

NORDSTROM INC
Form 8-K
February 23, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) February 16, 2017

NORDSTROM, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

WASHINGTON

001-15059
(COMMISSION FILE

91-0515058
(I.R.S. EMPLOYER

**(STATE OR OTHER
JURISDICTION**

NUMBER)

IDENTIFICATION NO.)

OF INCORPORATION)

1617 SIXTH AVENUE,

SEATTLE, WASHINGTON

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

98101

(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (206) 628-2111

INAPPLICABLE

(FORMER NAME OR FORMER ADDRESS IF CHANGED SINCE LAST REPORT)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 16, 2017, the Compensation Committee (the "Committee") of the Board of Directors of the Company approved the following actions relative to salary and performance-based awards for the Company's Named Executive Officers as set forth in the Company's proxy statement dated April 8, 2016 (the "NEOs"):

Named Executive Officer	2016 Bonus (1)	2017 Base Salary
Blake W. Nordstrom	\$ 1,213,601	\$ 758,500
Co-President		
Peter E. Nordstrom	\$ 1,213,601	\$ 758,500
Co-President		
Erik B. Nordstrom	\$ 1,213,601	\$ 758,500
Co-President		
Michael G. Koppel	\$ 568,800	\$ 790,000
Executive Vice President and Chief Financial Officer		
Christine F. Deputy	\$ 345,600	\$ 567,000
Executive Vice President - Human Resources		

- (1) Nordstrom follows a pay-for-performance philosophy. The Company's compensation plans are designed to encourage NEOs to focus on goals that align with business strategy, operating performance and shareholder values. In support of our philosophy, performance-based awards pay out only when pre-determined performance results are achieved. The 2016 cash bonuses were determined based on the achievement of pre-established performance measures set by the Committee under the shareholder-approved Nordstrom, Inc. Executive Management Bonus Plan.

Also on February 16, 2017, the Committee certified the level of attainment of the pre-established performance goals for the 2014 Performance Share Unit ("PSU") grant relating to fiscal years 2014 through 2016. The Company's ranking within its peer group did not exceed the fiftieth percentile. Accordingly, the 2014 PSUs did not vest and were canceled without payment to the Company's NEOs.

The Committee also determined to award stock option grants to the Company's five NEOs, effective February 28, 2017, the first open window trading date after Committee approval. Stock options were granted pursuant to the terms of the Nordstrom, Inc. 2010 Equity Incentive Plan (the "Equity Plan") and have a term of ten years with an exercise price equivalent to the closing price of the Company's Common Stock on February 28, 2017. Vesting occurs at a rate of 25% annually, beginning one year from the tenth day of the month immediately following the date of grant. The number of options to be awarded to each individual is a function of base pay, a long-term incentive (LTI) percentage and the fair value of an option. The Binomial Lattice model is used to estimate the fair value of an option. This model requires the input of certain assumptions, including the risk-free interest rate, volatility, dividend yield and expected life. The formula for determining the number of options granted is:

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$$\text{No. of Options} = (\text{base pay} \times \text{LTI}\%) / \text{option fair value}$$

The form of the 2017 Nonqualified Stock Option Grant Agreement is attached hereto as Exhibit 10.1. The number of options actually granted to each of the NEOs, once determined, will be reported in an amendment to this Current Report on Form 8-K.

On February 16, 2017, the Committee also determined to award restricted stock units (RSUs) to the Company's five NEOs pursuant to the terms of the Equity Plan. The RSU awards are effective February 28, 2017. RSUs entitle the participant to settle in shares of Company Common Stock. Vesting occurs at a rate of 25% annually, beginning one year from the tenth day of the month immediately following the date of grant. The number of RSUs to be awarded to each individual is a function of base pay, a long-term incentive (LTI) percentage and the fair value of an RSU. The fair value of an RSU is calculated as the stock price as of the effective date less the present value of Company stock dividends over the vesting period. This calculation requires the input of certain assumptions,

including the risk-free interest rate and the expected Company stock dividends. The formula for determining the number of RSUs granted is:

$$\text{No. of RSUs} = (\text{base pay} \times \text{LTI}\%) / \text{RSU fair value}$$

The form of the 2017 Restricted Stock Unit Award Agreement is attached to this Current Report on Form 8-K as Exhibit 10.2. The number of RSUs actually granted to each of the NEOs, once determined, will be reported in an amendment to this Current Report on Form 8-K.

On February 16, 2017, the Committee also determined to award PSUs to the Company's five NEOs pursuant to the terms of the Equity Plan. The PSU awards are effective February 28, 2017. PSUs may only be settled in shares of Company Common Stock upon the achievement of such performance goals as may be established by the Committee at the time of grant based on any one or a combination of certain performance criteria enumerated in the Equity Plan. The 2017 PSUs are earned over a three-year period from fiscal year 2017 through fiscal year 2019. The percentage of PSUs granted that will actually be earned at the end of the three-year period is based upon the Company's total shareholder return compared to the total shareholder return of companies in the Standard & Poor's 500, as composed on the first day of the performance cycle, during that same period. Total shareholder return is based on a 30 trading-day closing price average that is established both prior to the beginning of the performance cycle and prior to the end of the performance cycle. The formula for determining the number of PSUs granted is:

$$\text{No. of PSUs} = (\text{base pay} \times \text{LTI}\%) / \text{stock price on the effective date}$$

The form of the 2017 Performance Share Notice and Award Agreement is attached to this Current Report on Form 8-K as Exhibit 10.3. The number of PSUs actually awarded to each of the NEOs, once determined, will be reported in an amendment to this Current Report on Form 8-K.

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits

- 10.1 Form of the 2017 Nonqualified Stock Option Grant Agreement
- 10.2 Form of the 2017 Restricted Stock Unit Award Agreement
- 10.3 Form of the 2017 Performance Share Unit Notice and Award Agreement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NORDSTROM, INC.

By: /s/ Robert B. Sari
Robert B. Sari

Executive Vice President, General
Counsel

and Corporate Secretary

Dated: February 23, 2017

EXHIBIT INDEX

EXHIBIT

NUMBER	DESCRIPTION
10.1	Form of the 2017 Nonqualified Stock Option Grant Agreement
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