

For Immediate Release

February 23, 2006

NORDSTROM REPORTS FOURTH QUARTER EARNINGS PER SHARE OF 69 CENTS

SEATTLE – February 23, 2006 – Nordstrom, Inc. (NYSE: JWN) today reported net earnings of \$190.4 million, or \$0.69 per diluted share, for the fourth quarter ended January 28, 2006. For the same period last year, net earnings and earnings per diluted share were \$140.0 million and \$0.50, respectively.

Total sales for the fourth quarter of 2005 increased 9.3 percent, to \$2.3 billion, compared to sales of \$2.1 billion in the same period last year. Fourth quarter same-store sales increased 5.8 percent.

FOURTH QUARTER HIGHLIGHTS

Net earnings increased 36 percent in the fourth quarter compared to the same quarter last year, reflecting strong sales momentum and ongoing operating improvements. The company remains committed to providing a differentiated shopping experience and delivering superior long-term financial performance.

- Same-store sales increased 5.8 percent for the quarter, higher than the company's one to three percent same-store sales guidance. Continued improvement in regular price sales throughout the quarter and a successful Men's Half-Yearly clearance event drove the sales increase.
- Gross profit, as a percent of sales, increased 81 basis points. This improvement was a result of sales leverage on buying and occupancy costs.
- The same-store sales increase combined with expense control resulted in a 70 basis point reduction in selling, general and administrative expenses on a percent to sales basis.

FULL YEAR RESULTS

For the fiscal year ended January 28, 2006, net earnings increased 40 percent to \$551.3 million compared to net earnings of \$393.5 million for the same period last year. Earnings per share for the same periods were \$1.98 and \$1.38, respectively.

Total sales for the year increased 8.3 percent to \$7.7 billion compared to prior year sales of \$7.1 billion. Same-store sales increased 6.0 percent.

EXPANSION UPDATE

During the fourth quarter Nordstrom opened one full-line store in Dallas, Texas at The North Park Center. Gross square footage for the year has increased approximately 3.5 percent, from 19,397,000 to 20,070,000. On March 10, 2006, the company plans to open one store at The Gardens Mall in Palm Beach, Fla.

SHARE REPURCHASE

Nordstrom repurchased approximately 1.1 million shares of its common stock during the fourth quarter for \$40.8 million. This reduction in weighted average shares outstanding had no effect on diluted earnings per share for the quarter.

2006 OUTLOOK

For the fiscal year ending February 3, 2007, the company anticipates diluted earnings per share in the range of \$2.15 to \$2.23, which includes an estimated expense of \$0.06 per diluted share from the

adoption of SFAS No. 123(R) regarding expensing of stock options. For the first quarter, the company expects low single digit same-store sales growth and earnings per share in the range of \$0.39 to \$0.44.

CONFERENCE CALL INFORMATION:

Company management will be hosting a conference call and webcast to discuss fourth quarter results at 4:15p.m. (ET) today. Access to the conference call is open to the press and general public in a listen only mode. To participate, please dial 212-547-0138 ten minutes prior to the call (passcode: NORD). A telephone replay will be available for 48 hours beginning approximately one hour after the conclusion of the call by dialing 800-801-6165. Interested parties may also access the call over the Internet by visiting the Investor Relations section of the company's corporate website at <http://about.nordstrom.com/aboutus/investor/webcasts.asp>. An archived version of the webcast will be available at this location for 30 days.

Nordstrom, Inc. is one of the nation's leading fashion specialty retailers, with 155 US stores located in 27 states. Founded in 1901 as a shoe store in Seattle, today Nordstrom operates 98 full-line stores, 49 Nordstrom Racks, five Façonnable boutiques, one free-standing shoe store, and two clearance stores. Nordstrom also operates 32 international Façonnable boutiques in Europe. Additionally, Nordstrom serves customers through its online presence at <http://www.nordstrom.com> and through its catalogs. Nordstrom, Inc. is publicly traded on the NYSE under the symbol JWN.

Certain statements in this news release contain "forward-looking" information (as defined in the Private Securities Litigation Reform Act of 1995) that involves risks and uncertainties, including anticipated results, store openings and trends in company operations. Actual future results and trends may differ materially from historical results or current expectations depending upon factors including, but not limited to, the impact of economic and competitive market forces, including the impact of terrorist activity or the impact of a war on the company, its customers and the retail industry, the company's ability to predict fashion trends, consumer apparel buying patterns, trends in personal bankruptcies and bad debt write-offs, changes in interest rates, employee relations, the company's ability to continue its expansion plans, changes in government or regulatory requirements, the company's ability to control costs, weather conditions and hazards of nature. Our SEC reports may contain other information on these and other factors that could affect our financial results and cause actual results to differ materially from any forward-looking information we may provide. The company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events, new information or future circumstances.

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NORDSTROM, INC.
CONSOLIDATED STATEMENTS OF EARNINGS – 4th Quarter

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

	Quarter ended <u>1/28/06</u>	% of sales ¹ (except as <u>indicated</u>)	Quarter ended <u>1/29/05</u>	% of sales ¹ (except as <u>indicated</u>)
Net sales	\$2,295,818	100.0%	\$2,100,343	100.0%
Cost of sales and related buying & occupancy costs	<u>(1,435,891)</u>	(62.5%)	<u>(1,330,656)</u>	(63.4%)
Gross profit	859,927	37.5%	769,687	36.6%
Selling, general and administrative expenses	<u>(602,280)</u>	(26.2%)	<u>(565,497)</u>	(26.9%)
Operating income	257,647	11.2%	204,190	9.7%
Interest expense, net	(11,509)	(0.5%)	(13,168)	(0.6%)
Other income including finance charges, net	<u>61,302</u>	2.7%	<u>45,453</u>	2.2%
Earnings before income taxes	307,440	13.4%	236,475	11.3%
Income tax expense	<u>(117,010)</u>	(38.1%) ²	<u>(96,495)</u>	(40.8%) ²
Net earnings	<u>\$190,430</u>	8.3%	<u>\$139,980</u>	6.7%
Earnings per share				
Basic	\$0.71		\$0.51	
Diluted	\$0.69		\$0.50	

ADDITIONAL DATA

Weighted average shares outstanding		
Basic	269,783	274,889
Diluted	275,662	280,641

¹Subtotals and totals may not foot due to rounding.

²Percent of earnings before income taxes.

NORDSTROM, INC.
CONSOLIDATED STATEMENTS OF EARNINGS – Full Year

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

	Year ended <u>1/28/06</u>	% of sales ¹ (except as indicated)	Year ended <u>1/29/05</u>	% of sales ¹ (except as indicated)
Net sales	\$7,722,860	100.0%	\$7,131,388	100.0%
Cost of sales and related buying & occupancy costs	<u>(4,888,023)</u>	(63.3%)	<u>(4,559,388)</u>	(63.9%)
Gross profit	2,834,837	36.7%	2,572,000	36.1%
Selling, general and administrative expenses	<u>(2,100,666)</u>	(27.2%)	<u>(2,020,233)</u>	(28.3%)
Operating income	734,171	9.5%	551,767	7.7%
Interest expense, net	(45,300)	(0.6%)	(77,428)	(1.1%)
Other income including finance charges, net	<u>196,354</u>	2.5%	<u>172,942</u>	2.4%
Earnings before income taxes	885,225	11.5%	647,281	9.1%
Income tax expense	<u>(333,886)</u>	(37.7%) ²	<u>(253,831)</u>	(39.2%) ²
Net earnings	<u>\$551,339</u>	7.1%	<u>\$393,450</u>	5.5%
Earnings per share				
Basic	\$2.03		\$1.41	
Diluted	\$1.98		\$1.38	

ADDITIONAL DATA

Weighted average shares outstanding				
Basic	271,958		278,993	
Diluted	277,776		284,533	

¹Subtotals and totals may not foot due to rounding.

²Percent of earnings before income taxes.

NORDSTROM, INC.
CONSOLIDATED BALANCE SHEETS

(unaudited; amounts in thousands)

	<u>1/28/06</u>	<u>1/29/05</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 462,656	\$ 360,623
Short-term investments	54,000	41,825
Accounts receivable, net	638,887	645,663
Investment in asset backed securities	561,136	422,416
Merchandise inventories	955,978	917,182
Current deferred tax assets	145,470	131,547
Prepaid expenses and other	<u>55,358</u>	<u>53,188</u>
Total current assets	2,873,485	2,572,444
Land, buildings and equipment, net	1,773,871	1,780,366
Goodwill	51,714	51,714
Tradenname	84,000	84,000
Other assets	<u>137,607</u>	<u>116,866</u>
Total assets	<u>\$4,920,677</u>	<u>\$4,605,390</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 540,019	\$ 482,394
Accrued salaries, wages and related benefits	285,982	287,904
Other current liabilities	408,404	354,201
Income taxes payable	81,617	115,556
Current portion of long-term debt	<u>306,618</u>	<u>101,097</u>
Total current liabilities	1,622,640	1,341,152
Long-term debt, net	627,776	929,010
Deferred property incentives, net	364,382	367,087
Other liabilities	213,198	179,147
Shareholders' equity:		
Common stock, no par value: 1,000,000 shares authorized; 269,549 and 271,331 shares issued and outstanding	685,934	552,655
Unearned stock compensation	(327)	(299)
Retained earnings	1,404,366	1,227,303
Accumulated other comprehensive earnings	<u>2,708</u>	<u>9,335</u>
Total shareholder's equity	<u>2,092,681</u>	<u>1,788,994</u>
Total liabilities and shareholders' equity	<u>\$4,920,677</u>	<u>\$4,605,390</u>

NORDSTROM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited; amounts in thousands)

	Year Ended <u>1/28/06</u>	Year Ended <u>1/29/05</u>
Operating Activities		
Net earnings	\$551,339	\$393,450
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of buildings and equipment	276,328	264,769
Amortization of deferred property incentives and other, net	(33,350)	(31,378)
Stock-based compensation expense	13,285	8,051
Deferred income taxes, net	(11,238)	(8,040)
Tax benefit of stock option exercises and employee stock purchases	41,092	25,442
Provision for bad debt	20,918	24,639
Change in operating assets and liabilities:		
Accounts receivable	(15,140)	(2,950)
Investment in asset backed securities	(135,790)	(149,970)
Merchandise inventories	(20,804)	(11,771)
Prepaid expenses	(1,035)	(3,163)
Other assets	(3,473)	(8,143)
Accounts payable	31,721	23,930
Accrued salaries, wages and related benefits	(11,284)	15,055
Other current liabilities	38,755	58,471
Income taxes payable	(33,877)	(18,999)
Property incentives	49,480	19,837
Other liabilities	<u>19,305</u>	<u>7,116</u>
Net cash provided by operating activities	<u>776,232</u>	<u>606,346</u>
Investing Activities		
Capital expenditures	(271,659)	(246,851)
Proceeds from sale of assets	107	5,473
Purchases of short-term investments	(542,925)	(3,232,250)
Sales of short-term investments	530,750	3,366,425
Other, net	<u>(8,366)</u>	<u>(2,830)</u>
Net cash used in investing activities	<u>(292,093)</u>	<u>(110,033)</u>
Financing Activities		
Principal payments on long-term debt	(101,047)	(205,252)
Increase (decrease) in cash book overdrafts	4,946	(2,680)
Proceeds from exercise of stock options	73,023	87,061
Proceeds from employee stock purchase plan	15,600	12,892
Cash dividends paid	(87,196)	(67,240)
Repurchase of common stock	(287,080)	(300,000)
Other, net	<u>(352)</u>	<u>(752)</u>
Net cash used in financing activities	<u>(382,106)</u>	<u>(475,971)</u>
Net increase in cash and cash equivalents	102,033	20,342
Cash and cash equivalents at beginning of year	<u>360,623</u>	<u>340,281</u>
Cash and cash equivalents at end of year	<u>\$462,656</u>	<u>\$360,623</u>