

**NORDSTROM, INC.**  
**COMPENSATION COMMITTEE CHARTER**  
**(as amended March 30, 2004)**

**1. ESTABLISHMENT and PURPOSE**

- 1.1 The Compensation Committee (the “Committee”) of the Board of Directors of Nordstrom, Inc. (“Nordstrom”) is responsible, subject to approval of the Board, for establishing and maintaining a broad competitive compensation program for the Executives of Nordstrom in order to attract, retain and motivate key contributors to the success of Nordstrom and its affiliated companies and for preparing an annual report on executive compensation to be included in the Nordstrom proxy statement.
- 1.2 For purposes of the Charter, “Directors” refers to non-employee members of the Board of Directors of Nordstrom, “President” refers to the President of Nordstrom and “Executive” refers to any officer who reports to the President and any other employees of Nordstrom designated by the Board to be “Executives” for purposes of this Charter.

**2. COMPOSITION and TERM OF SERVICE**

- 2.1 The Committee shall consist of three or more members of the Board, each of whom shall be “independent” as defined under the rules of the New York Stock Exchange, as they may be amended from time to time.
- 2.2 The Committee Chairperson and the Committee members shall be appointed as in accordance with the charter of the Nordstrom Corporate Governance and Nominating Committee. The Board may, at any time and in its complete discretion, remove any member of the Committee. In consultation with the Chairman of the Board and the Lead Director, the Board may fill any vacancy in the Committee.
- 2.3 A majority of the Directors comprise a quorum of the Committee, present in person or by telephone or through other telecommunications.

**3. STRUCTURE AND OPERATIONS**

- 3.1 In the event of a tie vote on any issue, the Chairperson’s vote shall decide the issue. The Committee shall meet in person or telephonically at least twice a year at a time and place determined by the Committee Chairperson, with further meetings to occur when deemed necessary or desirable by the Committee or its chairperson. In lieu of a meeting, the Committee may also act by unanimous written consent resolution.

- 3.2 The Board may allocate the responsibilities of the Committee to one or more committee(s) of their own denomination, having their own published committee charter(s) and composed entirely of independent directors.
- 3.3 The committee may delegate authority to subcommittees consisting of one or more members when appropriate, provided that decisions of subcommittees shall be presented to the full Committee at its next scheduled meeting.
- 3.4 The Chairperson or his or her designee shall report Committee actions to the Board with such recommendations as the Committee deems appropriate.

#### **4. DUTIES and RESPONSIBILITIES**

- 4.1 The duties and responsibilities of the Committee are as follows:
  - 4.1.a. to annually review and approve the corporate goals and objectives relevant to the President's and the Executives' compensation, and evaluate the President's and the Executives' performance in light of these goals and objectives solely for purposes of determining and approving, either as a committee or together with the other independent directors (as directed by the Board):
    - salary paid to the President and the Executives;
    - the grant of any cash-based bonuses and equity compensation to the President and the Executives;
    - the award of any benefits or perquisites to the President and the Executives;
    - the entering into or amendment or extension of any employment contract or similar arrangement with the President and the Executives; and
    - any other President and Executive compensation matters as from time to time directed by the Board.

In determining the long-term incentive component of the President's and the Executives' compensation, the Committee shall consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs and executives at comparable companies, and the awards given to the President and the Executives in past years. The Committee is not precluded from approving awards as may be required to comply with applicable tax laws. The Committee may not consider family relationship as a factor in determining any of these decisions;
  - 4.1.b. to conduct an annual performance evaluation of the Executives and to monitor the annual performance process for Executives not evaluated by the Board

- 4.1.c. to prepare an annual report on executive compensation to Nordstrom shareholders for inclusion in its proxy statement or annual report on Form 10K in accordance with the rules and regulations of the Securities and Exchange Commission
- 4.1.d. to recommend to the Board where it deems appropriate that an employment separation, or change in control agreement be established with any Executive and the terms of such agreement
- 4.1.e. to review annually and make recommendations to the Board with respect to non-President and non-Executive compensation, including the adoption and approval of or amendments to, all cash-based and equity-based incentive compensation plans which the Committee has determined appropriate to carry out its Charter and to achieve Nordstrom's compensation strategy
- 4.1.f. to review management's recommendations for, and approve as it deems appropriate, long-term incentive award levels or other incentives to non-Executive key contributors to the success of Nordstrom and its affiliates
- 4.1.g. to review and approve any benefit plans, retirement and deferred compensation or other perquisites offered to Executives and other key contributors, including eligibility and the level and types of benefits or perquisites provided
- 4.1.h. to consult with the President regarding significant organizational structure changes and to advise the Board regarding the implications on any Executive compensation or benefit programs concerning such changes
- 4.1.i. to undertake such other responsibilities, tasks or projects as the Board of Directors may delegate or assign to the Committee from time to time
- 4.1.j. to conduct an annual self-evaluation of the Committee's performance to determine whether the Committee and its members are functioning effectively in adherence to this Charter
- 4.2 The Committee shall establish such rules, regulations and procedures as it determines appropriate and reasonably necessary for it to undertake its duties and responsibilities as set forth in this Charter.
- 4.3 The Committee shall maintain appropriate procedures to ensure accurate meeting agendas and minutes are prepared and filed in draft form as soon as practicable, with such Meeting Minutes presented to the Committee for approval at the next

regularly scheduled Committee Meeting. Such meeting agendas and minutes shall be filed in the Committee Minute Book upon approval.

- 4.4 The Committee shall have the sole authority to engage any consultants, legal counsel or advisors to provide services the Committee deems necessary and advisable to carry out the foregoing responsibilities, to approve all of the terms of such engagement including compensation, and to terminate any such engagement.

## **5. REPORTING**

- 5.1 The Committee is accountable to the Board of Directors, shall maintain records of its meetings and actions and shall report to the Board on its activities, if any, at each regularly scheduled Board meeting and at such other times as requested by the Board.

## **6. AMENDMENT**

- 6.1 The Committee shall suggest to the Board for approval any amendments to this Charter as the Committee deems appropriate to ensure that the Charter accurately reflects the Committee's duties, responsibilities and activities.