

NORDSTROM INC
Form DEF 14A
March 27, 2014
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. __)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §.240.14a-12

NORDSTROM, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

1617 Sixth Avenue, Seattle, Washington 98101-1707

March 27, 2014

Dear Shareholder,

We are pleased to invite you to join the Nordstrom Board of Directors and leadership team at the 2014 Annual Meeting of Shareholders in our hometown of Seattle. The meeting will take place on Wednesday, May 7, 2014 at 11:00 a.m. Pacific Daylight Time in the John W. Nordstrom Room at 1617 Sixth Avenue, 5th floor, in downtown Seattle. If you are unable to be with us in person, please join the meeting live online at *investor.nordstrom.com*.

2013 was a significant year for Nordstrom. The ongoing evolution of retail is exciting and the pace of change, especially in e-commerce and mobile shopping, is accelerating even faster than we anticipated a year ago. This evolution validates the investments we are making to enhance our customers' experience, not only in our stores but online as well. There are many ways to shop and our focus, as it has been for over 100 years, is on serving customers in an exceptional way – no matter how they choose to connect with us.

This year we continue our efforts to present the information contained in this Proxy Statement in a clear and understandable manner. This reflects our ongoing commitment to improve the level of transparency and the quality of information we provide, and to operate our business in a way that earns our customers' continued patronage and your support as a shareholder.

In addition to this Proxy Statement, we encourage you to view our online Company Review at *nordstrom.com/companyreview* and read our 2013 Annual Report. There you will find a more complete picture of our performance and how we are working to increase shareholder value by improving the customer experience.

Finally, we encourage you to vote — regardless of the size of your share holdings. Every vote is important and your participation helps us do a better job of listening and acting on what matters to you as a shareholder. You can cast your vote online, by telephone, or by using a printed proxy card as outlined in this document.

On behalf of all of us at Nordstrom, we want to thank you for your continued support and ownership of the Company.

Sincerely,

Enrique Hernandez, Jr.
Chairman of the Board

Blake W. Nordstrom
President

Peter E. Nordstrom
*Executive Vice President
and President – Merchandising*

Erik B. Nordstrom
*Executive Vice President
and President – Stores*

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1617 Sixth Avenue, Seattle, Washington 98101-1707

Notice of Annual Meeting of Shareholders

Wednesday, May 7, 2014

11:00 a.m. Pacific Daylight Time

John W. Nordstrom Room, Downtown Seattle Nordstrom, 1617 Sixth Avenue, 5th Floor, Seattle, WA 98101

The 2014 Annual Meeting of Shareholders (the “Annual Meeting”) of Nordstrom, Inc. (the “Company”) will be held for the following purposes:

1. To elect 12 Directors identified in the accompanying Proxy Statement to serve until the 2015 Annual Meeting of Shareholders;
2. To ratify the appointment of Deloitte & Touche LLP (“Deloitte”) as Independent Auditors of the Company to serve for the 2014 fiscal year;
3. To conduct an advisory vote regarding the compensation of our Named Executive Officers; and
4. To transact any other business that may properly come before the meeting and any adjournment or postponement thereof.

You are eligible to vote if you were a shareholder of record at the close of business on March 10, 2014 (the “record date”). Shareholders are invited to attend the Annual Meeting in person. Those who are hearing impaired or require other assistance should contact the Company at 206-303-3033, so that we may facilitate your participation at the Annual Meeting.

YOUR VOTE IS VERY IMPORTANT. Whether or not you intend to be present at the Annual Meeting, you are encouraged to vote.

Seattle, Washington

March 27, 2014

By order of the Board of Directors,

Robert B. Sari

Secretary

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
2014 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 7, 2014**

The accompanying Proxy Statement and the 2013 Annual Report on Form 10-K are available at
investor.nordstrom.com

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PROXY SUMMARY

This summary highlights information described in more detail elsewhere in this Proxy Statement. It does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting. Page references are provided to help you find further information.

2014 Annual Meeting of Shareholders

Date and Time:	May 7, 2014 11:00 a.m. Pacific Daylight Time	Meeting Webcast:	<i>investor.nordstrom.com</i> , select Webcast and follow the instructions given. The webcast will be archived and available for one year following the Annual Meeting.
Place:	John W. Nordstrom Room Downtown Seattle Nordstrom 1617 Sixth Avenue, 5 th Floor Seattle, WA 98101-1707		

Eligibility to Vote

You can vote if you were a shareholder of record at the close of business on March 10, 2014.

How to Cast Your Vote (page 12)

You can vote by any of the following methods:

Internet (*www.proxyvote.com*) until 11:59 p.m. Eastern Daylight Time on May 6, 2014;

Mail, by completing, signing and returning your proxy or voting instruction card before May 6, 2014; or

Telephone, if you requested printed materials, by using the toll-free number listed on your proxy card until 11:59 p.m. Eastern Daylight Time on May 6, 2014;

In person, if you are a shareholder of record, by voting your shares at the Annual Meeting. If your shares are held in the name of a broker, nominee or other intermediary, you must obtain a proxy, executed in your favor, to bring to the meeting.

Voting Matters (page 11)

	Board Vote Recommendation	Page Reference (for more detail)
1. Election of Directors	FOR each Director Nominee	23
2. Ratification of Appointment of Independent Registered Public Accounting Firm	FOR	29
3. Advisory Vote Regarding Executive Compensation	FOR	57

Board Nominees (page 24)

Name	Age	Director Since	Occupation	Committee Memberships	Other Public Company Boards
Phyllis J. Campbell*	62	2004	Chairman of the Pacific Northwest Region of JPMorgan Chase	Audit, Finance	Alaska Air Group, Inc.
Michelle M. Ebanks*	52	2011	President of Essence Communications	Audit, Finance, Technology	None
Enrique Hernandez, Jr.*	58	1997	President and Chief Executive Officer of Inter-Con Security Systems, Inc.	Compensation, Governance and Nominating	McDonald's Corporation, Wells Fargo & Company, Chevron Corporation
Robert G. Miller*	69	2005	Chief Executive Officer of Albertsons LLC	Audit, Finance (Chair)	None
Blake W. Nordstrom	53	2005	President of Nordstrom, Inc.	N/A	None
Erik B. Nordstrom	50	2006	Executive Vice President and President – Stores of Nordstrom, Inc.	N/A	None
Peter E. Nordstrom	52	2006	Executive Vice President and President – Merchandising of Nordstrom, Inc.	N/A	None
Philip G. Satre*	64	2006	Private Investor	Compensation, Governance and Nominating (Chair)	International Game Technology
Brad D. Smith*	49	2013	President and Chief Executive Officer of Intuit, Inc.	Audit, Finance, Technology	Intuit, Inc.
B. Kevin Turner*	48	2010	Chief Operating Officer of Microsoft Corporation	Compensation, Finance, Technology (Chair)	None
Robert D. Walter*	68	2008	Private Investor	Compensation (Chair), Governance and Nominating	American Express Company, YUM! Brands, Inc.
Alison A. Winter*	67	2001	Chief Executive Officer of Braintree Holdings, LLC	Audit (Chair), Governance and Nominating	None

**Independent Director.*

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Governance of the Company (page 15)

- Nine of twelve Directors are independent and meet regularly in executive session.
- The roles of President and Chairman are separate.
- Only independent Directors are Committee members.
- Director elections have a majority voting standard, and all Directors are elected annually.
- The Board has stock ownership guidelines for Directors and Executive Officers.
- Board, Committee and Director performance evaluations are conducted annually.
- The Board and its Committees are responsible for risk oversight.
- President and management succession planning is one of the Board’s highest priorities.

Business Highlights

This year, we continued to see an evolution in retail through the accelerated pace of technology, the continuing importance of stores and the customer’s increasing desire for speed and convenience. We achieved success within this challenging business environment by staying squarely focused on customer-driven strategies and the platform for long-term profitable growth. Our performance benefitted from strong financial discipline, increased investment in technology and stores, and enhancements to our seamless customer experience across all channels. We are encouraged by the progress we have achieved to date and the opportunities that lie ahead.

Here are some of the highlights of fiscal year 2013:

TOTAL NET SALES	NET EARNINGS	SAME-STORE SALES GROWTH
<p>Achieved a new record for total net sales at over \$12 billion, a 3.4% increase over our previous high last year.</p>	<p>Achieved earnings consistent with prior year, largely reflecting ongoing investments in our customer strategy.</p>	<p>Achieved a 2.5% increase in same-store sales, with</p>

Nordstrom
Direct
achieving
30% growth.

During the course of the year, we made significant progress in these areas:

- 30% or more increase in Nordstrom Direct same-store sales for three consecutive years
- 1 million+ new customers acquired through our Direct business for two consecutive years
- 22 new Nordstrom Rack stores with total Rack sales increase of 12% and same-store sales gain of 2.7%
- 38% of total Company sales from e-commerce and the Rack, expected to reach 50% within five years
- 1 million+ new members added to our Nordstrom Rewards program resulting in 11% sales increase
- 27% increase in same-store sales for HauteLook, our online, off-price marketplace
- 27 new British brand Topshop boutiques opened in full-line stores for a total of 41
- ...continuing to serve each customer in an exceptional way

For more information please see Form 10-K or visit nordstrom.com/companyreview.

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Executive Compensation Highlights - Paying For Performance

In accordance with our pay-for-performance philosophy, the compensation program for our Named Executive Officers is very straightforward and includes four primary elements - base salary, performance-based bonus, long-term incentives and benefits. Within these elements, we emphasize variable pay over fixed pay, with 80% of target compensation linked to our financial or market results. The program also balances the importance of these executives achieving both critical short-term objectives and long-term strategic priorities that align with shareholder interests.

EMPHASIS ON VARIABLE OVER FIXED PAY AT TARGET BALANCE OF SHORT- AND LONG-TERM PAY AT TARGET

Our Variable Pay Reflects Company Performance

Under our pay-for-performance design, payouts to the Named Executive Officers in fiscal year 2013 were closely aligned with results for their variable pay components:

Performance-based bonuses paid out at approximately 64% of target Earnings Before Interest and Taxes (“EBIT”), reflecting softer sales trends partially offset by disciplined inventory and expense execution, and increased investments in technology and our stores. See page 38 to learn more about the performance-based bonus pay element and results for 2013.

Performance share units granted under the long-term incentive plan did not pay out. Although positive total shareholder return (“TSR”) of approximately 15% outpaced half of our retail peers, we did not meet the minimum threshold of greater than 50th percentile rank among the peer group over the 2011-2013 fiscal year performance cycle. See page 39 to learn more about the long-term incentive pay element and results for 2013.

Payouts for these variable compensation elements have been closely aligned with Company results for prior years, as well. The following graphs show performance-based payouts to President Blake Nordstrom relative to EBIT and TSR for fiscal year 2013 and the four prior years. This pattern of pay for performance is consistent for all the Named Executive Officers during these periods.

**ANNUAL EBIT RESULTS
AND PERFORMANCE-BASED BONUS PAYOUTS**

**3-YEAR TSR RESULTS
AND PERFORMANCE SHARE UNIT PAYOUT**

2013 EBIT reflects nonoperating related adjustments and is referred to as Incentive EBIT for bonus purposes. For 2013, Blake Nordstrom's target bonus opportunity was increased to improve the competitive level of his pay. As a result, his 2013 Bonus Payout was similar to 2012 for different levels of performance. See page 38 to learn more about performance-based bonus.

'11-'13 3-Year TSR Results reflect a level of performance that is similar to the previous period. However, Blake Nordstrom did not receive a payout at the end of the '11-'13 period as our minimum threshold requires TSR to exceed the 50th percentile rank among our retail peers, and our TSR Results were equal to the 50th percentile. See page 39 to learn more about long-term incentive pay.

Based on these and other outcomes, the Committee believes that total direct compensation for our Named Executive Officers reflects our pay-for-performance objective, is well-aligned with shareholder interests and compares favorably relative to our peers.

For more information on executive compensation, please see the Compensation Discussion and Analysis starting on page 33.

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**FREQUENTLY ASKED QUESTIONS AND ANSWERS
ABOUT THE ANNUAL MEETING**

1. Why am I receiving these materials?

The Company has made these materials available to you on the Internet or, upon your request, delivered printed versions of these materials to you by mail, because you were a shareholder of Nordstrom, Inc. as of March 10, 2014, the record date, and were entitled to receive notice of the 2014 Annual Meeting of Shareholders and to vote on matters that will be presented at the meeting.

2. What items will be voted on at the Annual Meeting?

Shareholders will vote on the following matters at the Annual Meeting:		Board Recommendation:	Page Reference (for more detail)
Proposal 1	To elect the 12 nominees to the Board of Directors (the “Board”) named in this Proxy Statement	FOR each Director Nominee	23
Proposal 2	To ratify the appointment of our Independent Registered Public Accounting Firm	FOR	29
Proposal 3	To conduct an advisory vote regarding the compensation of our Named Executive Officers	FOR	57
Other	Such other business as may properly come before the meeting and any adjournments or postponements thereof		

3. How can I view the webcast? Where is the Annual Meeting being held?

You can view the live webcast of the Annual Meeting at *investor.nordstrom.com*. Select Webcast and follow the instructions given. If you would like to attend the Annual Meeting in person, it is being held in the John W. Nordstrom Room, which is located in the Downtown Seattle Nordstrom, 1617 Sixth Avenue, 5th Floor, Seattle, Washington, 98101-1707.

**4. Why did I receive a Notice instead of a full set of proxy materials?
How can I access the proxy materials online?**

We are furnishing proxy materials to our shareholders primarily via the Internet as many of our shareholders prefer that method. By doing so, we increase the convenience of our proxy materials and reduce the environmental impact of our Annual Meeting, as well as save costs. On March 28, 2014, we mailed a Notice of Internet Availability of Proxy Materials (the “Notice”) to our shareholders who had not previously requested printed materials.

The Notice contains instructions about how to access our proxy materials and vote online. If you would like to receive a paper copy of our proxy materials, please follow the instructions included in the Notice. If you have previously chosen to receive our proxy materials electronically, you will receive access to these materials via email unless you elect otherwise.

5. What is a proxy and what is the purpose of this Proxy Statement?

If you designate another person to vote your stock, that other person is called a proxy. If you designate someone as your proxy in a written document, that document is also called a proxy or a proxy card. If you vote online or complete the proxy card enclosed with the materials sent by mail to give us your proxy, you will have designated Blake W. Nordstrom, our President, and Robert B. Sari, an Executive Vice President and our General Counsel and Secretary, as your proxies to vote your shares as you have directed. This Proxy Statement provides information about the matters to be voted on by shareholders at the Annual Meeting, along with other information regarding the governance of Nordstrom, including our Board Committee structure and executive compensation.

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6. What is the difference between a shareholder of record and a street name shareholder?

Many Nordstrom shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own names. As summarized below, there are some distinctions between shares held as a shareholder of record and those held in street name.

Shareholders of record: If your shares are registered directly in your name with Nordstrom's transfer agent, Computershare, you are considered the "shareholder of record" or a "registered shareholder," and the Notice or proxy materials are being sent directly to you by the Company. As the shareholder of record, you have the right to grant your voting proxy directly to Nordstrom or to vote in person at the Annual Meeting.

Street name shareholders: If your shares are held in a stock brokerage account or by a bank, trustee or nominee, you are considered the beneficial owner of shares held in "street name," and the Notice or proxy materials are being forwarded to you by your broker, bank or other holder of record who is considered the shareholder of record. As the street name shareholder you have the right to direct your broker, bank or other holder of record on how to vote your shares and you are invited to attend the Annual Meeting. Your broker, bank, trustee or nominee is obligated to provide you with a voting instruction form for you to use.

7. How do I cast my vote?

We encourage you to vote on the Internet or by telephone. It is convenient, and it saves us significant postage and processing costs. In addition, when you vote on the Internet or by telephone, your vote is recorded immediately and there is no risk that postal delays will cause your vote to arrive late and therefore not be counted. The method by which you vote your proxy will not limit your right to vote at the Annual Meeting if you decide to attend in person.

Shareholders of record: The Internet and telephone voting procedures are designed to verify that you are a shareholder of record by using a control number and allowing you to confirm that your voting instructions have been properly recorded. Internet and telephone voting for shareholders of record are available 24 hours a day and will close at 11:59 p.m. Eastern Daylight Time on May 6, 2014.

Voting on the Internet. You may vote on the Internet by using the voting portal found at www.proxyvote.com. You can then confirm that your instructions have been properly recorded.

Voting by Telephone. If you request printed materials, you may vote by telephone using the toll-free number listed on your proxy card. Voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

Voting by Mail. If you request printed materials, you may vote by signing, dating and returning your proxy card.

Voting in Person. You may vote your shares at the Annual Meeting.

Street name shareholders: You may vote by the method explained on the proxy card or the information you receive from the bank, broker or other record holder. If you are a street name shareholder, you must obtain a proxy, executed in your favor, from the bank, broker or other holder of record to be able to vote in person at the Annual Meeting.

Shareholders holding shares invested in the Company's 401(k) Plan & Profit Sharing: If you participate in the Company's 401(k) Plan & Profit Sharing, the number of shares of Common Stock in your account as of the record date are reflected on your proxy notice and may be voted as described above for shareholders of record. However, if your vote on those shares is not received by 11:59 p.m. Eastern Daylight Time on May 4, 2014, then the Nordstrom, Inc. Retirement Committee will vote those shares in the same proportion as all other 401(k) Plan & Profit Sharing shares that have been voted.

Shareholders holding shares purchased through the Company's Employee Stock Purchase Plan: If you hold Common Stock that you acquired through the Company's Employee Stock Purchase Plan, you are the beneficial owner of those shares and your shares may be voted as described above for street name shareholders.

8. What does it mean if I receive more than one Notice or package of proxy materials?

This means that you have multiple accounts holding Nordstrom shares. These may include: accounts with our transfer agent, Computershare; shares held in the Nordstrom 401(k) Plan & Profit Sharing or purchased through the Employee Stock Purchase Plan; and accounts with a broker, bank or other holder of record. Please vote all Notices, voting instruction forms and proxy cards that you receive to ensure that all of your shares are voted.

9. What is a quorum and what is the voting requirement to approve each of the proposals?

We will have a quorum and will be able to conduct the business of the Annual Meeting if at least 94,846,333 shares, a majority of the outstanding shares of Common Stock as of the record date, are present at the meeting, either in person or by proxy. Your shares will be counted toward the number needed for a quorum if you: (i) vote on the Internet or by telephone; (ii) submit a valid proxy card or voting instruction form; or (iii) in the case of a shareholder of record, attend the Annual Meeting in person.

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To elect directors and adopt the other proposals, the following votes are required:

Proposal	Vote Required	Discretionary Voting Allowed?
Election of Directors	Majority of Votes Cast	No
Ratification of the Appointment of Independent Registered Public Accounting Firm	Majority of Votes Cast	Yes
Advisory Vote Regarding Executive Compensation	Majority of Votes Cast	No

Under Washington corporation law and our Articles of Incorporation and Bylaws, the approval of any corporate action taken at a shareholder meeting is based on votes cast. “Votes cast” means votes actually cast “for” or “against” a particular proposal, whether by proxy or in person. Broker nonvotes (broker nonvotes and discretionary voting are explained in the answer to Question 12) and abstentions are not considered “votes cast” and have no effect on the proposals.

Election of Directors; Majority Vote Policy: In the election of Directors, the Company has adopted a majority voting standard as described in more detail on page 17 under Director Elections. Because this is an uncontested election, an incumbent director nominee will be elected if the votes cast “for” the nominee’s election exceed the votes cast “against” the nominee. If a director nominee does not receive the requisite votes, that director’s term will end on the date on which an individual is selected by the Board to fill the position held by such Director or ninety (90) days after the date the election results are determined, whichever occurs first. You may vote “for,” “against” or “abstain” with respect to the election of each nominee.

Ratification of the Appointment of Independent Registered Public Accounting Firm: Under the Company’s Bylaws, the votes cast “for” must exceed the votes cast “against” to ratify the appointment of Deloitte as the Company’s independent registered public accounting firm for the fiscal year ending January 31, 2015. You may vote “for,” “against” or “abstain” on this proposal.

Advisory Vote Regarding Executive Compensation: The votes cast “for” must exceed the votes cast “against” to approve, on an advisory basis, the Company’s executive compensation program. You may vote “for,” “against” or “abstain” on this proposal.

10. Can I change my mind after I vote?

Yes, if you vote by proxy, you may revoke that proxy at any time before it is voted at the Annual Meeting. You may do this by:

- voting again on the Internet or by telephone prior to the Annual Meeting;

- signing another proxy card with a later date and mailing it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717, prior to the Annual Meeting; or
- attending the Annual Meeting in person and delivering your proxy or casting a ballot.

11. What if I do not return my proxy card or voting instruction form or do not provide voting instructions?

Shareholders of record: If you are a registered shareholder and do not vote by Internet or phone or return your voted proxy card, your shares will not be voted. If you submit your proxy card with an unclear voting designation or no voting designation at all, your shares will be voted for the ratification of Deloitte, but not on any of the other proposals.

Street name shareholders: If you are a beneficial owner whose shares are held by a broker, your broker has discretionary voting authority under New York Stock Exchange (“NYSE”) rules to vote your shares for the ratification of Deloitte even if the broker does not receive voting instructions from you. However, your broker does not have discretionary authority to vote on the election of Directors, the advisory vote regarding executive compensation or on any shareholder proposal without instructions from you, in which case a broker nonvote will occur. Since shares that constitute broker nonvotes will not be included in vote totals and have no effect on the outcome of the election of Directors or the advisory vote regarding executive compensation, it is important that you instruct your broker on how to vote your shares.

Shareholders with shares invested in the Company’s 401(k) Plan & Profit Sharing: If your vote of shares held through the Company’s 401(k) Plan & Profit Sharing is not received by 11:59 p.m. Eastern Daylight Time on May 4, 2014, then the Company’s Retirement Committee will vote your shares in the same proportion as shares that have been voted in the 401(k) Plan & Profit Sharing. If you submit your proxy card with an unclear voting designation or no voting designation at all, your shares will be voted by the Retirement Committee “FOR” all proposals. If any additional proposals are properly presented at the Annual Meeting and any adjournment thereof, the Retirement Committee will vote on the additional proposals in accordance with their discretion.

12. Will abstentions or broker nonvotes affect the voting results?

If you abstain from voting on a proposal, or if a broker or bank indicates it does not have discretionary authority to vote on a proposal, the shares will be counted for the purpose of determining if a quorum is present, but will have no effect on the other proposals to be considered at the Annual Meeting since these actions do not represent votes cast by shareholders.

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13. Who will count the vote?

Broadridge Investor Communication Services was appointed by the Board to tabulate the vote and act as Inspector of Election. Information about Broadridge is available at *broadridge.com*. Proxies and ballots that identify the votes of individual shareholders are kept confidential from the Company's management and Directors. Only Broadridge, as the proxy tabulator and the Inspector of Election, has access to the ballots, proxy forms and voting instructions.

Broadridge will disclose information taken from the ballots, proxy forms and voting instructions only in the event of a proxy contest or as otherwise required by law.

14. Where can I find the voting results of the Annual Meeting?

We intend to announce preliminary voting results at the Annual Meeting and publish final results on a current report on Form 8-K within four business days of the Annual Meeting. The Form 8-K will be available online under the "SEC Filings" tab at *investor.nordstrom.com*.

15. Who will bear the cost of this proxy solicitation?

Nordstrom will bear the cost of this proxy solicitation, including reimbursing banks and brokers for reasonable expenses of sending out proxy materials to street name shareholders.

16. What if I have additional questions that are not addressed here?

You may call Nordstrom Investor Relations at 206-233-6564, e-mail Investor Relations at *invrelations@nordstrom.com*, or call the Corporate Secretary's Office at 206-303-2542.

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CORPORATE GOVERNANCE

Our Corporate Governance Framework

Since its founding, our Company's leaders and employees have always sought to maintain the highest ethical standards in every aspect of our business. Our corporate governance framework is designed to support this tradition of integrity, trust and unyielding commitment to do the right thing, which has served our customers and shareholders well over the years. We continue to strengthen existing governance practices and develop new policies that make us a better company. Our corporate governance framework, more fully discussed on the following pages, includes the following highlights:

Board Responsibilities, Leadership Structure and Role in Risk Oversight

The Board oversees, counsels and directs management in the long-term interests of the Company and our shareholders. The Board's responsibilities include:

- selecting and evaluating the performance of the President;
- planning for succession with respect to the position of the President and monitoring management's succession planning for other senior executives;
- reviewing and approving our major financial objectives and strategic and operational plans and other significant actions;
- monitoring the conduct of our business and the assessment of our business risks to evaluate whether the business is being properly managed; and
- overseeing the processes for maintaining our integrity with regard to our financial statements and other public disclosures, and compliance with laws and ethics.

At this time, the Board believes that different people should hold the positions of Chairman of the Board and President, as this may strengthen corporate governance and aid in the Board's oversight of management. Currently, Enrique Hernandez, Jr. serves as Chairman of the Board and Blake Nordstrom serves as President. The President is responsible for day-to-day leadership and performance of the Company, while the Chairman of the Board provides guidance to the President and presides over the full Board. The duties of our Chairman of the Board are more fully

described in the Chairman of the Board and Presiding Director section on page 16. The Board believes that this leadership structure also aids in the Board's oversight of risk and strengthens risk management.

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The full Board has primary responsibility for oversight of risk management, and has assigned to the Board's standing Committees the specific focus of the risks inherent in their respective areas of oversight. The full Board:

- considers and reviews the Company's risk appetite, which is the amount of risk the organization is willing and able to accept;
- oversees management's implementation of an appropriate system to manage risks (i.e., to identify, assess, mitigate, monitor, and communicate these risks) and monitors improvements in this process as the business environment changes;
- provides risk oversight through the Board's committee structure and processes; and
- manages directly certain risks that only the Board is positioned to manage and, in particular, the risks associated with the Company's strategic direction, which are reviewed at an annual strategy planning meeting and periodically throughout the year.

The Company has a comprehensive, structured approach to managing risks, which are identified, assessed, prioritized and managed at all levels within the Company through an enterprise risk management process which is aligned with the Company's strategy. Under this framework, management is responsible for assessing and managing the Company's exposure to risks. Management regularly reports on risks to the relevant Committee or the Board. The Board and its Committees discuss the various risks confronting the Company throughout the year, particularly when reviewing operating and strategic plans and when considering specific actions for approval. The risks are classified into four major categories: Strategic, Compliance, Operational and Financial, and mapped for the appropriate management and Board (and Committee) oversight.

Through the risk oversight process, the Board: (i) obtains an understanding of the risks inherent in the Company's strategy and management's execution of the strategy within the agreed risk appetite; (ii) accesses useful information from internal and external sources about the critical assumptions underlying the strategy; (iii) is alert for possible dysfunctional behavior within the organization which might lead to excessive risk taking; (iv) provides input to executive management regarding critical risk issues on a timely basis; and (v) encourages open communication and appropriate escalation of reporting of risk throughout the enterprise, striving to ensure that risk management is part of the corporate culture. The Board's leadership structure and the collective knowledge and experience of its members promotes a broad perspective, open dialogue and useful insights regarding risk, thereby increasing the effectiveness of the Board's role in risk oversight.

Director Independence

A Director is considered independent when our Board affirmatively determines that he or she has no material relationship with the Company, other than as a Director. Our Board makes this determination in accordance with the standards set forth in our Corporate Governance Guidelines, which are consistent with the listing standards of the NYSE and Securities and Exchange Commission ("SEC") rules. In making this determination, the Board considers

existing relationships between the Company and Directors, whether directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. The Board has affirmatively determined that the following Director nominees are independent within the meaning of the listing standards of the NYSE and the Company's Corporate Governance Guidelines, and that none of these Director nominees have a material relationship with the Company other than as a Director.

Phyllis J. Campbell
Michelle M. Ebanks
Enrique Hernandez, Jr.
Robert G. Miller
Philip G. Satre
Brad D. Smith
B. Kevin Turner
Robert D. Walter
Alison A. Winter

Chairman of the Board and Presiding Director

The Company has a Chairman of the Board who is also an independent Director and who serves as the Presiding Director within the meaning of the listing standards of the NYSE. Currently, Enrique Hernandez, Jr. serves as the Company's Chairman of the Board.

The Chairman of the Board is appointed annually by the Board. As described in the Company's Bylaws, Corporate Governance Guidelines and Charter of the Corporate Governance and Nominating Committee, the Chairman of the Board:

- presides at meetings of the Board;
- assists in establishing the agenda for each Board and Board Committee meeting;
- serves as the Presiding Director to lead regular executive sessions of the Board in which only independent Directors participate;
- calls special meetings of the Board and/or the shareholders;
- provides input and support to the Chair of the Corporate Governance and Nominating Committee on nominees to fill vacant Board seats and the selection of Committee Chairs and membership on Board Committees;
- advises the President and other members of the Executive Team on such matters as strategic direction, corporate governance and overall risk assessment; and
-

performs other duties that the Board may from time to time delegate to assist the Board in the fulfillment of its responsibilities.

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Director Elections

The Company's Bylaws provide that, in an uncontested election, a Director nominee will be elected if the number of votes cast for the nominee's election exceeds the number of votes cast against the nominee's election. An incumbent Director nominee who fails to receive the requisite votes for election will continue to serve as a Director until the earlier of: (i) 90 days from the date on which the voting results of the election are determined; or (ii) the date on which an individual is selected by the Board to fill the position held by such Director. In any election which is a contested election (meaning that the number of director nominees exceeds the number of directors to be elected), the standard for election of directors is a plurality of the votes cast by holders of shares entitled to vote in the election at a meeting at which a quorum is present.

Management Succession Planning

The Board and management believe that one of their primary responsibilities is to ensure that the Company has the appropriate leadership capability to effectively deliver upon its business commitments. The Company's management is actively engaged and involved in leadership development, having regular discussions of the leadership capabilities of the organization and the attraction, development and retention of critical talent to promote future success. In addition to the Company's regular review of leadership capabilities, the Board annually conducts a detailed review of the talent strategies for the entire organization and reviews succession plans for senior leadership positions, including that of the President. The Board reviews high-potential employees, evaluates plans to develop their management and leadership capabilities and sanctions the strategies used to deploy these individuals most effectively. In addition to the annual review, succession is regularly discussed in executive sessions of the Board and in Board Committee meetings, as applicable. Directors become familiar with potential successors for key leadership positions through various means, including the comprehensive annual talent and succession review, Board meeting presentations and less formal interactions throughout the course of the year.

Our entire Board, with the oversight of our Corporate Governance and Nominating Committee, is responsible for implementing succession procedures for the President. We believe that the Board, led by our Chairman, should collaborate with the President on the critical aspects of the succession planning process, including establishing selection criteria, identifying and evaluating candidates and making management succession decisions. The Board has procedures in place to respond to an unexpected vacancy in the President's position, including a detailed review of the succession plan annually by the Corporate Governance and Nominating Committee. It is the Board's practice to be prepared for a planned or unplanned change in leadership in order to ensure the stability of the Company.

Communications with Directors

Shareholders and other interested parties may communicate with Directors by contacting the Corporate Secretary's Office at:

Telephone: 206-303-2542

Internet: *board@nordstrom.com*

Mail: Nordstrom, Inc.
1700 Seventh Avenue
Seattle, Washington 98101-4407
Attn. Corporate Secretary

The Secretary will relay the question or message to the specific Director with whom the shareholder or interested party wishes to communicate.

If no specific Director is requested, the Secretary will relay the question or message to the Chairman of the Board. Certain items that are unrelated to the duties and responsibilities of the Board, such as business solicitations, advertisements, junk mail and other mass mailings will not be relayed to Directors.

The Audit Committee has established procedures to respond to possible concerns about ethics and accounting-related practices. To report your concerns, you may use the Company's confidential Whistleblower Hotline at:

Telephone: 1-888-832-8358

Internet: *ethicspoint.com*

Your concerns will be investigated and communicated to the Audit Committee, as necessary.

[Back to Contents](#)**Board Committees and Charters**

The Board has a standing Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, Finance Committee and Technology Committee. Each Committee has a Board-approved Charter which is reviewed annually by the respective Committee. Recommended changes, if any, are submitted to the Corporate Governance and Nominating Committee and the Board for approval. The Board makes Committee and Committee Chair assignments annually at its meeting immediately following the Annual Meeting of Shareholders, although further changes to Committee assignments may be made from time to time as deemed appropriate by the Board. The Board has determined that the Chairs and all Committee members are independent under the applicable NYSE rules. Committee Charters and current Committee membership are posted on our website at *investor.nordstrom.com* and may be viewed by selecting Corporate Governance. The Chairs and members of the Committees as of the date of this Proxy Statement are identified in the following table.

Director	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Finance Committee	Technology Committee^(a)
Phyllis J. Campbell Michelle M. Ebanks Enrique Hernandez, Jr. Robert G. Miller Philip G. Satre Brad D. Smith B. Kevin Turner Robert D. Walter Alison A. Winter					

Chair

(a) The Technology Committee was formed in February 2014.

Audit Committee

As more fully described in its Charter, the primary responsibility of the Audit Committee is to assist the Board in fulfilling its oversight responsibility by reviewing and appraising:

- the integrity of the Company's financial statements;

- the accounting, auditing and financial reporting processes of the Company;
- the management of business and financial risk and the internal controls environment;
- the Company's compliance with legal and regulatory requirements and ethics programs as established by management
- and the Board, which shall be in conjunction with any recommendations by the Corporate Governance and Nominating Committee with respect to the corporate governance standards;
- reports resulting from the performance of audits by the independent auditor and the internal audit team;
- the qualifications, independence and performance of the Company's independent auditors; and
- the performance of the Company's internal audit team.

The Audit Committee meets regularly with the independent registered public accounting firm and management, including the Vice President – Internal Audit, to review accounting, auditing and financial reporting processes, enterprise risk management, and compliance with laws and regulations. The Audit Committee also meets privately and separately with the independent registered public accounting firm, the Executive Vice President and Chief Financial Officer and the Vice President – Internal Audit.

In addition to meeting the independence requirement for audit committee members, each current member of the Audit Committee also meets the financial literacy and experience requirements contained in the corporate governance listing standards of the NYSE. The Board has determined that all Audit Committee members qualify as “audit committee financial experts” under the regulations of the SEC. Although all members of the Audit Committee meet the current regulatory requirements for accounting or related financial management expertise and the Board has determined that each of them qualifies as an “audit committee financial expert,” members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not technical experts in auditing or accounting.

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Compensation Committee

As more fully described in its Charter, the primary responsibilities of the Compensation Committee are to:

- approve an overall compensation philosophy for the Company's Executive Officers in light of the Company's goals and objectives. The Executive Officers are referenced on pages 30 to 32 and include the Named Executive Officers shown in the Compensation Discussion and Analysis on page 33 and other business unit presidents and Company executives over major organizational functions reporting to the President or other senior executives;
- select performance measures aligned with the Company's business strategy;
- review and approve executives' cash and equity-based compensation plans;
- review and approve any benefit plans, retirement and deferred compensation or other perquisites offered to the Executive Officers and other eligible employees; and
- review the Company's compensation practices so that they do not encourage imprudent risk taking.

The Committee has the sole authority to retain such consultants and advisors as it may deem appropriate and to approve related fees and other retention terms. The Committee has retained Semler Brossy Consulting Group, LLC, an independent compensation consulting firm, to advise the Committee on executive compensation and benefit matters. Semler Brossy reports directly to, the Committee, provides services only as directed by the Committee or other Committees of the Board and has no other relationship with the Company. During 2013, all fees paid to Semler Brossy for services were related exclusively to executive or Director compensation. The Compensation Committee has assessed the independence of Semler Brossy pursuant to NYSE rules and determined that Semler Brossy is independent and its work for the Compensation Committee does not raise any conflict of interest.

A consultant from Semler Brossy attends Committee meetings in person or by phone and supports the Committee by providing independent expertise on market practices and trends in executive compensation representing general industry and the peer group defined for such purposes. Additionally, the consultant provides advice regarding the composition of the Company's peer group and management's analysis of peer group practices for base salary, performance-based bonus, long-term incentives and other compensation elements, including advice on management's proposed levels of executive compensation. Semler Brossy also advises the Committee on compensation program design including incentive structure, stock ownership guidelines, regulatory requirements related to executive compensation, plans submitted to shareholders for approval, governance responsibilities, and such other matters as assigned by the Committee from time to time as necessary to carry out its responsibilities under its Charter.

Corporate Governance and Nominating Committee

As more fully described in its Charter, the primary responsibilities of the Corporate Governance and Nominating Committee are to:

- review and recommend individuals to the Board for nomination as members of the Board and its Committees;
- review possible conflicts of interest of Board members and the Company's Executive Officers;
- develop and review the Company's Corporate Governance Guidelines;
- review the corporate governance standards of the Company's Codes of Business Conduct and Ethics;
- review the policies and practices of the Company in the area of corporate governance;
- review the Committee's new director orientation program and continuing director education programs;
- produce and provide to the Board an annual performance evaluation of the Board, the Directors and each Committee of the Board;
- establish succession procedures in the case of an emergency or the retirement of the President;
- recommend to the Board the form and amount of director compensation; and
- review the overall performance of the President on an annual basis.

Finance Committee

As more fully described in its Charter, the primary responsibilities of the Finance Committee are to:

- assist the Board in fulfilling its oversight responsibilities with respect to the Company's capital structure, financial policies, capital investments, business and financial planning and related matters;
- review and appraise the Company's tax strategies and the implications of actual or proposed tax law changes;
- review and appraise the Company's dividend payment and share repurchase strategies, banking relationships and borrowing facilities and cash management; and
- monitor the rating assigned by rating agencies to the Company's long-term debt.

Additionally, in conjunction with the Technology Committee, the Committee shall make recommendations to the Board with respect to investments in technology.

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Technology Committee

The Technology Committee was formed in February 2014. As more fully described in its Charter, the primary responsibilities of the Technology Committee are to:

- assist the Board in its oversight with respect to the Company's technology strategy;
- review and appraise the Company's technology acquisition and development process to assure ongoing business growth;
- review and appraise the Company's data management and automation processes, and measurement and tracking systems; and
- review and appraise the Company's policies and safeguards for information technology and data security.

Additionally, in conjunction with the Finance Committee, the Committee shall make recommendations to the Board with respect to investments in technology.

Board Meetings and Attendance

The Board held five meetings during the past fiscal year, one of which was devoted principally to Company strategy. During the past fiscal year, the Audit Committee held eleven meetings, the Compensation Committee held four meetings, the Corporate Governance and Nominating Committee held four meetings and the Finance Committee held four meetings. The Technology Committee was established in February 2014 and will begin holding meetings in the current fiscal year. Each Director attended at least 75% of the aggregate of all meetings of the Board and the Committees on which he or she served during the year and overall attendance at the meetings, on a combined basis, was 99%. Independent members of the Board met at each quarterly meeting of the Board in executive session without management present.

Attendance at the Annual Meeting of Shareholders

Although all members of the Board are expected to attend each Annual Meeting of Shareholders, the Company has not adopted a formal policy on Board member attendance. All Directors attended the 2013 Annual Meeting of Shareholders, and all Director nominees have indicated their intent to attend the Annual Meeting. Shareholders are encouraged to direct any questions that they may have to the Directors or management at that time.

Director Compensation

The Company's pay-for-performance philosophy for Director compensation reflects the Board's belief that payment of a majority of the Director fees in the form of Common Stock aligns the interests of Directors with the interests of the Company's shareholders and enhances Director compensation when the Company performs well. The Board believes that the Director fees paid by the Company should be competitive with other companies of similar characteristics.

Employee Directors of the Company are not paid any fees for serving as members of the Board or any Board Committee. Nonemployee Director compensation consists of the following elements:

Annual Compensation Elements for 2013	Amount
	(\$) ^(a)
Cash Retainer	60,000
Chairman of the Board Retainer	200,000
Audit Committee Chair Retainer	20,000
Compensation Committee Chair Retainer	17,500
Corporate Governance and Nominating Committee Chair Retainer	15,000
Finance Committee Chair Retainer	15,000
Audit Committee Liaison to Nordstrom fsb Board Retainer	20,000
Director Equity Grant of Common Stock Award having a value of	140,000
Chairman of the Board Equity Grant of Common Stock having a value of	250,000

(a) Directors may elect to take some or all of their cash retainer fees in Common Stock.

In early 2014, the Corporate Governance and Nominating Committee conducted a comprehensive review of nonemployee director compensation with input from the outside compensation consultant, Semler Brossy. As a result of that review, compensation paid to nonemployee Directors of the Company for 2014 will be revised as follows: the Annual Cash Retainer will be increased by \$25,000 and the Compensation Committee Chair Retainer will be increased by \$2,500. Additionally, the Chair of the Technology Committee, which Committee was formed in February 2014, will receive an annual Chair Retainer of \$15,000.

Under the Director Stock Ownership Guidelines, Directors are currently required to own Common Stock having a value of at least \$420,000 by their fifth anniversary of joining the Board. For 2014, the dollar value will be increased to at least \$425,000. As of March 10, 2014, each Director nominated for election at the Annual Meeting had either satisfied these ownership guidelines or had time remaining to do so.

[Back to Contents](#)**Director Summary Compensation Table**

During the fiscal year ended February 1, 2014, nonemployee Directors of the Company received the following compensation for their services:

Name	Fees Earned or Paid in Cash (\$)(a)(b)	Stock Awards (\$)(b)(c)	All Other Compensation (\$)(d)	Total (\$)
Phyllis J. Campbell	80,000	139,995	17,970	237,965
Michelle M. Ebanks	60,000	139,995	11,245	211,240
Enrique Hernandez, Jr.	260,000	389,977	10,937	660,914
Robert G. Miller	75,000	139,995	10,259	225,254
Philip G. Satre	75,000	139,995	902	215,897
Brad D. Smith	60,000	139,987	-	199,987
B. Kevin Turner	60,000	139,995	37,019	237,014
Robert D. Walter	77,500	139,995	3,765	221,260
Alison A. Winter	90,000	139,995	10,688	240,683

(a) Fees Earned or Paid in Cash

The amounts reported reflect the cash fees paid to each nonemployee Director, whether or not such fees were deferred or taken as Common Stock. In addition to the \$60,000 annual retainer, Ms. Campbell received \$20,000 for service as the Audit Committee Chair, Mr. Hernandez received \$200,000 for service as Chairman of the Board; Mr. Miller and Mr. Satre each received \$15,000 for service as the Finance Committee Chair and Corporate Governance and Nominating Committee Chair, respectively, Mr. Walter received \$17,500 for service as the Compensation Committee Chair, and Ms. Winter received \$20,000 for service as Audit Committee Liaison and \$10,000 for service as Audit Committee Chair following her mid-year appointment in November 2013. Mr. Turner elected to take his cash fees in Common Stock.

(b) Deferred Compensation Program

Nonemployee Directors may elect to defer all or a part of their cash retainers and stock awards under the Nordstrom Directors Deferred Compensation Plan (“Directors Plan”). Directors are required to make advance elections to defer the receipt of fees or stock awards, and all deferral elections generally are irrevocable. Directors are also required to make advance elections about the form and timing of distribution of their deferred cash fees or stock awards.

In 2014, cash deferrals may be directed among 20 deemed investment alternatives and gains and losses for cash deferrals are posted to the Director’s account daily based on their investment elections. In addition, plan participants are offered a fixed rate option of 5%, which is not subsidized by the Company, but rather is a rate based on guaranteed

contractual returns from a third-party insurance company provider. Deferred stock awards are credited to the Director's account as units. Each unit in the Directors Plan is equal in value to the price of one share of Common Stock. Each deferred unit is credited with dividends, in the form of additional units, to the same extent as a share of Common Stock.

During the fiscal year ended February 1, 2014, Mr. Walter deferred 100% of his stock award into the Directors Plan.

(c) Stock Award

The amounts reported reflect the grant date fair value associated with each Director's stock awards. Fractional shares are not awarded or paid in cash. In recognition of the significant time and attention in performing the duties required of the position, our Chairman of the Board is annually awarded, on the date of the Company's Annual Meeting, an additional stock award having a value of \$250,000.

(d) All Other Compensation

All Directors, their spouses and eligible children may participate in the Company's merchandise discount program. The program provides a 20% discount for eligible nonmanagement employees and eligible retirees, and up to a 33% discount for eligible management and high-performing nonmanagement employees, eligible retirees, Directors and eligible retired Directors. These discounts vary somewhat by source and type of merchandise or service. During the fiscal year ended February 1, 2014, All Other Compensation consisted only of merchandise discounts.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended February 1, 2014, no member of the Compensation Committee was an employee, officer or former officer of the Company or any of its subsidiaries, and no Executive Officer of the Company served on the board of directors or compensation committee of any entity that has one or more directors, or compensation committee of any entity that has one or more Executive Officers, serving as a member of the Company's Board or Compensation Committee.

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Codes of Business Conduct and Ethics and Other Policies

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees, including our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions.

We have also adopted a Directors' Code of Business Conduct and Ethics that applies to all of our Directors. Any grant of a waiver from a provision of the codes requiring disclosure under applicable SEC rules, if any, will be disclosed on our website at *investor.nordstrom.com* under Corporate Governance.

We have a policy that prohibits Directors and Executive Officers (as well as other key insiders and their immediate family members) from engaging in hedging or short sale transactions with respect to the Company's Common Stock. We also have a policy with respect to pledging of Common Stock, which subjects Directors and Executive Officers to a preclearance requirement and restrictions, including that pledged shares may not be counted toward the Company's stock ownership guidelines. As a group, our Executive Officers, in the aggregate, have less than 0.5% of the Company's outstanding shares pledged to third parties and are compliant with our policy.

Corporate Social Responsibility

Our goal is to operate our business with the utmost integrity and serve our customers, employees and shareholders in a way that is deserving of their support and trust. Social responsibility is something we take pride in ensuring every day. We actively pursue solutions to reduce our environmental impact, contribute to the communities we serve, and respect the rights of workers who create our products. We believe that both transparency and collaboration are key to progress in all of these areas. As such, we will continue to work with and learn from interested parties. More information can be found on this and other subjects at *nordstrom.com* under Nordstrom Cares.

Website Access to Corporate Governance Documents

The Charters for each of the standing Committees of the Board, the Company's Corporate Governance Guidelines, the Employee Code of Business Conduct and Ethics, and the Directors' Code of Business Conduct and Ethics, as well as all Company filings made with the SEC, may be accessed through our website at *investor.nordstrom.com*, under Corporate Governance.