

NORDSTROM INC  
Form 424B3  
March 06, 2017  
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**Filed Pursuant to Rule 424(b)(3)**  
**Registration No. 333-198408**

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**SUBJECT TO COMPLETION**

**Preliminary Prospectus Supplement Dated March 6, 2017**

**PROSPECTUS SUPPLEMENT**

, 2017

(To Prospectus dated August 27, 2014)

\$

**NORDSTROM, INC.**

**\$ % Senior Notes due 2027**

**\$ 5.00% Senior Notes due 2044**

We are offering \$ million aggregate principal amount of % Senior Notes due 2027 (the 2027 notes ) and \$ million aggregate principal amount of 5.00% Senior Notes due 2044 (the 2044 notes and, together with the 2027 notes, the notes ). The 2044 notes will be a further issuance of, and will be fully fungible, rank equally in right of payment and form a single series with, the outstanding approximately \$666 million aggregate principal amount of 5.00% Senior Notes due 2044 issued by us on May 6, 2014. Upon completion of this offering, we will have \$ aggregate principal amount of 5.00% Senior Notes due 2044 outstanding. Interest on the 2027 notes will be paid semi-annually in arrears on and of each year, commencing on , 2017. Interest on the 2044 notes will be paid semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2017. The 2027 notes will mature on , 2027 and the 2044 notes will mature on January 15, 2044. We may redeem the notes, at any time in whole or from time to time in part, at our option, at the redemption prices discussed under the

heading Description of the Notes Optional Redemption. If we experience a Change of Control Repurchase Event (as defined in this prospectus supplement), we will be required to offer to purchase the notes from holders.

The notes will be our unsecured senior obligations and will rank equally in right of payment with all of our other unsecured and unsubordinated debt from time to time outstanding. The notes will be issued only in registered form in minimum denominations of \$2,000 and integral multiples of \$1,000.

**Investing in the notes involves risks. See Risk Factors beginning on page S-12 of this prospectus supplement and those risk factors incorporated by reference into this prospectus supplement and the accompanying prospectus from our Annual Report on Form 10-K for the fiscal year ended January 30, 2016.**

	Per 2027 Note	Total	Per 2044 Note	Total
Public offering price	%	\$ (1)	%	\$ (2)
Underwriting discount	%	\$	%	\$
Proceeds, before expenses, to us	%	\$ (1)	%	\$ (2)

- (1) Plus accrued interest, if any, from 2017, if settlement occurs after that date.
- (2) Plus accrued interest from January 15, 2017 to the settlement date. All such pre-issuance accrued interest will be paid by purchasers of the 2044 notes. On July 15, 2017, we will pay this pre-issuance accrued interest, along with accrued interest from the settlement date to July 15, 2017, to holders of the 2044 notes who are holders of record as of July 1, 2017.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company, Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V., as operator of the Euroclear system, against payment in New York, New York, on or about , 2017.

*Joint Book-Running Managers*

**BofA Merrill Lynch**

**Morgan Stanley**

**US Bancorp**

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date after the dates on the front of this prospectus supplement or the accompanying prospectus, as applicable, or for information incorporated by reference, as of the dates of that information.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which contains the terms of our offering of notes. The second part is the accompanying prospectus, dated August 27, 2014, which is part of our Registration Statement on Form S-3.

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information contained in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information contained in the documents to which we have referred you in [Where You Can Find More Information](#) in this prospectus supplement.

This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy the notes in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is correct as of any time subsequent to the date of such information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our behalf or the underwriters' behalf, to subscribe to or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

In this prospectus supplement and the accompanying prospectus, unless otherwise stated, references to [Nordstrom](#), [we](#), [us](#), [our](#) and the [Company](#) refer to Nordstrom, Inc. and its consolidated subsidiaries. With respect to the discussion of the terms of the notes on the cover page, in the section entitled [Summary](#) and in the section entitled [Description of the Notes](#), the words [Nordstrom](#), [we](#), [us](#), [our](#) and the [Company](#) refer only to Nordstrom, Inc. and not to any of its subsidiaries.

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**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. Our SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov> or from Nordstrom's website at <http://www.nordstrom.com>. The information contained in or connected to our website is not part of this prospectus supplement or the accompanying prospectus. You may also read and copy any document we file with the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. You can call the SEC at 1-800-SEC-0330 for further information about the operation of the Public Reference Room.

Our common stock is listed and traded on the New York Stock Exchange. We will refer to the New York Stock Exchange as the NYSE in this prospectus supplement.

The SEC allows us to incorporate by reference into this prospectus supplement and the accompanying prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will automatically update this prospectus supplement and the accompanying prospectus. In other words, in the case of a conflict or inconsistency between the information set forth in this prospectus supplement and the accompanying prospectus and information incorporated by reference into this prospectus supplement and the accompanying prospectus, you should rely on the information contained in the document that was filed later. You should review these filings as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus supplement. We incorporate by reference the documents listed below, which we have already filed with the SEC, and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), between the date of this prospectus supplement and the date of the completion of the offering:

- (1) our annual report on Form 10-K for the fiscal year ended January 30, 2016, including information specifically incorporated by reference into our annual report from our proxy statement on Schedule 14A filed on April 8, 2016;
- (2) our quarterly reports on Form 10-Q for the fiscal quarters ended April 30, 2016, July 30, 2016 and October 29, 2016; and
- (3) our current reports on Form 8-K filed February 26, 2016, March 1, 2016, March 7, 2016, April 6, 2016, May 25, 2016, June 13, 2016, August 18, 2016, August 31, 2016, October 27, 2016, November 21, 2016, February 21, 2017 and February 23, 2017, and amended current reports on Form 8-K/A filed March 4, 2016, March 23, 2016 and March 3, 2017.

Notwithstanding the foregoing, information furnished under Items 2.02 and 7.01 of any current report on Form 8-K, including the related exhibits under Item 9.01, is not incorporated by reference into this prospectus supplement or the accompanying prospectus.

You may request a copy of these filings (excluding exhibits), at no cost, by writing or calling our Executive Vice President, Finance and Treasurer at the following address or telephone number:

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James A. Howell

Executive Vice President, Finance and Treasurer

Nordstrom, Inc.

1617 Sixth Avenue

Seattle, Washington 98101

(206) 628-2111

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**CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION**

This prospectus supplement and the accompanying prospectus, and the documents incorporated herein and therein by reference, may contain or may suggest forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act ) and Section 21E of the Exchange Act. Additionally, we or our representatives may, from time to time, make other written or verbal forward-looking statements. Those statements relate to developments, results, conditions or other events we expect or anticipate will occur in the future. We intend such words as believes, anticipates, may, will, should, could, plans, expects and similar expressions to forward-looking statements. Actual future results and trends may differ materially from historical results or current expectations depending upon factors, including, but not limited to:

successful execution of our customer strategy, including expansion into new domestic and international markets, acquisitions, investments in our stores and online as well as investments in technology, our ability to realize the anticipated benefits from growth initiatives and our ability to provide a seamless experience across all channels;

timely and effective execution of our ecommerce initiatives and ability to manage the costs and organizational changes associated with this evolving business model;

timely completion of construction associated with newly planned stores, relocations and remodels, all of which may be impacted by the financial health of third parties;

our ability to maintain relationships with our employees and to effectively attract, develop and retain our future leaders;

effective inventory management processes and systems, fulfillment processes and systems, disruptions in our supply chain and our ability to control costs;

the impact of any systems failures, cybersecurity and/or security breaches, including any security breach of our systems or those of a third-party provider that results in the theft, transfer or unauthorized disclosure of customer, employee or Company information or compliance with information security and privacy laws and regulations in the event of such an incident;

successful execution of our information technology strategy;

our ability to effectively utilize data in strategic planning and decision making;

efficient and proper allocation of our capital resources;



our ability to realize the expected benefits, respond to potential risks and appropriately manage costs associated with our program agreement with TD;

our ability to safeguard our reputation and maintain our vendor relationships;

our ability to respond to the business environment, fashion trends and consumer preferences, including changing expectations of service and experience in stores and online, and evolve our business model;

the effectiveness of planned advertising, marketing and promotional campaigns in the highly competitive and promotional retail industry;

the timing, price, manner 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;

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the impact of economic and market conditions and the resultant impact on consumer spending patterns;

weather conditions, natural disasters, health hazards, national security or other market disruptions, or the prospects of these events and the resulting impact on consumer spending patterns;

our compliance with applicable domestic and international laws, regulations and ethical standards, including those related to banking, employment and tax and the outcome of claims and litigation and resolution of such matters;

the impact of the current regulatory environment and financial system and health care reforms; and

compliance with debt covenants, availability and cost of credit, changes in our credit rating, changes in interest rates, debt repayment patterns and personal bankruptcies.

These and other factors, including those factors described in Item 1A to our annual report on Form 10-K for the fiscal year ended January 30, 2016, which is incorporated by reference into this prospectus supplement and the accompanying prospectus, and the Risk Factors section elsewhere in this prospectus supplement, could affect our financial results and cause our actual results to differ materially from any forward-looking information we may provide. Forward-looking statements relate to the date made, and we undertake no obligation to update or revise them to reflect subsequent events, new information or future circumstances.

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**SUMMARY**

*This is only a summary and therefore does not contain all the information that may be important to you. Before deciding whether or not to purchase the notes, you should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus carefully, including the Risk Factors section elsewhere in this prospectus supplement, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended January 30, 2016 and our consolidated financial statements and related notes.*

**The Company**

Founded in 1901 as a retail shoe business in Seattle, Nordstrom later incorporated in Washington state in 1946 and went on to become one of the leading fashion specialty retailers based in the U.S. As of January 28, 2017, we operated 344 stores located in 40 states as well as a robust ecommerce business through Nordstrom.com, Nordstromrack.com/HauteLook and TrunkClub.com. We also operate five Nordstrom full-line stores in Canada. The west and east coasts of the U.S. are the areas in which we have the largest presence. We have two reportable segments: Retail and Credit.

As of January 28, 2017, the Retail segment included our 118 Nordstrom-branded full-line stores in the U.S. and at Nordstrom.com, 215 off-price Nordstrom Rack stores, five Canada full-line stores, Nordstromrack.com/HauteLook, seven Trunk Club clubhouses and TrunkClub.com, two Jeffrey boutiques and two clearance stores that operate under the name Last Chance. Through these multiple retail channels, we strive to deliver the best customer experience possible. We offer an extensive selection of high-quality brand-name and private-label merchandise focused on apparel, shoes, cosmetics and accessories. Our integrated Nordstrom full-line stores and online store allow us to provide our customers with a seamless shopping experience. In-store purchases are primarily fulfilled from that store's inventory, but when inventory is unavailable at that store it may also be shipped to our customers from our fulfillment centers in Cedar Rapids, Iowa and Elizabethtown, Pennsylvania, or from other Nordstrom full-line stores. Online purchases are primarily shipped to our customers from our Cedar Rapids and East Coast fulfillment centers, but may also be shipped from our Nordstrom full-line stores. Our customers can also pick up online orders in our Nordstrom full-line stores if inventory is available at one of our locations. These capabilities allow us to better serve customers across various channels and improve sales. Nordstrom Rack stores purchase merchandise primarily from the same vendors carried in Nordstrom full-line stores and also serve as outlets for clearance merchandise from our Nordstrom stores and other retail channels. Nordstromrack.com/HauteLook offers a persistent selection of off-price merchandise, as well as limited-time sale events on fashion and lifestyle brands and are integrated with a single customer log-in, shared shopping cart and streamlined checkout process. Nordstromrack.com combines the technology expertise of HauteLook with the merchant expertise of Nordstrom Rack. Online purchases are primarily shipped to our customers from our San Bernardino fulfillment center. Furthermore, we can accommodate returns from these sites by mail or at any Nordstrom Rack location.

Through our Credit segment, our customers can access a variety of payment products and services, including a Nordstrom-branded private label card, two Nordstrom-branded Visa credit cards and a debit card for Nordstrom purchases. When customers open a Nordstrom credit or debit card, they also join our loyalty program which provides benefits based on their level of spending. Although the primary purposes of our Credit segment are to foster greater customer loyalty and drive more sales, through our program agreement with TD Bank, N.A., we also receive credit card revenue.

We operate on a 52/53-week fiscal year ending on the Saturday closest to January 31st. All years within this document are based on a 52-week fiscal year, except 2012, which is based on a 53-week fiscal year.

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As of January 28, 2017, we had 166 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, HauteLook, Trunk Club, Halogen, BP., Caslon, Zella, Tucker+Tate and 14th & Union. Each of our trademarks is renewable indefinitely, provided that it is still used in commerce at the time of renewal.

We have a fair and liberal approach to returns as part of our objective to provide high-quality customer service. We do not have a formal return policy at our Nordstrom full-line stores or online at Nordstrom.com. Our goal is to take care of our customers, which includes making returns and exchanges easy, whether in stores or online, where we offer free shipping on purchases and returns. Our Nordstrom Rack stores generally accept returns up to 90 days from the date of purchase with the original price tag and sales receipt and also accept returns of Nordstromrack.com/HauteLook merchandise. Nordstromrack.com/HauteLook generally accepts returns of apparel, footwear and accessories within 90 days from the date of shipment.

Our business, like that of other retailers, is subject to seasonal fluctuations. Due to our Anniversary Sale in July and the holidays in the fourth quarter, our sales are typically higher in the second and fourth quarters than in the first and third quarters of the fiscal year. In 2016, the Anniversary Sale event started one week later in July relative to last year, shifting one week of the event into the third quarter.

We operate in a highly competitive business environment. We compete with other national, regional, local and online retailers that may carry similar lines of merchandise, including department stores, specialty stores, off-price stores, boutiques and Internet businesses. Our specific competitors vary from market to market. We believe the keys to competing in our industry are providing great customer service and customer experiences in stores and online. This includes offering compelling price and value, fashion newness, quality of products, selection, convenience, technology, product fulfillment, personalization and appealing, relevant store environments in top locations.

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 has historically extended over the last two weeks of July. We also purchase and receive a larger amount of merchandise in the fall, as we prepare for the holiday shopping season (from late November through December). At Nordstrom Rack, we invest in pack and hold inventory which involves the strategic purchase of merchandise from some of our full-line stores' top brands in advance of the upcoming selling seasons to take advantage of favorable buying opportunities. This inventory is typically held for six months on average and has been an important component of Nordstrom Rack's inventory strategy.

In order to offer merchandise that our customers want, we purchase 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, and are available on our website at Nordstrom.com.

During 2016, we employed approximately 72,500 employees on a full- or part-time basis. Due to the seasonal nature of our business, employment increased to approximately 74,000 employees in July 2016 and 78,000 in December 2016. All of our employees are non-union. We believe our relationship with our employees is good.

Nordstrom, Inc. common stock is publicly traded on the NYSE under the symbol JWN. Our executive offices are located at 1617 Sixth Avenue, Seattle, Washington 98101 and our telephone number is (206) 628-2111. The information contained in or connected to our website is not part of this prospectus supplement or the accompanying prospectus.

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The following information sets forth certain preliminary financial data for the periods indicated. Our results of operations for the periods presented are not necessarily indicative of results that may be expected for any future period. All of this data should be read in conjunction with the consolidated financial statements (including the notes thereto) and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus.

	<b>Three Months Ended</b>	
	<b>January 28, 2017</b>	<b>January 30, 2016</b>
	<b>(in millions, except per share amounts) (unaudited)</b>	
<b>Operations</b>		
Net sales	\$ 4,243	\$ 4,143
Credit card revenues, net	73	51
Total revenues	4,316	4,194
Total company comparable sales percentage increase (decrease)(1)	(0.9%)	1.0%
Cost of sales and related buying and occupancy costs	(2,720)	(2,700)
Selling, general and administrative expenses	(1,172)	(1,170)
Total selling, general and administrative rate(2)	27.6%	28.2%
Interest expense, net	(31)	(30)
Earnings before income taxes ( EBT )	393	294
Earnings before income taxes rate(3)	9.1%	7.0%
Net earnings	201	180
Net earnings rate(3)	4.7%	4.3%
Earnings per diluted share	\$ 1.15	\$ 1.00

(1) Total company comparable sales include sales from stores that have been open at least one full year at the beginning of the year. Total company comparable sales include sales from our online channels.

(2) Selling, general and administrative rates are calculated as a percentage of net sales.

(3) Calculated as a percentage of total revenues.





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	<b>Fiscal Year Ended</b>	
	<b>January 28, 2017</b>	<b>January 30, 2016</b>
	<b>(in millions, except per share amounts) (unaudited)</b>	
<b>Operations</b>		
Net sales	\$ 14,498	\$ 14,095
Credit card revenues, net	259	342
Total revenues	14,757	14,437
Total company comparable sales percentage increase (decrease)(1)	(0.4%)	2.7%
Cost of sales and related buying and occupancy costs	(9,440)	(9,168)
Selling, general and administrative expenses	(4,315)	(4,168)
Goodwill impairment	(197)	
Total selling, general and administrative rate(2)	29.8%	29.6%
Interest expense, net	(121)	(125)
Earnings before income taxes	684	976
Earnings before income taxes rate(3)	4.6%	6.8%
Net earnings	354	600
Net earnings rate(3)	2.4%	4.2%
Earnings per diluted share	\$ 2.02	\$ 3.15

- (1) Total company comparable sales include sales from stores that have been open at least one full year at the beginning of the applicable year. Total company comparable sales include sales from our online channels.
- (2) Selling, general and administrative rates are calculated as a percentage of net sales.
- (3) Calculated as a percentage of total revenues.

	<b>As of January 28, 2017</b>	<b>As of January 30, 2016</b>
	<b>(in millions) (unaudited)</b>	
<b>Financial Position</b>		
Accounts receivable, net	\$ 199	\$ 196
Merchandise inventories	1,896	1,945
Total current assets	3,242	3,014
Total current liabilities	3,679	2,911
Land, property and equipment, net	3,897	3,735
Long-term debt, net	2,113	2,795
Total shareholders equity	870	871
Total assets	7,858	7,698

**Fiscal Year Ended**  
**January 28,      January 30,**  
**2017                      2016**  
(in millions)

**(unaudited)**

**Cash flow data**

Net cash provided by operating activities	\$ 1,648	\$ 2,451
Net cash used in investing activities	(791)	(144)
Net cash used in financing activities	(445)	(2,539)

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**The Offering**

*The following summary contains basic information about the notes. It does not contain all the information that may be important to you. For a more complete understanding of the notes, please refer to the section of this prospectus supplement entitled "Description of the Notes" and the section of the accompanying prospectus entitled "Description of Debt Securities."*

Issuer	Nordstrom, Inc.
Notes Offered	<p>\$ _____ % Senior Notes due 2027.                  \$5.00% Senior Notes due 2044.</p> <p>The 2044 notes will be a further issuance of, and will be fully fungible, rank equally in right of payment and form a single series with, the outstanding approximately \$666 million aggregate principal amount of 5.00% Senior Notes due 2044 issued by us on May 6, 2014. Upon completion of this offering, we will have \$ _____ aggregate principal amount of 5.00% Senior Notes due 2044 outstanding.</p>
Maturity Date	<p>The 2027 notes will mature on _____, 2027.</p> <p>The 2044 notes will mature on January 15, 2044.</p>
Interest	<p>Interest on the 2027 notes will accrue from the date of their issuance at the rate set forth on the cover page of this prospectus supplement and will be payable semi-annually, in arrears, on _____ and _____ of each year, commencing _____, 2017.</p> <p>Interest on the 2044 notes will accrue from, and including, January 15, 2017 and is payable on January 15 and July 15 of each year, beginning on July 15, 2017. All pre-issuance accrued interest from January 15, 2017 to the settlement date will be paid by purchasers of the 2044 notes.</p>
Optional Redemption of Notes	<p>Prior to _____, 2026, with respect to the 2027 notes, or July 15, 2043, with respect to the 2044 notes, we may redeem the notes at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of:</p>

100% of the principal amount of the notes being redeemed; and

The sum of the present values of the remaining scheduled payments of principal and interest thereon (assuming, in the case of the 2027 notes only, that such 2027 notes matured on \_\_\_\_\_, 2026) (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate (as defined in this prospectus

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supplement) plus            basis points, with respect to the 2027 notes, and 20 basis points, with respect to the 2044 notes,

plus, in either case, the accrued and unpaid interest on the notes being redeemed to, but not including, the date of redemption.

In addition, at any time on or after           , 2026, with respect to the 2027 notes, or July 15, 2043, with respect to the 2044 notes, we may redeem some or all of the notes at a price equal to 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest thereon to, but not including, the date of redemption.

Repurchase at the Option of Holders Upon a Change of Control Repurchase Event

If we experience a Change of Control Repurchase Event (as defined in this prospectus supplement), we will be required, unless we have exercised our right to redeem the notes, to offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the purchase date.

Covenants

The indenture, pursuant to which the notes will be issued, contains certain covenants that will, among other things, limit our ability and the ability of certain of our subsidiaries to incur certain liens, enter into sale and leaseback transactions or consolidate, merge or transfer our properties and assets as an entirety or substantially as an entirety to any person, in each case subject to important exceptions and qualifications. Other than the foregoing and as described under Description of the Notes Repurchase Upon a Change of Control Repurchase Event, the indenture does not contain any covenants or other provisions designed to afford holders of the notes protection in the event of a highly leveraged transaction involving us or in the event of a decline in our credit rating as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us. See Description of Debt Securities in the accompanying prospectus.

Ranking

The notes will be our senior unsecured obligations and will rank:

senior in right of payment to any of our future indebtedness that is expressly subordinated in right of payment to the notes;

equal in right of payment to any of our existing and future unsecured indebtedness that is not so subordinated (including the outstanding 2044 notes);

effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and

structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries.

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As of January 28, 2017, after giving effect to this offering and the use of proceeds therefrom, we had approximately \$ of consolidated debt outstanding, all of which is senior debt, of which approximately \$27 million was our secured debt. As of January 28, 2017, our subsidiaries had approximately \$580 million of indebtedness and other liabilities (including trade payables, but excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with U.S. generally accepted accounting principles).

Use of Proceeds

We estimate that the net proceeds from the offering of the notes will be approximately \$ , after deducting the underwriters' discounts and estimated offering expenses payable by us. We expect to use the net proceeds from this offering to repay or retire all \$650.0 million aggregate principal amount of outstanding 6.25% Senior Notes due 2018 and any remaining net proceeds for general corporate purposes, which may include financing of capital expenditures and working capital needs. See Use of Proceeds.

Absence of Public Market

The 2027 notes are new issues of securities with no established trading markets. The 2044 notes will be a further issuance of, and will form a single series with, our existing 5.00% Senior Notes due 2044 issued by us on May 6, 2014. We do not intend to apply for listing of either series of notes on a national securities exchange. The underwriters have advised us that they presently intend to make markets in the notes as permitted by applicable law. However, the underwriters are not obligated to make markets in the notes and may cease their market-making activities at any time at their discretion without notice. In addition, the liquidity of the trading markets in the notes, and the market prices quoted for the notes, may be adversely affected by changes in the overall market for securities and by changes in the financial performance or our prospects and/or companies in our industry generally. As a result, no assurance can be given (i) that active trading markets will develop or be maintained for the notes, (ii) as to the liquidity of any markets that do develop or (iii) as to your ability to sell any notes you may own or the price at which you may be able to sell your notes.

Further Issues

We may, at any time, without consent of the holders of notes of either series, issue additional notes of such series having the same ranking and the same interest rate, maturity date and other terms, respectively, as those of such series, provided that such additional notes must be issued with no more than *de minimis* original issue discount for U.S. federal income tax purposes or constitute a qualified reopening of the previously issued notes for U.S. federal income tax purposes. Any additional notes having such similar terms, together with the notes of

such series, will constitute a single series of debt securities under the indenture.

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Denomination and Form	We will issue each series of notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company, or DTC. Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, société anonyme and Euroclear Bank, S.A./N.V., as operator of the Euroclear system, will hold interests on behalf of their participants through their respective U.S. depositories, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the indenture. The notes will be issued only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
Risk Factors	Investing in the notes involves risks. See <a href="#">Risk Factors</a> for a description of certain risks you should consider before investing in the notes.
Trustee	Wells Fargo Bank, National Association
Governing Law	The indenture (as defined in this prospectus supplement) and the notes will be governed by the laws of New York.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

The following table shows our historical ratio of earnings to fixed charges for the fiscal year ended January 28, 2017 and for each of the previous four fiscal years. Our ratio of earnings to fixed charges for each of the periods set forth below has been computed on a consolidated basis and should be read in conjunction with the consolidated financial statements, including the notes to those statements, and other information set forth in the reports filed by us with the SEC.

For purposes of determining the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income tax plus fixed charges, amortization of capitalized interest, less interest capitalized during the period. Fixed Charges represent interest and amortization of deferred financing fees, and the portion of rental expenses on operating leases deemed to be the equivalent of interest.

		<b>Fiscal Year Ended</b>			
<b>January 28, 2017<sup>1</sup></b>	<b>January 30, 2016</b>	<b>January 31, 2015</b>	<b>February 1, 2014</b>	<b>February 2, 2013</b>	
3.88x	5.27x	6.58x	6.11x	6.80x	

- 1) Earnings for the fiscal year ended January 28, 2017 included a \$197 million non-cash goodwill impairment charge related to Trunk Club.

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**RISK FACTORS**

*Before you decide to invest in the notes, you should carefully consider the risks below, the risk factors discussed in our annual report on Form 10-K for the fiscal year ended January 30, 2016, which is incorporated by reference into this prospectus supplement and the accompanying prospectus, and the other information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. See **Where You Can Find More Information** . The information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus includes forward-looking statements that involve risks and uncertainties. We refer you to **Cautionary Statements Relating to Forward-Looking Information** in this prospectus supplement. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this prospectus supplement and the accompanying prospectus. Additional risks and uncertainties that we currently deem immaterial or that are not presently known to us may also materially and adversely affect our business, results of operations and financial condition. There are also risks within the economy, the industry and the capital markets that affect us generally, which have not been described below.*

**Risks Relating to the Company.**

***If we Fail to Appropriately Manage our Capital, we may Negatively Impact our Operations.***

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. Changes in the credit and capital markets, including market disruptions, limited liquidity and interest rate fluctuations, may increase the cost of financing or restrict access to a potential source of liquidity. A deterioration in our capital structure or the quality and stability of our earnings could result in a downgrade of our credit rating, constraining the capital available to our company. If our access to capital is restricted or our borrowing costs increase, our operations and financial condition could be adversely impacted. Further, if we do not properly allocate our capital to maximize returns, our operations, and cash flows could be adversely affected.

***Our Business Depends on Third Parties for the Production, Supply or Delivery of Goods, and a Disruption Could Result in Lost Sales or Increased Costs.***

The continued success of our operations is tied to our timely receipt of quality merchandise from third-parties. Our process to identify qualified vendors and access quality products in a timely and efficient manner on acceptable terms and cost can be complex, particularly with respect to goods sourced outside the United States. Violations of law with respect to quality and safety by our importers, manufacturers or distributors could result in delays in shipments and receipt of goods or damage our reputation, resulting in lost sales. These vendors may experience difficulties due to economic or political conditions or the countries in which merchandise is manufactured could become subject to new trade restrictions, including increased customs restrictions, tariffs, or quotas. Additionally, changes in U.S. tax and trade policies that impact the retail industry, such as discontinuance of tax deductions or added taxation on imported goods could have a material adverse affect on our business, results of operations and liquidity.

**Risks Relating to the Notes.**

***The Notes are Subject to Prior Claims of any of our Secured Creditors.***

The notes are our unsecured general obligations, ranking equally with other unsecured and unsubordinated debt but below any secured debt to the extent of the value of the assets constituting the security for such secured debt. The indenture governing the notes permits us and our subsidiaries to incur secured debt under specified circumstances. If

we incur any debt secured by our assets or assets of our subsidiaries, these assets will be subject to the prior claims of our secured creditors.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding, our pledged assets would be available to satisfy obligations of the secured debt before any payment could be made on the

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notes. To the extent that such assets cannot satisfy in full our secured debt, the holders of such debt would have a claim for any shortfall that would rank equally in right of payment with the notes. In that case, we may not have sufficient assets remaining to pay amounts due on any or all of the notes. At January 28, 2017, we had \$27 million aggregate principal amount of consolidated secured debt outstanding.

***The Notes are Effectively Subordinated to the Existing and Future Liabilities of our Subsidiaries.***

Our equity interests in our subsidiaries are subordinate to any debt and other liabilities of our subsidiaries (including trade payables, but excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with U.S. generally accepted accounting principles) to the extent of the value of the assets of such subsidiaries, whether or not secured. The notes will not be guaranteed by our subsidiaries and we may not have direct access to the assets of our subsidiaries unless these assets are transferred by dividend or otherwise to us. The ability of our subsidiaries to pay dividends or otherwise transfer assets to us is subject to various restrictions under applicable law. Our right to receive assets of any of our subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors. In addition, even if we are a creditor of any of our subsidiaries, our right as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any debt and other liabilities, including trade payables, of our subsidiaries senior to that held by us. At January 28, 2017, our subsidiaries had approximately \$580 million of indebtedness and other liabilities (including trade payables, but excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with U.S. generally accepted accounting principles).

***Our Credit Ratings may not Reflect all Risks of Your Investment in the Notes.***

The credit ratings assigned to the notes are limited in scope, and do not address all the material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the applicable rating agencies if, in such rating agency's judgment, circumstances so warrant. Agency credit ratings are not a recommendation to buy, sell or hold any security. Each agency's rating should be evaluated independently of any other agency's rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value of the notes and increase our corporate borrowing costs.

***The Indenture Does Not Restrict the Amount of Additional Debt that we may Incur.***

The notes and indenture pursuant to which the notes will be issued do not place any limitation on the amount of unsecured debt that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the trading value of your notes, if any, and a risk that the credit ratings assigned to the notes are lowered or withdrawn.

***An Active Trading Market may not Develop for the 2027 Notes or be Maintained for either the 2027 Notes or the 2044 Notes.***

The 2027 notes are a new issue of securities with no established trading market. The 2044 notes will be a further issuance of, and will form a single series with, our existing 5.00% Senior Notes due 2044 issued by us on May 6, 2014. We do not intend to apply for listing of either series of notes on a national securities exchange. The underwriters

have advised us that they presently intend to make a market in the notes as permitted by applicable law. However, the underwriters are not obligated to make a market in the notes and may cease their

market-making activities at any time at their discretion without notice. In addition, the liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the

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overall market for securities and by changes in the financial performance or our prospects and/or companies in our industry generally. As a result, no assurance can be given (i) that an active trading market will develop or be maintained for the notes, (ii) as to the liquidity of any market that does develop or (iii) as to your ability to sell any notes you may own or the price at which you may be able to sell your notes.

***We may not be able to Repurchase the Notes upon a Change of Control.***

Upon the occurrence of specific kinds of change of control events, unless we have exercised our right to redeem the notes, we will be required to make an offer to each holder of notes to repurchase all or any part of such holder's notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase. If we experience a Change of Control Repurchase Event, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes. Our failure to purchase the Notes as required under the indenture governing the notes would result in a default under the indenture, which could have material adverse consequences for us and the holders of the notes. See Description of the Notes Repurchase Upon a Change of Control Repurchase Event.

**Table of Contents****USE OF PROCEEDS**

The net proceeds to us from the sale of the notes will be approximately \$ \_\_\_\_\_ million (after deducting the underwriting discounts and our offering expenses). We intend to use all of the net proceeds from the sale of the notes to repay or retire all \$650.0 million aggregate principal amount of outstanding 6.25% Senior Notes due 2018 (the 2018 notes ) and any remaining net proceeds for general corporate purposes, which may include financing of capital expenditures and working capital needs. The 2018 notes mature on January 15, 2018 and bear interest at a rate of 6.25% per annum.

**CAPITALIZATION**

The following table sets forth, as of January 28, 2017, our consolidated cash and cash equivalents and capitalization on an actual basis and as adjusted to give effect to the sale of the notes and the application of the net proceeds as described under Use of Proceeds in this prospectus supplement, including the retirement of outstanding indebtedness due in 2018. You should read this table in conjunction with our consolidated financial statements and related notes thereto which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	<b>At January 28, 2017</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(Dollars in millions)</b>	
	<b>(unaudited)</b>	
Cash and cash equivalents	\$ 1,007	\$
Long-term debt:		
6.25% notes due 2018, net of unamortized discount	650	
4.75% notes due 2020, net of unamortized discount	499	
Mortgage payable, 7.68%, due 2020	24	
4.00% notes due 2021, net of unamortized discount	500	
6.95% senior debentures due 2028	300	
7.00% notes due 2038, net of unamortized discount	146	
5.00% senior notes due 2044, net of unamortized discount	602	
% senior notes due 2027 offered hereby		
Other	53	
Total long-term debt, including current portion	2,774	
Shareholders' equity:		
Common stock	2,707	
Accumulated deficit	(1,794)	
Accumulated other comprehensive loss	(43)	
Total shareholders' equity	870	
Total capitalization	\$ 3,644	\$





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**Table of Contents****DESCRIPTION OF THE NOTES**

The following description of the particular terms of the notes supplements the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus, to which reference is made.

The 2027 notes and the 2044 notes will each be issued as a separate series of debt securities under the indenture, dated as of December 3, 2007 (the indenture), between us and Wells Fargo Bank, National Association, as trustee. The 2044 notes will be a further issuance of, and will be fully fungible, rank equally in right of payment and form a single series with, the outstanding approximately \$666 million aggregate principal amount of 5.00% Senior Notes due 2044 issued by us on May 6, 2014. Upon completion of this offering, we will have \$ aggregate principal amount of 5.00% Senior Notes due 2044 outstanding. The terms of the notes of each series will be governed by the terms of the indenture. The following summaries of certain provisions of the indenture, the notes and the respective officer's certificates under the indenture pursuant to which the 2027 notes will be established and the 2044 notes have been established, do not purport to be complete and are subject to, and qualified in their entirety by, all of the provisions of the indenture, the notes and such officer's certificates. You should read those documents for a better understanding of all of the provisions of those documents that may be important to you. The indenture and forms of the officer's certificates under the indenture pursuant to which the notes of each series will be issued (including the forms of the notes) are available upon request as described under Where You Can Find More Information. For purposes of this description, references to Nordstrom, we, our, and us refer only to Nordstrom, Inc. and not to its subsidiaries.

**General**

The notes will be our general unsecured obligations that rank senior in right of payment to all of our existing and future indebtedness that is expressly subordinated in right of payment to the notes. The notes will rank equal in right of payment with all our existing and future liabilities that are not so subordinated (including the outstanding 2044 notes). The notes will effectively rank junior to any of our secured indebtedness to the extent of the value of the assets constituting the security. The notes will rank structurally junior to all indebtedness and other liabilities, including trade payables, of our subsidiaries to the extent of the value of the assets of such subsidiaries. Since we conduct many of our operations through our subsidiaries, our right to participate in any distribution of the assets of a subsidiary when it winds up its business is subject to the prior claims of the creditors of the subsidiary. This means that your right as a holder of our notes will also be subject to the prior claims of these creditors if a subsidiary liquidates or reorganizes or otherwise winds up its business. Unless we are considered a creditor of the subsidiary, your claims will be recognized behind these creditors. See Risk Factors The Notes are Effectively Subordinated to the Existing and Future Liabilities of our Subsidiaries in this prospectus supplement. As of January 28, 2017, after giving effect to this offering and the use of proceeds therefrom, we had approximately \$ of consolidated debt outstanding, of which approximately \$27 million was our secured debt. As of January 28, 2017, our subsidiaries had approximately \$580 million of indebtedness and other liabilities (including trade payables, but excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with U.S. generally accepted accounting principles).

Except as described in the accompanying prospectus under Limitation on Sale and Leaseback and Limitation on Liens, the indenture does not limit our ability or the ability of our subsidiaries to incur additional indebtedness in the future, some or all of which may be secured. We currently have \$650.0 million of unsecured indebtedness outstanding that matures in January 2018. We anticipate using some or all of the proceeds of this offering to repay or retire this prior obligation. Except as described in the accompanying prospectus under Limitation on Sale and Leaseback and Limitation on Liens and in this prospectus supplement under Description of the Notes Repurchase Upon a Change of Control Repurchase Event, the indenture does not contain any covenants or other provisions designed to afford holders of the notes protection in the event of a highly leveraged transaction involving us or in the event of a decline

in our credit rating as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us.

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The indenture does not limit the amount of notes, debentures or other evidence of indebtedness that we may issue under the indenture and provides that notes, debentures or other evidences of indebtedness may be issued from time to time in one or more series. Unless otherwise specified or the context requires otherwise, when we use the term "debt securities" in this Description of the Notes, we mean all debt securities issued under the indenture, including the notes, and when we use the term "series of debt securities" or similar references, we are referring to each series of debt securities issued or to be issued under the indenture, including the series of debt securities that will comprise the notes.

We may, at any time, without consent of the holders of notes of either series, issue additional notes of such series having the same ranking and the same interest rate, maturity date and other terms, respectively, as those of such series, provided that such additional notes must be issued with no more than *de minimis* original issue discount for U.S. federal income tax purposes or constitute a "qualified reopening" of the previously issued notes for U.S. federal income tax purposes. Any additional notes having such similar terms, together with the notes of such series, will constitute a single series of securities under the indenture.

The notes will be issued only in fully registered form without coupons and in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Principal and interest will be payable, and the notes will be transferable or exchangeable, at the office or offices or agency maintained by us for these purposes. Payment of interest on the notes may be made at our option by check mailed to the registered holders.

No service charge will be made for any transfer or exchange of the notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with a transfer or exchange.

The notes will be represented by one or more global securities registered in the name of a nominee of DTC. Except as described under "Book-Entry Delivery and Settlement" in this prospectus supplement, the notes will not be issuable in certificated form.

**Principal Amount; Maturity and Interest**

The 2027 notes will initially be limited to \$ \_\_\_\_\_ aggregate principal amount and will mature on \_\_\_\_\_, 2027. The 2027 notes will bear interest at the rate of \_\_\_\_\_ % per annum from the date of original issuance, or from the most recent interest payment date to which interest has been paid or provided for. We will make interest payments on the 2027 notes semi-annually in arrears on \_\_\_\_\_ and \_\_\_\_\_ of each year, commencing \_\_\_\_\_, 2017, to the holders of record of 2027 notes at the close of business on the preceding \_\_\_\_\_ and \_\_\_\_\_, respectively.

The aggregate principal amount of the 2044 notes offered hereby will be \$ \_\_\_\_\_ and will mature on January 15, 2044. Interest on the 2044 notes will accrue from, and including, January 15, 2017, and is payable on January 15 and July 15 of each year, beginning on July 15, 2017, to the holders of record of 2044 notes at the close of business on the preceding January 1 and July 1, respectively. All pre-issuance accrued interest from January 15, 2017 to the settlement date will be paid by purchasers of the 2044 notes.

Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. If an interest payment date or the maturity date with respect to the notes falls on a day that is not a business day, the payment will be made on the next business day as if it were made on the date payment was due, and no interest will accrue on the amount so payable for the period from and after that interest payment date or the maturity date, as the case may be, to the date payment is made.

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**Optional Redemption**

Prior to their applicable Par Call Date, the notes will be redeemable at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of:

(i) 100% of the principal amount of the notes to be redeemed; and

(ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (assuming, in the case of the 2027 notes only, that such notes matured on their Par Call Date) not including any portion of such payments of interest accrued as of the date of redemption, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate (as defined below), plus      basis points, in the case of the 2027 notes, and 20 basis points, in the case of the 2044 notes,

plus, in each case, any accrued and unpaid interest thereon to, but not including, the date of redemption.

In addition, at any time on or after their applicable Par Call Date, the notes will be redeemable, in whole or in part at any time and from time to time, at our option at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest thereon to, but not including, the date of redemption.

***Definitions***

***Comparable Treasury Issue*** means, the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term (as measured from the date of redemption) of the notes to be redeemed (assuming, in the case of the 2027 notes only, that such 2027 notes mature on their Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes (assuming, in the case of the 2027 notes only, that such 2027 notes mature on their Par Call Date).

***Comparable Treasury Price*** means, with respect to any redemption date, (i) the average of three Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such

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Reference Treasury Dealer Quotations, or (ii) if the Quotation Agent obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations, or (iii) if only one Reference Treasury Dealer Quotation is received, such quotation.

**Par Call Date** means (i) with respect to the 2027 notes, \_\_\_\_\_, 2026 (three months prior to the maturity date of such notes) and (ii) with respect to the 2044 notes, July 15, 2043 (six months prior to the maturity date of such notes).

**Quotation Agent** means any Reference Treasury Dealer appointed by us.

**Reference Treasury Dealer** means (a) with respect to the 2027 notes, (i) each of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC (or their respective affiliates that are Primary Treasury Dealers) and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we will substitute therefor another Primary Treasury Dealer, (ii) one other Primary Treasury Dealer selected by U.S. Bancorp Investments, Inc. or its successor and (iii) two other Primary Treasury Dealers selected by us and (b) with respect to the 2044 notes, (i) each of Morgan, Stanley & Co. LLC, Goldman, Sachs & Co., RBS Securities Inc. and two other Primary Treasury Dealers selected by us (or their respective affiliates that are Primary Treasury Dealers) and their respective successors; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer we will substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealers selected by us.

**Reference Treasury Dealer Quotations** means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m. New York City time, on the third business day preceding such redemption date.

**Treasury Rate** means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Notwithstanding the foregoing, installments of interest on notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the notes and the indenture.

Notice of any redemption of 2027 notes will be mailed at least 15 days but not more than 60 days before the redemption date to each holder of the 2027 notes to be redeemed by us or by the trustee on our behalf. Notice of any redemption of 2044 notes will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the 2044 notes to be redeemed by us or by the trustee on our behalf. Notwithstanding the two immediately preceding sentences, notice of redemption may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes of such series or a satisfaction and discharge of the notes of such series. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption. If less than all of a series of the notes are to be redeemed, the notes to be redeemed shall be selected (i) in the case of the 2027 notes, by the trustee in accordance with the procedures of the DTC and (ii) in the case of the 2044 notes, by lot by DTC, in the case of 2044 notes represented by a global security, or by the trustee by a method the trustee deems to be fair and appropriate, in the case of 2044 notes that are not represented by a global security.

Any redemption of the 2027 notes may, at our option, be subject to one or more conditions precedent. If such redemption is so subject to satisfaction of one or more conditions precedent, the notice related to such redemption shall describe each such condition and, if applicable, shall state that, in our discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not



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occur and such notice may be rescinded in the event that any or all of such conditions shall not have been satisfied by the redemption date, or by the redemption date as so delayed.

Redemptions of the 2044 notes may not be subject to any conditions precedent.

## **Sinking Fund**

The notes will not be entitled to any sinking fund.

## **Repurchase Upon a Change of Control Repurchase Event**

If a Change of Control Repurchase Event (as defined below) occurs, unless we have exercised our right to redeem the notes of the applicable series as described above, we will make an offer to each holder of notes of such series to repurchase all or any part (no note of a principal amount of \$2,000 or less will be repurchased in part) of that holder's notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes to be repurchased plus any accrued and unpaid interest on such notes to, but not including, the date of purchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control (as defined below), but after the public announcement of an impending Change of Control, we will mail a notice to each holder, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase notes of the applicable series on the purchase date specified in the notice, which date will be no earlier than 15 days, in the case of the 2027 notes, and 30 days, in the case of the 2044 notes, and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the purchase date specified in the notice.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder, to the extent those laws and regulations are applicable in connection with the repurchase of the notes of the applicable series as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the notes of the applicable series, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the notes by virtue of such conflict.

On the Change of Control Repurchase Event purchase date, we will, to the extent lawful:

accept for payment all notes of the applicable series or portions of notes of the applicable series (in integral multiples of \$1,000) properly tendered pursuant to our offer;

deposit with the paying agent an amount equal to the aggregate purchase price in respect of all notes of the applicable series or portions of notes of the applicable series properly tendered; and

deliver or cause to be delivered to the trustee the notes of the applicable series properly accepted, together with an officers' certificate stating the aggregate principal amount of notes of the applicable series being purchased by us.

The paying agent will promptly mail or deliver to each holder of notes of the applicable series properly tendered the purchase price for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any notes surrendered; provided, that each new note will be in a minimum principal amount of \$2,000 and integral multiples of \$1,000 in excess thereof.

In the case of the 2027 notes only, if holders of not less than 90% in aggregate principal amount of the 2027 notes at the time outstanding validly tender and do not withdraw such 2027 notes in an offer to repurchase

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the notes upon a Change of Control Repurchase Event and we, or any other person making such an offer in lieu of us as described below, purchase all of the 2027 notes validly tendered and not withdrawn by such holders, we will have the right, upon not less than 15 nor more than 60 days prior notice, given not more than 30 days following such purchase upon a Change of Control Repurchase Event described above, to redeem all 2027 notes that remain outstanding following such purchase at a redemption price in cash equal to 101% of the aggregate principal amount thereof, plus any accrued and unpaid interest on such 2027 notes to, but not including, the date of redemption.

We will not be required to make an offer to repurchase the notes of the applicable series upon a Change of Control Repurchase Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all notes of such series properly tendered and not withdrawn under its offer.

We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. We could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control, but that could increase the amount of debt outstanding at such time or otherwise affect our capital structure or credit ratings.

***Definitions***

***Below Investment Grade Rating Event*** means the applicable ratings on the notes of the applicable series are lowered by each of the Rating Agencies and the notes of such series are rated below Investment Grade by each of the Rating Agencies on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of the notes of such series is under publicly announced consideration for possible downgrade by any of the Rating Agencies); *provided* that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Repurchase Event hereunder) if any of the Rating Agencies making the reduction in rating to which this definition would otherwise apply does not announce or publicly confirm or inform the trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

***Change of Control*** means the occurrence of any of the following:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of our properties or assets and those of our subsidiaries taken as a whole to any person or group (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our subsidiaries;
- (2) the adoption of a plan relating to our liquidation or dissolution;
- (3) the consummation of any transaction or series of related transactions (including, without limitation, any merger or consolidation) the result of which is that any person or group (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our wholly owned subsidiaries, becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of our Voting Stock, measured by voting power rather than number of shares; or



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(4) in the case of the 2044 notes only, the first day on which a majority of the members of our board of directors are not Continuing Directors.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of all or substantially all of our properties or assets and those of our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes of the applicable series to require us to repurchase its notes as a result of a sale, transfer, conveyance or other disposition of less than all of our properties and assets and those of our subsidiaries taken as a whole to another person or group may be uncertain.

***Change of Control Repurchase Event*** means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

***Continuing Directors*** means, as of any date of determination, any member of our board of directors who (i) was a member of such board of directors on December 12, 2013, the date of original issuance of the 2044 notes; or (ii) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director).

Under a Delaware Chancery Court interpretation of the foregoing definition of Continuing Directors, a board of directors may approve, for purposes of such definition, a slate of shareholder-nominated directors without endorsing them, or while simultaneously recommending and endorsing its own slate instead. It is unclear whether our board of directors, pursuant to Washington law, is similarly capable of approving a slate of dissident director nominees while recommending and endorsing its own slate. If such an action is possible under Washington law, the foregoing interpretation would permit our board to approve a slate of directors that included a majority of dissident directors nominated pursuant to a proxy contest, and the ultimate election of such dissident slate would not constitute a Change of Control for purposes of triggering a Change of Control Repurchase Event as described above.

***Fitch*** means Fitch Ratings Limited, and any successor to its rating agency business.

***Investment Grade*** means a rating of BBB- or better by Fitch (or its equivalent under any successor rating categories of Fitch), Baa3 or better by Moody's (or its equivalent under any successor rating categories of Moody's) and BBB- or better by S&P (or its equivalent under any successor rating categories of S&P) or the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by us.

***Moody's*** means Moody's Investors Service Inc., and any successor to its rating agency business.

***Rating Agency*** means (1) each of Fitch, Moody's and S&P; and (2) if any of Fitch, Moody's or S&P ceases to rate the notes of the applicable series or fails to make a rating of the notes of such series publicly available for reasons outside of our control, a nationally recognized statistical rating organization: within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us as a replacement agency for Fitch, Moody's or S&P, as the case may be.

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**S&P** means S&P Global Ratings, a division of S&P Global, Inc., and any successor to its rating agency business.

**Voting Stock** means, with respect to any person, capital stock of any class or kind the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such person, even if the right so to vote has been suspended by the happening of such a contingency.

## **Book-Entry Delivery and Settlement**

### ***Global Notes***

We will issue the notes of each series in the forms of one or more global notes in definitive, fully registered, book-entry form. The global notes will be deposited with or on behalf of DTC and registered in the name of Cede & Co., as nominee of DTC.

### ***DTC, Clearstream and Euroclear***

Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may hold interests in the global notes through either DTC (in the United States), Clearstream Banking, société anonyme, Luxembourg, which we refer to as Clearstream, or Euroclear Bank S.A./N.V., as operator of the Euroclear System, which we refer to as Euroclear, in Europe, either directly if they are participants in such systems or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their U.S. depositaries, which in turn will hold such interests in customers' securities accounts in the U.S. depositaries' names on the books of DTC.

We understand that:

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under Section 17A of the Exchange Act.

DTC holds securities that its participants deposit with DTC and facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts thereby eliminating the need for physical movement of securities certificates.

Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations.

DTC is owned by a number of its Direct Participants and by The New York Stock Exchange, Inc. and by the Financial Industry Regulatory Authority, Inc.

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Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ( Indirect Participants ). DTC has Standard & Poor s highest rating: AAA.

The rules applicable to DTC and its Direct and Indirect Participants are on file with the SEC. We understand that Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities

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transactions between its customers through electronic book-entry changes in accounts of its customers, thereby eliminating the need for physical movement of certificates. Clearstream provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and other organizations and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream customer either directly or indirectly.

We understand that Euroclear was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V., which we refer to as the Euroclear Operator, under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation, which we refer to as the Cooperative. All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers, and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

We understand that the Euroclear Operator is licensed by the Belgian Banking and Finance Commission to carry out banking activities on a global basis. As a Belgian bank, it is regulated and examined by the Belgian Banking and Finance Commission.

We have provided the descriptions of the operations and procedures of DTC, Clearstream and Euroclear in this prospectus supplement solely as a matter of convenience. These operations and procedures are solely within the control of those organizations and are subject to change by them from time to time. None of us, the underwriters or the trustee takes any responsibility for these operations or procedures, and you are urged to contact DTC, Clearstream and Euroclear or their participants directly to discuss these matters.

We expect that under procedures established by DTC:

upon deposit of the global notes with DTC or its custodian, DTC will credit on its internal system the accounts of direct participants designated by the underwriters with portions of the principal amounts of the global notes; and

ownership of the notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants.

The laws of some jurisdictions may require that purchasers of securities take physical delivery of those securities in definitive form. Accordingly, the ability to transfer interests in the notes represented by a global note to those persons



may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in notes represented by a global note to pledge or transfer those interests to persons or entities that do not participate in DTC's system, or otherwise to take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

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So long as DTC or its nominee is the registered owner of a global note, DTC or that nominee will be considered the sole owner of the notes represented by the global note for all purposes under the indenture and under the notes. Except as provided below, owners of beneficial interests in a global note will not be entitled to have notes represented by that global note registered in their names, will not receive or be entitled to receive physical delivery of certificated notes and will not be considered the owners or holders thereof under the indenture or under the notes for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee. Accordingly, each holder owning a beneficial interest in a global note must rely on the procedures of DTC and, if that holder is not a direct or indirect participant, on the procedures of the participant through which that holder owns its interest, to exercise any rights of a holder of notes under the indenture or a global note.

Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of notes by DTC, Clearstream or Euroclear, or for maintaining, supervising or reviewing any records of those organizations related to the notes.

Payments on the notes represented by global notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. We expect that DTC or its nominee, upon receipt of any payment on the notes represented by a global note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the global note as shown in the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global note held through such participants will be governed by standing instructions and customary practice as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for those payments.

Distributions on the notes held beneficially through Clearstream will be credited to cash accounts of its customers in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the Terms and Conditions). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Distributions on the notes held beneficially through Euroclear will be credited to the cash accounts of its participants in accordance with the Terms and Conditions, to the extent received by the U.S. depository for Euroclear.

### ***Clearance and Settlement Procedures***

Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with applicable rules and operating procedures of Clearstream and Euroclear, as applicable, and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected through DTC in

accordance with DTC rules on behalf of the relevant European international clearing system by

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the U.S. depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the U.S. depository to take action to effect final settlement on its behalf by delivering or receiving interests in the notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositories.

Because of time-zone differences, credits of the notes received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in the notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of the Notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures to facilitate transfers of the notes among participants of DTC, Clearstream and Euroclear, they are under no obligation or responsibility to perform or continue to perform such procedures and such procedures may be changed or discontinued at any time.

***Certificated Notes***

We will issue certificated notes to each person that DTC identifies as the beneficial owner of the notes represented by a global note upon surrender by DTC of the global note if:

DTC notifies us that it is no longer willing or able to act as a depository for such global note or ceases to be a clearing agency registered under the Exchange Act, and we have not appointed a successor depository within 90 days of that notice or becoming aware that DTC is no longer so registered;

an event of default has occurred and is continuing, and DTC requests the issuance of certificated notes;  
or

we determine not to have the notes represented by a global note.

Neither we nor the trustee will be liable for any delay by DTC, its nominee or any direct or indirect participant in identifying the beneficial owners of the notes. We and the trustee may conclusively rely on, and will be protected in relying on, instructions from DTC or its nominee for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the certificated notes to be issued.

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**MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

The following discussion summarizes certain of the United States federal income tax consequences of the purchase, ownership and disposition of the notes. This summary:

is based on the Internal Revenue Code of 1986, as amended (the Code), United States Treasury regulations issued under the Code, judicial decisions and administrative pronouncements, all as in effect as of the date hereof and all of which are subject to different interpretations or to change. Any such change may be applied retroactively and may adversely affect the United States federal income tax consequences described in this prospectus supplement;

addresses only tax consequences to investors that purchase the notes upon their original issuance for cash at their initial offering price, and that hold the notes as capital assets within the meaning of Section 1221 of the Code (that is, for investment purposes);

does not discuss all of the tax consequences that may be relevant to particular investors in light of their particular circumstances (such as the application of the alternative minimum tax);

does not discuss all of the tax consequences that may be relevant to investors that are subject to special treatment under the United States federal income tax laws (such as insurance companies, financial institutions, tax-exempt organizations, retirement plans, regulated investment companies, dealers in securities or currencies, U.S. Holders (as defined below) whose functional currency for tax purposes is not the United States dollar, persons holding the notes as part of a hedge, straddle, constructive sale, conversion or other integrated transaction, former United States citizens or long-term residents subject to taxation as expatriates under Section 877 of the Code, or traders in securities that have elected to use a mark-to-market method of accounting for their securities holdings);

does not discuss the effect of other United States federal tax laws (such as estate and gift tax laws) except to the limited extent specifically indicated below, and does not discuss any state, local or foreign tax laws;

does not discuss the tax consequences to a person holding notes through a partnership (or other entity or arrangement classified as a partnership for United States federal income tax purposes), except to the limited extent specifically indicated below;

does not address situations in which the notes are purchased at an Original Issue Discount or market premium; and

does not address the potential application of the Medicare tax on net investment income.

We have not sought and will not seek a ruling from the Internal Revenue Service (the IRS) with respect to any of the matters discussed in this section, and we cannot assure you that the IRS will not take a different position concerning the tax consequence of the purchase, ownership or disposition of the notes, or that any such position would not be sustained.

If a partnership (or other entity or arrangement classified as a partnership for United States federal income tax purposes) holds the notes, the tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership holding notes, you should consult your independent tax advisor regarding the consequences of the purchase, ownership or disposition of the notes.

**Prospective investors should consult their independent tax advisors with regard to the application of the United States federal income tax laws to their particular situation, as well as the application of any other United States federal, state, local or foreign tax law, including gift tax, estate tax, and tax treaties.**

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### **Qualified Reopening**

For U.S. federal income tax purposes, the 2044 notes will be issued in a qualified reopening of the approximately \$666 million aggregate principal amount of 5.00% Senior Notes due 2044 initially issued by us on May 6, 2014. Accordingly, the 2044 notes offered hereby will be considered to have the same issue date and issue price as the approximately \$666 million aggregate principal amount of 5.00% Senior Notes due 2044 initially issued by us on May 6, 2014.

### **U.S. Holders**

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the notes by a holder that is a U.S. Holder. For purposes of this summary, U.S. Holder means a beneficial owner of a note or notes that is for United States federal income tax purposes:

a citizen or resident of the United States;

a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States (or any state thereof or the District of Columbia);

an estate whose income is subject to United States federal income taxation regardless of its source; or

a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more United States persons (within the meaning of the Code) have authority to control all of its substantial decisions, or (ii) such trust has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

### ***Treatment of Interest***

Stated interest on the notes will be taxable to a U.S. Holder as ordinary interest income as the interest is paid or accrued in accordance with the U.S. Holder's regular method of accounting for United States federal income tax purposes.

### ***Repurchase Option***

The notes will be redeemable at our option at any time and from time to time, in whole or in part, upon not less than 15 nor more than 60 days' prior written notice, in the case of the 2027 notes and upon not less than 30 nor more than 60 days' prior written notice, in the case of the 2044 notes. Under special rules governing this type of option, we will be deemed not to exercise our option to redeem the notes, and the possibility of redemption premium on the notes will not affect the amount of income recognized by you in advance of your receipt of any such redemption premium.

### ***Additional Payments***

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the notes. For example, if we are required to repurchase the notes in connection with a change of control repurchase event as

described in Description of the Notes Repurchase Upon a Change of Control Repurchase Event. Although the issue is not free from doubt, we intend to take the position that the possibility of such payments does not result in the notes being treated as subject to the special rules governing certain contingent payment debt instruments (which, if applicable, would affect the timing, amount and character of income with respect to a note). Our determination in this regard, while not binding on the IRS, is binding on U.S. Holders unless they disclose their contrary position. U.S. Holders should consult their tax advisors regarding the tax consequences if the notes were to be treated as contingent payment debt instruments.



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### ***Treatment of Dispositions of Notes***

Upon the sale, exchange, redemption, retirement or other taxable disposition (collectively, a disposition) of a note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount received on such disposition (other than amounts received in respect of accrued and unpaid interest, which will generally be taxable to that U.S. Holder as ordinary interest income at that time in accordance with the U.S. Holder's regular method of accounting for United States federal income tax purposes if not previously included in the U.S. Holder's income) and the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in the note will be, in general, the cost of the note to the U.S. Holder reduced by any principal payments with respect to the note received by the U.S. Holder. Gain or loss recognized on the disposition of a note generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of such disposition, the U.S. Holder's holding period in the note exceeds one year. Otherwise, such gain or loss generally will be short-term capital gain or loss. Net long-term capital gain recognized by a non-corporate U.S. Holder generally is eligible for preferential rates of United States federal income taxation. The deductibility of capital losses is subject to limitations.

### **Non-U.S. Holders**

The following is a summary of the United States federal income and estate tax consequences of the purchase, ownership and disposition of the notes by a holder that is a Non-U.S. Holder. For purposes of this summary, Non-U.S. Holder means a beneficial owner of a note or notes, other than a partnership (or an entity or arrangement classified as a partnership or disregarded entity for United States federal income tax purposes), who is not a U.S. Holder.

Special rules may apply to Non-U.S. Holders that are subject to special treatment under the Code, including controlled foreign corporations and passive foreign investment companies. Such Non-U.S. Holders should consult their independent tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to them.

### ***Treatment of Interest***

Subject to the discussion below concerning backup withholding, a Non-U.S. Holder will not be subject to United States federal income or withholding tax in respect of interest income on the notes if the interest income qualifies for the portfolio interest exception. Generally, interest income will qualify for the portfolio interest exception if each of the following requirements is satisfied:

The interest is not effectively connected with the conduct of a trade or business in the United States (or, if an income tax treaty applies, is not attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States);

The Non-U.S. Holder appropriately certifies its status as a non-United States person (as described below);

The Non-U.S. Holder does not directly or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote;

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The Non-U.S. Holder is not a bank in receipt of interest income within the meaning of Code section 881(c)(3)(A); and

The Non-U.S. Holder is not for United States federal income tax purposes a controlled foreign corporation that is directly or constructively related to us through stock ownership.

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The certification requirement referred to above generally will be satisfied if the Non-U.S. Holder provides us or our paying agent with a statement on the appropriate IRS Form W-8 (generally a W-8BEN, W-8BEN-E, suitable substitute, or successor form), together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Holder and stating, among other things, that the Non-U.S. Holder is not a United States person (within the meaning of the Code). If the Non-U.S. Holder holds its notes through a financial institution or other agent acting on the holder's behalf, the Non-U.S. Holder will be required to provide appropriate documentation to that agent, and that agent will then be required to provide appropriate documentation to us or our paying agent (either directly or through other intermediaries). For payments made to foreign partnerships and certain other pass-through entities, the certification requirement will generally apply to the partners or other interest holders rather than the partnerships or other pass-through entities, although partnerships and other pass-through entities may be required to make their own certifications (for example, by providing a completed IRS Form W-8IMY) in connection with the certifications applicable to their partners or other interest holders. We may be required to report annually to the IRS and to each Non-U.S. Holder the amount of interest paid to, and the tax withheld, if any, with respect to each Non-U.S. Holder. Prospective Non-U.S. Holders should consult their independent tax advisors regarding this certification requirement, and alternative methods for satisfying the certification requirement.

If the requirements of the portfolio interest exception are not satisfied with respect to a Non-U.S. Holder, payments of interest to that Non-U.S. Holder will be subject to a 30% United States withholding tax, unless another exemption or a reduced withholding rate applies. For example, an applicable income tax treaty may reduce or eliminate such tax, in which event a Non-U.S. Holder claiming the benefit of such treaty must provide the withholding agent with the appropriate and properly executed IRS Form W-8 (generally a W-8BEN, W-8BEN-E, suitable substitute, or successor form) claiming the benefit of the applicable tax treaty and may need to file IRS Form 8833 and/or a U.S. non-resident income tax return claiming entitlement to the benefits of such treaty.

***Treatment of Dispositions of Notes***

A Non-U.S. Holder of a note will not be subject to U.S. federal income tax on gain realized on the sale, exchange or other disposition of such note, unless the gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States, as discussed below. See the discussion below on FATCA regarding withholding under the FATCA rules on gross proceeds of the sale, exchange or other disposition (including retirement) of the notes.

***Income or Gain Effectively Connected with a United States Trade or Business***

If a Non-U.S. Holder of a note is engaged in a trade or business in the United States, and if the income or gain on the note is effectively connected with the conduct of this trade or business (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States), the Non-U.S. Holder will generally be taxed in the same manner as a U.S. Holder (see U.S. Holder consequences above), except that the Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (a suitable substitute, or successor form) in order to claim an exemption from withholding on interest. Such a Non-U.S. Holder should consult its tax advisor with respect to other U.S. tax consequences of the ownership and disposition of notes, including the possible imposition of a branch profits tax at a rate of 30 percent (or a lower tax rate if reduced by an applicable tax treaty).

***Treatment of Notes for United States Federal Estate Tax Purposes***

A note held by, or beneficially held for, an individual who is not a citizen or resident of the United States at the time of his or her death will not be includable in the individual's gross estate for federal estate tax purposes, provided that

(i) the requirements of the portfolio interest exception are satisfied with respect to such individual and (ii) at the time of death, payments with respect to such note would not have been effectively

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connected with the conduct by such holder of a trade or business in the United States. In addition, under the terms of an applicable estate tax treaty, United States federal estate tax may not apply with respect to a note.

## **Information Reporting Requirements and Backup Withholding**

### ***U.S. Holders***

In general, information reporting requirements will apply to certain payments of principal and interest on and the proceeds from the dispositions of notes unless the U.S. Holder is an exempt recipient. A backup withholding tax (currently at a rate of 28%) may apply to such payments if the U.S. Holder fails to provide its taxpayer identification number or certification of exempt status, or we have been notified by the IRS that payments to the U.S. Holder are subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will generally be allowed as a refund or a credit against a U.S. Holder's United States federal income tax liability provided that the U.S. holder furnishes the required information to the IRS on a timely basis.

### ***Non-U.S. Holders***

In the case of payments of interest or of proceeds from the disposition of a note to a Non-U.S. Holder, current United States Treasury regulations provide that the backup withholding tax and certain information reporting requirements (other than the requirements described above under *Non-U.S. Holders' Treatment of Interest*) will not apply to payments with respect to which either the requisite certification, as described above under *Non-U.S. Holders' Treatment of Interest*, has been received or an exemption has otherwise been established, provided that neither the withholding agent nor any intermediary has actual knowledge or reason to know that the Non-U.S. Holder is a United States person or that the conditions of any other exemption are not in fact satisfied.

Information reporting requirements, but not backup withholding, will apply to the payment of proceeds from a disposition of the notes by or through a foreign office of a United States broker or foreign brokers with certain types of relationships to the United States, unless the broker has documentary evidence in its file that the Non-U.S. Holder of the notes is not a United States person and the broker has no actual knowledge or reason to know that the Non-U.S. Holder of the notes is a United States person or the non-United States person establishes an exemption. Neither information reporting nor backup withholding generally will apply to the payment of the proceeds from a disposition of the notes by or through a foreign office of a foreign broker not subject to the preceding sentence.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will generally be allowed as a refund or a credit against a Non-U.S. Holder's United States federal income tax liability provided that the Non-U.S. Holder furnishes the required information to the IRS on a timely basis.

Prospective Non-U.S. Holders should consult their independent tax advisors concerning the application of information reporting and backup withholding rules.

## **Foreign Account Taxpayer Compliance Act (FATCA)**

Under the Foreign Account Tax Compliance Act (FATCA), a 30% FATCA withholding tax generally applies to interest paid if the interest is paid to either a:

Foreign financial institution (FFI) that does not meet the FATCA information reporting requirements and is not an excepted FFI, deemed compliant FFI, or exempt beneficial owner (nonparticipating FFI); or

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Non-financial foreign entity (NFFE) that is not exempt from the FATCA requirements and does not meet relevant FATCA information reporting requirements (FATCA noncompliant NFFE).

FATCA withholding generally applies to interest paid to a nonparticipating FFI or FATCA noncompliant NFFE on or after July 1, 2014. The FATCA withholding tax is not in addition to the general withholding tax. Any amount withheld under FATCA can generally be credited against the general withholding tax (Treas. Reg. § 1.1474-6).

FATCA withholding generally applies to gross proceeds from the sale or other disposition (including repayment or retirement) of debt paid to a nonparticipating FFI or FATCA noncompliant NFFE on or after January 1, 2019.

Non-U.S. Holders should consult their independent tax advisors concerning the application of FATCA.

Because the 2044 notes will be issued in a qualified reopening of the approximately \$666 million aggregate principal amount of 5.00% Senior Notes due 2044 initially issued by us on May 6, 2014 (see Qualified Reopening above), the 2044 notes will be grandfathered obligations and thus exempt from any FATCA withholding, unless the 2044 notes are the subject of a significant modification after the date hereof.

THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY, IS NOT TAX ADVICE AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER UNITED STATES FEDERAL NON-INCOME, STATE, LOCAL FOREIGN AND OTHER TAX LAWS (AND ANY PROPOSED CHANGES IN APPLICABLE LAW).

Table of Contents**UNDERWRITING**

We are offering the notes described in this prospectus supplement through a number of underwriters. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC and U.S. Bancorp Investments, Inc. are the representatives of the underwriters. We have entered into a firm commitment underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally and not jointly agreed to purchase, the aggregate principal amount of the notes listed next to its name in the following table.

<b>Underwriters</b>	<b>Principal Amount of 2027 Notes</b>	<b>Principal Amount of 2044 Notes</b>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$	\$
Morgan Stanley & Co. LLC		
U.S. Bancorp Investments, Inc.		
Total	\$	\$

The underwriting agreement is subject to a number of terms and conditions and provides that the underwriters must buy all of the notes if they buy any of them. The underwriters will sell the notes to the public when and if the underwriters buy the notes from us. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters have advised us that they propose initially to offer the notes to the public for cash at the public offering price set forth on the cover of this prospectus supplement, and to certain dealers at such price less a concession not in excess of % of the principal amount of the notes, with respect to the 2027 notes, or % of the principal amount of the notes, with respect to the 2044 notes. The underwriters may allow, and such other dealers may reallow, a concession not in excess of % of the principal amount of the notes, with respect to the 2027 notes, or % of the principal amount of the notes, with respect to the 2044 notes, to certain other dealers. After the public offering of the notes, the public offering price and other selling terms may change.

We estimate that our total expenses of the offering, excluding the underwriting discount, will be approximately \$ .

We have agreed to indemnify the several underwriters against, or contribute to payments that the underwriters may be required to make in respect of, certain liabilities, including liabilities under the Securities Act.

The 2027 notes are new issues of securities with no established trading markets. The 2044 notes will be a further issuance of, and will form a single series with, our existing 5.00% Senior Notes due 2044 issued by us on May 6, 2014. We do not intend to apply for listing of either series of notes on a national securities exchange. The underwriters have advised us that they presently intend to make markets in the notes as permitted by applicable law. However, the underwriters are not obligated to make markets in the notes and may cease their market-making activities at any time at their discretion without notice. In addition, the liquidity of the trading markets in the notes, and the market prices quoted for the notes, may be adversely affected by changes in the overall market for securities and by changes in our



financial performance or our prospects and/or companies in our industry generally. As a result, no assurance can be given (i) that active trading markets will develop or be maintained for the notes, (ii) as to the liquidity of any markets that do develop or (iii) as to your ability to sell any notes you may own or the price at which you may be able to sell your notes.

In connection with the offering, the representatives may engage in transactions that stabilize, maintain or otherwise affect the price of the notes of a series. Specifically, the representatives may overallocate in connection

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with the offering, creating a short position. In addition, the representatives may bid for, and purchase, notes of a series in the open market to cover short positions or to stabilize the price of such notes. Any of these activities may stabilize or maintain the market price of notes of a series above independent market levels, but no representation is made hereby of the magnitude of any effect that the transactions described above may have on the market price of such notes. The underwriters will not be required to engage in these activities, and may engage in these activities, and may end any of these activities, at any time without notice.

Certain of the underwriters and certain of their affiliates have provided from time to time, and may provide in the future, investment and commercial banking and financial advisory services to us and our affiliates in the ordinary course of business, for which they have received and may continue to receive customary fees and commissions. Affiliates of certain of the underwriters are lenders and/or agents under our revolving credit agreement.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research reviews in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **Selling Restrictions**

### ***European Economic Area***

In relation to each member state of the European Economic Area, no offer of notes which are the subject of the offering has been, or will be made to the public in that member state, other than under the following exemptions under the Prospectus Directive:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes referred to in (a) to (c) above shall result in a requirement for the Company or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

This prospectus has been prepared on the basis that any offer of notes in any member state will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes.

Accordingly, any person making or intending to make an offer in that relevant member state of notes which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the Company or any of the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the representatives have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the Company or the representatives to publish a prospectus for such offer.

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For the purpose of this provision, the expression an offer of notes to the public in relation to any notes in any member state means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state and the expression Prospectus Directive means Directive 2003/71/EC as amended, and includes any relevant implementing measure in each member state.

The above selling restriction is in addition to any other selling restriction set out below.

### ***United Kingdom***

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are qualified investors (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

### ***Canada***

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Canadian purchasers are hereby notified that each of the underwriters is relying on the exemption set out in Section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* from having to provide certain conflicts of interest disclosure in this prospectus supplement.

### ***Hong Kong***

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose

of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so

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under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

***Japan***

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 of Japan, as amended), or FIEL, and each underwriter has agreed that it will not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

***Singapore***

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA ), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

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**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The consolidated financial statements of Nordstrom, Inc. and subsidiaries as of January 30, 2016 and January 31, 2015 and for each of the three years in the period ended January 30, 2016, incorporated by reference into this prospectus supplement from our Annual Report on Form 10-K, and the effectiveness of internal control over financial reporting, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports which are also incorporated by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

**LEGAL MATTERS**

Certain legal matters relating to the notes will be passed upon for us by Lane Powell PC, Seattle, Washington. Certain legal matters will be passed upon for the underwriters by O Melveny & Myers LLP, New York, New York.

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**Common Stock**

**Debt Securities**

This prospectus describes securities which Nordstrom, Inc. or any selling security holder may offer and sell at various times. A more detailed description of the securities is contained in this prospectus under **Description of Capital Stock**, and **Description of Debt Securities**.

We will determine the terms of each series of securities (including, as applicable, the specific designation, aggregate principal amount, interest rates, dividend rates, maturity, redemption provisions, ranking and other terms) at the time of sale, and we will describe those terms in a prospectus supplement which we will deliver together with this prospectus at the time of the sale.

We or any selling security holder may sell securities directly to investors or to or through underwriters, dealers or agents. More information about the manner of distribution of the securities is under the heading **Plan of Distribution**. Information about the underwriters or agents who will participate in any particular sale of securities will be in the prospectus supplement relating to those securities.

The principal executive offices of Nordstrom, Inc. are located at 1617 Sixth Avenue, Seattle, Washington 98101, and the telephone number is (206) 628-2111.

Our common stock is traded on the New York Stock Exchange under the symbol **JWN** .

**Investing in our securities involves risks. See the information referred to under the heading Risk Factors on page 7 of this prospectus, and any similar section contained in the applicable prospectus supplement, concerning factors you should consider before investing in our securities.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

**August 27, 2014**



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**You should rely only on the information contained in or incorporated by reference in this prospectus and any applicable prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should assume that the information appearing in this prospectus and any prospectus supplement, as well as the information contained in any document incorporated by reference, is accurate as of the date of each such document only, unless the information specifically indicates that another date applies.**

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**ABOUT THIS PROSPECTUS**

The distribution of this prospectus may be restricted by law in certain jurisdictions. You should inform yourself about and observe any of these restrictions. This prospectus does not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which the offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make the offer or solicitation.

Unless the context otherwise indicates, the terms Nordstrom, we, us and our mean Nordstrom, Inc. (the Company) its consolidated subsidiaries.

This prospectus is part of an automatic shelf registration statement that we filed with the SEC, as a well-known seasoned issuer as defined in Rule 405 under the Securities Act, using a shelf registration process. Under this process, we or any selling security holder may sell common stock or debt securities. This prospectus only provides you with a general description of the securities that may be offered. Each time we or any selling security holder sell securities, we will provide a supplement to this prospectus that contains specific information about the terms of the securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement. Before purchasing any securities, you should carefully read both this

prospectus and the accompanying prospectus supplement and any related free writing prospectus prepared by us or on our behalf, together with the additional information described under the heading **Where You Can Find More Information** in this prospectus.

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**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the internet at the SEC's website at <http://www.sec.gov> or from Nordstrom's website at <http://www.nordstrom.com>. You may also read and copy any document we file at the SEC's public reference room located at 100 F Street, N.E., room 1580, Washington, D.C. 20549. You can call the SEC at 1-800-SEC-0330 for further information about the operation of the Public Reference Room.

Our common stock is listed and traded on the New York Stock Exchange. We will refer to the New York Stock Exchange as the NYSE in this prospectus. You may also inspect the information we file with the SEC at the NYSE, 20 Broad Street, New York, New York 10005.

The SEC allows us to incorporate by reference into this prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update this prospectus. In other words, in the case of a conflict or inconsistency between information set forth in this prospectus and information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later. You should review these filings as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus. We incorporate by reference the documents listed below, which we have already filed with the SEC, and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) between the date of this prospectus and the date of the closing of each offering:

- (1) our annual report on Form 10-K for the fiscal year ended February 1, 2014;
- (2) our quarterly report on Form 10-Q for the fiscal quarter ended May 3, 2014;
- (3) our current reports on Form 8-K dated May 12, 2014, May 20, 2014, June 18, 2014, July 31, 2014, August 22, 2014 and August 25, 2014 and our amended current report on Form 8-K/A filed May 13, 2014; and
- (4) our proxy statement on Schedule 14A filed on March 27, 2014.

Notwithstanding the foregoing, information furnished under Items 2.02 and 7.01 of any Current Report on Form 8-K, including the related exhibits under Item 9.01, is not incorporated by reference in this prospectus.

You may request a copy of these filings (excluding exhibits), at no cost, by writing or calling our Treasurer and Vice President Investor Relations at the following address or telephone number:

Robert E. Campbell

Treasurer and Vice President Investor Relations

Nordstrom, Inc.

Edgar Filing: NORDSTROM INC - Form 424B3

1617 Sixth Avenue

Seattle, WA 98101

(206) 233-6550

You should read and rely only on the information contained in or incorporated by reference in this prospectus or the applicable prospectus supplement. We have not authorized anyone else to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or the applicable prospectus supplement is accurate as of any date other than the date on the front of those documents.

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**CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION**

Certain statements in or incorporated by reference into this prospectus or any prospectus supplement 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: successful execution of our customer strategy, including expansion into new markets, acquisitions, investments in our stores and online, our ability to realize the anticipated benefits from growth initiatives, and the timely completion of construction associated with newly planned stores, relocations and remodels, all of which may be impacted by the financial health of third parties; our ability to manage the transformation of our business/financial model as we increase our investments in growth opportunities, including our online business and our ability to manage related organizational changes; our ability to maintain relationships with our employees and to effectively attract, develop and retain our future leaders; effective inventory management, disruptions in our supply chain and our ability to control costs; the impact of any systems failures, cybersecurity and/or security breaches, including any security breach of our systems or those of a third-party provider that results in the theft, transfer or unauthorized disclosure of customer, employee or company information or compliance with information security and privacy laws and regulations in the event of such an incident; successful execution of our information technology strategy; our ability to effectively utilize data in strategic planning and decision-making; efficient and proper allocation of our capital resources; reviewing of options and structure for a financial partner in regards to a potential transaction related to our credit card receivables; our ability to safeguard our reputation and maintain our vendor relationships; the impact of economic and market conditions and the resultant impact on consumer spending patterns; our ability to respond to the business environment, fashion trends and consumer preferences, including changing expectations of service and experience in stores and online; the effectiveness of planned advertising, marketing and promotional campaigns in the highly competitive retail industry; weather conditions, natural disasters, health hazards, national security or other market disruptions, or the prospects of these events and the impact on consumer spending patterns; our compliance with applicable banking-related laws and regulations impacting our ability to extend credit to our customers, employment laws and regulations, certain international laws and regulations, other laws and regulations applicable to us, including the outcome of claims and litigation and resolution of tax matters, and ethical standards; impact of the current regulatory environment and financial system and health care reforms; compliance with debt covenants, availability and cost of credit, changes in interest rates, and trends in debt repayment patterns, personal bankruptcies and bad debt write-offs; 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, including those factors described in Item 1A: Risk Factors in our most recent Annual Report on Form 10-K, 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.

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**THE COMPANY**

**DESCRIPTION OF BUSINESS**

Founded in 1901 as a retail shoe business in Seattle, Nordstrom later incorporated in Washington State in 1946 and went on to become one of the leading fashion specialty retailers based in the U.S. We operate 271 U.S. stores located in 36 states as of August 2, 2014, as well as a robust e-commerce business through Nordstrom.com, Nordstromrack.com and HauteLook. The west and east coasts of the United States are the areas in which we have the largest presence. We have two reportable segments: Retail and Credit.

As of August 2, 2014, the Retail segment includes our 117 Nordstrom branded full-line stores and online store at Nordstrom.com ( Direct ), 151 off-price Nordstrom Rack stores, one clearance store that operates under the name Last Chance and other retail channels including the recently developed ecommerce site Nordstromrack.com, our online private sale subsidiary HauteLook and our two Jeffrey boutiques. Through these multiple retail channels, we strive to deliver the best customer experience possible. We offer a wide selection of high-quality brand name and private label merchandise focused on apparel, shoes, cosmetics and accessories. Our integrated Nordstrom full-line stores and online store allow us to provide our customers with a seamless shopping experience. In-store purchases are primarily fulfilled from that store's inventory, but when inventory is unavailable at that store it may also be shipped to our customers from our fulfillment center in Cedar Rapids, Iowa, or from other Nordstrom full-line stores. Online purchases are primarily shipped to our customers from our Cedar Rapids fulfillment center, but may also be shipped from our Nordstrom full-line stores. Our customers can also pick up online orders in our Nordstrom full-line stores if inventory is available at one of our locations. These capabilities allow us to better serve customers across various channels and improve sales. Nordstrom Rack stores purchase high-quality brand name merchandise primarily from the same vendors carried in Nordstrom full-line stores and also serve as outlets for clearance merchandise from our Nordstrom stores. Our online private sale retailer, HauteLook, offers limited time sale events on fashion and lifestyle brands, as well as a persistent selection of off-price high-quality brand name merchandise.

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. The credit and debit cards feature a shopping-based loyalty program designed to increase customer visits and spending. Although the primary purposes of our Credit business are to foster greater customer loyalty and drive more sales, we also generate revenues from finance charges and other fees on these cards and save on interchange fees that the Retail Segment would incur if our customers used third-party cards.

**FISCAL YEAR**

We operate on a 52/53-week fiscal year ending on the Saturday closest to January 31st. References to 2014 and all years except 2012 within this document are based on a 52-week fiscal year, while 2012 is based on a 53-week fiscal year.

**TRADEMARKS**

We have 155 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, HauteLook, Halogen, BP. and Zella. Each of our trademarks is renewable indefinitely, provided that it is still used in commerce at the time of the renewal.

**RETURN POLICY**

We have a liberal approach to returns as part of our objective to provide high-quality customer service. We do not have a formal return policy at our Nordstrom full-line stores or online at Nordstrom.com. Our goal is to take care of our customers, which includes making returns and exchanges easy, whether in stores or online, where we

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offer free shipping and free returns. Our Nordstrom Rack stores generally accept returns up to 90 days from the date of purchase with the original price tag and sales receipt, and also accept returns of HauteLook merchandise. HauteLook generally accepts returns of apparel, footwear and accessories within 30 days from the date of shipment.

## **SEASONALITY**

Due to our Anniversary Sale in July, the holidays in December and the Half-Yearly sales that normally 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.

## **COMPETITIVE CONDITIONS**

We operate in a highly competitive business environment. We compete with other national, regional and local retailers that may carry similar lines of merchandise, including department stores, specialty stores, off-price stores, boutiques and Internet businesses. Our specific competitors vary from market to market. We believe the keys to competing in our industry are providing great customer service and customer experiences in store and online, which includes compelling price and value, fashion newness, quality of products, selection, convenience, technology, product fulfillment, personalization and appealing and relevant store environments in top locations.

## **INVENTORY**

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 has historically extended over the last two weeks of July. We also purchase and receive a larger amount of merchandise in the fall as we prepare for the holiday shopping season (from late November through December). Beginning in 2012, we increased our investment in pack and hold inventory at Nordstrom Rack, which involves the acquisition of merchandise from some of our full-line stores top brands in advance of the upcoming selling seasons to take advantage of strategic buying opportunities. This inventory is typically held for six months on average and has contributed to the growth in our Nordstrom Rack business. We pay for our merchandise purchases under the terms established with our vendors.

In order to offer merchandise that our customers want, we purchase 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, and are available on our website at Nordstrom.com.

## **EMPLOYEES**

During 2014, we employed approximately 64,000 employees on a full- or part-time basis. Due to the seasonal nature of our business, employment was approximately 66,000 in December 2013 and increased to approximately 68,000 employees in July 2014. Almost all of our employees are non-union. We believe our relationship with our employees is good.



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**RISK FACTORS**

Investment in any securities offered pursuant to this prospectus involves risks. Prior to making a decision about whether to invest in our securities, you should carefully consider the risks described in the section entitled "Risk Factors" in any prospectus supplement and the risks described in our most recent Annual Report on Form 10-K filed with the SEC and incorporated by reference into this prospectus, in each case as these risk factors are amended or supplemented by our future filings with the SEC, including subsequent Quarterly Reports on Form 10-Q filed with the SEC and incorporated by reference into this prospectus. The occurrence of any of the potential events described in these risk factors could materially adversely affect our business, operating results and financial condition.

The risks and uncertainties we describe are not the only ones facing the Company. Any adverse effect on our business, financial condition or operating results could result in a decline in the value of our securities, and the loss of all or part of your investment.

**USE OF PROCEEDS**

Unless we indicate a different use in the applicable prospectus supplement, the net proceeds from the sale of the securities will be added to our general funds and will be used for general corporate purposes, which may include capital expenditures and working capital needs, and to finance repurchases of shares of our common stock.

Until we apply the proceeds from the sale of the securities, we may temporarily invest any proceeds that are not immediately applied to the above purposes in U.S. government or agency obligations, commercial paper, money market accounts, short-term marketable securities, bank deposits or certificates of deposit, repurchase agreements collateralized by U.S. government or agency obligations or other short-term investments.

Except as may otherwise be specified in the prospectus supplement, we will not receive any proceeds from any sale of securities by a selling security holder.

**Table of Contents****SELLING SECURITY HOLDERS**

We may register securities covered by this prospectus for re-offers and resales by any selling security holders to be named in a prospectus supplement. Because we are a well-known seasoned issuer, as defined in Rule 405 of the Securities Act, we may add secondary sales of securities by any selling security holders by filing a prospectus supplement with the SEC. We may register these securities to permit selling security holders to resell their securities when they deem appropriate. A selling security holder may resell all, a portion or none of such security holder's securities at any time and from time to time. Selling security holders may also sell, transfer or otherwise dispose of some or all of their securities in transactions exempt from the registration requirements of the Securities Act. We do not know when or in what amounts any selling security holders may offer securities for sale under this prospectus and any prospectus supplement. We may pay some or all expenses incurred with respect to the registration of the securities owned by the selling security holders. We will provide a prospectus supplement naming any selling security holders, the amount of securities to be registered and sold and any other terms of securities being sold by each selling security holder.

**RATIOS OF EARNINGS TO FIXED CHARGES**

The following table shows Nordstrom's historical ratio of earnings to fixed charges for the twenty-six weeks ended August 2, 2014 and each of the previous five fiscal years. Nordstrom's ratio of earnings to fixed charges for each of the periods set forth below has been computed on a consolidated basis and should be read in conjunction with the consolidated financial statements, including the notes to those financial statements, and other information set forth in the reports filed by Nordstrom with the SEC.

For purposes of determining the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income tax plus fixed charges, amortization of capitalized interest, less interest capitalized during the period. Fixed charges represent interest and amortization of deferred financing fees, and the portion of rental expenses on operating leases deemed to be the equivalent of interest.

26 Weeks Ended	Fiscal Year Ended				
	February 1, 2014	February 2, 2013	January 28, 2012	January 29, 2011	January 30, 2010
August 2, 2014	6.19x	6.80x	7.79x	7.43x	5.23x
6.10x					

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**THE SECURITIES THAT MAY BE OFFERED**

We or any selling security holder may sell common stock or debt securities from time to time in one or more offerings. The summaries of certain provisions of the securities contained in this prospectus are not complete. You should refer to all the provisions of the securities and applicable indentures for a complete description of the securities.

The particular terms of the securities offered at any time will be described in the prospectus supplement relating to those securities. If indicated in a prospectus supplement, the terms of any particular securities may differ from the terms we summarize below. The prospectus supplement will also contain information, where applicable, about material United States federal income tax considerations relating to the securities, and the securities exchange, if any, on which the securities will be listed.

**DESCRIPTION OF CAPITAL STOCK**

The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, our Articles of Incorporation as amended and Bylaws. The Articles of Incorporation as amended and Bylaws are incorporated by reference as exhibits to the registration statement of which this prospectus is a part.

The total amount of the authorized capital stock of Nordstrom consists of 1,000,000,000 shares, no par value, of common stock, of which 188,595,665 shares of common stock were issued and outstanding as of August 2, 2014.

The holders of outstanding shares of common stock are entitled to receive dividends at such times and in such amounts as our Board of Directors may from time to time determine. The shares of common stock are neither redeemable nor convertible, and the holders of common stock have no preemptive or subscription rights to purchase any additional Nordstrom securities. Each outstanding share of common stock is entitled to one vote on all matters submitted to a vote of shareholders. There is no cumulative voting.

Upon any liquidation, dissolution or winding up of Nordstrom, whether voluntary or involuntary, remaining net assets, if any, of Nordstrom will be distributed pro rata to the holders of the common stock.

Our common stock is registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended.

The transfer agent and registrar for our common stock is BNY Mellon Shareowner Services.

**DESCRIPTION OF DEBT SECURITIES**

The following description of the debt securities sets forth the material terms and provisions of the debt securities to which any prospectus supplement may relate. The debt securities are to be issued under an Indenture (the "Indenture") between Nordstrom and Wells Fargo Bank, National Association, as Trustee (the "Trustee"). The Indenture is filed as an exhibit to the registration statement of which this prospectus is a part and may be supplemented from time to time. The particular terms of the debt securities offered by any prospectus supplement (the "Offered Debt Securities") and the extent, if any, to which the general provisions may apply to the Offered Debt Securities, will be described in the prospectus supplement relating to the Offered Debt Securities. For a complete description of the terms applicable to a particular issuance of debt securities, you should read both this prospectus and the prospectus supplement relating to those securities.

The following summaries of the material provisions of the Indenture and the debt securities do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Indenture, including the definitions of some of the terms in the Indenture and the debt securities. Wherever

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particular articles, sections or defined terms of the Indenture are referred to, it is intended that such articles, sections or defined terms shall be incorporated by reference, and the statement in connection with such reference is made is qualified in its entirety by such reference. You should review the Indenture that is filed as an exhibit to registration statement of which this prospectus forms a part for additional information.

References to Nordstrom, we, us and our in this section are only to Nordstrom, Inc. and not to its subsidiaries.

## **GENERAL**

The Indenture does not limit the aggregate principal amount of debt securities which may be issued and provides that debt securities may be issued from time to time in one or more series. (Section 3.1) The Indenture does not limit the amount of other indebtedness or debt securities, other than some secured indebtedness as described below, which may be issued by Nordstrom or its subsidiaries.

Unless otherwise provided in a prospectus supplement, the debt securities will be unsecured obligations of Nordstrom and will rank on parity with all other unsecured and unsubordinated indebtedness of Nordstrom.

The prospectus supplement relating to the particular debt securities offered will describe the following terms of the Offered Debt Securities:

- (1) the title of the Offered Debt Securities and the series in which the Offered Debt Securities shall be included, which may include medium-term notes;
- (2) any limit upon the aggregate principal amount of the Offered Debt Securities;
- (3) the date or dates, or the method or methods, if any, by which the date or dates on which the principal of the Offered Debt Securities will be payable shall be determined;
- (4) the rate or rates at which the Offered Debt Securities will bear interest, if any, which rate may be zero in the case of some debt securities issued at an issue price representing a discount from the principal amount payable at maturity, or the method by which the rate or rates will be determined (including, if applicable, any remarketing option or similar method), and the date or dates from which the interest, if any, will accrue or the method by which the date or dates will be determined;
- (5) the date or dates on which the interest, if any, on the Offered Debt Securities will be payable and any regular record dates applicable to the date or dates on which interest will be so payable;
- (6) whether and under what circumstances additional amounts on the Offered Debt Securities or any of them will be payable and, if so, whether and on what terms Nordstrom will have the option to redeem the Offered Debt Securities in lieu of paying the additional amounts (and the terms of the option);
- (7) the place or places where the principal of, any premium or interest on or any additional amounts with respect to the Offered Debt Securities will be payable, any of the Offered Debt Securities that are registered securities may be surrendered for registration of transfer or exchange, and any Offered Debt Securities may be surrendered for conversion or exchange;
- (8) whether any of the Offered Debt Securities are to be redeemable at the option of Nordstrom and, if so, the date or dates on which, the period or periods within which, the price or prices at which and the other terms and conditions

upon which the Offered Debt Securities may be redeemed, in whole or in part, at the option of Nordstrom;

(9) whether Nordstrom will be obligated to redeem or purchase any of the Offered Debt Securities pursuant to any sinking fund or analogous provision or at the option of any holder of the Offered Debt Securities and, if

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so, the date or dates on which, the period or periods within which, the price or prices at which and the other terms and conditions upon which the Offered Debt Securities will be redeemed or purchased, in whole or in part, pursuant to the obligation, and any provisions for the remarketing of the Offered Debt securities so redeemed or purchased;

(10) if other than denominations of \$1,000 and any integral multiple of \$1,000, the denominations in which any registered securities will be issuable and, if other than a denomination of \$5,000, the denominations in which any bearer securities will be issuable;

(11) if other than the principal amount, the portion of the principal amount (or the method by which such portion will be determined) of the Offered Debt Securities that will be payable upon declaration of acceleration of the maturity;

(12) if other than United States dollars, the currency of payment, including composite currencies, of the principal of, any premium or interest on or any additional amounts with respect to any of the Offered Debt Securities;

(13) whether the principal of, any premium or interest on or any additional amounts with respect to the Offered Debt Securities will be payable, at the election of Nordstrom or a holder, in a currency other than that in which the Offered Debt Securities are stated to be payable and the date or dates on which, the period or periods within which, and the other terms and conditions upon which, the election may be made;

(14) any index, formula or other method used to determine the amount of payments of principal of, any premium or interest on or any additional amounts with respect to Offered Debt Securities;

(15) whether the Offered Debt Securities are to be issued in the form of one or more global securities and, if so, the identity of the depositary for the global security or securities;

(16) any deletions from, modifications of or additions to the events of default or covenants of Nordstrom with respect to the Offered Debt Securities;

(17) whether some of the provisions relating to the discharge, defeasance and covenant defeasance described below under Discharge, Defeasance and Covenant Defeasance will be applicable to the Offered Debt Securities; and

(18) any other terms of the Offered Debt Securities and any other deletions from or modifications or additions to the Indenture in respect of the Offered Debt Securities. (Section 3.1)

Unless otherwise provided in the prospectus supplement relating to any Offered Debt Securities, the principal, premium, interest and additional amounts, if any, will be payable at the office or agency maintained by Nordstrom (initially the Corporate Trust Office of the Trustee); provided that payment of interest on registered securities may be made by check mailed to the payee at the addresses of the persons appearing on the security register or by transfer to an account maintained by the payee with a bank located in the United States. In the case of registered securities, interest on the debt securities will be payable on any interest payment date to the persons in whose names the debt securities are registered at the close of business on the regular record date with respect to the interest payment date. All paying agents initially designated by Nordstrom for the Offered Debt Securities will be named in the prospectus supplement relating to the Offered Debt Securities. Nordstrom may at any time designate additional paying agents or rescind the designation of any paying agent or approve a change in the office through which any paying agent acts, except that Nordstrom will not be required to maintain a paying agent in each place of payment for the Offered Debt Securities. (Sections 3.7 and 10.2)

Unless otherwise provided in the prospectus supplement relating to any Offered Debt Securities, the Offered Debt Securities may be presented for transfer (duly endorsed or accompanied by a written instrument of transfer,



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if so required by Nordstrom or the security registrar) or exchanged for other debt securities of the same series (containing identical terms and provisions, in any authorized denominations, and of a like aggregate principal amount) at the office or agency maintained by Nordstrom (initially the Corporate Trust Office of the Trustee). The transfer or exchange shall be made without service charge, but Nordstrom may require payment of a sum sufficient to cover any tax or other governmental charge and any other expenses payable in connection with any tax or other governmental charge. Nordstrom will not be required to (1) issue, register the transfer of, or exchange, Offered Debt Securities during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of any of the Offered Debt Securities and ending at the close of business on the day of the mailing of the notice of redemption or (2) register the transfer of or exchange any Offered Debt Security so selected for redemption in whole or in part, except the unredeemed portion of any Offered Debt Security being redeemed in part. (Section 3.5). Nordstrom has appointed the Trustee as security registrar. Any transfer agent (in addition to the security registrar) initially designated by Nordstrom for any Offered Debt Securities will be named in the applicable prospectus supplement. Nordstrom may at any time designate additional transfer agents or rescind the designation of any transfer agent or approve a change in the office through which any transfer agent acts, except that Nordstrom will be required to maintain a transfer agent in each place of payment for the Offered Debt Securities. (Section 10.2)

Unless otherwise indicated in the applicable prospectus supplement, the Offered Debt Securities will be issued only in fully registered form without coupons in minimum denominations of \$1,000 and any integral multiple of \$1,000. (Section 3.2) The Offered Debt Securities may be represented in whole or in part by one or more global debt securities registered in the name of a depository or its nominee and, if so represented, interests in the global debt security will be shown on, and transfers will be effected only through, records maintained by the designated depository and its participants as described below. Where Offered Debt Securities of any series are issued in bearer form, the special restrictions and considerations, including special offering restrictions and special U.S. Federal income tax considerations, applicable to the Offered Debt Securities and to payment on and transfer and exchange of the Offered Debt Securities will be described in the applicable prospectus supplement.

The debt securities may be issued as original issue discount securities (bearing no interest or bearing interest at a rate which at the time of issuance is below market rates) to be sold for an amount less than their principal amount. Any applicable special U.S. Federal income tax or other considerations will be described in the applicable prospectus supplement.

If the purchase price of any Offered Debt Securities is payable in one or more foreign currencies or currency units or if any Offered Debt Securities are denominated in one or more foreign currencies or currency units or if the principal of, or any premium or interest on, or any additional amounts with respect to, any Offered Debt Securities is payable in one or more foreign currencies or currency units, the restrictions, elections, particular U.S. Federal income tax considerations, specific terms and other information with respect to the Offered Debt Securities and the foreign currency or currency units will be set forth in the applicable prospectus supplement.

Nordstrom will comply with Section 14(c) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and any other tender offer rules within the Exchange Act, which may then be applicable, in connection with any obligation of Nordstrom to purchase Offered Debt Securities at the option of the holders of the securities. Any obligation applicable to a series of debt securities will be described in the applicable prospectus supplement.

Unless otherwise described in a prospectus supplement relating to any Offered Debt Securities, other than as described below under Limitation on Liens, the Indenture does not contain any provisions that would limit the ability of Nordstrom to incur indebtedness or that would afford holders of debt securities protection in the event of a sudden and significant decline in the credit quality of Nordstrom or a takeover, recapitalization or highly leveraged or similar transaction involving Nordstrom. Accordingly, Nordstrom could in the future enter into transactions that could

increase the amount of indebtedness outstanding at that time or otherwise affect Nordstrom's capital structure or credit rating. Reference is made to the prospectus supplement relating to the

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particular series of debt securities being offered for information with respect to any deletions from, modifications or additions to the events of default described below or covenants of Nordstrom contained in the Indenture, including any addition of a covenant or other provisions providing event risk or similar protection.

## **CONVERSION AND EXCHANGE**

The terms, if any, on which the debt securities of any series are convertible into or exchangeable for property or cash, or a combination of the foregoing, will be set forth in the prospectus supplement covering the debt securities.

## **GLOBAL SECURITIES**

The debt securities of a series may be issued in whole or in part in the form of one or more global debt securities (each a Global Security ) that will be deposited with, or on behalf of, a depository identified in the prospectus supplement relating to that particular series.

The specific terms of a depository arrangement with respect to a series of debt securities will be described in the prospectus supplement relating to that particular series. Nordstrom anticipates that the following provisions will apply to all depository arrangements.

Upon the issuance of a Global Security, the depository for the Global Security or its nominee will credit, on its book-entry registration and transfer system, the respective principal amounts of the debt securities represented by the Global Security. These accounts shall be designated by the underwriters or agents with respect to such debt securities or by Nordstrom if the debt securities are offered and sold directly by Nordstrom. Ownership of beneficial interests in a Global Security will be limited to persons that may hold interests through participants. Ownership of beneficial interests in such a Global Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the depository or its nominee (with respect to interests of participants) for such Global Security and on the records of participants (with respect to interests of persons other than participants). The laws of some states require that some purchasers of securities take physical delivery of such securities in definitive form. These limits and laws may impair the ability to transfer beneficial interests in a Global Security.

So long as the depository for a Global Security, or its nominee, is the registered owner of the Global Security, such depository or such nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by the Global Security for all purposes under the Indenture governing these debt securities. Except as provided below, owners of beneficial interests in a Global Security will not be entitled to have debt securities of the series represented by the Global Security registered in their names, will not receive or be entitled to receive physical delivery of debt securities of a series in definitive form and will not be considered the owners or holders of the debt securities under the Indenture.

Principal of, any premium and interest on, and any additional amounts with respect to debt securities registered in the name of a depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the Global Security representing the debt securities. Neither Nordstrom, the Trustee, the paying agent nor the security registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of the Global Security for the debt securities or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

Nordstrom expects that the depository for a series of debt securities or its nominee, upon receipt of any payment of principal of, premium, if any, or interest on, or additional amounts with respect to debt securities, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interest in the

principal amount of the Global Security for the debt securities as shown on the records of the depositary or its nominee. Nordstrom also expects that payments by participants to owners of beneficial interests

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in the Global Security held through the participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in street name, and will be the responsibility of the participants.

The Indenture provides that if (1) the depository for a series of debt securities notifies Nordstrom that it is unwilling or unable to continue as depository or if the depository ceases to be eligible under the Indenture and a successor depository is not appointed by Nordstrom within 90 days of written notice, (2) Nordstrom determines that the debt securities of a particular series shall no longer be represented by Global Securities and executes and delivers to the Trustee a company order to that effect or (3) an event of default with respect to a series of debt securities shall have occurred and be continuing, the Global Securities will be exchanged for debt securities of a series in definitive form of like tenor and of an equal aggregate principal amount, in authorized denominations. The definitive debt securities shall be registered in such name or names as the depository shall instruct the Trustee. (Section 3.5) It is expected that these instructions may be based upon directions received by the depository from participants with respect to ownership of beneficial interests in Global Securities.

**LIMITATION ON LIENS**

Under the Indenture, Nordstrom covenants that, so long as any debt securities are outstanding, it will not, and will not permit any Restricted Subsidiary (as defined below) to create, incur, issue, assume or guarantee any indebtedness for money borrowed ( Debt ) secured by a Mortgage (as defined below) upon any Operating Property (as defined below), or upon shares of capital stock or Debt issued by any Restricted Subsidiary and owned by Nordstrom or any Restricted Subsidiary, whether owned at the date of the Indenture or thereafter acquired, without effectively providing concurrently that the outstanding debt securities (together with, if Nordstrom shall so determine, any other Debt of Nordstrom or the Restricted Subsidiary then existing or thereafter created which is not subordinate to the debt securities) are secured equally and ratably with or, at the option of Nordstrom, prior to the Debt so long as the Debt shall be so secured. (Section 10.5)

The foregoing restrictions shall not apply to, and shall be excluded from Debt in any computation under the foregoing restrictions, Debt secured by (1) Mortgages on any property existing at the time of the acquisition thereof; (2) Mortgages on property of a corporation existing at the time the corporation is merged into or consolidated with Nordstrom or a Restricted Subsidiary or at the time of a sale, lease or other disposition of the properties of the corporation (or a division of the corporation) as an entirety or substantially as an entirety to Nordstrom or a Restricted Subsidiary, provided that the Mortgage does not extend to any property owned by Nordstrom or any Restricted Subsidiary immediately prior to a merger, consolidation, sale, lease or disposition; (3) Mortgages on property of a corporation existing at the time the corporation becomes a Restricted Subsidiary; (4) Mortgages in favor of Nordstrom or a Restricted Subsidiary; (5) Mortgages to secure all or part of the cost of acquisition, construction, development or improvement of the underlying property, or to secure Debt incurred to provide funds for any of these purposes, provided that the commitment of the creditor to extend the credit secured by the Mortgage shall have been obtained not later than 365 days after the later of (a) the completion of the acquisition, construction, development or improvement of the property, or (b) the placing in operation of the property; (6) Mortgages in favor of the United States of America or any State, or any department, agency or instrumentality or political subdivision of the United States of America or any State, to secure partial, progress, advance or other payments; and (7) Mortgages existing on the date of the Indenture or any extension, renewal, replacement or refunding of any Debt secured by a Mortgage existing on the date of the Indenture or referred to in clauses (1) to (3) or (5), provided that the principal amount of the Debt secured by the Mortgage and not otherwise authorized by clauses (1) to (3) or (5) shall not exceed the principal amount of Debt, plus any premium or fee payable in connection with any extension, renewal, replacement or refunding, so secured at the time of extension, renewal, replacement or refunding. (Section 10.5)

Notwithstanding the restrictions described above, Nordstrom and its Restricted Subsidiaries may create, incur, issue, assume or guarantee Debt secured by Mortgages without equally and ratably securing the debt securities if, at the time of the creation, incurrence, issuance, assumption or guarantee of the Debt secured by the Mortgages,

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after giving effect thereto and to the retirement of the Debt which is concurrently being retired, the aggregate amount of all outstanding Debt secured by Mortgages which would otherwise be subject to these restrictions (other than any Debt secured by Mortgages permitted as described in clauses (1) through (7) of the immediately preceding paragraph, together with all Attributable Debt (as defined below) with respect to Sale and Leaseback Transactions (as defined below) other than certain Sale and Leaseback Transactions that are permitted under paragraph (b) under the caption Limitation on Sale and Leaseback below) does not exceed the greater of (a) 15% of Consolidated Net Assets (as defined below) and (b) \$150 million. (Section 10.5)

*Consolidated Net Assets* means the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom (1) all current liabilities (excluding any indebtedness for money borrowed having a maturity of less than 12 months from the date of the most recent consolidated balance sheet of Nordstrom but which by its terms is renewable or extendable beyond 12 months from such date at the option of the borrower), and (2) all investments in Subsidiaries other than Restricted Subsidiaries, all as set forth on the most recent consolidated balance sheet of Nordstrom and computed in accordance with generally accepted accounting principles.

*Mortgage* means, with respect to any property or assets, any mortgage, or deed of trust, pledge, hypothecation, assignment, security interest, lien, encumbrance, or other security arrangement of any kind or nature whatsoever on or with respect to such property or assets (including any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

*Operating Property* means any real property or equipment located within the United States and owned by, or leased to, Nordstrom or any of its Subsidiaries that has a net book value (after deduction of accumulated depreciation) in excess of 1.0% of Consolidated Net Assets.

*Restricted Subsidiary* means any Subsidiary of Nordstrom that owns any Operating Property.

*Subsidiary* means any corporation of which at least a majority of the outstanding stock having by the terms thereof ordinary voting power to elect a majority of the directors, managers or trustees of such corporation, irrespective of whether or not at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency, is at the time, directly or indirectly, owned or controlled by Nordstrom or by one or more Subsidiaries thereof, or by Nordstrom and one or more Subsidiaries thereof. (Section 1.1)

**LIMITATION ON SALE AND LEASEBACK**

(a) Under the Indenture, Nordstrom covenants that, it will not, and will not permit any Restricted Subsidiary to, enter into any arrangement with any person providing for the leasing by Nordstrom or any Restricted Subsidiary of any Operating Property that has been or is to be sold or transferred by Nordstrom or such Restricted Subsidiary to such person with the intention of taking back a lease of such property (a Sale and Leaseback Transaction ), without equally and ratably securing the debt securities (and, if Nordstrom shall so determine, any other Debt ranking equally with the debt securities), unless the terms of such sale or transfer have been determined by the board of directors to be fair and arms-length and either:

within 180 days after the receipt of the proceeds of the sale or transfer, Nordstrom or any Restricted Subsidiary applies an amount equal to the greater of the net proceeds of the sale or transfer or the fair value of such Operating Property at the time of such sale or transfer to the prepayment or retirement (other than

any mandatory prepayment or retirement) of Senior Funded Debt (as defined below); or

Nordstrom or such Restricted Subsidiary would be entitled, at the effective date of the sale or transfer, to incur Debt secured by a Mortgage on such Operating Property, in an amount at least equal to the Attributable Debt (as defined below) in respect of the Sale and Leaseback Transaction, without equally and ratably securing the debt securities pursuant to the covenant described under Limitation on Liens above. (Section 10.6)



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(b) The foregoing restriction in paragraph (a) above will not apply to any Sale and Leaseback Transaction (i) for a term of not more than three years including renewals; or (ii) between Nordstrom and a Restricted Subsidiary or between Restricted Subsidiaries, provided that the lessor shall be Nordstrom or a wholly owned Restricted Subsidiary. (Section 10.6)

*Attributable Debt* in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value (discounted at the imputed rate of interest of such transaction determined in accordance with generally accepted accounting principles) of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended).

*Funded Debt* means Debt which matures more than one year from the date of creation, or which is extendable or renewable at the sole option of the obligor so that it may become payable more than one year from such date or which is classified, in accordance with U.S. generally accepted accounting principles, as long-term debt on the consolidated balance sheet for the most-recently ended fiscal quarter (or if incurred subsequent to the date of such balance sheet, would have been so classified) of the person for which the determination is being made. Funded Debt does not include (1) obligations created pursuant to leases, (2) any Debt or portion thereof maturing by its terms within one year from the time of any computation of the amount of outstanding Funded Debt unless such debt shall be extendable or renewable at the sole option of the obligor in such manner that it may become payable more than one year from such time, or (3) any Debt for the payment or redemption of which money in the necessary amount shall have been deposited in trust either at or before the maturity date thereof.

*Senior Funded Debt* means all Funded Debt of Nordstrom or any person (except Funded Debt, the payment of which is subordinated to the payment of the debt securities). (Section 1.1)

**CONSOLIDATION, AMALGAMATION, MERGER AND SALE OF ASSETS**

The Indenture provides that Nordstrom may not (1) consolidate or amalgamate with or merge into any Person or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to any Person, or (2) permit any Person to consolidate or amalgamate with or merge into Nordstrom, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to Nordstrom, unless (a) in the case of (1) above, the Person is organized and existing under the laws of the United States of America, any State or the District of Columbia, and shall expressly assume, by supplemental indenture satisfactory in form to the Trustee, the due and punctual payment of the principal of and premium, if any, interest on, and additional amounts, if any, all of the issued debt securities, and the performance of Nordstrom's obligations under the Indenture and the debt securities issued; (b) immediately after giving effect to the transaction and treating any indebtedness which becomes an obligation of Nordstrom or a Subsidiary as a result of the transaction as having been incurred by Nordstrom or such Subsidiary at the time of the transaction, no event of default, and no event which after notice or lapse of time or both would become an event of default, shall have happened and be continuing; and (c) a number of other conditions are met.

**EVENTS OF DEFAULT**

Each of the following events will constitute an event of default under the Indenture with respect to any series of debt securities issued (whatever the reason for an event of default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body): (1) default in the payment of any interest on any debt security of the series, or any additional amounts payable, when interest becomes or additional amounts become due and payable, and continuance of default for a period of 30 days; (2) default in the payment of the principal of or any premium on any

debt security of the series, or any additional amounts payable, when principal or premium becomes or additional amounts become due and payable either at maturity, upon any redemption, by declaration of acceleration or otherwise;  
(3) default in the deposit of any sinking fund payment,

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when and as due by the terms of any debt security of the series; (4) default in the performance, or breach, of any covenant or warranty of Nordstrom contained in the Indenture for the benefit of the series or in the debt securities of the series, and the continuance of default or breach for a period of 60 days after there has been given written notice as provided in the Indenture; (5) if any event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Debt of Nordstrom (including any event of default under any other series of debt securities), whether such Debt now exists or shall hereafter be created or incurred, shall happen and shall consist of default in the payment of more than \$100 million in principal amount of such Debt at the maturity thereof (after giving effect to any applicable grace period) or shall result in such Debt in principal amount in excess of \$100 million becoming or being declared due and payable prior to the date on which it would otherwise become due and payable; (6) Nordstrom shall fail within 60 days to pay, bond or otherwise discharge any uninsured judgment or court order for the payment of money in excess of \$100 million, which is not stayed on appeal or is not otherwise being appropriately contested in good faith; (7) particular events in bankruptcy, insolvency or reorganization of Nordstrom; and (8) any other event of default provided in or pursuant to the Indenture with respect to debt securities of the series. (Section 5.1)

If an event of default with respect to the debt securities of any series (other than an event of default described in (7) of the preceding paragraph) occurs and is continuing, either the Trustee or the holders of at least 25% in principal amount of the outstanding debt securities of the series by written notice as provided in the Indenture may declare the principal amount (or a lesser amount as may be provided for in the debt securities of the series) of all outstanding debt securities of the series to be due and payable immediately. At any time after a declaration of acceleration has been made, but before a judgment or decree for payment of money has been obtained by the Trustee, and subject to applicable law and particular other provisions of the Indenture, the holders of not less than a majority in aggregate principal amount of the debt securities may, under some circumstances, rescind and annul acceleration. An event of default described in (7) of the immediately preceding paragraph shall cause the principal amount and accrued interest (or a lesser amount as provided for in the debt securities of the series) to become immediately due and payable without any declaration or other act by the Trustee or any holder. (Section 5.2)

The Indenture provides that, within 90 days after the occurrence of any event which is, or after notice or lapse of time or both would become, an event of default with respect to the debt securities of any series (a default), the Trustee shall transmit, in the manner set forth in the Indenture, notice of default to the holders of the debt securities of the series unless the default has been cured or waived; provided, however, that except in the case of a default in the payment of principal of, or premium, if any, or interest, if any, on, or additional amounts or any sinking fund or purchase fund installment with respect to, any debt security of the series, the Trustee may withhold notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or responsible officers of the Trustee in good faith determine that the withholding of the notice is in the best interest of the holders of debt securities of the series; provided, further, that in the case of any default of the character specified in clause (4) of the first paragraph above, with respect to debt securities of such series, no such notice to holders will be given until at least 60 days after the occurrence thereof. (Section 6.2)

If an event of default occurs and is continuing with respect to the debt securities of any series, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the holders of debt securities of the series by all appropriate judicial proceedings. (Section 5.3) The Indenture provides that, subject to the duty of the Trustee during any default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the written request or direction of the holders of the debt securities, unless the holders shall have offered to the Trustee indemnity reasonably satisfactory to it. (Section 6.1) Subject to the provisions for the indemnification of the Trustee, and subject to applicable law and particular other provisions of the Indenture, the holders of a majority in aggregate principal amount of the outstanding debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or

exercising any trust or power conferred on the Trustee, with respect to the debt securities of the series. (Section 5.12)

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**MODIFICATION AND WAIVER**

The Indenture may be modified or amended by Nordstrom and the Trustee with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding debt securities of each series affected by the modification or amendment; provided, however, that no modification or amendment may, without the consent of the holder of each outstanding debt security affected by the modification or amendment, (a) change the stated maturity of the principal of, or any premium or installment of interest on, or any additional amounts with respect to, any debt security, (b) reduce the principal amount of, or the rate (or modify the calculation of the rate) of interest on, or any additional amounts with respect to, or any premium payable upon the redemption of any debt security, (c) change the obligation of Nordstrom to pay additional amounts with respect to any debt security or reduce the amount of the principal of an original issue discount security that would be due and payable upon a declaration of acceleration of the maturity or the amount provable in bankruptcy, (d) change the redemption provisions of any debt security or adversely affect the right of repayment at the option of any holder of any debt security, (e) change the place of payment or the coin or currency in which the principal of, any premium or interest on or any additional amounts with respect to any debt security is payable, (f) impair the right to institute suit for the enforcement of any payment on or after the stated maturity of any debt security (or, in the case of redemption, on or after the redemption date or, in the case of repayment at the option of any holder, on or after the date for repayment), (g) reduce the percentage in principal amount of the outstanding debt securities, the consent of whose holders is required in order to take some actions, (h) reduce the requirements for quorum or voting by holders of debt securities in Section 15.4 of the Indenture, (i) modify any of the provisions in the Indenture regarding the waiver of past defaults and the waiver of some covenants by the holders of debt securities except to increase any percentage vote required or to provide that some other provisions of the Indenture cannot be modified or waived without the consent of the holder of each debt security affected, (j) make any change that adversely affects the right to convert or exchange any debt security into or for shares of common stock of Nordstrom or other debt securities in accordance with its terms, or (k) modify any of the above provisions. (Section 9.2)

The holders of at least a majority in aggregate principal amount of the debt securities of any series may, on behalf of the holders of all debt securities of the series, waive compliance by Nordstrom with a number of restrictive provisions of the Indenture. (Section 10.8) The holders of not less than a majority in aggregate principal amount of the outstanding debt securities of any series may, on behalf of the holders of all debt securities of the series, waive any past default and its consequences under the Indenture with respect to the debt securities of the series, except a default (a) in the payment of principal of (or premium, if any), any interest on or any additional amounts with respect to debt securities of the series or (b) in respect of a covenant or provision of the Indenture that cannot be modified or amended without the consent of the holder of each debt security of any series. (Section 5.13)

Under the Indenture, Nordstrom is required annually to furnish to the Trustee a statement as to performance by Nordstrom of some of its obligations under the Indenture and as to any default in such performance. Nordstrom is also required to deliver to the Trustee a written notice within five days following any event of default or any event which after notice or lapse of time or both would constitute an event of default. (Section 10.9)

**DISCHARGE, DEFEASANCE AND COVENANT DEFEASANCE**

Nordstrom may discharge some obligations to holders of any series of debt securities that have not already been delivered to the Trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by depositing with the Trustee, in trust, funds in U.S. dollars or in the foreign currency in which the debt securities are payable in an amount sufficient to pay the entire indebtedness on the debt securities with respect to principal (and premium, if any) and interest to the date of deposit (if the debt securities have become due and payable) or to the maturity, as the case may be. (Section 4.1)

The Indenture provides that, unless the provisions of Section 4.2 of the Indenture are made inapplicable to the debt securities of or within any series pursuant to Section 3.1 of the Indenture, Nordstrom may elect either (a) to

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defeasance and be discharged from any and all obligations with respect to the debt securities (except for, among other things, the obligation to pay additional amounts, if any, upon the occurrence of particular events of taxation, assessment or governmental charge with respect to payments on the debt securities and other obligations to register the transfer or exchange of the debt securities, to replace temporary or mutilated, destroyed, lost or stolen debt securities, to maintain an office or agency with respect to the debt securities and to hold moneys for payment in trust) ( defeasance ) or (b) to be released from its obligations with respect to the debt securities under certain covenants as described in the applicable prospectus supplement, and any omission to comply with these obligations shall not constitute a default or an event of default with respect to the debt securities ( covenant defeasance ). Defeasance or covenant defeasance, as the case may be, shall be conditioned upon the irrevocable deposit by Nordstrom with the Trustee, in trust, of an amount in U.S. dollars or in the foreign currency in which the debt securities are payable at stated maturity, or Government Obligations (as defined below), or both, applicable to the debt securities which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient, in the opinion of an independent firm of certified public accountants, to pay the principal of (and premium, if any) and interest on the debt securities on the scheduled due dates. (Section 4.2)

Such a trust may only be established if, among other things, (1) the applicable defeasance or covenant defeasance does not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which Nordstrom is a party or by which it is bound, (2) no event of default or event which with notice or lapse of time or both would become an event of default with respect to the debt securities to be defeased shall have occurred and be continuing on the date of establishment of the trust and, with respect to defeasance only, at any time during the period ending on the 123rd day after such date and (3) Nordstrom has delivered to the Trustee an Opinion of Counsel (as specified in the Indenture) to the effect that the holders of the debt securities will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to U.S. Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such Opinion of Counsel, in the case of defeasance, must refer to and be based upon a letter ruling of the Internal Revenue Service received by Nordstrom, a Revenue Ruling published by the Internal Revenue Service or a change in applicable U.S. Federal income tax law occurring after the date of the Indenture. (Section 4.2)

*Foreign Currency* means any currency, currency unit or composite currency, including, without limitation, the Euro, issued by the government of one or more countries other than the United States of America or by any recognized confederation or association of such governments. (Section 1.1)

*Government Obligations* means securities which are (1) direct obligations of the United States of America or the government or the governments in the confederation which issued the Foreign Currency in which the debt securities of a particular series are payable, for the payment of which its full faith and credit is pledged, or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America or the government or governments which issued the Foreign Currency in which the debt securities of such series are payable, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America or other government or governments, which, in the case of clauses (1) and (2), are not callable or redeemable at the option of the issuer or issuers, and shall also include a depositary receipt issued by a bank or trust company as custodian with respect to any Government Obligation or a specific payment of interest on or principal of or any other amount with respect to any Government Obligation held by the custodian for the account of the holder of the depositary receipt, provided that (except as required by law) the custodian is not authorized to make any deduction from the amount payable to the holder of the depositary receipt from any amount received by the custodian with respect to the Government Obligation or the specific payment of interest on or principal of or any other amount with respect to the Government Obligation evidenced by the depositary receipt. (Section 1.1)

If after Nordstrom has deposited funds and/or Government Obligations to effect defeasance or covenant defeasance with respect to debt securities of any series, (a) the holder of a debt security of the series is entitled to,



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and does, elect pursuant to Section 3.1 of the Indenture or the terms of the debt security to receive payment in a currency other than that in which the deposit has been made in respect of the debt security, or (b) a Conversion Event (as defined below) occurs in respect of the Foreign Currency in which the deposit has been made, the indebtedness represented by the debt security shall be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of (and premium, if any) and interest, if any, on the debt security as the debt security becomes due out of the proceeds yielded by converting the amount or other properties so deposited in respect of the debt security into the currency in which the debt security becomes payable as a result of such election or such Conversion Event based on (x) in the case of payments made pursuant to clause (a) above, the applicable market exchange rate for the currency in effect on the second business day prior to the payment date, or (y) with respect to a Conversion Event, the applicable market exchange rate for the Foreign Currency in effect (as nearly as feasible) at the time of the Conversion Event. (Section 4.2)

*Conversion Event* means the cessation of use of (1) a Foreign Currency both by the government of the country or the confederation which issued the Foreign Currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community or (2) any currency unit or composite currency for the purposes for which it was established. (Section 1.1)

In the event that Nordstrom effects covenant defeasance with respect to any debt securities and the debt securities are declared due and payable because of the occurrence of any event of default other than an event of default with respect to any covenant as to which there has been covenant defeasance, the amount in the Foreign Currency in which the debt securities are payable, and Government Obligations on deposit with the Trustee, will be sufficient to pay amounts due on the debt securities at the time of the stated maturity but may not be sufficient to pay amounts due on the debt securities at the time of the acceleration resulting from the event of default. However, Nordstrom would remain liable to make payment of the amounts due at the time of acceleration.

## **GOVERNING LAW**

The Indenture and the debt securities will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made or instruments entered into and, in each case performed in, said state. (Section 1.13)

## **RELATIONSHIP WITH THE TRUSTEE**

The Trustee under the Indenture, Wells Fargo Bank, National Association, also acts as trustee in connection with one other Nordstrom indenture. This indenture is dated March 11, 1998 relating to \$300,000,000 6.95% Senior Debentures due March 15, 2028. In addition, the Trustee is also the trustee under two indentures covering medium-term notes of Nordstrom Credit, Inc., a subsidiary of Nordstrom. In addition, one of our directors, Mr. Enrique Hernandez, Jr., is also a director of Wells Fargo & Company, an affiliate of the Trustee.

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**PLAN OF DISTRIBUTION**

We or any selling security holder may offer or sell securities to or through one or more underwriters, dealers and agents, or through a combination of any of these methods, or directly to purchasers, on a continuous or delayed basis. We will describe the details of any such offering and the plan of distribution for any securities offering by us or any selling security holder in a supplement to this prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

**LEGAL MATTERS**

Certain legal matters relating to the Securities offered by this prospectus will be passed upon for Nordstrom by Lane Powell PC, Seattle, Washington.

**EXPERTS**

The consolidated financial statements incorporated in this Prospectus by reference from Nordstrom, Inc.'s Annual Report on Form 10-K and the effectiveness of Nordstrom, Inc.'s internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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\$

**Nordstrom, Inc.**

\$ % Senior Notes due 2027

\$ 5.00% Senior Notes due 2044

**PROSPECTUS SUPPLEMENT**

*Joint Book-Running Managers*

**BofA Merrill Lynch**

**Morgan Stanley**

**US Bancorp**

**, 2017**