
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) February 19, 2008

NORDSTROM, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

WASHINGTON	001-15059	91-0515058
(STATE OR OTHER JURISDICTION OF INCORPORATION)	(COMMISSION FILE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
1617 SIXTH AVENUE, SEATTLE, WASHINGTON (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)		98101 (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (206) 628-2111

INAPPLICABLE
(FORMER NAME OR FORMER ADDRESS IF CHANGED SINCE LAST REPORT)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 19, 2008 the Compensation Committee (the "Committee") of the Board of Directors of Nordstrom, Inc. (the "Company") approved the following executive compensation actions relative to the Company's Named Executive Officers as set forth in the Company's proxy statement dated April 12, 2007 (the "NEOs"):

Named Executive Officer	2007 Bonus (1)
Blake W. Nordstrom President	\$ 377,860
Peter E. Nordstrom EVP and President, Merchandising	\$ 350,870
Erik B. Nordstrom EVP and President, Stores	\$ 350,870
Michael G. Koppel EVP and Chief Financial Officer	\$ 197,597
Daniel F. Little EVP and Chief Administrative Officer	\$ 180,772

(1) The 2007 cash bonuses were determined based on the achievement of pre-established performance measures set by the Committee under the shareholder approved Nordstrom, Inc. Executive Management Group Bonus Plan.

No changes in base compensation were approved.

On February 19, 2008, the Committee also awarded stock option grants to the Company's five NEOs, effective February 28, 2008. Stock options were granted pursuant to the terms of the Nordstrom, Inc. 2004 Equity Incentive Plan (the "Plan"). Stock option grants have a term of ten years with an exercise price equivalent to the fair market value of the Company's stock on February 28, 2008. Vesting occurs at the rate of 25% annually beginning one year from the date of grant. The number of options to be awarded to each individual is a function of base pay, a long-term incentive (LTI) percentage and the fair value of an option. The Binomial Lattice model is used to estimate the fair value of an option. This model requires the input of certain assumptions, including risk-free interest rate, volatility, dividend yield, and expected life. The formula for determining the number of options granted is:

$$\text{No. of Options} = (\text{base pay} * \text{LTI} \%) / \text{option fair value}$$

The 2008 Stock Option Award Agreement and Form of Notice is attached hereto as Exhibit 10.1.

On February 19, 2008, the Committee also awarded Performance Share Units

("PSUs") to the Company's five NEOs. PSUs are granted pursuant to the terms of the Nordstrom, Inc. 2004 Equity Incentive Plan. PSUs entitle the participant to settle in shares of Company Common Stock or to elect cash in lieu thereof upon the achievement of such performance goals as may be established by the Committee at the time of grant based on any one or combination of certain performance criteria enumerated in the Plan. The 2008 PSUs are earned over a three-year period from fiscal year 2008 through fiscal year 2010. The percentage of PSUs granted that will actually be earned at the end of the three-year period is based upon the Company's total shareholder return compared to the total shareholder return of companies in a pre-defined group of retail peers. Additionally, PSUs will only be earned if the Company's total shareholder return for the period is positive. The number of units to be awarded to each individual is a function of base pay, a long-term incentive (LTI) percentage and the value of a performance share unit (discounted to reflect the risk of forfeiture). The formula for determining the number of units granted is:

$$\text{No. of Units} = (\text{base pay} * \text{LTI} \%) / \text{discounted stock price}$$

The 2008 Performance Share Unit Award Agreement and Form of Notice is attached hereto as Exhibit 10.2.

Also on February 19, 2008, the Committee certified the level of attainment of the pre-established performance goals for the 2005 PSU grant relating to fiscal years 2005 through 2007 at 125%. The PSUs for the NEOs were all paid in cash. The number of PSUs vested and the corresponding cash payment to settle those PSUs for each of the NEOs was as follows:

Named Executive Officer	2005 PSUs Vested	Value of PSUs Paid in Cash
Blake W. Nordstrom President	16,875	\$ 670,613
Peter E. Nordstrom EVP and President, Merchandising	10,245	\$ 407,136
Erik B. Nordstrom EVP and President, Stores	10,245	\$ 407,136
Michael G. Koppel EVP and Chief Financial Officer	9,282.5	\$ 368,887
Daniel F. Little EVP and Chief Administrative Officer	8,437.5	\$ 335,306

On February 20, 2008, the Committee established bonus goals, performance levels and award levels that may be earned during the fiscal year ending January 31, 2009 ("Fiscal Year 2008") under the Company's shareholder approved Executive Management Group Bonus Plan (the "Plan"). Under the Plan, bonus awards are paid only when performance goals are achieved. The bonus target and maximum payments are expressed as a percentage of base salary and the bonus goals vary by position depending on each participant's area of responsibility and influence.

Fiscal Year 2008 bonus arrangements for the Company's NEOs were established by the Compensation Committee as follows (Earnings before interest and taxes is referred to in the table below as "EBIT" and Return on Invested Capital is referred to as "ROIC"):

Name and Principal Position	Bonus Target as a % of Base Salary	Bonus Maximum as a % of Base Salary	Bonus Measures and Weighting
Blake W. Nordstrom President	100%	250%	EBIT with an ROIC threshold 100%
Peter E. Nordstrom EVP and President, Merchandising	100%	250%	EBIT with an ROIC threshold 100%
Erik B. Nordstrom EVP and President, Stores	100%	250%	EBIT with an ROIC threshold 100%
Michael G. Koppel EVP and Chief Financial Officer	60%	150%	EBIT with an ROIC threshold 75% Cost/asset productivity 12.5% Reporting, Forecasting and Communication 12.5%
Daniel F. Little EVP and Chief Administrative Officer	60%	150%	EBIT with an ROIC threshold 75% Cost/asset productivity 12.5% Multi-channel Strategy / Social Responsibility 12.5%

ITEM 8.01 Other Events.

On February 20, 2008, Nordstrom, Inc. issued a press release announcing that its Board of Directors has approved an increased quarterly dividend. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

On February 20, 2008, the Company's Board of Directors amended the Corporate Governance Guidelines to add a compensation recovery policy commonly referred to as a "clawback" as new Section 11 to the Guidelines. The policy permits the Board to recover compensation previously paid to the Company's executive officers based on financial statements that are ultimately materially restated if the executive officer engaged in grossly negligent or intentional misconduct that caused or substantially caused the need for the material misstatement. The Company's Corporate Governance Guidelines can be found on the Company's website at www.nordstrom.com, Investors Relations tab, Corporate Governance, then Guidelines. The clawback policy has also been incorporated into the 2008 Stock Option Award Agreement attached hereto as Exhibit 10.1, the 2008 Performance Share Unit Award Agreement attached hereto as Exhibit 10.2 and also applies to the Fiscal Year 2008 bonus arrangements for the Company's NEOs.

ITEM 9.01 Financial Statements and Exhibits

(d) Exhibits

10.1 2008 Stock Option Award Agreement and Form of Notice

10.2 2008 Performance Share Unit Award Agreement and Form of Notice

99.1 Nordstrom, Inc. Press Release dated February 20, 2008

SIGNATURE

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 hereunto duly authorized.

NORDSTROM, INC.

By: /s/ Lisa G. Iglesias

Lisa G. Iglesias
Executive Vice President,
General Counsel and Corporate Secretary

Dated: February 21, 2008

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
10.1	2008 Stock Option Notice Award Agreement and Form of Notice
10.2	2008 Performance Share Unit Award Agreement and Form of Notice
99.1	Nordstrom, Inc. Press Release dated February 20, 2008

Nonqualified Stock Option Agreement

Time-Vested Option

2008

A **NONQUALIFIED STOCK OPTION GRANT** for the number of shares of Common Stock (hereinafter the “Option”) as noted in the *2008 Notice of Grant of Stock Options* (the “Notice”), of Nordstrom, Inc., a Washington Corporation (the “Company”), is hereby granted to the “Optionee” on the date set forth in the Notice, subject to the terms and conditions of the Agreement. The Option is also subject to the terms, definitions and provisions of the Nordstrom, Inc. 2004 Equity Incentive Plan (the “Plan”) adopted by the Board of Directors of the Company and approved by the Company’s shareholders, which is incorporated in this Agreement. To the extent inconsistent with this Agreement, the terms of the Plan shall govern. The Compensation Committee of the Board has the discretionary authority to construe and interpret the Plan and this Agreement. The Option is subject to the following:

1. OPTION PRICE

The option price is one hundred percent (100%) of the fair market value of the Company’s Common Stock, as determined by the closing price of the Company’s Common Stock on the New York Stock Exchange on the date of grant. For this purpose, the “date of grant” is indicated in the *2008 Notice of Grant of Stock Options* and reflects either the date the Compensation Committee approves the grant, or if this date falls within a closed trading period, the first trading day thereafter that falls within an open trading window.

2. VESTING AND EXERCISING OF OPTION

Except as set forth in Section 5, the Option shall vest and be exercisable in accordance with the provisions of the Plan as follows:

(a) Schedule of Vesting and Rights to Exercise.

Years of Continuous Service Following Grant of Option	Percent of Option Vested
After 1 year	25%
After 2 years	50%
After 3 years	75%
After 4 years	100%

(b) Method of Exercise.

The Option shall be exercisable (only to the extent vested) by a written notice in a form prescribed by the Company that shall:

- (i) state the election to exercise the Option, the number of shares, the total option price, and the name, address and Social Security number of the Optionee;
- (ii) be signed by the person entitled to exercise the Option; and
- (iii) be in writing and delivered to Nordstrom Leadership Benefits (either directly or through a broker).

The Company has made arrangements with a broker for stock option management and exercises. Procedures for management and exercises shall be disseminated to the Optionee with the Agreement.

(c) Payment upon Exercise.

Payment of the purchase price of any shares with respect to which an Option is being exercised shall be by:

- (i) check or bank wire transfer,
- (ii) the surrender of shares of Common Stock previously held for at least six months by Optionee, or where not acquired by Optionee by exercising a stock option, having a fair market value at least equal to the exercise price, or
- (iii) giving an irrevocable direction for a broker approved by the Company to sell all or part of the Option shares and to deliver to the Company from the sale proceeds in an amount sufficient to pay the option exercise price and any amount required to be withheld to meet the Company’s minimum statutory withholding requirements, including the employee’s share of payroll taxes. (The balance of the sale proceeds, if any, will be delivered to the Optionee.)

The certificate(s) or shares of Common Stock as to which the Option shall be exercised shall be registered in the name of the person(s) exercising the Option unless another person is specified. An Option hereunder may not at any time be exercised for a fractional number of shares.

(d) Restrictions on Exercise.

These Options may not be exercised if the issuance of the shares upon such exercise would constitute a violation of any applicable federal or state securities or other law or valid regulation, or the Company’s Insider Trading Policy. As a condition to the exercise of these Options, the Company may require the person exercising the Options to make any representation and warranty to the Company as the Company’s counsel advises and as may be required by the Company or by any applicable law or regulation.

3. ACCEPTANCE OF OPTIONS

Although the Company does not require the Optionee’s signature upon accepting the grant, the Optionee remains subject to the terms and conditions of this Agreement.

4. NONTRANSFERABILITY OF OPTIONS

The Option may not be sold, pledged, assigned or transferred in any manner otherwise than, in the event of the Optionee’s death, either indicated on a valid Nordstrom Beneficiary Designation form, by will or the laws of descent and distribution and, except as set forth in Section 5 below, may be exercised during the lifetime of the Optionee only by the Optionee or by the guardian or legal representative of the Optionee. The terms of the Option shall be binding upon the executors, administrators, heirs and successors of the Optionee.

5. SEPARATION OF EMPLOYMENT

Except as set forth below, a vested Option may only be exercised while the Optionee is an employee of the Company. If an Optionee’s employment is terminated, the Optionee or his or her legal representative shall have the right to exercise the Option after such termination as follows:

- (a) If the Optionee dies while employed by the Company, the persons named on the Optionee's Beneficiary Designation form may exercise such rights. If no valid Beneficiary Designation form is on file with the Company, then the person to whom the Optionee's rights have passed by will or the laws of descent and distribution may exercise such rights. If the Option was granted at least six months prior to the death of the Optionee while employed by the Company, it shall continue to vest and may be exercised during the period ending four years after the Optionee's death, but in no event later than 10 years after the date of grant. If the Option was granted less than six months prior to death, such Option shall be forfeited as of the date of death.
- (b) If the Optionee is separated due to his or her disability, as defined in Section 22(e)(3) of the Internal Revenue Code, the Option, if granted at least six months prior to such separation, shall continue to vest and may be exercised during the period ending four years after separation, but in no event later than 10 years after the date of grant. If the Option was granted less than six months prior to separation due to the Optioner's disability, such Option shall be forfeited as of the date of separation.
- (c) If the Optionee is separated due to retirement between the ages of 53 and 57 with 10 continuous years of service to the Company, or upon attaining age 58, the Option, if granted at least six months prior to such retirement, shall continue to vest and may be exercised during the period ending four years after separation, but in no event later than 10 years after the date of grant. If the Option was granted less than six months prior to retirement, such Option shall be forfeited as of the date of separation.
- (d) If the Optionee's employment is terminated due to his or her embezzlement or theft of Company funds, defraudation of the Company, violation of Company rules, regulations or policies, or any intentional act that harms the Company, such Option, to the extent not exercised as of the date of termination, shall be forfeited as of that date.
- (e) If the Optionee is separated for any reason other than those set forth in subparagraphs (a), (b), (c) and (d) above, the Optionee (or Optionee's beneficiary) may exercise his or her Option, to the extent vested as of the date of his or her separation, within 100 days after separation, but in no event later than 10 years after the date of grant.

Notwithstanding anything above to the contrary, if during the term of this Option, the Optionee directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, shareholder, corporate officer, director or in any other capacity, engages or assists any third party in engaging in any business competitive with the Company; divulges any confidential or proprietary information of the Company to a third party who is not authorized by the Company to receive the confidential or proprietary information; or improperly uses any confidential or proprietary information of the Company, then the post-separation vesting and exercise rights of Options set forth above shall cease immediately, and all outstanding vested and unvested portions of the Options shall be automatically forfeited.

6. TERM OF OPTIONS

The Option may not be exercised more than 10 years from the date of original grant of these Options, and the vested portion of such Option may be exercised during such term only in accordance with the Plan and the terms of this Option.

7. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

The number and kind of shares of Company stock subject to this Option shall be appropriately adjusted, pursuant to the Plan, along with a corresponding adjustment in the option price to reflect any stock dividend, stock split, split-up, extraordinary dividend distribution, or any combination or exchange of shares, however accomplished.

8. ADDITIONAL OPTIONS

The Nordstrom Compensation Committee of the Board of Directors may or may not grant the Optionee additional stock options in the future. Nothing in this Option or any future grant should be construed as suggesting that additional grants of options to the Optionee will be forthcoming.

9. LEAVES OF ABSENCE

For purposes of this Option, the Optionee's service does not terminate due to a military leave, a sick leave or another bona fide leave of absence if the leave was approved by the Company in writing and if continued crediting of service is required by the terms of the leave or by applicable law. But, service terminates when the approved leave ends unless the Optionee immediately returns to active work.

If the Optionee goes on a leave of absence approved by the Company, then the vesting schedule specified in the *2008 Notice of Grant of Stock Options* may be adjusted in accordance with the Company's leave of absence policy or the terms of the leave.

10. TAX WITHHOLDING

In the event that the Company determines that it is required to withhold any tax as a result of the exercise of this Option, the Optionee, as a condition to the exercise of their Options, shall make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements.

11. RIGHTS AS A SHAREHOLDER

Neither the Optionee nor the Optionee's beneficiary or representative shall have any rights as a shareholder with respect to any Common Shares subject to this Option, unless and until (i) the Optionee or the Optionee's beneficiary or representative becomes entitled to receive such Common Shares by filing a notice of exercise and paying the Option Price pursuant to this Option, and (ii) the Optionee or Optionee's beneficiary or representative has satisfied any other requirement imposed by applicable law or the Plan.

12. NO RETENTION RIGHTS

Nothing in this Option or in the Plan shall give the Optionee the right to be retained by the Company (or a subsidiary of the Company) as an employee or in any capacity. The Company and its subsidiaries reserve the right to terminate the Optionee's service at any time, with or without cause.

13. CLAWBACK POLICY

This Option is subject to the Clawback Policy adopted by the Company's Board of Directors, which provides as follows:

To the extent permitted by law, if the Board of Directors, with the recommendation of the Compensation Committee, determines that any bonus, equity award, equity equivalent award or other incentive compensation has been awarded or received by a Section 16 executive officer of the Company, and that:

- (a) such compensation was based on the achievement of certain financial results that were subsequently the subject of a material restatement of the Company's financial statements filed with the Securities and Exchange Commission,
- (b) the Section 16 executive officer engaged in grossly negligent or intentional misconduct that caused or substantially caused the need for the material restatement, and
- (c) the amount or vesting of the bonus, equity award, equity equivalent or other incentive compensation would have been less had the financial statements been correct,

then the Board shall recover from the Section 16 executive officer such compensation (in whole or in part) as it deems appropriate under the circumstances.

In the event the Clawback Policy is deemed unenforceable with respect to the Options, then the award of Options subject to this Agreement shall be deemed unenforceable due to lack of adequate consideration.

14. ENTIRE AGREEMENT

The *2008 Notice of Grant of Stock Options*, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

15. CHOICE OF LAW

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington, as such laws are applied to contracts entered into and performed in such State.

NORDSTROM

Nordstrom, Inc.
2008 Notice of Grant of Stock Options

Name

Employee No: xxxxx
Grant No: xxxxx

Effective **February 28, 2008**, you were awarded nonqualified stock options under the Nordstrom, Inc. 2004 Equity Incentive Plan (the "Plan") to purchase **x,xxx** shares of Nordstrom, Inc. stock at **\$x.xx** per share.

Your grant is governed by your 2008 Nonqualified Stock Option Agreement and the terms of the Plan. Your options under this grant will vest over the four-year vesting period as outlined below:

<u>Shares</u>	<u>Vest Date</u>	<u>Expiration</u>
x,xxx	2/28/2009	2/27/2018
x,xxx	2/28/2010	2/27/2018
x,xxx	2/28/2011	2/27/2018
x,xxx	2/28/2012	2/27/2018

Please keep this Notice for your records.

If you have any questions about your grant, please contact Nordstrom Leadership Benefits at (206) 303-5855, tie line 8-805-5855, or leadership.benefits@nordstrom.com.

Performance Share Unit Award Agreement

2008

AN AWARD FOR PERFORMANCE SHARE UNITS, representing a number of shares of Common Stock (hereinafter the “Units”) as noted in the 2008 *Notice of Award of Performance Share Units* (the “Notice”), of Nordstrom, Inc., a Washington Corporation (the “Company”), is hereby granted to the “Unit holder” on the date set forth in the Notice, subject to the terms of this Agreement. The Units are also subject to the terms, definitions and provisions of the Nordstrom, Inc. 2004 Equity Incentive Plan (the “Plan”) adopted by the Board of Directors of the Company and approved by the Company’s shareholders, which is incorporated in this Agreement. Each vested Unit is equal in value to one share of Nordstrom Common Stock. To the extent inconsistent with this Agreement, the terms of the Plan shall govern. The Compensation Committee of the Board has the discretionary authority to construe and interpret the Plan and this Agreement. The Units are subject to the following:

1. VESTING AND SETTLEMENT OF UNITS

At the end of three fiscal years following the date of the Award (“the Performance Cycle”), Units shall vest and be settled in accordance with the provisions of the Plan as follows:

(a) Vesting

Except as set forth in Section 4, Units shall vest at the applicable percentage when the Compensation Committee of the Board certifies that (1) the Company’s Total Shareholder Return (TSR) is positive, and (2) its TSR performance relative to the TSR of other companies in the peer group exceeds the following corresponding percentile rankings. For purposes of determining the Company’s TSR relative to the TSR of other companies in the peer group, the share price of our Common Stock, and the share prices of the companies in the peer group, are based on the thirty (30) trading day closing price average immediately prior to the start of the Performance Cycle and the thirty (30) trading day closing price average immediately prior to the end of the Performance Cycle.

PSU Vesting % Based on Nordstrom Percentile Rank

If Nordstrom Percentile Is:	PSU Vesting Is:
>85%	125%
>75%	100%
>65%	85%
>50%	75%
<50%	0%

While the relative percentile rankings may change during the Performance Cycle based upon mergers, acquisitions, dissolutions and other industry consolidation involving the companies in the peer group, the application of the percentile vesting above is applied consistently. Generally, Units will be earned if the Nordstrom TSR for the Performance Cycle is in the top half of performers relative to the other companies in the peer group.

(b) Settlement

Units shall be settled upon vesting, unless the Unit holder has elected to defer the Units into the Executive Deferred Compensation Plan (EDCP). Such deferral election must be in writing, must be executed at least six months prior to the last day of the Performance Cycle in which the Units vest, and must be irrevocable. Upon deferral, the vested Units (and their subsequent settlement and payment) shall be governed by the terms and conditions of the EDCP as that Plan may be amended from time to time by the Company.

Unless earlier deferred into the EDCP, the Unit holder shall elect (during a period prior to settlement as prescribed by and in accordance with procedures established by the Company) to settle the Units upon vesting in either one share of Common Stock for each vested Unit, receive an equivalent amount of cash for each vested Unit, or receive a combination of cash and stock. In the event the Unitholder does not or is unable to make such a settlement election, the Units shall be settled in stock. In the event the Units are settled in cash, the amount of cash will be determined on the basis of the closing price of the Company’s Common Stock on the New York Stock Exchange on the last day of the Performance Cycle, determined at the time of vesting.

(c) Withholding Taxes

No stock certificates or cash will be distributed to the Unit holder, or amounts deferred into the EDCP, unless the Unit holder has made acceptable arrangements to pay any withholding taxes that may be due as a result of the settlement of this Award. These arrangements may include withholding shares of Common Stock that otherwise would be distributed when the Units are settled. The fair market value of the shares required to cover withholding will be applied to the withholding of taxes prior to the Unit holder receiving the remaining shares or the cash value of those shares.

(d) Restrictions on Resale

The Unit holder agrees not to sell any shares of the Company’s stock at a time when applicable laws or Company policies prohibit a sale. This restriction will apply as long as the Unit holder is an employee, consultant or director of the Company or a subsidiary or affiliate of the Company.

2. ACCEPTANCE OF UNITS

Although the Company does not require the Unit holder’s signature upon accepting the award, the Unit holder remains subject to the terms and conditions of this Agreement.

3. NONTRANSFERABILITY OF UNITS

The Units may not be sold, pledged, assigned or transferred in any manner otherwise than in the event of the Unit holder’s death, either indicated on a valid Nordstrom Beneficiary Designation form, by will or the laws of descent and distribution and, except as set forth in Section

4 below, may be settled during the lifetime of the Unit holder only by the Unit holder or by the guardian or legal representative of the Unit holder. The terms of the award shall be binding upon the executors, administrators, heirs and successors of the Unit holder.

4. SEPARATION OF EMPLOYMENT

Except as set forth below, Units vest and may only be settled while the Unit holder is an employee of the Company. If the Unit holder's employment is terminated, the Units shall continue to vest pursuant to the schedule set forth in subparagraph 1(a) above, and the Unit holder or his or her legal representative shall have the right to settlement of the Units after such termination only as follows:

- (a) If the Unit holder dies while employed by the Company, the persons named on the Unit holder's Beneficiary Designation form shall be entitled to settlement of the Units. If no valid Beneficiary Designation form is on file with the Company, then the persons to whom the Unit holder's rights have passed by will or the laws of descent and distribution shall be entitled to settlement of the Units. If the Units were granted at least six months prior to the death of the Unit holder while employed by the Company, the Unit holder's beneficiary(ies) shall be entitled to a prorated payment with respect to Units earned during the Performance Cycle based on the period of service during the term of this Agreement. If the Units were granted less than six months prior to death, the Units shall be forfeited as of the date of death with no rights to a prorated payment at settlement.
- (b) If the Unit holder is separated due to his or her disability, as defined in Section 22(e)(3) of the Internal Revenue Code, and the Units were granted at least six months prior to such separation, the Unit holder (or his or her beneficiary) shall be entitled to a prorated payment with respect to Units earned during the Performance Cycle based on the period of service during the term of this Agreement. If the Units were granted less than six months prior to separation due to the Unit holder's disability, the Units shall be forfeited as of the date of separation with no rights to a prorated payment at settlement.
- (c) If the Unit holder is separated due to retirement between the ages of 53 and 57 with 10 years of continuous service to the Company, or upon attaining age 58, and the Units were granted at least six months prior to such separation, the Unit holder (or his or her beneficiary) shall be entitled to a prorated payment with respect to Units earned during the Performance Cycle based on the period of service during the term of this Agreement. If the Units were granted less than six months prior to retirement, the Units shall be forfeited as of the date of retirement with no rights to a prorated payment at settlement.
- (d) If the Unit holder is separated for any reason other than those set forth in subparagraphs (a), (b) and (c) above, Units, to the extent not vested and settled as of the date of his or her separation, shall be forfeited as of that date.

Notwithstanding anything above to the contrary, if during the term of this Award, the Unit holder directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, shareholder, corporate officer, director or in any other capacity, engages or assists any third party in engaging in any business competitive with the Company; divulges any confidential or proprietary information of the Company to a third party who is not authorized by the Company to receive the confidential or proprietary information; or improperly uses any confidential or proprietary information of the Company, then the post-separation proration of Units and settlement rights set forth above shall cease immediately, and all outstanding vested but not settled and unvested portions of the Award shall be automatically forfeited.

5. TERM OF UNITS

Units not certified by the Compensation Committee of the Board as having vested as of the end of the Performance Cycle for which the Units were awarded, shall be forfeited.

6. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

The number and kind of shares of Company stock subject to this Award shall be appropriately adjusted pursuant to the Plan to reflect any stock dividend, stock split, split-up, extraordinary dividend distribution, or any combination or exchange of shares, however accomplished.

7. ADDITIONAL UNITS

The Compensation Committee may or may not grant the Unit holder additional Units in the future. Nothing in this Award or any future Award should be construed as suggesting that additional Unit awards to the Unit holder will be forthcoming.

8. LEAVES OF ABSENCE

For purposes of this Award, the Unit holder's service does not terminate due to a military leave, a sick leave or another bona fide leave of absence if the leave was approved by the Company in writing and if continued crediting of service is required by the terms of the leave or by applicable law. But, service terminates when the approved leave ends unless the Unit holder immediately returns to active work.

9. TAX WITHHOLDING

In the event that the Company determines that it is required to withhold any tax as a result of the settlement of Units, the Unit holder shall make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements.

10. RIGHTS AS A SHAREHOLDER

Neither the Unit holder nor the Unit holder's beneficiary or representative shall have any rights as a shareholder with respect to any Common Shares subject to these Units, unless and until the Units vest and are settled in shares of Common Stock of the Company.

11. NO RETENTION RIGHTS

Nothing in this Agreement or in the Plan shall give the Unit holder the right to be retained by the Company (or a subsidiary of the Company) as an employee or in any capacity. The Company and its subsidiaries reserve the right to terminate the Unit holder's service at any time, with or without cause.

12. CLAWBACK POLICY

The Units are subject to the Clawback Policy adopted by the Company's Board of Directors, which provides as follows:

To the extent permitted by law, if the Board of Directors, with the recommendation of the Compensation Committee, determines that any bonus, equity award, equity equivalent award or other incentive compensation has been awarded or received by a Section 16 executive officer of the Company, and that:

- (a) such compensation was based on the achievement of certain financial results that were subsequently the subject of a material restatement of the Company's financial statements filed with the Securities and Exchange Commission,
- (b) the Section 16 executive officer engaged in grossly negligent or intentional misconduct that caused or substantially caused the need for the material restatement, and
- (c) the amount or vesting of the bonus, equity award, equity equivalent or statements been correct,

then the Board shall recover from the Section 16 executive officer such compensation (in whole or in part) as it deems appropriate under the circumstances.

In the event the Clawback Policy is deemed unenforceable with respect to the Units, then the award of Units subject to this Agreement shall be deemed unenforceable due to lack of adequate consideration.

13. ENTIRE AGREEMENT

The *2008 Notice of Award of Performance Share Units*, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

14. CHOICE OF LAW

This Agreement shall be governed by, and construed in accordance with, other incentive compensation would have been less had the financial the laws of the State of Washington, as such laws are applied to contracts entered into and performed in such State.

NORDSTROM

Nordstrom, Inc.

2008 Notice of Award of Performance Share Units

Name

Employee No: xxxxx

Award No: xxxxx

On **February 19, 2008**, you were awarded **x,xxx** Performance Share Units (PSUs) under the Nordstrom, Inc. 2004 Equity Incentive Plan (the "Plan").

Your PSUs are governed by the terms of your 2008 PSU Award Agreement and the terms of the Plan. Your PSUs are earned based on the Nordstrom Total Shareholder Return (TSR) relative to the performance of our retail peer group over the three-year period ending on January 29, 2011 ("Performance Cycle").

At the end of the Performance Cycle, if Nordstrom TSR is a positive number, your PSUs will be earned as shown below:

If Nordstrom Percentile Ranking	PSU Vesting
> 85%	125%
> 75%	100%
> 65%	85%
> 50%	75%
< 50%	0%

The relative percentile rankings may change during the Performance Cycle based upon mergers, acquisitions, dissolutions and other industry consolidation involving the companies in the peer group. If that occurs, the application of the percentile vesting above will still be applied consistently, relative to the remaining or resulting members of the peer group at the end of the Performance Cycle.

TSR results are provided to you via e-mail on a quarterly basis during the fiscal year. The periodic TSR communication shows you how Nordstrom stock is performing in relation to our retail peer group for each PSU grant, and the progress that has been made toward earning your PSUs. Final vesting of PSUs will be determined by the Compensation Committee of the Board of Directors and based on the actual TSR measured at the end of the Performance Cycle.

Please keep this Notice for your records.

If you have any questions about your grant, please contact Nordstrom Leadership Benefits at (206) 303-5855, tie line 8-805-5855, or leadership.benefits@nordstrom.com.

**NORDSTROM BOARD OF DIRECTORS APPROVES
INCREASED QUARTERLY DIVIDEND**

SEATTLE — February 20, 2008 — Nordstrom, Inc. (NYSE: JWN) announced today that its board of directors approved a quarterly dividend of \$0.16 per share payable on March 14, 2008, to shareholders of record on February 29, 2008. The previous quarterly dividend amount was \$0.135 per share.

Nordstrom, Inc. is one of the nation's leading fashion specialty retailers, with 157 stores located in 28 states. Founded in 1901 as a shoe store in Seattle, today Nordstrom operates 102 Full-line stores, 50 Nordstrom Racks, two Jeffrey boutiques, one free-standing shoe store, and two clearance stores. Nordstrom also serves customers through its online presence at <http://www.nordstrom.com> and through its catalogs. Nordstrom, Inc. is publicly traded on the NYSE under the symbol JWN.

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