

NORDSTROM INC
Form 10-K
March 18, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 29, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission file number 001-15059

NORDSTROM, INC.

(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction of
incorporation or organization)

91-0515058
(IRS 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**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common stock, without par value

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO

As of July 30, 2010 the aggregate market value of the Registrant's voting and non-voting stock held by non-affiliates of the Registrant was approximately \$6.2 billion using the closing sales price on that day of \$34.00. On March 11, 2011, 218,078,190 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2011 Annual Meeting of Shareholders scheduled to be held on May 11, 2011 are incorporated into Part III.

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PART I

Item 1. Business.

DESCRIPTION OF BUSINESS

Founded in 1901 as a retail shoe business in Seattle, Nordstrom later incorporated in the state of Washington in 1946. We are one of the nation's leading fashion specialty retailers, with 207 U.S. stores located in 28 states as of March 18, 2011. The west and east coasts are the areas in which we have the largest presence. We have two reportable segments: Retail and Credit.

The **Retail** segment includes our 115 Nordstrom full-line stores, our Nordstrom online store at www.nordstrom.com, 89 off-price Nordstrom Rack stores, two Jeffrey boutiques and one clearance store that operates under the name Last Chance. Through these multiple retail channels, we offer our customers a wide selection of high-quality brand name and private label merchandise focused on apparel, shoes, cosmetics and accessories. Our Nordstrom full-line stores and online store are substantially integrated, allowing us to provide our customers with a seamless shopping experience across channels. Our online store's merchandise is primarily shipped from our fulfillment center in Cedar Rapids, Iowa and we have the ability to fulfill online orders from any of our Nordstrom full-line stores. Additionally we offer our customers the option to purchase items on our website and pick them up in our Nordstrom full-line stores. These capabilities allow us to better serve customers across various channels and improve sales. The Nordstrom Rack stores purchase high-quality name brand merchandise directly from vendors and also serve as outlets for clearance merchandise from our Nordstrom stores.

Our **Credit** segment includes our wholly owned federal savings bank, Nordstrom fsb, through which we provide a private label credit card, two Nordstrom VISA credit cards and a debit card for Nordstrom purchases. The credit and debit cards feature a shopping-based loyalty program designed to increase customer visits and spending. Although the primary purpose of our Credit business is to foster greater customer loyalty and drive more sales, we also generate revenues through finance charges and other fees on these cards.

For more information about our business and our reportable segments, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations on page 17 and Note 14 of the Notes to Consolidated Financial Statements in Item 8.

FISCAL YEAR

We operate on a 52/53-week fiscal year ending on the Saturday closest to January 31st. References to 2010, 2009 and 2008 relate to the 52-week fiscal years ended January 29, 2011, January 30, 2010 and January 31, 2009. References to 2011 relate to the 52-week fiscal year ending January 28, 2012.

TRADEMARKS

We have 119 trademarks, each of which is the subject of one or more trademark registrations and/or trademark applications. Our most notable trademarks include Nordstrom, Nordstrom Rack, Halogen, Caslon, Classiques Entier, John W. Nordstrom and BP. Each of our trademarks is renewable indefinitely provided that it is still used in commerce at the time of the renewal.

RETURN POLICY

We offer our customers a liberal return policy at our Nordstrom full-line stores and online at www.nordstrom.com. Our Nordstrom Rack stores accept returns up to 30 days from the date of purchase with the original price tag and sales receipt. In general, our return policy is considered to be more generous than industry standards.

SEASONALITY

Due to our Anniversary Sale in July, the holidays in December and the half-yearly sales that occur in the second and fourth quarters, our sales are typically higher in the second and fourth quarters of the fiscal year than in the first and third quarters.

INVENTORY

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We plan our merchandise purchases and receipts to coincide with expected sales trends. For instance, our merchandise purchases and receipts increase prior to our Anniversary Sale, which extends over the last two weeks of July. Also, we purchase and receive a larger amount of merchandise in the fall as we prepare for the holiday shopping season (from late November through early January). We pay for our merchandise purchases under the terms established with our vendors.

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In order to offer merchandise that our customers want, we purchase merchandise from a wide variety of high-quality suppliers, including domestic and foreign businesses. We also have arrangements with agents and contract manufacturers to produce our private label merchandise. We expect our suppliers to meet our Nordstrom Partnership Guidelines, which address our corporate social responsibility standards for matters such as legal and regulatory compliance, labor, health and safety and the environment.

COMPETITIVE CONDITIONS

We operate in a highly competitive business environment. We compete with other national, regional and local retail establishments that may carry similar lines of merchandise, including department stores, specialty stores, boutiques and Internet businesses. Our specific competitors vary from market to market. We believe the keys to competing in our industry include, first and foremost, customer service, fashion newness, quality of product, the shopping experience across all channels, depth of selection, store environment and location.

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EMPLOYEES

During 2010, we employed approximately 52,000 employees on a full- or part-time basis. Due to the seasonal nature of our business, employment increased to approximately 55,000 employees in July 2010 and 54,000 in December 2010. Substantially all of our employees are non-union. We believe our relationship with our employees is good.

CAUTIONARY STATEMENT

Certain statements in this Annual Report on Form 10-K contain or may suggest forward-looking information (as defined in the Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties, including, but not limited to, anticipated financial results (including, but not limited to, our anticipated same store-sales results, credit card revenues, gross profit rate, selling, general and administrative expenses, net interest expense, effective tax rate, earnings per share and operating cash flows), anticipated store openings, capital expenditures, dividend payout and trends in our operations. Such statements are based upon the current beliefs and expectations of the company's management and are subject to significant risks and uncertainties. Actual future results may differ materially from historical results or current expectations depending upon factors including, but not limited to: the impact of economic and market conditions and the resultant impact on consumer spending patterns; our ability to maintain our relationships with vendors; our ability to respond to the business environment, consumer preferences and fashion trends; effective inventory management; successful execution of our growth strategy, including possible expansion into new markets, technological investments, acquisitions and the timely completion of construction associated with newly planned stores, relocations and remodels, which may be impacted by the financial health of third parties; our ability to maintain relationships with our employees and to effectively train and develop our future leaders; successful execution of our multi-channel strategy; our compliance with applicable banking and related laws and regulations impacting our ability to extend credit to our customers; impact of the current regulatory environment and financial system and health care reforms; our compliance with information security and privacy laws and regulations, employment laws and regulations and other laws and regulations applicable to us; trends in personal bankruptcies and bad debt write-offs; changes in interest rates; efficient and proper allocation of our capital resources; availability and cost of credit; our ability to safeguard our brand and reputation; successful execution of our information technology strategy; disruptions in our supply chain; the geographic locations of our stores; public health concerns and the resulting impact on consumer spending patterns, supply chain and employee health; weather conditions and hazards of nature that affect consumer traffic and consumers' purchasing patterns; the effectiveness of planned advertising, marketing and promotional campaigns; our ability to control costs; and the timing and amounts of share repurchases by the company, if any, or any share issuances by the company, including issuances associated with option exercises or other matters. These and other factors could affect our financial results and cause actual results to differ materially from any forward-looking information we may provide. We undertake no obligation to update or revise any forward-looking statements to reflect subsequent events, new information or future circumstances.

SEC FILINGS

We file annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission (SEC). All material we file with the SEC is publicly available at the SEC's Public Reference Room at 100 F Street NE, Room 1580, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

WEBSITE ACCESS

Our website address is www.nordstrom.com. We make available free of charge on or through our website our annual and quarterly reports on Form 10-K and 10-Q (including related filings in XBRL format), current reports on Form 8-K, statements of changes in beneficial ownership of securities on Form 4 and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file the report with or furnish it to the SEC. Interested parties may also access a webcast of quarterly earnings conference calls and other financial events through our website.

CORPORATE GOVERNANCE

We have a long-standing commitment to upholding a high level of ethical standards. In addition, as required by the listing standards of the New York Stock Exchange (NYSE) and the rules of the SEC, we have adopted Codes of Business Conduct and Ethics for our employees, officers and directors (Codes of Ethics) and Corporate Governance Guidelines. We have posted on our website our Codes of Ethics, our Corporate Governance Guidelines and our Committee Charters for the Audit, Compensation, Corporate Governance and Nominating, and Finance Committees.

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These items are also available in print to any person, without charge, upon request to:

Nordstrom Investor Relations

P.O. Box 2737

Seattle, Washington 98111-2737

(206) 303-3200

invrelations@nordstrom.com

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Item 1A. Risk Factors.

Dollars in millions

Our business faces many risks. We believe the risks described below outline the items of most concern to us. However, these are not the only risks we face.

ECONOMIC CONDITIONS

The deterioration in economic conditions that began in 2007 affected our business in several ways. Elevated unemployment, the tightening of consumer credit and the decline in the housing and stock markets in the United States all contributed to a reduction in consumer spending, which in turn had a negative impact on our revenues. We sell high-quality apparel, shoes, cosmetics and accessories, which many consumers consider to be discretionary items. During economic downturns, fewer customers may shop in our stores and on our website, and those who do shop may limit the amount of their purchases, all of which may lead to lower sales, higher markdowns and increased marketing and promotional spending in response to lower demand. The deterioration of economic conditions also adversely affected our credit customers' payment patterns and delinquency rates, increasing our bad debt expense. Our business has improved and some macroeconomic indicators suggest that a modest economic recovery has begun, however key factors such as employment levels, consumer credit and housing market conditions remain weak. A sluggish economic recovery or a renewed downturn could have a significant adverse effect on our business.

In addition, many states where we conduct business are facing significant budget shortfalls as a result of the economic downturn, and may seek to address those shortfalls through unfavorable changes in tax laws and interpretation of existing laws. An increase in our tax liabilities could adversely affect our results of operations.

IMPACT OF COMPETITIVE MARKET FORCES

The fashion specialty retail industry is highly competitive. We compete with other national, regional and local retail establishments that may carry similar lines of merchandise, including department stores, specialty stores, boutiques and Internet businesses. If we are unable to remain competitive in the key areas of customer service, fashion newness, quality of products, the shopping experience across all channels, depth of selection, store environment and location, we may lose market share to our competitors and our sales and profitability could suffer.

Our Credit segment faces competition from large banks and other credit card companies, some of which have substantial financial resources. Many of our competitors offer general-purpose credit card products with a variety of loyalty programs. In addition, there is intense competition for cardholders with prime credit ratings who make up a significant portion of our credit portfolio. If we do not effectively respond to the competitive banking and credit card environment, we could lose market share to our competitors, which would have an adverse effect on our credit business.

AVAILABILITY AND COST OF MERCHANDISE

Our relationships with our merchandise vendors have been a significant contributor to our success and our position as a retailer of high-quality fashion merchandise. We have no guaranteed supply arrangements with our key vendors, many of whom limit the number of retail channels they use to sell their merchandise. Competition to obtain and sell this merchandise is intense. Nearly all of the brands of our top vendors are sold by competing retailers, and many of our top vendors also have their own dedicated retail stores. If one or more of our top vendors were to limit or reduce our access to their merchandise, our business could be adversely affected. Further, if our merchandise costs increase due to increased raw material or labor costs or other factors, our ability to respond or the effect of our response could adversely affect our sales or gross margins.

ABILITY TO RESPOND TO CONSUMER PREFERENCES AND FASHION TRENDS

We strive to ensure the merchandise we offer and our shopping experience remain current and compelling to our customers. We make decisions regarding inventory purchases well in advance of the season in which it will be sold. Therefore, our ability to predict or respond to changes in fashion trends, consumer preferences and spending patterns, and to match our merchandise levels, mix and shopping experience to sales trends and consumer tastes, significantly impacts our sales and operating results. If we do not identify and respond to emerging trends in consumer spending and preferences quickly enough, we may harm our ability to retain our existing customers or attract new customers. If we purchase too much inventory, we may be forced to sell our merchandise at higher average markdown levels and lower average margins, which could harm our business. Conversely, if we fail to purchase enough merchandise, we may lose opportunities for additional sales and damage our relationships with our customers.

GROWTH STRATEGY

Our strategic growth plan includes opening new Nordstrom full-line and Nordstrom Rack stores, with 6 announced Nordstrom full-line and 18 announced Nordstrom Rack store openings, the majority of which will occur by 2012. The availability and cost of suitable locations for our stores depends on a number of factors, including competition from other retailers and businesses, local land use and other regulations, new shopping center construction and developers' financial condition. New store openings also involve certain risks, including constructing, furnishing and supplying a store in a timely and cost effective manner and accurately assessing the demographic or retail environment for a particular location. Our sales at new, relocated or remodeled stores may not meet our projections, which could adversely affect our return on investment.

We are also pursuing other growth opportunities, which may include acquisitions of, or investments in, other businesses, as well as new technologies or other investments to improve the customer shopping experience in our stores and online. If these investments do not perform as expected, our profitability and growth could be adversely affected.

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LEADERSHIP DEVELOPMENT AND SUCCESSION PLANNING

The training and development of our future leaders is important to our long-term success. If we do not effectively implement our strategic and business planning processes to attract, retain, train and develop future leaders, our business may suffer. We rely on the experience of our senior management, who have specific knowledge relating to us and our industry that is difficult to replace. If unexpected leadership turnover occurs without adequate succession plans, the loss of the services of any of these individuals, or any negative perceptions of our business as a result of those losses, could damage our brand image and our business.

MERCHANDISE PLANNING

We are making investments to improve our multi-channel merchandise planning, procurement and allocation capabilities. These efforts involve changes in personnel, processes and technology over a period of several years. If we encounter challenges associated with change management, the ability to hire and retain key personnel involved in these efforts, implementation of associated information technology or adoption of new processes, our ability to continue to successfully execute our strategy could be adversely affected. As a result, we may not derive the expected benefits to our sales and profitability, or we may incur increased costs relative to our current projections.

FINANCIAL SYSTEM REFORMS

The recent financial crisis resulted in increased legislative and regulatory changes affecting the financial industry. The Credit Card Accountability Responsibility and Disclosure Act of 2009 (the Credit CARD Act) included new rules and restrictions on credit card pricing, finance charges and fees, customer billing practices and payment application. These rules required us to make changes to our credit card business practices and systems, and we expect more regulations and interpretations of the new rules to emerge. Depending on the nature and extent of the full impact from these rules, and any interpretations or additional rules, the revenues and profitability of our Credit segment could be adversely affected.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) was enacted in July 2010. It significantly restructures regulatory oversight and other aspects of the financial industry, creates a new federal agency to supervise and enforce consumer lending laws and regulations and expands state authority over consumer lending. Numerous regulations will be issued in the near future to implement the requirements of this Act. The final regulatory details remain uncertain at this time. Depending on the nature and extent of these regulations, and the enforcement approach of regulators under the new law, there could be an adverse impact to our Credit segment.

INFORMATION SECURITY AND PRIVACY

The protection of our customer, employee and company data is important to us. Our customers have a high expectation that we will adequately protect their personal information. In addition, the regulatory environment surrounding information security and privacy is increasingly demanding, with new and constantly changing requirements across our business units. A significant breach of customer, employee or company data could damage our reputation, our brand and our relationship with our customers and result in lost sales, fines and lawsuits. In addition, a security breach could require that we expend significant additional resources related to our information security systems and could result in disruption of our operations.

CONSUMER CREDIT

Our credit card operations help drive sales in our stores, allow our stores to avoid third-party transaction fees and generate additional revenues from extending credit. Our credit card revenues and profitability are subject in large part to economic and market conditions that are beyond our control, including, but not limited to, interest rates, consumer credit availability, consumer debt levels, unemployment trends, laws and regulations and other factors. Elevated levels of unemployment have historically corresponded with increased credit card delinquencies and write-offs, which may continue in the future. Further, these economic conditions could impair our ability to assess the creditworthiness of our customers if the criteria and/or models we use to underwrite and manage our customers become less predictive of future losses. This could cause our losses to rise and have a negative impact on our results of operations.

CAPITAL MANAGEMENT AND LIQUIDITY

Our access to debt and equity capital, and our ability to invest capital to maximize the total returns to our shareholders, is critical to our long-term success. We utilize capital to finance our operations, make capital expenditures and acquisitions, manage our debt levels and return value to our shareholders through dividends and share repurchases. Our ability to obtain capital and the cost of the capital depend on company performance, financial market conditions and independent rating agencies' short- and long-term debt ratings, which are based largely on our performance as measured by credit metrics including interest coverage and leverage ratios. If our access to capital is restricted or if our cost of capital increases, our operations and financial condition could be adversely affected. Further, if we do not properly allocate our capital to maximize returns, our operations, cash flows and returns to shareholders could be adversely affected.

BRAND AND REPUTATION

We have a well-recognized brand that consumers may associate with a high level of customer service and quality merchandise. Any significant damage to our brand or reputation could negatively impact sales, reduce employee morale and productivity and diminish customer trust, any of which would harm our business.

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INFORMATION TECHNOLOGY STRATEGY

We make investments in information technology to sustain our competitive position. In 2011, we expect to spend approximately \$185 on information technology operations and systems development, which is key to our growth. We must monitor and choose the right investments and implement them at the right pace. Excessive technological change could impact the effectiveness of adoption, and could make it more difficult for us to realize benefits from the technology. Targeting the wrong opportunities, failing to make the best investments or making an investment commitment significantly above or below our needs may result in the loss of our competitive position. In addition, if we do not maintain our current systems we may see interruptions to our business and increase our costs in order to bring our systems up to date.

HEALTH CARE REFORM

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (the Health Care Reform Acts) were signed into law. These laws include numerous health care related provisions which will take effect over a four year period beginning in 2010. Increased costs required to meet the requirements of the Health Care Reform Acts and any interpretations or additional rules resulting from the Acts could adversely affect our profitability. In addition, if it is necessary to make changes to the health benefits provided to our employees as a result of the Health Care Reform Acts, we may not be able to offer competitive health care benefits to attract and retain employees.

LAWS, REGULATIONS AND LITIGATION

Our policies, procedures and practices are designed to comply with federal, state, local and foreign laws, rules and regulations, including those imposed by the SEC, NYSE, the banking industry and foreign countries, which may change from time to time. These laws and regulations are complex, continuously evolving and the related enforcement is increasingly aggressive, particularly in the state of California, which has increased the cost of compliance. Significant legislative changes, including those that relate to employment matters, could impact our relationship with our workforce, which could increase our expenses and adversely affect our operations. Possible legislative changes include changes to an employer's obligation to recognize collective bargaining units. In addition, if we fail to comply with applicable laws and regulations we could be subject to damage to our reputation, class action lawsuits, legal and settlement costs, civil and criminal liability, increased cost of regulatory compliance, restatements of our financial statements, disruption of our business and loss of customers. Any required changes to our employment practices could result in the loss of employees, reduced sales, increased employment costs, low employee morale and harm to our business and results of operations. In addition, we are regularly involved in various litigation matters that arise in the ordinary course of business. Litigation or regulatory developments could adversely affect our business and financial condition.

BUSINESS CONTINUITY

Our business and operations could be materially and adversely affected by supply chain disruptions, severe weather patterns, natural disasters, widespread pandemics and other natural or man-made disruptions. We derive a significant amount of our total sales from stores located on the west and east coasts, particularly in California, which increases our exposure to conditions in these regions. These disruptions could cause, among other things, a decrease in consumer spending that would negatively impact our sales; staffing shortages in our stores, distribution centers, or corporate offices; interruptions in the flow of merchandise to our stores; disruptions in the operations of our merchandise vendors or property developers; increased costs; and a negative impact on our reputation and long-term growth plans.

ANTI-TAKEOVER PROVISIONS

We are incorporated in the state of Washington and subject to Washington state law. Some provisions of Washington state law could interfere with or restrict takeover bids or other change-in-control events affecting us. For example, one provision prohibits us, except under specified circumstances, from engaging in any significant business transaction with any shareholder who owns 10% or more of our common stock (an acquiring person) for a period of five years following the time that the shareholder became an acquiring person.

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None.

Item 2. Properties.

The following table summarizes the number of retail stores owned or leased by us, and the percentage of total store square footage represented by each listed category as of January 29, 2011:

	Number of stores	% of total store square footage
Leased stores on leased land	109	30.7%
Owned stores on leased land	60	45.7%
Owned stores on owned land	34	22.9%
Partly owned and partly leased stores	1	0.7%
Total	204	100.0%

The following table summarizes our store opening activity during the last three years:

Fiscal year	2010	2009	2008
Number of stores, beginning of year	184	169	156
Stores opened	20	16	14
Stores closed		(1)	(1)
Number of stores, end of year	204	184	169

In 2010, we opened three Nordstrom full-line stores (Braintree, Massachusetts; Newport Beach, California; and Santa Monica, California), relocated one Nordstrom full-line store (Cerritos, California), opened seventeen Nordstrom Rack stores (Houston, Texas; Kendall, Florida; Coral Gables, Florida; Denver, Colorado; Framingham, Massachusetts; Atlanta, Georgia; New York, New York; Arlington, Virginia; Fairfax, Virginia; Durham, North Carolina; St. Louis, Missouri; Boca Raton, Florida; Chicago, Illinois; Tampa, Florida; Lakewood, California; Burbank, California; and Peoria, Arizona) and relocated one Nordstrom Rack store (Spokane Valley, Washington).

To date in 2011, we have opened three Nordstrom Rack stores (Aventura, Florida; Austin, Texas; and Arlington, Texas). During the remainder of 2011, we are scheduled to open three Nordstrom full-line stores (Newark, Delaware; Nashville, Tennessee; and St. Louis, Missouri), open fourteen additional Nordstrom Rack stores (Fremont, California; Charlotte, North Carolina; Lakewood, Colorado; Cherry Hill, New Jersey; Washington, D.C.; Annapolis, Maryland; West Covina, California; Redondo Beach, California; Tucson, Arizona; Indianapolis, Indiana; Sugar Land, Texas; Burlington, Massachusetts; Tigard, Oregon; and Lenexa, Kansas) and relocate two Nordstrom Rack stores (Boulder, Colorado and Henderson, Nevada).

We also own six merchandise distribution centers (Portland, Oregon; Dubuque, Iowa; Ontario, California; Newark, California; Upper Marlboro, Maryland; and Gainesville, Florida) and own one fulfillment center on leased land (Cedar Rapids, Iowa), which are utilized by our Retail segment. Our administrative offices in Seattle, Washington are a combination of leased and owned space. We also lease an office building in the Denver, Colorado metropolitan area for our Credit segment.

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As of January 29, 2011, the total square footage of our Nordstrom full-line stores was 20,452,000, and the total square footage of our Nordstrom Rack and other stores was 3,386,000. The following table lists our retail store facilities as of January 29, 2011:

Location	Store Name	Square Footage (000 s)	Year Store Opened
Nordstrom Full-Line Stores			
ALASKA			
Anchorage	Anchorage 5 th Avenue Mall	97	1975
ARIZONA			
Chandler	Chandler Fashion Center	149	2001
Scottsdale	Scottsdale Fashion Square	235	1998
CALIFORNIA			
Arcadia	Santa Anita	151	1994
Brea	Brea Mall	195	1979 ¹
Canoga Park	Topanga	213	1984 ¹
Cerritos	Los Cerritos Center	144	1981 ¹
Corte Madera	The Village at Corte Madera	116	1985
Costa Mesa	South Coast Plaza	235	1978 ¹
Escondido	North County	156	1986
Glendale	Glendale Galleria	147	1983
Irvine	Irvine Spectrum Center	130	2005
Los Angeles	The Grove	120	2002
Los Angeles	Westside Pavilion	150	1985
Mission Viejo	The Shops at Mission Viejo	172	1999
Montclair	Montclair Plaza	134	1986
Newport Beach	Fashion Island	143	2010
Palo Alto	Stanford Shopping Center	187	1984
Pleasanton	Stoneridge Mall	173	1990
Redondo Beach	South Bay Galleria	161	1985
Riverside	Galleria at Tyler	164	1991
Roseville	Galleria at Roseville	149	2000
Sacramento	Arden Fair	190	1989
San Diego	Fashion Valley	220	1981
San Diego	Horton Plaza	149	1985
San Diego	University Towne Center	130	1984
San Francisco	San Francisco Centre	350	1988
San Francisco	Stonestown Galleria	174	1988
San Jose	Valley Fair	232	1987 ¹
San Mateo	Hillsdale Shopping Center	149	1982
Santa Ana	MainPlace	169	1987
Santa Barbara	Paseo Nuevo	186	1990
Santa Monica	Santa Monica Place	132	2010
Thousand Oaks	Thousand Oaks	145	2008
Walnut Creek	Broadway Plaza	193	1984
COLORADO			
Broomfield	FlatIron Crossing	172	2000
Denver	Cherry Creek Shopping Center	142	2007
Lone Tree	Park Meadows	245	1996
CONNECTICUT			
Farmington	Westfarms	189	1997
FLORIDA			
Aventura	Aventura Mall	172	2008

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Location	Store Name	Square Footage (000 s)	Year Store Opened
Boca Raton	Town Center at Boca Raton	193	2000
Coral Gables	Village of Merrick Park	212	2002
Miami	Dadeland Mall	150	2004
Naples	Waterside	81	2008
Orlando	The Florida Mall	174	2002
Palm Beach Gardens	The Gardens	150	2006
Tampa	International Plaza	172	2001
Wellington	The Mall at Wellington Green	127	2003
GEORGIA			
Atlanta	Perimeter Mall	243	1998
Atlanta	Phipps Plaza	140	2005
Buford	Mall of Georgia	172	2000
HAWAII			
Honolulu	Ala Moana Center	211	2008
ILLINOIS			
Chicago	Michigan Avenue	274	2000
Oak Brook	Oakbrook Center	249	1991
Schaumburg	Woodfield Shopping Center	215	1995
Skokie	Old Orchard Center	209	1994
INDIANA			
Indianapolis	Circle Centre	216	1995
Indianapolis	Fashion Mall	134	2008
KANSAS			
Overland Park	Oak Park Mall	219	1998
MARYLAND			
Annapolis	Annapolis Mall	162	1994
Bethesda	Montgomery Mall	225	1991
Columbia	The Mall in Columbia	173	1999
Towson	Towson Town Center	205	1992
MASSACHUSETTS			
Braintree	South Shore Plaza	155	2010
Burlington	Burlington Mall	143	2008
Natick	Natick Collection	154	2007
Peabody	Northshore Mall	143	2009
MICHIGAN			
Clinton Township	Partridge Creek	122	2008
Novi	Twelve Oaks Mall	172	2007
Troy	Somerset Collection	258	1996
MINNESOTA			
Bloomington	Mall of America	240	1992
MISSOURI			
Des Peres	West County	193	2002
NEVADA			
Las Vegas	Fashion Show	207	2002
NEW JERSEY			
Cherry Hill	Cherry Hill Mall	143	2009
Edison	Menlo Park	204	1991
Freehold	Freehold Raceway Mall	174	1992
Paramus	Garden State Plaza	282	1990
Short Hills	The Mall at Short Hills	188	1995

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NEW YORK			
Garden City	Roosevelt Field	241	1997
White Plains	The Westchester	219	1995
NORTH CAROLINA			
Charlotte	SouthPark	151	2004
Durham	The Streets at Southpoint	149	2002

¹This store has been subsequently relocated.

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Location	Store Name	Square Footage (000 s)	Year Store Opened
Nordstrom Full-Line Stores (continued)			
OHIO			
Beachwood	Beachwood Place	231	1997
Cincinnati	Kenwood Towne Centre	144	2009
Columbus	Easton Town Center	174	2001
OREGON			
Portland	Clackamas Town Center	121	1981
Portland	Downtown Portland	174	1966 ¹
Portland	Lloyd Center	150	1963 ¹
Salem	Salem Center	71	1980
Tigard	Washington Square	189	1974 ¹
PENNSYLVANIA			
King of Prussia	King of Prussia	238	1996
Pittsburgh	Ross Park	143	2008
RHODE ISLAND			
Providence	Providence Place	206	1999
TEXAS			
Austin	Barton Creek Square	150	2003
Dallas	Galleria Dallas	249	1996
Dallas	NorthPark Center	212	2005
Frisco	Stonebriar Centre	149	2000
Houston	Houston Galleria	226	2003
Hurst	North East Mall	149	2001
San Antonio	The Shops at La Cantera	149	2005
UTAH			
Murray	Fashion Place	144	1981 ¹
Orem	University Mall	122	2002
VIRGINIA			
Arlington	The Fashion Centre at Pentagon City	241	1989
Dulles	Dulles Town Center	148	2002
McLean	Tysons Corner Center	211	1988
Norfolk	MacArthur Center	166	1999
Richmond	Short Pump Town Center	128	2003
WASHINGTON			
Bellevue	Bellevue Square	285	1967 ¹
Lynnwood	Alderwood	151	1979 ¹
Seattle	Downtown Seattle	383	1963 ¹
Seattle	Northgate Mall	122	1965
Spokane	River Park Square	137	1974 ¹
Tacoma	Tacoma Mall	144	1966 ¹
Tukwila	Southcenter	170	1968
Vancouver	Vancouver	71	1977
Location	Store Name	Square Footage (000 s)	Year Store Opened
Nordstrom Rack and Other Stores			
ARIZONA			
Chandler	Chandler Festival Rack	37	2000

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Peoria	Arrowhead Crossing Rack	36	2010
Phoenix	Last Chance	48	1992 ¹
Scottsdale	Scottsdale Promenade Rack	38	2000
CALIFORNIA			
Brea	Brea Union Plaza Rack	45	1999
Burbank	Burbank Empire Center Rack	35	2010
Chino	Chino Spectrum Towne Center Rack	38	1987 ¹
Colma	Colma Rack	31	1987
Costa Mesa	Metro Pointe at South Coast Rack	50	1983 ¹
East Palo Alto	Ravenswood 101 Rack	41	2009
Fresno	Villaggio Retail Center Rack	32	2002
Glendale	Glendale Fashion Center Rack	36	2000
Laguna Hills	Laguna Hills Mall Rack	35	2008
Lakewood	Lakewood Center Rack	33	2010
Long Beach	Long Beach CityPlace Rack	33	2002
Los Angeles	Beverly Connection Rack	30	2009
Los Angeles	The Promenade at Howard Hughes Center Rack	41	2001
Ontario	Ontario Mills Mall Rack	40	2002
Oxnard	Esplanade Shopping Center Rack	38	2001
Pasadena	Hastings Village Rack	42	2009
Roseville	Creekside Town Center Rack	36	2001
Sacramento	Howe `Bout Arden Center Rack	54	1999
San Diego	Mission Valley Rack	57	1985 ¹
San Francisco	555 Ninth Street Retail Center Rack	43	2001
San Jose	Oakridge Rack	30	2009
San Jose	Westgate Mall Rack	48	1998
San Leandro	San Leandro Rack	44	1990
San Marcos	Grand Plaza Rack	35	2006
Woodland Hills	Topanga Rack	64	1984
COLORADO			
Broomfield	Flatiron Marketplace Rack	36	2001
Denver	Cherry Creek Rack	40	2010
Lone Tree	Meadows Marketplace Rack	34	1998
FLORIDA			
Boca Raton	University Commons Rack	36	2010
Coral Gables	Miracle Marketplace Rack	33	2010
Kendall	The Palms at Town & Country Rack	35	2010
Orlando	Millenia Crossing Rack	36	2009
Sunrise	The Oasis at Sawgrass Mills Rack	27	2003
Tampa	Walter s Crossing Rack	45	2010
GEORGIA			
Atlanta	Buckhead Station Rack	39	2010
Atlanta	Jeffrey	12	2007
Buford	Mall of Georgia Crossing Rack	44	2000
HAWAII			
Honolulu	Ward Centers Rack	34	2000

¹This store has been subsequently relocated.

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Location	Store Name	Square Footage (000 s)	Year Store Opened
Nordstrom Rack and Other Stores (continued)			
ILLINOIS			
Chicago	Chicago Avenue Rack	39	2010
Chicago	The Shops at State and Washington Rack	41	2003
Naperville	Springbrook Prairie Pavilion Rack	37	2008
Northbrook	Northbrook Rack	40	1996
Oak Brook	The Shops at Oak Brook Place Rack	42	2000
Orland Park	Orland Park Place Rack	35	2009
Schaumburg	Woodfield Rack	45	1994
MARYLAND			
Gaithersburg	Gaithersburg Rack	49	1999
Towson	Towson Rack	31	1992
MASSACHUSETTS			
Danvers	Liberty Tree Mall Rack	43	2008
Framingham	Shoppers World Rack	40	2010
MICHIGAN			
Grand Rapids	Centerpointe Mall Rack	40	2001
Troy	Troy Marketplace Rack	40	2000
MINNESOTA			
Bloomington	Mall of America Rack	41	1998
Maple Grove	Arbor Lakes Rack	34	2009
MISSOURI			
St. Louis	Brentwood Square Rack	34	2010
NEVADA			
Las Vegas	Silverado Ranch Plaza Rack	33	2001
NEW JERSEY			
Paramus	Bergen Town Center Rack	34	2009
NEW YORK			
New York	Jeffrey	11	2007
New York	Union Square Rack	32	2010
Westbury	The Mall at the Source Rack	48	1997
White Plains	City Center Rack	36	2008
Location	Store Name	Square Footage (000 s)	Year Store Opened
NORTH CAROLINA			
Durham	Renaissance Center Rack	31	2010
OHIO			
Cincinnati	Rookwood Pavilion Rack	35	2009
Lyndhurst	Legacy Village Rack	40	2008
OREGON			
Beaverton	Tanasbourne Town Center Rack	53	1998
Clackamas	Clackamas Promenade Rack	28	1983 ¹
Portland	Downtown Portland Rack	32	1986 ¹

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PENNSYLVANIA

King of Prussia	The Overlook at King of Prussia Rack	45	2002
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TEXAS

Austin	Gateway Center Rack	35	2009
Dallas	Shops at Park Lane Rack	36	2009
Houston	The Centre at Post Oak Rack	31	2010
Plano	Preston Shepard Place Rack	39	2000
San Antonio	The Rim Rack	35	2008
Southlake	Shops of Southlake Rack	36	2009

UTAH

Salt Lake City	Sugarhouse Rack	31	1991
Sandy	The Commons at South Towne Rack	35	2009

VIRGINIA

Arlington	Pentagon Centre Rack	34	2010
Fairfax	Fair Lakes Promenade Rack	38	2010
Sterling	Dulles Town Crossing Rack	41	2001
Woodbridge	Potomac Mills Rack	46	1990

WASHINGTON

Auburn	SuperMall of the Great Northwest Rack	48	1995
Bellevue	Factoria Mall Rack	46	1997
Lynnwood	Golde Creek Plaza Rack	38	1985 ¹
Seattle	Downtown Seattle Rack	42	1987
Spokane Valley	Spokane Valley Plaza Rack	30	2000 ¹
Tukwila	Southcenter Square Rack	35	2007

¹This store has been subsequently relocated.

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Item 3. Legal Proceedings.

We are subject from time to time to various claims and lawsuits arising in the ordinary course of business, including lawsuits alleging violations of state and/or federal wage and hour laws. Some of these suits purport or may be determined to be class actions and/or seek substantial damages and some may remain unresolved for several years. We believe the recorded reserves in our consolidated financial statements are adequate in light of the probable and estimable liabilities. While we cannot predict the outcome of these matters with certainty, we do not believe any currently identified claim, proceeding or litigation, either alone or in aggregate, will have a material impact on our results of operations, financial position or cash flows.

Item 4. Removed and Reserved.

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Table of Contents**PART II****Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities.****MARKET, SHAREHOLDER AND DIVIDEND INFORMATION**

Our common stock, without par value, is traded on the New York Stock Exchange under the symbol JWN. The approximate number of holders of common stock as of March 11, 2011 was 140,000, based upon the number of registered and beneficial shareholders, as well as the number of employee shareholders in the Nordstrom 401(k) Plan and Profit Sharing Plan. On this date we had 218,078,190 shares of common stock outstanding.

The high and low sales prices of our common stock and dividends declared for each quarter of 2010 and 2009 are presented in the table below:

	Common Stock Price				Dividends per Share	
	2010		2009		2010	2009
	High	Low	High	Low		
1st Quarter	\$46.22	\$32.78	\$23.17	\$11.19	\$0.16	\$0.16
2nd Quarter	\$44.00	\$30.75	\$26.70	\$18.15	\$0.20	\$0.16
3rd Quarter	\$39.99	\$28.44	\$36.52	\$26.25	\$0.20	\$0.16
4th Quarter	\$43.95	\$38.34	\$39.01	\$31.32	\$0.20	\$0.16
Full Year	\$46.22	\$28.44	\$39.01	\$11.19	\$0.76	\$0.64

SHARE REPURCHASES

Dollar and share amounts in millions, except per share amounts

Following is a summary of our fourth quarter share repurchases:

	Total Number of Shares (or Units) Purchased	Average Price Paid Per Share (or Unit)	Total Number of Shares (or Units) Publicly Announced Plans or Programs Purchased as Part of of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs ¹	Maximum Number (or Approximate Dollar Value)
November 2010 (October 31, 2010 to November 27, 2010)	0.1	\$43.54	0.1	\$467
December 2010 (November 28, 2010 to	0.7	\$42.24	0.7	\$438

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January 1, 2011)

January 2011

(January 2, 2011 to

January 29, 2011)	0.6	\$41.89	0.6	\$411
Total	1.4	\$42.12	1.4	

¹In August 2010, our Board of Directors authorized a program to repurchase up to \$500 of our outstanding common stock, through January 28, 2012. Through January 29, 2011, we repurchased 2.3 shares of our common stock under this program, for an aggregate purchase price of \$89. The actual amount and timing of future share repurchases, if any, will be subject to market conditions and applicable Securities and Exchange Commission rules.

Table of Contents**STOCK PRICE PERFORMANCE**

The following graph compares, for each of the last five fiscal years ending January 29, 2011, the cumulative total return of Nordstrom, Inc. common stock, Standard & Poor's Retail Index and Standard & Poor's 500 Index. The Retail Index is comprised of 31 retail companies, including Nordstrom, Inc., representing an industry group of the Standard & Poor's 500 Index. The cumulative total return of Nordstrom, Inc. common stock assumes \$100 invested on January 28, 2006 in Nordstrom, Inc. common stock and assumes reinvestment of dividends.

End of fiscal year	2005	2006	2007	2008	2009	2010
Nordstrom, Inc. common stock	100	136	97	32	89	107
Standard & Poor's Retail Index	100	114	92	56	86	108
Standard & Poor's 500 Index	100	113	109	64	84	99

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Item 6. Selected Financial Data.

Dollars in millions except per square foot and per share amounts

The following selected financial data are derived from the audited Consolidated Financial Statements and should be read in conjunction with Item 1A Risk Factors, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations, and the Consolidated Financial Statements and related