom fsb, whereupon Nordstrom fsb immediately resumed the operations that NNCB had ceased to perform;

WHEREAS, the parties desire to amend the Master Pooling and Servicing Agreement to reflect such charter and name changes;

WHEREAS, this Amendment is entered into pursuant to Section 13. 1 (b) of the Master Pooling and Servicing Agreement;

WHEREAS, each Series 1996-A Certificateholder is consenting to this Amendment as evidenced by its signature on the signature pages hereto;

WHEREAS, the Series 1996-A Certificates are not rated by any Rating Agency and such Series 1996-A Certificates represent all interests in the Trust and as a result no confirmation of any rating need be obtained in connection herewith; and

WHEREAS, all other conditions precedent to the execution of this Amendment have been complied with.

NOW THEREFORE, Nordstrom fsb and the Trustee are executing and delivering this Amendment in order to amend the provisions of the Master Pooling and Servicing Agreement in the manner set forth below.

Section 1. Except as otherwise specifically set forth herein, capitalized terms used herein as defined terms but not defined herein shall have the meanings assigned to them in the Master Pooling and Servicing Agreement.

Section 2. Assumption . Pursuant to Section 7.2 and 8.2 of the Master Pooling and Servicing Agreement, Nordstrom fsb hereby assumes the performance of every covenant and obligation of the Transferor under the Master Pooling and Servicing Agreement and shall benefit from all the rights granted to the Transferor under the Master Pooling and Servicing Agreement.

Section 3. Amendments.

3.1 Section 1. 1 of the Master Pooling and Servicing Agreement is hereby amended by changing the definition of "Servicer" to read as follows:

"Servicer" shall mean Nordstrom fsb, a federal savings bank, and its permitted successors and assigns, and thereafter any Person appointed as successor as herein provided to service the Receivables.

3.2 Section 1. 1 of the Master Pooling and Servicing Agreement is hereby amended by changing the definition of "Transferor" to read as follows:

"Transferor" shall mean Nordstrom fsb, a federal savings bank, as transferor of the receivables, and its permitted successors and assigns.

3.3 Section 2.3(i) of the Master Pooling and Servicing Agreement is hereby amended by substituting the words "federal savings bank" for the words "national banking association".

3.4 Section 2.4(a)(i) of the Master Pooling and Servicing Agreement is hereby amended by substituting the words "federal savings banks" for the words "national banking associations".

3.5 Section 3.3(a) of the Master Pooling and Servicing Agreement is hereby amended by substituting the words "federal savings bank" for the words "national banking association".

3.6 Section 3.3(d) of the Master Pooling and Servicing Agreement is hereby amended by substituting the words "federal savings banks" for the words "national banking associations".

3.7 Section 13.5 of the Master Pooling and Servicing Agreement is hereby amended by replacing the notice address of the Transferor and the Servicer provided therein with the following: "Nordstrom fsb, 7320 East Butherus Drive, Suite 100, Scottsdale, AZ 85260, Attention: President, Telephone: (480) 596-3365, Telecopy: (480) 596-7923 with a copy to: Nordstrom fsb, Colorado Service Center, 13531 East Caley Avenue, Englewood, Colorado 80111, Attention: Senior Vice President & Treasurer, Telephone: (303) 397-4780, Fax: (303) 397-4811".

Section 4. Consent to Conversion of Charter and Name Change. The Trustee hereby consents to the conversion of Transferor's charter and to Transferor's name change, as described in the above recitals, and further consents and agrees that Nordstrom fsb is the permitted successor in interest to NNCB for all purposes of the Master Pooling and Servicing Agreement, and waives any prior notice requirements with respect to such conversion and name change set forth in the Master Pooling and Servicing Agreement.

Section 5. Ratification of Series Supplement. As amended by this Amendment, the Master Pooling and Servicing Agreement is in all respects ratified and confirmed, and the Master Pooling and Servicing Agreement, as so amended by this Amendment, shall be read, taken and construed as one and the same instrument. This Amendment has been executed and delivered solely for the purpose of providing for the assumption of obligations in Section 2 hereof, the amendments set forth in Section 3 hereof and the consent in Section 4 hereof, and nothing herein expressed or implied shall constitute: (i) an amendment supplement or other modification to any other term, provision or condition contained in the Master Pooling and Servicing Agreement; (ii) a waiver of any right, remedy, power or privilege of any Investor Certificateholder thereunder; or (iii) a waiver of the performance, compliance or observance by the Transferor or the Trustee of any of its respective covenants, obligations or other agreements contained therein, except as specifically set forth in Section 4 above. By executing this Amendment, Nordstrom fsb hereby confirms in all respects each term, condition, representation, warranty, covenant and agreement-set forth in the Master Pooling and Servicing Agreement (except that to the extent that any such representation or warranty speaks as of an earlier date, such representation or warranty shall be made only as of such earlier date, and except as expressly modified by this Amendment) and agrees that the same shall continue in full force and effect.

Section 6. Costs and Expenses. The Transferor shall pay all of the costs and expenses of the Trustee and the other signatories hereto (including out of pocket expenses and reasonable attorneys fees and disbursements) incurred by them in connection with the preparation, execution and delivery of this Amendment.

Section 7. Governing Law. This Amendment shall be construed in accordance with the laws of the State of New York, 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 8. Severability. If any one or more of the covenants, agreements, provisions or terms of this Amendment 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 Amendment and shall in no way affect the validity or enforceability of the other provisions of this Amendment.

Section 9. Counterparts. This Amendment may be executed in any number of 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 10. Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

NORDSTROM, fsb,  
as Transferor and Servicer

By: /s/ Kevin Knight

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Name: KEVIN KNIGHT  
Title: CEO

WELLS FARGO BANK WEST, N.A., successor  
to Norwest Bank Colorado, National  
Association, as Trustee

By:

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Name:  
Title:

Each of the undersigned hereby consents to the foregoing Amendment in accordance with Section 3.4(f) of the Transfer and Administration Agreement by and between NORDSTROM fsb, a federal savings bank and successor in interest to Nordstrom National Credit Bank, ENTERPRISE FUNDING CORPORATION, a Delaware corporation (the "Company"), THE FINANCIAL INSTITUTIONS FROM TIME TO TIME PARTIES THERETO (collectively, the "Bank Investors" and each a "Bank Investor") and BANK OF AMERICA, N.A., a national



banking association, as agent for the Company and the Bank Investors (in such capacity, the "Agent") and as a Bank Investor., dated as of August 14, 1996, as amended by a first amendment thereto dated as of August 19, 1997, a second amendment thereto dated as of July 6, 1998, a third amendment thereto dated as of August 9, 1999 and a fourth amendment dated as of March 1, 2000.

BANK OF AMERICA, N.A.,  
as Agent and as a Bank Investor  
By: /s/ Elliott Lemon

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Name: Elliott Lemon  
Title: Vice President

ENTERPRISE FUNDING CORPORATION,  
as Company  
By: /s/ Kevin P. Burns

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Name: Kevin P. Burns  
Title: Vice President

MORGAN GUARANTY TRUST COMPANY OF  
NEW YORK, as a Bank Investor  
By: /s/ Robert Bottamedi

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Name: Robert Bottamedi  
Title: Vice President

