

FOOT LOCKER INC  
Form DEF 14A  
April 07, 2011  
UNITED STATES

**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

**SCHEDULE 14A**

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

**Exchange Act of 1934 (Amendment No.     )**

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

Check the appropriate box:

|                            |  |   |
|----------------------------|--|---|
| <input type="checkbox"/> £ | Preliminary Proxy Statement                  | <input type="checkbox"/> £ Confidential, for Use of the Commission Only |
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| <input type="checkbox"/> £ | Definitive Additional Materials              |   |
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**Foot Locker, Inc.**

(Name of Registrant as Specified in its Charter)

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

Payment of filing fee (Check the appropriate box):

S No fee required.  
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NOTICE OF 2011 ANNUAL MEETING  
AND  
PROXY STATEMENT

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112 West 34th Street  
New York, New York 10120

**NOTICE OF 2011 ANNUAL MEETING OF SHAREHOLDERS**

**DATE:** May 18, 2011  
**TIME:** 9:00 A.M., local time  
**PLACE:** Foot Locker, Inc., 112 West 34th Street, New York, New York 10120  
**RECORD DATE:** Shareholders of record on March 21, 2011 can vote at this meeting.

**ITEMS OF BUSINESS:**

- Elect four members to the Board of Directors to serve for three-year terms and one member to the Board of Directors to serve for a two-year term.
- Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2011 fiscal year.
- Approve the Foot Locker Long-Term Incentive Compensation Plan, as Amended and Restated.
- An advisory vote to approve the compensation of our named executive officers.
- An advisory vote on the frequency of the shareholder vote to approve the compensation of our named executive officers.
- Transact such other business as may properly come before the meeting and at any adjournment or postponement.

**PROXY VOTING:** **YOUR VOTE IS IMPORTANT TO US.** Please vote as soon as possible in one of these ways:

- Use the toll-free telephone number shown on the Notice of Internet Availability of Proxy Materials for the 2011 Annual Meeting of Foot Locker, Inc. (your Foot Locker Notice ) or on your proxy card;
- Visit the web site shown on your Foot Locker Notice or on your proxy card to vote via the Internet;
- If you received a printed copy of the proxy card, you may mark, sign and return the enclosed proxy card using the postage-paid envelope provided; or
- Follow the instructions on your proxy materials if your shares are held in the name of your bank, broker, or other holder of record.

Even if you plan to attend the annual meeting, we encourage you to vote in advance using one of these methods.

GARY M. BAHLER  
*Secretary*

April 7, 2011

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112 West 34th Street  
New York, New York 10120

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**PROXY STATEMENT**

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**GENERAL INFORMATION**

We are providing these proxy materials to you for the solicitation of proxies by the Board of Directors of Foot Locker, Inc. for the 2011 Annual Meeting of Shareholders and for any adjournments or postponements of this meeting. We are holding this annual meeting on May 18, 2011 at 9:00 A.M., local time, at our corporate headquarters located at 112 West 34th Street, New York, New York 10120. In this proxy statement we refer to Foot Locker, Inc. as Foot Locker, the Company, we, our, or us.

We are pleased this year once again to take advantage of the Securities and Exchange Commission rule that allows companies to furnish their proxy materials to shareholders over the Internet instead of mailing full sets of the printed materials. We believe that this procedure reduces costs, provides greater flexibility to our shareholders, and lessens the environmental impact of our Annual Meeting. On or about April 7, 2011 we started mailing to most of our shareholders in the United States a Notice of Internet Availability of Proxy Materials (the Foot Locker Notice ). The Foot Locker Notice contains instructions on how to access and read our 2011 Proxy Statement and our 2010 Annual Report to Shareholders on the Internet and to vote online. **If you received a Foot Locker Notice by mail, you will not receive paper copies of the proxy materials in the mail unless you request them.** Instead, the Foot Locker Notice instructs you on how to access and read the Proxy Statement and Annual Report and how you may submit your proxy over the Internet. If you received a Foot Locker Notice by mail and would like to receive a printed copy of the materials, please follow the instructions on the Foot Locker Notice for requesting the materials, and we will promptly mail the materials to you.

We are mailing to shareholders, or making available to shareholders via the Internet, this Proxy Statement, form of proxy card, and our 2010 Annual Report/Form10-K on or about April 7, 2011.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting  
To Be Held on May 18, 2011**

**The Company's Proxy Statement and 2010 Annual Report and Form 10-K are available at  
<http://materials.proxyvote.com/344849>  
<http://www.proxyvoting.com/fl>**

**QUESTIONS AND ANSWERS ABOUT THIS ANNUAL MEETING AND VOTING**

**What is included in these proxy materials?**

The proxy materials include our 2011 Proxy Statement and 2010 Annual Report and Form 10-K. If you received printed copies of these materials by mail, these materials also include the proxy card for this annual meeting.

**May I obtain an additional copy of the Form 10-K?**

You may obtain an additional copy of our 2010 Form 10-K without charge by writing to our Investor Relations Department at Foot Locker, Inc., 112 West 34th Street, New York, New York 10120. It is also available free of charge through our corporate web site at <http://www.footlocker-inc.com/investors.cfm?page=corporate-governance>.

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**What constitutes a quorum for the Annual Meeting?**

We will have a quorum and will be able to conduct the business of the Annual Meeting if the holders of a majority of the shares outstanding are present at the meeting, either in person or by proxy. We will count abstentions and broker non-votes, if any, as present and entitled to vote in determining whether we have a quorum.

**What is the record date for this meeting?**

The record date for this meeting is March 21, 2011. If you were a Foot Locker shareholder on this date, you are entitled to vote on the items of business described in this proxy statement.

**Do I need a ticket to attend the Annual Meeting?**

You will need an admission ticket to attend the Annual Meeting. Attendance at the meeting will be limited to shareholders on March 21, 2011 (or their authorized representatives) having an admission ticket or proof of their share ownership, and guests of the Company. If you plan to attend the meeting, please indicate this when you are voting by telephone or Internet or check the box on your proxy card, and we will promptly mail an admission ticket to you.

If your shares are held in the name of a bank, broker, or other holder of record and you plan to attend the meeting, you can obtain an admission ticket in advance by providing proof of your ownership, such as a bank or brokerage account statement, to the Corporate Secretary at Foot Locker, Inc., 112 West 34th Street, New York, New York 10120. If you do not have an admission ticket, you must show proof of your ownership of the Company's Common Stock at the registration table at the door.

**What are shareholders voting on at this meeting?**

You are being asked to vote on the following items:

- Proposal 1:** The election of one director in Class I and four directors in Class II;
- Proposal 2:** The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2011;
- Proposal 3:** The approval of the Foot Locker Long-Term Incentive Compensation Plan, as Amended and Restated;
- Proposal 4:** An advisory vote to approve the compensation of our named executive officers; and
- Proposal 5:** An advisory vote on whether the shareholder vote to approve the compensation of our named executive officers should occur every 1, 2, or 3 years.

**How does the Board of Directors recommend that I vote on the proposals?**

The Board recommends that you vote **FOR** Proposals 1, 2, 3 and 4, and for every **3 years** on Proposal 5.

**Could other matters be voted on at the Annual Meeting?**

We do not know of any other business that will be presented at the 2011 annual meeting. If any other matters are properly brought before the meeting for consideration, then the persons named as proxies will have the discretion to vote on those matters for you using their best judgment.

**Who may vote at the Annual Meeting?**

The only voting securities of Foot Locker are our shares of Common Stock. Only shareholders of record on the books of the Company on March 21, 2011 are entitled to vote at the annual meeting and any adjournments or postponements. Each share is entitled to one vote. There were 154,717,295 shares of Common Stock outstanding on March 21, 2011.

**What are the voting requirements to elect directors and to approve the other proposals?**

**Proposal 1**

(election of directors).

Directors must be elected by a plurality of the votes cast by shareholders. (Please see our policy described on Page 7 regarding resignations by directors who do not receive more for votes than withheld votes.)

**Proposal 2**

(ratification of the appointment of independent registered public accounting firm). This proposal requires the favorable vote of a majority of the votes cast by shareholders to be approved.

**Proposal 3**

(approval of the Long-Term Incentive Compensation Plan, as Amended and Restated). This proposal requires the favorable vote of a majority of

the votes cast  
by shareholders  
to be approved.

**Proposal 4**

(approval of the  
named  
executive  
officers  
compensation).  
The favorable  
vote of a  
majority of the  
votes cast by  
shareholders  
will constitute  
shareholders  
non-binding  
approval of this  
advisory vote  
on our named  
executive  
officers  
compensation.

**Proposal 5**

(vote on  
frequency of  
shareholder  
vote on  
executive  
compensation).  
The favorable  
vote of a  
majority of the  
votes cast by  
shareholders  
will constitute  
shareholders  
non-binding  
approval of an  
advisory vote  
on executive  
compensation  
to occur every  
three years.

**What happens if I do not vote my shares?**

This depends on how you hold your shares and the type of proposal. If you hold your shares in street name, such as through a bank or brokerage account, it is important that you cast your vote if you want it to count for Proposals 1, 3, 4 and 5. If you do not instruct your bank or broker how to vote your shares on these proposals, no votes will be cast on

your behalf. With regard to Proposal 2, your bank or broker will have discretion to vote any uninstructed shares for this proposal.

If your stock ownership is reflected directly on the books and records of the Company's transfer agent, you are a shareholder of record. If you do not cast your vote, then no votes will be cast on your behalf on any of the proposals.

**How will the votes be counted?**

Votes will be counted and certified by representatives of our transfer agent, BNY Mellon Shareowner Services, as inspectors of election. The inspectors of election are independent and are not employees of Foot Locker.

Votes withheld for the election of one or more of the nominees for director will not be counted as votes cast for them. We do not count abstentions and broker non-votes, if any, in determining the votes cast for any proposal. With respect to Proposals 2, 3, 4 and 5, if you abstain from voting, this will have no effect on the vote since an abstention is not considered a vote cast.

The Company's Certificate of Incorporation and By-laws do not contain any provisions on the effect of abstentions or broker non-votes.

**Will my vote be confidential?**

We maintain the confidentiality of our shareholders' votes. All proxy cards, electronic voting, voting instructions, ballots and voting tabulations identifying shareholders are kept confidential from the Company, except:

as necessary  
to meet any  
applicable  
legal  
requirements,

when a  
shareholder  
requests  
disclosure or  
writes a  
comment on a  
proxy card,

in a contested  
proxy  
solicitation,  
and

to allow  
independent  
inspectors of  
election to  
tabulate and  
certify the  
vote.

**How do I vote my shares?**

You may vote using any of the following methods:

*Telephone*

3

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If you are located within the United States or Canada, you can vote your shares by telephone by calling the toll-free telephone number printed on your Notice of Internet Availability of Proxy Materials ( Notice ), on your proxy card, or in the instructions that accompany your proxy materials, as applicable, and following the recorded instructions. You will need the control number printed on your Notice, on your proxy card, or in the instructions that accompany your proxy materials, as applicable. Telephone voting is available 24 hours a day and will be accessible until 11:59 P.M. Eastern Time on May 17, 2011. The telephone voting system has easy to follow instructions and allows you to confirm that the system has properly recorded your vote. **If you vote by telephone, you do NOT need to return a proxy card or voting instruction form.** If you are an owner in street name, please follow the instructions that accompany your proxy materials.

### ***Internet***

You can also choose to vote your shares by the Internet. You will need the control number printed on your Notice, on your proxy card, or in the instructions that accompany your proxy materials, as applicable. The web site for Internet voting is listed on your Notice, proxy card, or in the instructions that accompany your proxy materials. Internet voting is available 24 hours a day and will be accessible until 11:59 P.M. Eastern Time on May 17, 2011. As with telephone voting, you will be able to confirm that the system has properly recorded your vote. **If you vote via the Internet, you do NOT need to return a proxy card or voting instruction form.**

### ***Mail***

If you are a holder of record and received printed copies of the materials by mail, you may choose to vote by mail. Simply mark your proxy card, date and sign it, and return it in the postage-paid envelope that we included with your materials. If you hold your shares through a bank or brokerage account, please complete and mail the voting instruction form in the envelope provided.

### ***Ballot at the Annual Meeting***

You may also vote by ballot at the Annual Meeting if you decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the meeting.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting. If you sign and return a proxy card but do not give voting instructions, the shares represented by that proxy card will be voted as recommended by the Board of Directors.

### **Can I change my mind after voting my shares?**

You may revoke your proxy at any time before it is used by (i) sending a written notice to the Company at its corporate headquarters, (ii) delivering a valid proxy card with a later date, (iii) providing a later dated vote by telephone or Internet, or (iv) voting by ballot at the Annual Meeting.

### **Can I vote shares held in employee plans?**

If you hold shares of Foot Locker Common Stock through the Foot Locker 401(k) Plan or the Foot Locker Puerto Rico 1165(e) Plan, your proxy card includes the number of shares allocated to your plan account. Your proxy card will serve as a voting instruction card for these shares for the plan trustee to vote the shares. The trustee will vote only those shares for which voting instructions have been given. To allow sufficient time for voting by the trustees of these

plans, your voting instructions must be received by May 13, 2011.

**Who pays the cost of this proxy solicitation?**

We will pay for the cost of the solicitation of proxies, including the preparation, printing and mailing of the proxy materials.

Proxies may be solicited, without additional compensation, by our directors, officers, or employees by mail, telephone, fax, in person, or otherwise. We will request banks, brokers and other custodians, nominees and fiduciaries to deliver proxy materials to the beneficial owners of Foot Locker's Common Stock and obtain their voting instructions, and we will reimburse those firms for their expenses under the rules of the Securities and Exchange Commission and The New York Stock Exchange. In addition, we have retained Innisfree M&A Incorporated to assist us in the solicitation of proxies for a fee of \$12,500 plus out-of-pocket expenses.



**BENEFICIAL OWNERSHIP OF THE COMPANY S STOCK****Directors and Executive Officers**

The following table shows the number of shares of Common Stock reported to us as beneficially owned by each of our directors and named executive officers as of March 21, 2011. The table also shows beneficial ownership by all directors, named executive officers, and executive officers as a group on that date, including shares of Common Stock that they have a right to acquire within 60 days after March 21, 2011 by the exercise of stock options.

No director, named executive officer, or executive officer beneficially owned one percent or more of the total number of outstanding shares as of March 21, 2011.

Each person has sole voting and investment power for the number of shares shown unless otherwise noted.

| Name   | Amount and Nature of Beneficial Ownership                  |  |                                  | Total         |
|--|--|--|----------------------------------|---------------|
|  | Common Stock Beneficially Owned Excluding Stock Options(a) | Stock Options Exercisable Within 60 Days After 3/21/2011 | RSUs and Deferred Stock Units(b) |               |
| Gary M. Bahler   | 130,402  | 237,499  |                                  | 367,901       |
| Nicholas DiPaolo   | 39,602 (c)   | 16,542   | 3,661                            | 59,805        |
| Alan D. Feldman  | 39,778   | 6,314  | 13,213                           | 59,305        |
| Jarobin Gilbert Jr.  | 29,858   | 16,542   | 3,661                            | 50,061        |
| Ronald J. Halls  | 179,416  | 276,666  |                                  | 456,082       |
| Ken C. Hicks   | 499,954  | 500,000  |                                  | 999,954       |
| Robert W. McHugh   | 152,059  | 198,332  |                                  | 350,391       |
| Matthew M. McKenna   | 60,395   | 4,287  | 3,661                            | 68,343        |
| Richard A. Johnson   | 171,088  | 223,332  | 25,000                           | 419,420       |
| Guillermo G. Marmol  | 9,600  |  |                                  | 9,600         |
| James E. Preston   | 102,757  | 8,336  | 3,661                            | 114,754       |
| Allen Questrom   |  |  |                                  |               |
| David Y. Schwartz  | 31,826   | 16,542   | 29,555                           | 77,923        |
| Cheryl Nido Turpin   | 20,810   | 16,542   | 32,963                           | 70,315        |
| Dona D. Young  | 18,612   | 16,542   | 44,022                           | 79,176        |
| All 21 directors and executive officers as a group, including the named executive officers | 1,882,030  | 2,448,177  | 159,397                          | 4,489,604 (d) |

**Notes to Beneficial Ownership Table**

- (a) This column includes shares held

in the  
Company's  
401(k)  
Plan, as  
well as the  
executives  
unvested  
shares of  
restricted  
stock listed  
below over  
which they  
have sole  
voting  
power but  
no  
investment  
power:

| <b>Name</b> | <b>Number of Unvested<br/>Shares of Restricted<br/>Stock</b> |
|-------------|--|
| K. Hicks    | 400,000  |
| R. McHugh   | 35,000   |
| R. Halls    | 95,000   |
| R. Johnson  | 100,000  |
| G. Bahler   | 35,000   |

- (b) This column includes (i) the number of deferred stock units credited as of March 21, 2011 to the account of the directors who elected to defer all or part of their annual retainer fee and (ii) time vested restricted stock units ( RSUs ). The deferred stock units and RSUs do not have current voting or investment power.
- (c) Includes 1,050 shares held by his spouse.
- (d) This number represents approximately 2.9 percent of the shares of Common Stock outstanding at the close of business on March 21, 2011.

**Persons Owning More Than Five Percent of the Company s Stock**

The following table provides information on shareholders who beneficially own more than five percent of our Common Stock according to reports filed with the Securities and Exchange Commission ( SEC ). To the best of our knowledge, there are no other shareholders who beneficially own more than five percent of a class of the Company s voting securities.

| Name and Address<br>of Beneficial Owner  | Amount and<br>Nature of<br>Beneficial<br>Ownership | Percent<br>of Class |
|--|--|---------------------|
| AllianceBernstein L.P.<br>1345 Avenue of the Americas<br>New York, NY 10105            | 8,381,897(a)                                       | 5.40 %(a)           |
| Ameriprise Financial, Inc.<br>145 Ameriprise Financial Center<br>Minneapolis, MN 55474 | 11,799,417(b)                                      | 7.61 %(b)           |
| Columbia Management Investment Advisers, LLC<br>100 Federal Street<br>Boston, MA 02110 |  |                     |
| BlackRock, Inc.<br>40 East 52nd Street<br>New York, NY 10022                           | 14,502,865(c)                                      | 9.35 %(c)           |

**Notes to Table on Persons Owning More than Five Percent of the Company's Stock**

- (a) Reflects shares beneficially owned as of December 31, 2010 according to Schedule 13G filed with the SEC. As reported in this schedule, AllianceBernstein L.P., an investment adviser, holds sole voting power with respect to 6,523,783 shares, sole dispositive power with respect to 8,372,797 shares, and shared dispositive power with respect to 9,100 shares.
- (b) Reflects shares beneficially owned as of December 31,

2010 according to Schedule 13G filed with the SEC jointly by Ameriprise Financial, Inc. ( AFI ) and Columbia Management Investment Advisers, LLC ( CMIA ). AFI is the parent holding company of CMIA, an investment adviser. As reported in this schedule, CMIA holds shared voting power with respect to 5,131,373 shares and shared dispositive power with respect to 11,799,417 shares. AFI, as the parent company of CMIA, may be deemed to beneficially own the shares reported by CMIA.

- (c) Reflects shares beneficially owned as of December 31, 2010 according to Amendment No. 1 to Schedule 13G filed with the SEC. As reported in this schedule, BlackRock, Inc., a parent holding company, holds sole voting and dispositive power with respect to

14,502,865 shares.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires that our directors and executive officers file with the Securities and Exchange Commission reports of ownership and changes in ownership of Foot Locker's Common Stock. Based on our records and other information, we believe that during the 2010 fiscal year, the directors and executive officers complied with all applicable SEC filing requirements.

## CORPORATE GOVERNANCE INFORMATION

### Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines. The Board periodically reviews the guidelines and may revise them when appropriate. The Corporate Governance Guidelines are available on the corporate governance section of the Company's corporate web site at <http://www.footlocker-inc.com/investors.cfm?page=corporate-governance>. You may also obtain a printed copy of the guidelines by writing to the Corporate Secretary at the Company's headquarters.

### Policy on Voting for Directors

Our Corporate Governance Guidelines provide that if a nominee for director in an uncontested election receives more votes withheld from his or her election than votes for election (a Majority Withheld Vote), then the director must offer his or her resignation for consideration by the Nominating and Corporate Governance Committee (the Nominating Committee). The Nominating Committee will evaluate the resignation, weighing the best interests of the Company and its shareholders, and make a recommendation to the Board of Directors on the action to be taken. For example, the Nominating Committee may recommend (i) accepting the resignation, (ii) maintaining the director but addressing what the Nominating Committee believes to be the underlying cause of the withheld votes, (iii) resolving that the director will not be re-nominated in the future for election, or (iv) rejecting the resignation. When making its determination, the Nominating Committee will consider all factors that it deems relevant, including (i) any stated reasons why shareholders withheld votes from the director, (ii) any alternatives for curing the underlying cause of the withheld votes, (iii) the director's tenure, (iv) the director's qualifications, (v) the director's past and expected future contributions to the Board and to the Company, and (vi) the overall composition of the Board, including whether accepting the resignation would cause the Company to fall below the minimum number of directors required under the Company's By-laws or fail to meet any applicable Securities and Exchange Commission or New York Stock Exchange requirements. We will promptly disclose the Board's decision on whether or not to accept the director's resignation, including, if applicable, the reasons for rejecting the offered resignation.

### Stock Ownership Guidelines

The Board of Directors has adopted Stock Ownership Guidelines. These guidelines cover the Board of Directors, the Chief Executive Officer, and Other Principal Officers, as follows:

#### ***Board of Directors.***

Each non-employee director must beneficially own shares of our Common Stock having a value of at least three times the annual retainer fee paid to the non-employee directors.

**Chief Executive Officer.** The CEO must beneficially own shares of our Common Stock having a value of at least five times his annual base salary.

**Other Principal Officers.** Other Principal Officers of the Company must beneficially own shares of our Common Stock having a value of at least two times their individual annual base salaries. The category of Other Principal Officers includes all corporate officers at the senior vice president level or higher and the chief executive officers of our operating divisions.

Shares of restricted stock, restricted stock units, and deferred stock units are counted towards beneficial ownership. Performance based restricted stock units are counted at the target performance level during the performance period. Stock options are disregarded in calculating beneficial ownership.



Non-employee directors and executives who were serving at February 2006 in covered positions were required to be in compliance as of February 2011. Non-employee directors who were elected to the Board after February 2006, as well as executives who are elected or appointed after this date to positions covered by the ownership guidelines, must be in compliance within five years after their initial election or appointment. All non-employee directors and executives who were required to be in compliance by February 2011 are in compliance. The Company measures compliance with the guidelines at the end of each fiscal year based on the market value of the Company's stock, with the

compliance determination at that point in time applying for the next fiscal year, regardless of fluctuations in the Company's stock price.

If a director or covered executive fails to be in compliance by the compliance date, then he or she must hold the net shares obtained through future stock option exercises and the vesting of restricted stock and restricted stock units, after payment of applicable taxes, until coming into compliance with the guidelines. In order to take into consideration fluctuations in the Company's stock price, any person who has been in compliance with the guidelines as of the end of at least one of the two preceding fiscal years and who has not subsequently sold shares will not be subject to this holding requirement. For non-employee directors, the Nominating and Corporate Governance Committee will consider a director's failure to comply with the Guidelines when considering that director for re-election to the Board of Directors.

### **Committee Charters**

The Board of Directors has adopted charters for the Audit Committee, the Compensation and Management Resources Committee, the Finance and Strategic Planning Committee, the Nominating and Corporate Governance Committee, and the Retirement Plan Committee. Copies of the charters for these committees are available on the corporate governance section of the Company's corporate web site at <http://www.footlocker-inc.com/investors.cfm?page=corporate-governance>. You may also obtain printed copies of these charters by writing to the Corporate Secretary at the Company's headquarters.

### **Director Independence**

The Board believes that a significant majority of the members of the Board should be independent, as determined by the Board based on the criteria established by The New York Stock Exchange. Each year, the Nominating Committee reviews any relationships between outside directors and the Company that may affect independence. Currently, one of the current eleven members of the Board of Directors serves as an officer of the Company, and the remaining ten directors are independent under the criteria established by The New York Stock Exchange.

### **Board Leadership Structure**

The Board of Directors evaluates, from time to time as appropriate, whether the same person should serve as Chairman of the Board and Chief Executive Officer, or whether the positions should be split, in light of all relevant factors and circumstances, and what it considers to be in the best interests of the Company and its shareholders.

In recent years, the Board has utilized various leadership structures. For example, from 2001 to 2004, the positions were separated, with a previously independent director serving as Chairman of the Board. From 2004 to August 2009, the positions of Chairman of the Board and Chief Executive Officer were held by the same person, with the former Chairman of the Board serving as lead director until his death. Subsequently, another independent director was appointed as lead director. From August 2009 to January 2010, the positions were again separated, with the former Chairman and Chief Executive Officer serving as Chairman of the Board and an independent lead director continuing to serve in that capacity. Since January 31, 2010, Mr. Hicks has served as Chairman of the Board and Chief Executive Officer and Mr. Preston continues to serve as the independent lead director.

The Board believes that the current leadership structure is appropriate for the Company in light of the Company's and the Board's history of operating effectively when these positions have been combined; Mr. Preston's ability and willingness to continue to serve as a strong, independent lead director; the size of the Board, which allows a free flow of communication among its members and between the independent members and the Chairman; the important role played by our committee chairs; the independence of our directors; and Mr. Hicks' background and experience.

Mr. Preston's responsibilities as independent lead director include reviewing and approving Board agendas; chairing executive sessions of the Board, which are held in conjunction with each quarterly Board meeting; chairing meetings of the independent directors; leading the annual review of the Chief

Executive Officer's performance; attending meetings of Board committees; and serving as a liaison between the independent directors and the Chief Executive Officer.

### **Risk Oversight**

The Board of Directors has oversight responsibilities regarding risks that could affect the Company. This oversight is conducted primarily through the Audit Committee. The Audit Committee has established procedures for reviewing the Company's risks. These procedures include regular risk monitoring by Foot Locker management to update current risks and identify potential new and emerging risks, quarterly risk reviews by management with the Audit Committee, and an annual risk report to the full Board of Directors. The Audit Committee Chair reports on the committee's meetings, considerations, and actions to the full Board at the next Board meeting following each committee meeting. In addition, the Compensation and Management Resources Committee considers risk in relation to the Company's compensation policies and practices. The committee's independent compensation consultant provides an annual report to the committee on risk relative to the Company's compensation programs.

The Company believes that this process for risk oversight is appropriate in light of the nature of the Company's business, its size, and the active participation of senior members of management, including the Chief Executive Officer, in managing risk and holding regular discussions on risk with the Audit Committee, the Compensation and Management Resources Committee, and the Board.

### **Executive Sessions of Non-Management Directors**

The Board of Directors holds regularly scheduled executive sessions of non-management directors. James E. Preston, as the lead director, presides at executive sessions of the independent and non-management directors.

### **Board Members Attendance at Annual Meetings**

Although we do not have a policy on our Board members' attendance at annual shareholders' meetings, we encourage each director to attend these important meetings. The annual meeting is normally scheduled on the same day as a Board of Directors' meeting. In 2010, all of the directors who were then serving attended the annual shareholders' meeting.

### **Director Orientation and Education**

We have an orientation program for new directors that is intended to educate a new director on the Company and the Board's practices. At the orientation, the newly elected director generally meets with the Company's Chief Executive Officer, the Chief Financial Officer, other senior financial officers of the Company, and the General Counsel and Secretary to review the business operations, financial matters, investor relations, corporate governance policies, and the composition of the Board and its committees. Additionally, he or she has the opportunity to visit our stores at the Company's New York headquarters, or elsewhere, with a senior division officer for an introduction to store operations. We also provide the Board of Directors with educational training from time to time on subjects applicable to the Board and the Company, including with regard to accounting, financial reporting, and corporate governance.

### **Payment of Directors Fees in Stock**

The non-employee directors receive one-half of their annual retainer fees, including committee chair and lead director retainer fees, in shares of the Company's Common Stock, with the balance payable in cash. Directors may elect to receive up to 100 percent of their fees in stock.

### **Director Retirement**

The Board has established a policy in its Corporate Governance Guidelines that directors retire from the Board at the annual meeting of shareholders following the director's 72nd birthday. As part of

the Nominating Committee's regular evaluation of the Company's directors and the overall needs of the Board, the Nominating Committee may ask a director to remain on the Board for an additional period of time beyond age 72, or to stand for re-election after reaching age 72. For any director over age 72, the Nominating and Corporate Governance Committee evaluates that director each year in light of the retirement policy to determine his or her continued service on the Board. As described on Page 61, the Nominating and Corporate Governance Committee has asked James E. Preston, age 77, who currently serves as the lead director, to continue to serve on the Board.

### **Change in a Director's Principal Employment**

The Board has established a policy that any director whose principal employment changes is required to advise the Chair of the Nominating and Corporate Governance Committee of this change. If requested by the Chair of the Committee, after consultation with the members of the Committee, the director will submit a letter of resignation to the Chair of the Committee, and the Committee would then meet to consider whether to accept or reject the letter of resignation.

### **Communications with the Board of Directors**

The Board has established a procedure for shareholders and other interested parties to send communications to the non-management members of the Board of Directors. Shareholders and other interested parties who wish to communicate directly with the non-management directors of the Company should send a letter to:

Board of Directors  
c/o Secretary, Foot Locker, Inc.  
112 West 34th Street  
New York, NY 10120

The Secretary will promptly send a copy of the communication to the lead director, who may direct the Secretary to send a copy of the communication to the other non-management directors and may determine whether a meeting of the non-management directors should be called to review the communication.

A copy of the Procedures for Communications with the Board of Directors is available on the corporate governance section of the Company's corporate web site at <http://www.footlocker-inc.com/investors.cfm?page=corporate-governance>. You may obtain a printed copy of the procedures by writing to the Corporate Secretary at the Company's headquarters.

### **Retention of Outside Advisors**

The Board of Directors and all of its committees have authority to retain outside advisors and consultants that they consider necessary or appropriate in carrying out their respective responsibilities. The independent accountants are retained by the Audit Committee and report directly to the Audit Committee. In addition, the internal auditors are selected by the Audit Committee and are ultimately accountable to the Audit Committee. Similarly, the consultant retained by the Compensation and Management Resources Committee to assist it in the evaluation of senior executives compensation reports directly to that committee.

### **Code of Business Conduct**

The Company has adopted a Code of Business Conduct for directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer. A copy of the Code of Business Conduct is available on the corporate governance section of the Company's corporate web site at <http://www.footlocker-inc.com/investors.cfm?page=corporate-governance>. You may obtain a printed copy of the Code of Business Conduct by writing to the Corporate Secretary at the Company's headquarters.

Any waivers of the Code of Business Conduct for directors and executive officers must be approved by the Audit Committee. We promptly disclose amendments to the Code of Business

Conduct and any waivers of the Code for directors and executive officers on the corporate governance section of the Company's corporate website at <http://www.footlocker-inc.com/investors.cfm?page=corporate-governance>.

## **BOARD OF DIRECTORS**

### **Organization and Powers**

The Board of Directors has responsibility for establishing broad corporate policies, reviewing significant developments affecting Foot Locker, and monitoring the general performance of the Company. Our By-laws provide for a Board of Directors consisting of between 7 and 13 directors. The exact number of directors is determined from time to time by the entire Board. Our Board currently has 11 members.

The Board of Directors held four meetings during 2010. All of our directors attended at least 75 percent of the meetings of the Board and committees on which they served in 2010.

### **Director Qualifications**

The Board of Directors, acting through the Nominating and Corporate Governance Committee, considers its members, including those directors being nominated for reelection to the Board at the 2011 annual meeting, to be qualified for service on the Board due to a variety of factors reflected in each director's experience, education, areas of expertise, and experience serving on the boards of directors of other organizations. Generally, the Board seeks individuals of broad-based experience who have the background, judgment, independence, and integrity to represent the shareholders in overseeing the Company's management in their operation of the business rather than specific, niche areas of expertise. Within this framework, specific items relevant to the Board's determination for each director are listed in each director's biographical information beginning on Page 62.

### **Directors Independence**

A director is considered independent under the rules of the The New York Stock Exchange if he or she has no material or immaterial relationship to the Company that would impair his or her independence. In addition to the independence criteria established by The New York Stock Exchange, the Board of Directors has adopted categorical standards to assist it in making its independence determinations regarding individual members of the Board. These categorical standards are contained in the Corporate Governance Guidelines, which are posted on the Company's corporate web site at <http://www.footlocker-inc.com/investors.cfm?page=corporate-governance>.

The Board of Directors has determined that the following categories of relationships are immaterial for purposes of determining whether a director is independent under the listing standards adopted by The New York Stock Exchange.



| <b>Categorical Relationship</b>            | <b>Description</b>  |
|--|---|
| Investment Relationships with the Company  | A director and any family member may own equities or other securities of the Company.   |
| Relationships with Other Business Entities | A director and any family member may be a director, employee (other than an executive officer), or beneficial owner of less than 10 percent of the shares of a business entity with which the Company does business, provided that the aggregate amount involved in a fiscal year does not exceed the greater of \$1,000,000 or 2 percent of either that entity's or the Company's annual consolidated gross revenue.                 |
| Relationships with Not-for-Profit Entities | A director and any family member may be a director or employee (other than an executive officer or the equivalent) of a not-for-profit organization to which the Company (including the Foot Locker Foundation) makes contributions, provided that the aggregate amount of the Company's contributions in any fiscal year do not exceed the greater of \$1,000,000 or 2 percent of the not-for-profit entity's total annual receipts. |

The Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, has determined that the following directors are independent under the rules of The New York Stock Exchange because they have no material or immaterial relationship to the Company that would impair their independence:

|                     |                    |
|---------------------|--------------------|
| Nicholas DiPaolo    | James E. Preston   |
| Alan D. Feldman     | Allen Questrom     |
| Jarobin Gilbert Jr. | David Y. Schwartz  |
| Guillermo G. Marmol | Cheryl Nido Turpin |
| Matthew M. McKenna  | Dona D. Young      |

In making its decisions on independence, the Board of Directors reviewed recommendations from the Nominating and Corporate Governance Committee and considered the following relationships between the Company and organizations with which the current members of our Board are affiliated:

Nicholas DiPaolo, David Y. Schwartz, and Cheryl Nido Turpin are non-employee directors of companies with which Foot Locker does business. The Board has

determined that each of these relationships meets the categorical standard for Relationships with Other Business Entities and are immaterial for determining independence.

The Board of Directors has determined that Ken C. Hicks is not independent because Mr. Hicks is an executive officer of the Company.

The Board of Directors has determined that all members of the Audit Committee, the Compensation and Management Resources Committee and the Nominating and Corporate Governance Committee are independent as defined under the listing standards of The New York Stock Exchange and the director independence standards adopted by the Board.

#### **Related Person Transactions**

We individually inquire of each of our directors and executive officers about any transactions in which Foot Locker and any of these related persons or their immediate family members are

participants. We also make inquiries within the Company's records for information on any of these kinds of transactions. Once we gather the information, we then review all relationships and transactions in which Foot Locker and any of our directors, executive officers or their immediate family members are participants to determine, based on the facts and circumstances, whether the Company or the related persons have a direct or indirect material interest. The General Counsel's office coordinates the related party review process. The Nominating and Corporate Governance Committee reviews any reported transactions involving directors and their immediate families in making its recommendation to the Board of Directors on the independence of the directors. The Company's written policies and procedures for related party transactions are included within the Corporate Governance Guidelines and Foot Locker's Code of Business Conduct.

### Committees of the Board of Directors

The Board has delegated certain duties to committees, which assist the Board in carrying out its responsibilities. There are six standing committees of the Board. Each director serves on at least two committees. The current committee memberships, the number of meetings held during 2010, and the functions of the committees are described below.

| <b>Audit<br/>Committee</b> | <b>Compensation<br/>and<br/>Management<br/>Resources<br/>Committee</b> | <b>Finance and<br/>Strategic<br/>Planning<br/>Committee</b> | <b>Nominating<br/>and Corporate<br/>Governance<br/>Committee</b> | <b>Retirement<br/>Plan<br/>Committee</b> | <b>Executive<br/>Committee</b> |
|----------------------------|--|---|--|--|--------------------------------|
| N. DiPaolo*                | A. Feldman*  | D. Schwartz*  | D. Young*  | J. Gilbert Jr.*                          | K. Hicks***                    |
| J. Gilbert Jr.             | M. McKenna   | N. DiPaolo  | J. Gilbert Jr.   | N. DiPaolo                               | N. DiPaolo                     |
| G. Marmol                  | J. Preston   | A. Feldman  | J. Preston   | K. Hicks**                               | A. Feldman                     |
| M. McKenna                 | A. Questrom  | G. Marmol   | A. Questrom  | R. McHugh**                              | J. Gilbert Jr.                 |
| D. Schwartz                | C. Turpin  | M. McKenna  | D. Schwartz  | L. Petrucci**                            | J. Preston                     |
|                            | D. Young   |   | C. Turpin  |  | D. Schwartz                    |
|                            |  |   |  |  | D. Young                       |

\* Designates  
Committee  
Chair

\*\* Designates  
Executive  
Officer of  
the  
Company

\*\*\* Designates  
Committee  
Chair and  
Executive  
Officer of  
the  
Company

**Audit Committee**

The committee held eight meetings in 2010. The Audit Committee has a charter, which is available on the corporate governance section of our corporate web site at <http://www.footlocker-inc.com/investors.cfm?page=corporate-governance>. The report of the Audit Committee appears on Page 68.

This committee appoints the independent accountants and is responsible for approving the independent accountants compensation. This committee also assists the Board in fulfilling its oversight responsibilities in the following areas:

accounting  
policies and  
practices,

the integrity of  
the Company's  
financial  
statements,

compliance  
with legal and  
regulatory  
requirements,

risk oversight,

the  
qualifications,  
independence,  
and  
performance  
of the  
independent  
accountants,  
and

the  
qualifications,  
performance  
and  
compensation  
of the internal  
auditors.

The Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

The Board of Directors has determined that the Company has at least one audit committee financial expert, as defined under the rules of the Securities Exchange Act of 1934, serving on the Audit

Committee. David Y. Schwartz has been designated as the audit committee financial expert. Mr. Schwartz is independent under the rules of The New York Stock Exchange and the Securities Exchange Act of 1934.

### **Compensation and Management Resources Committee**

The Compensation and Management Resources Committee (the Compensation Committee) held five meetings in 2010. The committee has a charter, which is available on the corporate governance section of the Company's corporate web site at <http://www.footlocker-inc.com/investors.cfm?page=corporate-governance>.

The Compensation Committee determines the compensation of the Chief Executive Officer, reviews and approves all compensation for the Company's executive management group, which consists of the executive officers and corporate officers, and determines significant elements of the compensation of the chief executive officers of our operating divisions. Decisions regarding equity compensation for other employees are also the Compensation Committee's responsibility. Decisions regarding non-equity compensation of the Company's other associates are made by the Company's management. The committee also considers risk in relation to the Company's compensation policies and practices.

The Compensation Committee also administers Foot Locker's various compensation plans, including the incentive plans, the equity-based compensation plans, and the employees stock purchase plan. Other than the 2007 Stock Incentive Plan, Committee members are not eligible to participate in these compensation plans. This committee also reviews and makes recommendations to the Board of Directors concerning executive development and succession, including for the position of Chief Executive Officer.

The Compensation Committee normally holds two meetings each year to review and approve the executive compensation program, the Chief Executive Officer's compensation, annual salaries and bonuses for the executive management group and division CEOs, and to grant equity awards. In addition, at another meeting during the year, the committee reviews directors' compensation and makes recommendations to the Nominating and Corporate Governance Committee concerning the form and amount of directors' compensation. Additional meetings of the Compensation Committee may be called during the year as necessary.

The Compensation Committee has directly retained Compensation Advisory Partners (CAP) as its independent consultant on executive compensation matters, and CAP reports directly to the Compensation Committee and meets with the committee privately, without management present, and regularly communicates privately with the Chair of the committee. CAP performs no other work for the Company. CAP provides a pay-for-performance analysis of executive compensation to the committee and a review of CEO compensation. The committee's consultant advises the committee on risk in relation to Foot Locker's compensation policies and practices, and advises the committee on non-employee director compensation matters, including payment levels and trends. The Company utilizes the services of a different compensation consultant to provide advice on the executive compensation program and plan design and provide information on general executive compensation trends and trends in the retail industry.

The Senior Vice President Human Resources, working with the Chairman and Chief Executive Officer, prepares compensation recommendations covering all elements of compensation for all corporate officers and heads of the Company's operating divisions, other than the Chief Executive Officer himself, which are forwarded to the Chair of the Compensation Committee for his review. The Chair of the Compensation Committee also discusses these recommendations with the Chief Executive Officer. Based on input from the Chair of the Committee, the Senior Vice President-Human Resources then finalizes the compensation recommendations to review with the full committee. Our Senior Vice President and General Counsel also attends meetings of the Compensation Committee and participates in some of these discussions and preparations. The committee meets privately with its consultant, CAP, to discuss compensation for the Chairman and Chief Executive Officer. Compensation Committee meeting agendas are developed by the committee chair in consultation with the Chief Executive Officer and the Corporate Secretary. Committee members may suggest agenda items by communicating with



one of these individuals. Agendas and related materials are circulated to Committee members prior to meetings. The committee chair regularly reports on the committee's meetings to the full Board. The Company's CEO, Senior Vice President and General Counsel, Senior Vice President Human Resources, Vice President Human Resources, and Vice President and Associate General Counsel generally attend all meetings of the committee. The committee's consultant generally attends meetings at which the committee reviews the executive compensation program and non-employee director compensation.

The Compensation Committee has the authority to delegate authority and responsibilities as it considers appropriate. The committee has delegated to the Committee Chair the authority to approve stock option grants between meetings of the committee. This authority is limited to option awards of 25,000 shares or less made to employees who are not executive officers of the Company.

The Company's Corporate Human Resources Department and the Corporate Secretary's staff support the Compensation Committee in performing its duties.

### **Compensation Committee Interlocks and Insider Participation**

Alan D. Feldman, Matthew M. McKenna, James E. Preston, Cheryl Nido Turpin, and Dona D. Young served on the Compensation and Management Resources Committee during 2010. None of the committee members was an officer or employee of the Company or any of its subsidiaries, and there were no interlocks with other companies within the meaning of the SEC's proxy rules.

### **Executive Committee**

The Executive Committee did not meet in 2010. Except for certain matters reserved to the Board, this committee has all of the powers of the Board in the management of the business of the Company during intervals between Board meetings.

### **Finance and Strategic Planning Committee**

The Finance and Strategic Planning Committee held three meetings in 2010. This committee reviews the overall strategic and financial plans of the Company, including capital expenditure plans, proposed debt or equity issues of the Company, and the Company's capital structure. The committee also considers and makes recommendations to the Board of Directors concerning dividend payments and share repurchases, and reviews acquisition and divestiture proposals.

### **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee held five meetings in 2010. This committee has responsibility for overseeing corporate governance matters affecting the Company, including developing and recommending criteria and policies relating to service and tenure of directors. The committee is responsible for collecting the names of potential nominees to the Board, reviewing the background and qualifications of potential candidates for Board membership, and making recommendations to the Board for the nomination and election of directors. The committee also reviews membership on the Board committees and makes recommendations on committee members and chairs. In addition, the committee reviews recommendations from the Compensation and Management Resources Committee and makes recommendations to the Board concerning the form and amount of directors' compensation.

The Nominating and Corporate Governance Committee does not have a formal policy regarding board diversity. In selecting new directors and considering the re-nomination of existing directors, the Committee considers a variety of factors that it believes contribute to an individual's ability to be an effective director, as well as the overall effectiveness of the Board. These include independence, integrity, high personal and professional ethics, sound

business judgment, and the ability and willingness to devote sufficient time to Board responsibilities. The Committee also considers an individual's understanding of business, finance, corporate governance, marketing, and other disciplines relevant to the oversight of a large publicly traded company; understanding of our industry; educational and



professional background; international experience; personal accomplishment; community involvement; and geographic, gender, age, and ethnic diversity. The Nominating and Corporate Governance Committee may establish criteria for candidates for Board membership. These criteria may include area of expertise, diversity of experience, independence, commitment to representing the long-term interests of the Company's stakeholders, and other relevant factors, taking into consideration the needs of the Board and the Company and the mix of expertise and experience among current directors. From time to time the committee may retain the services of a third party search firm to identify potential director candidates.

The committee will consider nominees to the Board of Directors recommended by shareholders that comply with the provisions of the Company's By-Laws and relevant law, regulation, and stock exchange rules. The procedures for shareholders to follow to propose a potential director candidate are described on Page 74.

After a potential nominee is identified, the Committee Chair will review his or her biographical information and discuss with the other members of the committee whether to request additional information about the individual or to schedule a meeting with the potential candidate. The committee's screening process for director candidates is the same regardless of the source who identified the potential candidate. The committee's determination on whether to proceed with a formal evaluation of a potential candidate is based on the person's experience and qualifications, as well as the current composition of the Board and its anticipated future needs.

#### **Retirement Plan Committee**

The Retirement Plan Committee held four meetings in 2010. This committee is responsible for overseeing the investment of the assets of the Company's United States retirement plan and appointing, reviewing the performance of and, if appropriate, replacing the trustee of the Company's pension trust and the investment manager responsible for managing the funds of the U.S. pension trust. The committee also oversees the Company's 401(k) Plan and 1165(e) Puerto Rico Plan has certain administrative responsibilities for our United States retirement plans.

### **DIRECTORS COMPENSATION AND BENEFITS**

Non-employee directors are paid an annual retainer fee and meeting fees for attendance at each Board and committee meeting. The lead director and the committee chairs are paid an additional retainer fee for service in these capacities. We do not pay additional compensation to any director who is also an employee of the Company for service on the Board or any committee. The following table summarizes the fees paid to the non-employee directors. Effective January 2011, the committee chair retainer fees paid to the chairs of each of the Audit Committee and the Compensation and Management Resources Committee were increased to \$25,000. In 2010, the committee chair retainer fees for the Audit Committee and the Compensation and Management Resources Committee were \$20,000 and \$10,000, respectively. No other changes were made to the directors' compensation for 2011.

*Summary of Directors Compensation*

**Annual Retainer** \$100,000

The annual retainer is payable 50 percent in cash and 50 percent in shares of our Common Stock. Directors may elect to receive up to 100 percent of their annual retainer, including committee chair retainer, in stock.

We calculate the number of shares paid to the directors for their annual retainer by dividing their retainer fee by the closing price of a share of our stock on the last business day preceding the July 1 payment date.

**Committee Chair Retainers** \$20,000: Audit Committee (increased to \$25,000 beginning January 2011)

\$10,000: Compensation and Management Resources Committee (increased to \$25,000 beginning January 2011)

\$10,000: Finance and Strategic Planning Committee

\$10,000: Nominating and Corporate Governance Committee

\$10,000: Retirement Plan Committee

N/A: Executive Committee

The committee chair retainers are paid in the same form as the annual retainer.

**Lead Director** \$50,000 payable in the same form as the annual retainer.

**Meeting Fees** \$1,500 for attendance at each Board and committee meeting.

**Restricted Stock Units** In fiscal 2010, the directors received a grant of 3,661 restricted stock units ( RSUs ). The number of RSUs granted was calculated by dividing \$50,000 by the closing price of a share of our stock on the date of grant. The RSUs will vest one year following the date of grant – in May 2011. Each RSU represents the right to receive one share of the Company s common stock on the vesting date.

***Deferral Election***

Non-employee directors may elect to receive all or a portion of the cash component of their annual retainer fee, including committee chair retainers, in the form of deferred stock units or to have these amounts placed in an interest account. Directors may also elect to receive all or part of the stock component of their annual retainer fee in the form of deferred stock units. The interest account is a hypothetical investment account bearing interest at the rate of 120 percent of the applicable federal long-term rate, compounded annually, and set as of the first day of each plan year. A stock unit is an accounting equivalent of one share of the Company s Common Stock.

***Miscellaneous***

Directors and their immediate families are eligible to receive the same discount on purchases of merchandise from our stores, catalogs and Internet sites that is available to Company employees. The Company reimburses non-employee directors for their reasonable expenses in attending meetings of the Board and committees, including their transportation expenses to and from meetings, hotel accommodations, and meals.

**Fiscal 2010 Director Compensation**

The amounts paid to each non-employee director for fiscal 2010, including amounts deferred under the Company's stock plan, and the RSUs granted to each director are reported in the tables below. Messrs. Marmol and Questrom did not serve as directors during 2010, so no compensation is reported for them in the tables.

**DIRECTOR COMPENSATION**

| (a)            | (b)                                       | (c)                         | (d)   | (e)           |
|----------------|---|-----------------------------|---|---------------|
| Name           | Fees Earned<br>or Paid in<br>Cash<br>(\$) | Stock<br>Awards<br>\$(1)(2) | Change in<br>Pension<br>Value and<br>Nonqualified<br>Deferred<br>Compensation<br>Earnings | Total<br>(\$) |
| N. DiPaolo     | 90,213                                    | 110,005                     |   | 200,218       |
| A. Feldman     | 19,500                                    | 164,804 (3)(4)              |   | 184,304       |
| J. Gilbert Jr. | 90,087                                    | 107,506                     | 14,223  | 211,816       |
| G. Marmol      |   |                             |   |               |
| M. McKenna     | 30,012                                    | 149,998                     |   | 180,010       |
| J. Preston     | 97,512                                    | 124,997                     | 5,568   | 228,077       |
| A. Questrom    |   |                             |   |               |
| D. Schwartz    | 86,500                                    | 119,541 (4)                 |   | 206,041       |
| C. Turpin      | 68,333                                    | 120,485 (3)(4)              |   | 188,818       |
| D. Young       | 76,458                                    | 125,551 (4)                 |   | 202,009       |

**Notes to Director Compensation Table**

- (1) Column (c) reflects the following three items:

**Retainer fees paid in stock or deferred by the director.**

The fiscal 2010 grant date fair value for the portion of the annual retainer fees and committee

chair  
retainer  
fees paid in  
shares of  
the  
Company's  
common  
stock or  
deferred by  
the  
director, as  
shown in  
the table  
below.

- *Stock portion of retainer fee:* In 2010, we made the annual stock payment to each director on July 1. Under the terms of the 2007 Stock Incentive Plan, the stock payment was valued at the closing price of a share of the Company's common stock on June 30, which was \$12.62. The 2010 grant date fair value is equal to the number of shares received or deferred by the director multiplied by \$12.62, calculated in accordance with stock-based compensation accounting rules (ASC Topic 718). Directors who deferred the stock portion of their annual retainer were credited with deferred stock units on the annual payment date valued at \$12.62 per unit.

- *Cash portion of retainer fee:* For fiscal 2010, two directors deferred all or part of the cash portion of their annual retainer fees and were credited during the fiscal year with deferred stock units on the quarterly cash retainer payment dates, valued at the fair market value on the payment dates, as follows: January 4, 2010 (\$11.16; pro rated for 2 months of fiscal year), April 1, 2010 (\$15.41), July 1, 2010 (\$12.88), October 1, 2010 (\$14.81), and January 3, 2011 (\$19.75; pro rated for 1 month of fiscal year). The 2010 grant date fair value is equal to the number of deferred stock units received multiplied by the fair market value on the payment dates, calculated in accordance with stock-based compensation accounting rules (ASC Topic 718).

***Retainer Fees Paid in Stock or Deferred into Deferred Stock Units***

| <b>Name</b>    | <b>Number of Shares</b> | <b>Number of Deferred Stock Units</b> | <b>Grant Date Fair Value (\$)</b> |
|----------------|-------------------------|---------------------------------------|-----------------------------------|
| N. DiPaolo     | 4,754                   |                                       | 59,995                            |
| A. Feldman     |                         | 8,331.5116                            | 110,625                           |
| J. Gilbert Jr. | 4,556                   |                                       | 57,497                            |
| G. Marmol      |                         |                                       |                                   |
| M. McKenna     | 7,923                   |                                       | 99,988                            |
| J. Preston     | 5,942                   |                                       | 74,988                            |
| A. Questrom    |                         |                                       |                                   |
| D. Schwartz    |                         | 4,358.1616                            | 55,000                            |
| C. Turpin      |                         | 4,172.9355                            | 54,167                            |
| D. Young       |                         | 4,160.0634                            | 52,500                            |

**Dividend equivalents.**

The fiscal 2010 grant date fair value for dividend equivalents credited in the form of additional stock units to four directors during the year on the quarterly dividend payment dates, valued at the fair market value of the Company's common stock on the dividend payment dates, as shown in the following table. The

total number of deferred stock units credited to directors accounts in fiscal 2010, including the dividend equivalents and, where applicable, the units credited representing 2010 cash retainer fees, and the total number of units held at the end of fiscal 2010 are reported in the following table:

| Name           | 04/30/10<br>FMV:<br>\$15.35 | 07/30/10<br>FMV:<br>\$13.59 | 10/29/10<br>FMV:<br>\$15.93 | 01/28/11<br>FMV:<br>\$17.77 | Total # of<br>Units<br>Credited in<br>2010 | Total # of<br>Units<br>Held at<br>01/29/11 |
|----------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--|--|
| A.<br>Feldman  | 20.9191                     | 83.7456                     | 80.9748                     | 79.9519                     | 8,303.1432                                 | 9,551.5916                                 |
| D.<br>Schwartz | 201.3119                    | 277.7085                    | 239.5301                    | 216.7498                    | 5,293.4619                                 | 25,894.3793                                |
| C. Turpin      | 231.1867                    | 307.4090                    | 265.1475                    | 245.2734                    | 5,643.8931                                 | 29,301.9959                                |
| D. Young       | 339.2619                    | 432.8601                    | 373.3520                    | 337.8447                    | 5,643.3821                                 | 40,361.1827                                |

**Restricted  
Stock Units**

( RSUs ). The fiscal 2010 grant date fair value for the RSUs granted to the nonemployee directors in 2010 is shown

in the following table. The number of RSUs granted was calculated by dividing \$50,000 by \$13.66, which was the closing price of a share of our stock on the date of grant. The RSUs will vest in May 2011. As provided under the SEC's rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions, please refer to Note 21 to the Company's financial statements in our 2010 Form 10-K. The following table shows the aggregate number of RSUs granted in 2010 and the number of



RSUs  
outstanding at  
the end of the  
2010 fiscal  
year:

***Restricted Stock Units***

| <b>Name</b>    | <b>Number of<br/>RSUs<br/>Granted in<br/>2010</b> | <b>Grant Date<br/>Fair Value<br/>(\$)</b> | <b>Number of RSUs<br/>Outstanding on<br/>1/29/2011</b> |
|----------------|---|---|--|
| N. DiPaolo     | 3,661   | 50,009                                    | 3,661  |
| A. Feldman     | 3,661   | 50,009                                    | 3,661  |
| J. Gilbert Jr. | 3,661   | 50,009                                    | 3,661  |
| G. Marmol      |   |   |  |
| M. McKenna     | 3,661   | 50,009                                    | 3,661  |
| J. Preston     | 3,661   | 50,009                                    | 3,661  |
| A. Questrom    |   |   |  |
| D. Schwartz    | 3,661   | 50,009                                    | 3,661  |
| C. Turpin      | 3,661   | 50,009                                    | 3,661  |
| D. Young       | 3,661   | 50,009                                    | 3,661  |

- (2) No stock options were granted to the nonemployee directors in 2010. The table below provides information on the number of stock options outstanding at the end of the 2010 fiscal year:

| Name           | Number of Stock<br>Options<br>Outstanding on<br>1/29/2011 |
|----------------|---|
| N. DiPaolo     | 16,542  |
| A. Feldman     | 6,314   |
| J. Gilbert Jr. | 16,542  |
| G. Marmol      |   |
| M. McKenna     | 4,287   |
| J. Preston     | 16,542  |
| A. Questrom    |   |
| D. Schwartz    | 16,542  |
| C. Turpin      | 16,542  |
| D. Young       | 16,542  |

- (3) Quarterly cash payments for fiscal 2010 deferred under Foot Locker's stock plan.
- (4) Stock payment deferred

in the  
form of  
stock  
units  
under  
Foot  
Locker's  
stock  
plan.

### **Directors' Retirement Plan**

The Directors' Retirement Plan was frozen as of December 31, 1995. Consequently, only Jarobin Gilbert Jr. and James E. Preston are entitled to receive a benefit under this plan when their service as directors ends because they had completed at least five years of service as directors on December 31, 1995. Messrs. Gilbert and Preston will receive an annual retirement benefit of \$24,000 for a period of 10 years after they leave the Board or until their death, if sooner.

### **Directors and Officers Indemnification and Insurance**

We have purchased directors and officers liability and corporation reimbursement insurance from a group of insurers comprising ACE American Insurance Co., Zurich American Insurance Co., St. Paul Mercury Insurance, Axis Insurance Co., Federal Insurance Co., RLI Insurance Co., Navigators Insurance Co., XL Insurance Bermuda Ltd., and Arch Insurance Co. These policies insure the Company and all of the Company's wholly owned subsidiaries. They also insure all of the directors and officers of the Company and the covered subsidiaries. The policies were written for a term of 12 months, from October 12, 2010 until October 12, 2011. The total annual premium for these policies, including fees and taxes, is \$1,118,392. Directors and officers of the Company, as well as all other employees with fiduciary responsibilities under the Employee Retirement Income Security Act of 1974, as amended, are insured under policies issued by a group of insurers comprising Arch Insurance Co., St. Paul Mercury Insurance Co., Federal Insurance Co., and Continental Casualty Co., which have a total premium, including fees and taxes, of \$308,750 for the 12-month period ending October 12, 2011.

The Company has entered into indemnification agreements with its directors and officers, as approved by shareholders at the 1987 annual meeting.

## **EXECUTIVE COMPENSATION**

### **Compensation and Risk**

The Company has completed a risk-related review and assessment of our compensation program and considered whether our executive compensation is reasonably likely to result in a material adverse effect on the Company. As part of this review, the independent compensation consultant to the Compensation and Management Resources Committee reviewed risk in relation to the Company's compensation policies and practices with the Company's human resources executives directly involved in compensation matters. The consultant reviewed the compensation policies and practices in effect for corporate and division employees through the manager level, store managers, and store associates and reviewed the features we have built into the compensation programs to discourage excessive risk taking

by employees, including a balance between different elements of compensation, differing time periods for different elements, consistent Company-wide programs, plan performance targets based on the corporate budgeting process, and stock ownership guidelines for senior management.

### Compensation Discussion and Analysis

This section explains our executive compensation program as it relates to the following named executive officers whose compensation information is presented in the tables following this discussion and analysis:

|                    |   |
|--------------------|---|
| Ken C. Hicks       | Chairman of the Board, President and Chief Executive Officer  |
| Ronald J. Halls    | President and Chief Executive Officer Foot Locker International   |
| Richard A. Johnson | President and Chief Executive Officer Foot Locker U.S., Lady Foot Locker, Kids Foot Locker and Footaction |
| Robert W. McHugh   | Executive Vice President and Chief Financial Officer  |
| Gary M. Bahler     | Senior Vice President, General Counsel and Secretary  |

#### 2010 Summary

Our executive compensation program is designed to attract, motivate, and retain talented retail company executives in order to maintain and enhance the Company's performance and its return to shareholders. A significant portion of the compensation provided to the named executive officers is based upon the Company's performance and the performance of our share price. The Compensation and Management Resources Committee (the Compensation Committee), currently composed of six independent directors, oversees the compensation program.

Last year, on an adjusted basis, our revenue increased almost \$200 million, or 4 percent, over the prior year. Net income increased to \$173 million, or \$1.10 per share, an increase of \$88 million, or double our net income in the prior year. Our comparable store sales in 2010 compared to the prior year increased 5.8 percent. Our return-on-investment in 2010 was 8.3 percent. These results represent substantial progress over our results in recent years and towards the goals set forth in our long-range plan. Amounts shown are on an as adjusted basis for both 2010 and 2009. The basis for the adjustments and a reconciliation of adjusted results to GAAP is shown on Page 15 of our 2010 Form 10-K.

Our total shareholder return (stock price appreciation plus reinvested dividends) in 2010 was 63.6 percent. During the year we transferred \$50 million to our shareholders through share repurchases and paid quarterly dividends to shareholders totaling \$93 million. Our market capitalization during the year increased by 55 percent, from \$1.77 billion to \$2.75 billion.

Both our annual and long-term bonus plans are formula-driven, with targets established by the Compensation Committee based upon financial targets included in the business plan approved each year by our Finance and Strategic Planning Committee and Board of Directors. Given our strong results in 2010, this resulted in a maximum annual bonus payment to each of the named executive officers. Also, we made a payment between threshold and target under the Long-Term Bonus Plan for the 2008-2010 performance period. Our annual and long-term bonus programs for the named executive officers pay out based upon the Company's results, without individual performance adjustments.

Our annual and long-term bonus plans are performance-based. When we meet or exceed our targets, as we did in 2010, payments are made to participants, including the named executive officers. When we do not, as was the case in 2009, no payments are made. Following is a three-year history of bonus payments to our named executive officers:



|                                  |                                     |
|----------------------------------|-------------------------------------|
| <b>Annual Bonus Plan Pay-out</b> | <b>Long-Term Bonus Plan Pay-out</b> |
|----------------------------------|-------------------------------------|

|             |         |                              |
|-------------|---------|------------------------------|
| <b>2010</b> | Maximum | Between Threshold and Target |
|-------------|---------|------------------------------|

|             |   |   |
|-------------|---|---|
| <b>2009</b> | 0 | 0 |
|-------------|---|---|

|             |                       |   |
|-------------|-----------------------|---|
| <b>2008</b> | Slightly below Target | 0 |
|-------------|-----------------------|---|

In 2010, we made a number of changes to our compensation program for our senior executives, including the named executive officers, that we believe reinforce our pay-for-performance culture and better align our executives' interests with those of our shareholders. Our core compensation program (excluding retirement plans and perquisites) consists of four elements: base salary, annual cash bonus, long-term incentive, and stock awards. A before-and-after summary of the changes we made is as follows:

**For the Chief Executive Officer:**

| <b>Before (2009 and prior)</b>  | <b>After (Beginning 2010)</b>  |
|---|--|
| Base Salary   | Base Salary  |
| Annual Cash Bonus<br>Target: 125% of Base Salary  | Annual Cash Bonus<br>Target: 125% of Base Salary   |
| Long-Term Bonus<br>Target: 90% of Base Salary<br>3-year performance period<br>Payable in cash | Long-Term Incentive<br>Target: 175% of Base Salary<br>2-year performance period plus a 1-year holding period before pay-out<br>Denominated 1/2 in cash and 1/2 in restricted stock units |
| Stock Options   | Stock Options  |
| Time-vested Restricted Stock  | Time-vested Restricted Stock to be used only in special situations (none awarded in 2010)  |

**For the other named executive officers:**

| <b>Before (2009 and prior)</b>                  | <b>After (Beginning 2010)</b>                   |
|---|---|
| Base Salary                                     | Base Salary                                     |
| Annual Cash Bonus<br>Target: 75% of Base Salary | Annual Cash Bonus<br>Target: 50% of Base Salary |

Long-Term Bonus

Target: 90% of Base Salary  
3-year performance period  
Payable in cash

Long-Term Incentive

Target: 75% of Base Salary  
2-year performance period plus a 1-year holding period before pay-out  
Denominated  $\frac{1}{2}$  in cash and  $\frac{1}{2}$  in restricted stock units

Stock Options

Stock Options

Time-vested Restricted Stock

Time-vested Restricted Stock to be used only in special situations for example, promotion or retention

We believe that these changes enhance our executive compensation program in several ways. They:

Increase  
shareholder  
alignment  
through  
payment of  
a portion of  
the  
long-term  
incentive in  
restricted  
stock units.

Mitigate the uncertainty and challenges associated with setting long-term goals by utilizing a two-year performance period, with an additional one-year holding period.

Enhance the program s long-term focus by increasing the over-all portion of executive compensation related to the Company s long-term performance – in the case of the Chief Executive Officer through a higher long-term incentive target and in the case of the other named executive officers through higher stock option awards.

The Chief Executive Officer s base salary was unchanged in 2010 from 2009. The other named executive officers received base salary increases ranging from 1.5 to 4.3 percent, which were based on the executive s performance and a position-oriented analysis of peer group salaries.



At the beginning of 2010, the Compensation Committee established a performance target under the Annual Incentive Compensation Plan (the Annual Bonus Plan ) based on the Company achieving adjusted pre-tax profit of \$147.3 million. In 2010, the Company achieved adjusted pre-tax profit of \$265 million, 80 percent greater than the target, which resulted in maximum annual cash bonuses of 218.75 percent of base salary for the Chief Executive Officer and 87.5 percent of base salary for the other named executive officers.

In 2008, the Compensation Committee established a performance target under the Long-Term Incentive Compensation Plan (the Long-Term Bonus Plan ) for the 2008-2010 performance period based on the Company achieving adjusted annual average return-on-invested-capital ( ROIC ) of 6.1 percent for the three-year period. For the period, the Company achieved adjusted average annual ROIC of 5.9 percent, less than the target, but more than the threshold, which resulted in long-term cash bonuses of 69.3 percent of base salary being paid to the named executive officers. The pay-out to Mr. Hicks was pro-rated for the portion of the performance period he was employed by the Company and the pay-out to Mr. Johnson for a portion of the period was based on a lower target applicable to him as a division executive.

In 2010, the Compensation Committee established long-term incentive performance targets for a two-year performance period 2010-2011 based upon net income (70%) and ROIC (30%). The Compensation Committee will determine whether pay-outs have been earned for that performance period at the end of 2011. If pay-outs are earned, they will be calculated one-half in cash and one-half in restricted stock units (RSUs), and actual payment will be made to participating executives following an additional one-year holding period, that is, after the end of 2012.

The Compensation Committee made stock option awards to each of the named executive officers in 2010. One of the elements of our re-designed executive compensation program was to better balance long-term incentives among cash, restricted stock units, and stock options. For the named executive officers other than Mr. Hicks, this resulted in lowering the long-term incentive target payment and increasing the value of stock option awards. The Committee awarded options to purchase 300,000 shares of common stock to Mr. Hicks; 80,000 shares to Messrs. Halls, Johnson, and McHugh, and 40,000 shares to Mr. Bahler. These stock options have a three-year vesting schedule, with one-third of the award becoming vested each year. The option price is \$15.10 per share, the closing price on the date of grant. The Compensation Committee also awarded 100,000 shares of time-based restricted stock to Mr. Johnson in 2010. This award cliff vests in three years, and was made in recognition of Mr. Johnson's promotion to President and Chief Executive Officer of Foot Locker U.S., Lady Foot Locker, Kids Foot Locker and Footaction in January 2010.

In addition to the specific compensation programs outlined above, the Company has adopted a number of other policies related to executive compensation:

Other than with regard to our executive relocation program open to all executives, we do not provide a tax gross-up with regard to any compensation, benefit, or perquisite paid by the Company. This also encompasses any amount paid to

an executive upon termination of employment or a change-in-control.

We have stock ownership guidelines for our senior executives. We currently require the Chief Executive Officer to hold shares having a value equal to or exceeding five times his salary, and other senior executives, including the other named executive officers, of two times salary. All of the named executive officers met these stock ownership requirements as of the end of 2010.

With regard to executive compensation matters, our Compensation Committee directly retains, and is advised by, an independent compensation consultant who performs no other work for the Company.

### **Objectives of our compensation program**

The objectives of our compensation program are to attract, motivate, and retain talented retail industry executives in order to maintain and enhance the Company's performance and its return to shareholders.

### **What is our compensation program designed to reward?**

We have designed our compensation program to align the financial interests of our executives, including the named executive officers, with those of our shareholders. For that reason, it is designed to reward the overall effort and contribution of our executives as measured by the Company's performance in relation to targets established by the Compensation Committee, more than individual performance. Key concepts underlying our program are:

Executive compensation should be balanced between annual and long-term compensation and between cash and equity-based compensation (stock options and RSUs).

The compensation program should align the interests of executives with those of the Company's shareholders by rewarding both efforts to increase the Company's

share price and the achievement of performance goals that contribute to the Company's long-term health and growth.

A substantial portion of the compensation of our executives, whether paid out currently or on a long-term basis, should be dependent on the Company's performance.

More-senior executives should have a greater portion of their compensation at risk, whether through performance-based bonus programs or through stock price appreciation.

### **Elements of compensation**

The elements of compensation for the named executive officers are:

base salary

performance-based annual cash bonus

performance-based long-term incentive, payable, beginning with the 2010-2011 performance period, in a combination of cash, under the Long-Term Bonus

Plan, and  
restricted stock  
units, under the  
Stock Incentive  
Plan

long-term  
equity-based  
compensation  
(stock options or,  
in special  
situations,  
restricted stock)

retirement and  
other benefits

perquisites

**Why do we pay each element of compensation and how do we determine the amount for each element of compensation, or the formula that determines the amount?**

In 2010, as in prior years, we established benchmarks for base salary and total compensation for each named executive officer based upon a study conducted by Mercer, a nationally recognized compensation consultant. These benchmarks are based upon compensation for comparable positions at a peer group consisting of 21 national retail companies with annual sales of \$1 billion to \$10 billion. The Compensation Committee determined that these companies were the appropriate peer group for executive compensation purposes based upon the nature of their business, their revenues, and the pool from which they recruit their executives. The peer group used in 2010 was unchanged from that used in 2009. The 21 companies included in the peer group were:

|                                 |                          |
|---------------------------------|--------------------------|
| Abercrombie & Fitch             | Aeropostale, Inc.        |
| American Eagle Outfitters Inc.  | ANN INC.                 |
| Borders Group, Inc.             | Brown Shoe Company, Inc. |
| Charming Shoppes                | Collective Brands Inc.   |
| Dick's Sporting Goods Inc.      | Dillard's Inc.           |
| Family Dollar Stores            | Finish Line Inc.         |
| Genesco Inc.                    | Limited Brands Inc.      |
| Pacific Sunwear California Inc. | Radioshack Corp.         |
| Ross Stores Inc.                | Saks Inc.                |
| Quiksilver Inc.                 | Talbots Inc.             |
| Timberland Co.                  |                          |

The goal of the Compensation Committee is to provide competitive total compensation opportunities for the named executive officers that vary with Company performance. The Committee uses the peer group benchmark information as one factor in evaluating executive compensation, but does not attempt to match the compensation of each executive position in the Company precisely with that of the equivalent position in the peer group. The Committee also takes into consideration factors such as performance, responsibility, experience, and length of time an executive has served in a position.

### ***Base Salaries***

We pay base salaries to provide our named executive officers with current, regular compensation that is appropriate to their position, experience, and responsibilities. We pay higher base salaries to those named executive officers with greater overall responsibility. Other than Mr. Hicks (whose rate of base pay did not change in 2010 from 2009) and Mr. Johnson (who had been promoted into his current position in January 2010), the other named executive officers received base salary increases in 2010 that ranged from 1.5 percent to 4.3 percent. These increases were determined based principally upon the executive's performance and his or her salary as compared to salaries for comparable positions in the peer group.

### ***Performance-Based Annual Cash Bonus***

We pay performance-based annual cash bonuses to our named executive officers under the Annual Bonus Plan in order to provide incentive for them to work toward the Company's achievement of annual performance goals established by the Compensation Committee. Payments are calculated as a percentage of actual base salary earned by the executive during the year.

Target payments under the Annual Bonus Plan for the named executive officers and actual payments for 2010 based upon the Company's performance were as follows:

|  | <b>Target</b>       | <b>Range</b>                     | <b>Actual 2010 Pay-out</b> |
|--|---------------------|----------------------------------|----------------------------|
| Mr. Hicks                                  | 125% of Base Salary | 31.25% to 218.75% of Base Salary | 218.75% of Base Salary     |
| Messrs. Halls, Johnson, McHugh, and Bahler | 50% of Base Salary  | 12.5% to 87.5% of Base Salary    | 87.5% of Base Salary       |

If the Company does not achieve threshold performance, then no annual bonus is paid. Executives who do not receive a meets expectations rating or higher in their annual performance review are normally ineligible to receive an annual bonus payment.

Our Annual Bonus Plan allows the Compensation Committee, in establishing performance targets under the plan, to choose one or more performance measures from a list of nine factors that have been approved by our shareholders. For 2010, for the named executive officers, the Compensation Committee established a performance target under the Annual Bonus Plan based upon the Company's achievement of a prescribed level of pre-tax income. All bonus targets and calculations are based on the results of continuing operations. The performance targets established by the Compensation Committee are based upon the business plan and budget reviewed and approved each year by the Finance and Strategic Planning Committee and the Board of Directors.

The Annual Bonus Plan targets and the actual amount of adjusted pre-tax profit achieved for 2010 were as follows:

|                | <b>Threshold</b> | <b>Target</b>   | <b>Maximum</b>  | <b>Actual</b> |
|----------------|------------------|-----------------|-----------------|---------------|
| Pre-tax income | \$132.6 million  | \$147.3 million | \$176.8 million | \$265 million |

Bonus pay-outs are calculated on the basis of straight-line interpolation between the threshold, target, and maximum points.

### ***Performance-Based Long-Term Incentive***

We pay performance-based long-term incentives to our named executive officers in order to provide incentive for them to work toward the Company's achievement of performance goals established by the Compensation Committee for each performance period. In 2010, the Compensation Committee modified the way in which long-term bonuses are calculated and paid. Therefore, we separately discuss below the long-term bonus for the 2008-2010 performance period, which ended in 2010, and the long-term incentive for the 2010-2011 performance period, which was established in 2010.

### **2008-2010 Performance Period**

Target long-term bonus payments for senior corporate officers for the 2008-2010 performance period were established by the Compensation Committee in 2008 at the 90 percent level for all named executive officers, which was consistent with the Committee's practice in prior years. The target payment level, possible range of payments, and actual pay-out, based on the three-year average ROIC, were as follows:

| <b>Target</b>              | <b>Range</b>                         | <b>Actual</b>                |
|----------------------------|--------------------------------------|------------------------------|
| 90% of Initial Base Salary | 22.5% to 180% of Initial Base Salary | 69.3% of Initial Base Salary |

If the Company does not achieve threshold performance, then no long-term bonus is paid. Mr. Hicks participated for a pro-rated portion of the 2008-2010 performance period, beginning with the commencement of his employment by the Company in August 2009. Mr. Johnson participated in the Plan for the entire performance period; however, his target pay-out for 2008 and 2009, when he was a divisional executive, was 50 percent of initial base salary, moving to 90 percent when he assumed his present position in 2010.

Pay-out levels are based on an executive's rate of base salary payable in the first year of the three-year performance period. In addition, we adjust on a pro rata basis the rate of base salary on which pay-out levels are based for salary increases during the performance period related to promotions.

Our Long-Term Bonus Plan allows the Compensation Committee, in establishing performance targets under the plan, to choose one or both of consolidated net income or ROIC, factors approved by our shareholders. In 2008, the Committee established a performance target for the 2008-2010 performance period based upon ROIC. The Company must achieve 80 percent of target after-tax income on its planned invested capital base before a threshold-level bonus



is paid; the maximum pay-out level is reached if after-tax income reaches 120 percent of target. It should be noted that the actual invested capital base will also fluctuate, and the final pay-out for the performance period will also depend upon the invested capital base achieved during the period.

In 2008, the Compensation Committee established the ROIC target for the 2008-2010 performance period under the Long-Term Bonus Plan. This performance target was based upon the business plan and budget for the three-year period reviewed and approved by the Finance and Strategic Planning Committee and the Board of Directors. The target, along with the adjusted actual average three-year ROIC for the period, are shown in the table below:

|                         | <b>Threshold</b> | <b>Target</b> | <b>Maximum</b> | <b>Actual</b> |
|-------------------------|------------------|---------------|----------------|---------------|
| Three-year average ROIC | 5.4%             | 6.1%          | 6.9%           | 5.9%          |

**2010-2011 Performance Period**

In making long-term incentive awards to executives, including the named executive officers, in 2010, the Compensation Committee made certain modifications from its practice in prior periods:

Awards are denominated 50 percent in cash, payable under the Long-Term Bonus Plan, and 50 percent in RSUs, payable under the Stock Incentive Plan. The same performance target is established for both the cash and RSU portions of the award.

The performance period is two, rather than three years.

While award pay-outs are calculated following the end of the two-year performance

period,  
payments are  
not made to  
executives for  
another  
year that is,  
until the end  
of a  
three-year  
period.

The  
performance  
target is  
based on net  
income (70  
percent) and  
ROIC (30  
percent).

The target  
awards for all  
of the named  
executive  
officers other  
than Mr.  
Hicks were  
75 percent of  
initial base  
salary, with a  
range from  
18.75 percent  
at threshold  
to 150  
percent at  
maximum  
performance.  
Mr. Hicks  
target award  
was 175  
percent of  
initial base  
salary, with a  
range from  
43.75 percent  
at threshold  
to 350  
percent at  
maximum  
performance.

**Provisions Applicable to All Performance Periods**

ROIC is a non-GAAP financial measure. For purposes of calculating the long-term bonus, we define ROIC as follows:

$$\text{ROIC} = \frac{\text{Operating Profit after Taxes}}{\text{Average Invested Capital}}$$

**Operating Profit after Taxes (Numerator)=**

**Average Invested Capital (Denominator)=**

|   |  |
|---|--|
| Pre-tax income  | Average total assets   |
| +/- interest expense/income                                   | - average cash, cash equivalents, and short-term investments   |
| + implied interest portion of operating lease payments        | - average year-end inventory                                   |
| +/- Unusual/non-recurring items                               | - non-interest-bearing current liabilities                     |
| + Long-term bonus expense                                     | + 13-month average inventory                                   |
| = Earnings before long-term bonus expense, interest and taxes | + average estimated asset base of capitalized operating leases |
| - Estimated income tax expense                                |  |
| = Operating Profit after Taxes                                | = Average Invested Capital                                     |

Certain items used in the calculation of ROIC for bonus purposes, such as the implied interest portion of operating lease payments, certain unusual or non-recurring items, average estimated asset base of capitalized operating leases, and 13-month average inventory, while calculated from our financial records, cannot be calculated from our audited financial statements. Prior to the

Compensation Committee's determining whether bonus targets have been achieved, the Company's independent registered public accounting firm, at the request, and for the restricted use, of the Compensation Committee, reviews the bonus calculations. There is a calculation of basic ROIC, which is not precisely the same as the calculation used for incentive compensation purposes because of the exclusion of certain extraordinary items (see discussion below of disregarded items), and a reconciliation to GAAP, on Page 15 of our 2010 Annual Report.

### ***Clawback Policy***

We do not have a formal policy with regard to the adjustment or recovery of bonus payments if it is determined, at a future date, that the relevant performance measures upon which the payments are based are restated or adjusted. We have not had this situation arise, and if it were to arise, we would expect to make an evaluation at that time based upon the circumstances and the role of each individual executive in the events that gave rise to the restatement or adjustment. We expect to review this and establish a formal policy in 2011 once the Securities and Exchange Commission has issued final rules relating to clawbacks.

### ***Items Disregarded for Annual and Long-Term Bonus Calculations***

Under normal circumstances, the Compensation Committee has no discretion to increase annual or long-term bonus payments, which are formula-driven based upon Company performance, and our program for the named executive officers does not provide for discretionary adjustments based upon individual performance. The Compensation Committee has not adjusted, either upward or downward, any of the annual or long-term bonus payments to the named executive officers shown in the Summary Compensation Table from pay-outs calculated based upon the applicable formula. When determining bonus payments, consistent with Section 162(m) of the Internal Revenue Code, the Committee is required to disregard certain events that it determines to be unusual or non-recurring. When establishing the targets, the Committee normally specifies certain items that it considers to be unusual or non-recurring, and these events, if they occur, are automatically excluded when calculating payments. For example, in recent years targets have excluded the effect of acquisitions or dispositions, any non-cash impairment charges, and changes in accounting and tax rules. All of the references in this Compensation Discussion and Analysis to target and actual performance levels refer to amounts after taking into consideration these adjustments.

### ***Long-Term Equity-Based Awards***

#### ***A. Restricted Stock Units***

As noted above in our discussion of the Performance-Based Long-Term Incentives, beginning with the 2010-2011 performance period, one-half of the long-term incentive award is denominated in restricted stock units.

#### ***B. Stock Options***

We make stock option awards to our named executive officers in order to more closely align their interests with those of our shareholders. Equity-based awards are the responsibility of the Compensation Committee, which is composed entirely of independent directors. The Committee awards stock options with exercise prices equal to the fair market value of our stock on the date of grant. Therefore, executives who receive stock options will only realize value if there is appreciation in the share price.

Stock option awards of the same size are normally made each year to executives holding comparable positions, with larger awards being made to those with greater responsibility. Under the 2007 Stock Incentive Plan, fair market value is defined as the closing price on the grant date. The Compensation Committee has not granted options with an exercise price of less than the fair market value on the grant date. Options normally vest at the rate of one-third of the total grant per year over the first three years of the ten-year option term, subject to accelerated vesting in certain circumstances.



The Compensation Committee does not normally consider an executive's gains from prior stock awards in making new awards. As part of its review of executive compensation in 2010, in order to more closely balance the elements of long-term compensation, the Compensation Committee increased the portion of an executive's long-term compensation opportunity represented by stock options. This resulted in an increase in the size of stock option awards to the named executive officers, other than the Chief Executive Officer, from awards made in 2009.

### ***C. Restricted Stock***

Beginning in 2010, the Compensation Committee determined that it would make restricted stock awards only in special circumstances, such as related to promotions, special performance, or retention, rather than as part of an executive's normal compensation package. In 2010, the only named executive officer who received a restricted stock award was Mr. Johnson, who received an award of 100,000 shares, subject to three-year cliff vesting, in connection with his promotion to President and Chief Executive Officer Foot Locker U.S., Lady Foot Locker, Kids Foot Locker and Footaction. Dividends are payable on restricted stock awards; they are not payable on restricted stock units.

### ***D. Stock Ownership Guidelines***

We have adopted stock ownership guidelines for our directors and senior executives, including the named executive officers, in order to encourage a meaningful financial investment in the Company and thus further align the interests of our senior executives with those of our shareholders. The target date for compliance with these guidelines was February 2011, five years from inception, or, in the case of executives who became subject to the guidelines after inception, five years following the date when he or she first becomes subject to the guidelines. As of the end of 2010, all of the named executive officers met these stock ownership guidelines.

During 2010 the guidelines required that the Chief Executive Officer own shares having a value at least equal to four times his base salary and that the other named executive officers own shares having a value at least equal to two times base salary. In February 2011, we amended the stock ownership guidelines to increase the Chief Executive Officer's target to five times base salary. In determining whether an executive meets the guidelines, we consider owned shares, restricted stock, and restricted stock units, but we do not consider stock options.

We do not permit our executive officers to take short or long positions in our shares or to hedge their economic interest in their shares.

### ***Retirement and Other Benefits***

#### ***A. Retirement Plan and Excess Cash Balance Plan***

All United States-based associates of the Company who meet the eligibility requirements are participants in the Foot Locker Retirement Plan. The Retirement Plan and the method of calculating benefits payable under it are described on page 57. All of the named executive officers are participants in the Retirement Plan. The Internal Revenue Code limits the amount of compensation that may be taken into consideration in determining an individual's retirement benefits. Therefore, those participants in the Retirement Plan, including the named executive officers, whose compensation exceeds the Internal Revenue Code limit are also participants in the Excess Cash Balance Plan, described on page 57, which provides a benefit equal to the difference between the amount a participant receives from the Retirement Plan and the amount the participant would have received were it not for the Internal Revenue Code limits.

#### ***B. 401(k) Plan***

The Company maintains a 401(k) Plan for its eligible U.S. associates, and all of the named executive officers participate in it. The 401(k) Plan permits participants to contribute the lesser of 40 percent of eligible compensation or the limit prescribed by the Internal Revenue Code to the 401(k) Plan on a before-tax basis. The Company will match

25 percent of the first 4 percent of pay that is



contributed to the 401(k) Plan, and the Summary Compensation Table on page 35 includes, in All Other Compensation, the amount of the Company match for each of the named executive officers. The Company match is made in shares of Company stock, valued on the last trading day of the plan year.

### *C. Supplemental Executive Retirement Plan*

The Company maintains a Supplemental Executive Retirement Plan ( SERP ), described on page 58, for certain senior officers of the Company and other key employees, including the named executive officers. The SERP is an unfunded plan administered by the Compensation Committee, which sets an annual target incentive award for each participant consisting of a percentage of salary and annual bonus based on the Company's performance against target. Contributions may range from 4 percent to 12 percent of salary and annual bonus, depending on the Company's performance against the established target, with an 8 percent contribution being made for target performance. The target established by the Compensation Committee under the SERP is normally the same as the target performance under the Annual Bonus Plan. Participant accounts accrue simple interest at the rate of 6 percent annually. The SERP also provides for the continuation of medical and dental insurance benefits to vested participants following their retirement.

Based upon the Company's performance in 2010, a credit of 12 percent of 2010 base salary and annual bonus was made to the SERP for each of the named executive officers. As of the end of 2010, the account balances of the named executive officers ranged from \$294,866 for Mr. McHugh to \$918,956 for Mr. Bahler. Under the terms of the SERP, executives are vested in their account balances based upon a combination of age and service. All of the named executive officers other than Mr. Hicks (who has not yet met the plan's age plus service vesting requirements) were vested as of the end of 2010.

The Retirement Plan takes into account only base salary and annual bonus in determining pension benefits. Credits to our SERP are based only on base salary and annual bonus. Therefore, stock awards have no effect on the calculation of benefits or payments under these plans.

### *Perquisites*

We provide the named executive officers with certain perquisites, which the Compensation Committee believes are reasonable and consistent with its overall objective of attracting and retaining talented retail industry executives. The Company provides the named executive officers with an automobile allowance, financial planning, medical expense reimbursement, annual physical, supplemental long-term disability insurance, and life insurance. In addition, the Company reimburses Mr. Hicks for the reasonable expenses of using a car service for transportation in the New York metropolitan area. We also reimburse Mr. Halls for a limited amount of travel expenses of his spouse when she accompanies him on business trips. Given Mr. Halls' responsibility for our international businesses and the amount of time he spends traveling outside the United States on Company business, we consider this to be a reasonable perquisite uniquely applicable to his situation and responsibilities. We do not provide a gross-up to executives for the income tax liability they incur due to the perquisites they receive. The only exception to this is that, pursuant to our relocation policy applicable to all executives, we provide a tax gross-up to executives for moving and other relocation expenses that we reimburse. Pursuant to that policy, in 2010 we reimbursed relocation expenses and provided a tax gross-up to Mr. Hicks and to Mr. Johnson for the expenses each incurred in relocating his principal residence to the New York metropolitan area where our headquarters are located.

### **How does each element of compensation fit into our overall compensation objectives? How does each element affect our decisions regarding other elements?**

As stated at the beginning of this discussion and analysis, the objectives of our compensation program are to attract, motivate, and retain talented retail industry executives in order to maintain and enhance the Company's performance and its return to shareholders.

Base salaries fit into these compensation objectives by attracting and retaining talented retail company executives by paying them base salaries commensurate with their position, experience and responsibilities.

The performance-based annual bonus plan and long-term incentive (cash bonus and RSUs) are designed to reward executives for enhancing the Company's performance through the achievement of performance targets.

Long-term equity-based awards are designed to reward executives for increasing our return to our shareholders through increases in our stock price. Restricted stock awards may, in addition, serve to help retain key executives.

Base salaries of named executive officers rarely change materially from year-to-year unless there has been a change in responsibility or other special factors apply. As discussed above, in 2010 the Compensation Committee re-balanced the bonus and long-term compensation opportunities available to the named executive officers. Other than for Mr. Hicks, the target annual bonus was set at 50 percent of base salary and the target long-term bonus was set at 75 percent of initial base salary, one-half payable in cash and one-half payable in RSUs. Mr. Hicks' annual bonus target is specified in his employment agreement and is 125 percent of base salary. The Compensation Committee established his long-term incentive target for the 2010-2011 performance period at 175 percent of base salary. In determining total compensation, stock options are valued by the Committee's outside compensation consultant using the Black-Scholes model. Awards of RSUs and restricted stock awards are valued based upon the share price at the time of grant.

### ***Compensation Plans and Risk***

We believe that our compensation program encourages our named executive officers to take energetic action to improve the Company's performance without encouraging them to take undue risk. The annual and long-term incentive elements of the program (annual bonus and long-term incentive (cash bonus and RSU award)) are paid based upon performance as compared to the Company's annual and two-year business plans, which are prepared each year by the Company's management and reviewed and approved by the Finance and Strategic Planning Committee and the Board of Directors. While in some years these business plans have proven to be aggressive (as shown in hindsight when the plans are not achieved and bonuses are not paid) our history suggests that, on balance, they are reasonably

achievable under normal business conditions. This encourages our executives to manage the business well without pressuring them to take undue risks in order to obtain a bonus payment.

Our equity-based compensation for the named executive officers is designed with a similar goal in mind. Equity grants are reasonable in relation to overall compensation. Stock options normally vest ratably over a three-year period and have a 10-year term, reducing the risk that an executive will take short-term action to inflate the price of the Company's stock for a brief period.

Beginning with the 2010-2011 performance period, long-term incentive pay-outs are calculated at the conclusion of the two-year performance period, but not actually paid to the participant until an additional year has passed. In addition to serving as a retention vehicle, this also requires that the executive continue to have the stock portion of his or her award at risk, dependent on fluctuations in stock price, for an additional year. It also allows a year to pass in which any issues concerning the Company's performance or financial statements may surface before payments are made.

In addition, there are certain other factors related to our compensation programs for the named executive officers that we believe help reduce the likelihood that our compensation programs will encourage our executives to take undue risk:

As the bonus targets are based on the business plan, any significant deviation from the plan undertaken by management during the course of the year must be reviewed and approved by the Board of Directors.

As a retail company, we believe that one of the more significant risks we run is to encourage management to achieve profit without taking into account the capital used,

particularly working capital invested in inventory. We have therefore designed our long-term incentive for senior management, including the named executive officers, to take into account ROIC as well as net income in determining whether a bonus will be paid.

We have designed our plans so that executives who receive a Not Meeting Expectations or Unsatisfactory rating under the Company's annual performance appraisal process are not

eligible to receive an annual bonus payment. This helps prevent an individual executive from taking any action inconsistent with the business plan or otherwise exposing the Company to undue risk.

Cash incentive payments and equity grants are not outsized in relation to base salary. At target, the Chief Executive Officer has the opportunity to earn 125 percent of his base salary in annual bonus and 175 percent of his base salary in long-term incentives. Comparable percentages for the other named executive officers in 2010 were 50 percent and 75 percent.

Annual cash bonus and the cash Long-Term Bonus awards to executives are capped and do not include excessive leverage.

There is a balance between annual, mid-term, and long-term compensation plans for executives, as well as a balance between the use of cash and equity.

In addition, we believe that most of the changes made to our executive compensation program in 2010, as outlined above, decrease risk, since they increase the use of stock in the compensation program.

Please see Page 20 of the proxy statement for a discussion of compensation and risk in our compensation plans more generally, and the procedures we followed to evaluate this.

#### ***Compensation Committee Procedure***

The Compensation Committee normally holds two scheduled meetings for the purpose of considering executive compensation, and the Committee followed this procedure in 2010.

At the first meeting, held in February, the Committee reviewed a report from the Company's outside compensation consultant on the Company's executive compensation program, general executive compensation trends, trends in the retail industry, and specific background information on each senior management position. The Committee's compensation consultant reviewed a report on risk in relation to the Company's compensation policies and practices. The Committee also reviewed a report from its compensation consultant providing a pay-for-performance analysis of the executive compensation program and a separate report providing a review of the Chief Executive Officer's compensation. The Committee held a private meeting with its consultant, without management present.

Based upon the material reviewed and the discussion of the Committee at this meeting, our Senior Vice President Human Resources and the Human Resources Department, working with our Chairman of the Board and Chief Executive Officer, prepared compensation recommendations, covering all elements of compensation, for all corporate officers and heads of our operating divisions, other than the Chief Executive Officer himself, which were forwarded to the Chair of the Compensation Committee for his review. There were also discussions between the Chairman of the Board and Chief Executive Officer and the Chair of the Compensation Committee with regard to

these proposals. Based upon input from the Chair of the Compensation Committee, the Human Resources Department then finalized these recommendations and prepared material for review by the Compensation Committee. Our Senior Vice President and General Counsel also attends meetings of the Compensation Committee and participates in some of these discussions and preparations.

The Compensation Committee then held a second regularly scheduled meeting in March to consider these recommendations and set compensation for the Company's executives. At this meeting, the Committee reviewed a spreadsheet that set out all elements of proposed compensation for each of the Company's senior executives, including the named executive officers, in order to assist in its evaluation of the compensation proposals for 2010.

At this meeting the Committee also discussed privately, without management being present, compensation for the Chairman of the Board and Chief Executive Officer for 2010, established his Annual Bonus Plan and long-term incentive target awards, and made the stock option awards to him shown in the table on Page 37.

Except in the case of promotions or other unusual circumstances, the Compensation Committee considers stock awards only at this meeting, which is normally held within a few weeks following the issuance of the Company's full-year earnings release for the prior year. It is also at this meeting that the



Compensation Committee determined whether performance targets under the Annual Bonus Plan for the prior year and under the Long-Term Bonus Plan that ended in the prior year had been achieved, determined the amount of annual and long-term bonus pay-outs, and established annual bonus targets for the upcoming year and long-term incentive targets for the upcoming two-year performance period.

In 2010, the Committee made all stock option awards to the named executive officers at its regularly scheduled meeting in March. The Compensation Committee has delegated authority to its Chair to approve stock option awards of up to 25,000 shares to any single individual other than a corporate officer. The Chair generally uses this authority to approve stock option grants made during the course of the year in connection with promotions or new hires. In 2010, the Chair used this authority to approve grants of options to one executive, who was not a named executive officer, to purchase a total of 1,500 shares. Those options are priced at fair market value on the date the Chair signs the approval. Neither the Compensation Committee nor its Chair has delegated authority to management to make stock option, restricted stock, or RSU awards.

The Compensation Committee has retained as its advisor an executive compensation consultant Compensation Advisory Partners that is independent and performs no other work for the Company. Compensation Advisory Partners is retained directly by the Compensation Committee, reports to it directly and meets with the Committee privately, without management present, and regularly communicates privately with the Chair of the Committee. Management utilizes the services of a different compensation consultant to provide advice on the executive compensation program and plan design.

### ***Executive Employment Agreements***

As more fully described on Pages 43 to 46, we have employment agreements with each of our named executive officers. Other than the agreement with Mr. Hicks, which was separately negotiated when he joined the Company in 2009, the agreements with the named executive officers are in the same form.

Our employment agreements with the named executive officers provide for severance payments to the executive if we terminate the executive's employment without cause or if we give the executive good reason to terminate employment. These payments to the named executive officers, calculated as if termination of employment occurred at the end of our last fiscal year, are set out in the tables on Pages 47 to 56.

The named executive officers receive an enhanced severance payment if the executive's employment is terminated without cause or if the executive terminates employment for good reason within two years following a change-in-control. For an executive to receive the enhanced severance payment, two events must occur: first, employment must be terminated for one of the specified reasons, and second, this termination must occur within two years following a change-in-control. We believe that these provisions, which we have had in place for a number of years, provide appropriate protection to our executives, comparable to that available at other publicly traded companies, and, with regard to the enhanced severance following a change-in-control, protect us from losing key executives during a period when a change-in-control may be threatened or pending. None of the named executive officers is entitled to a gross-up payment upon a change-in-control.

All of the named executive officers have agreed in their employment contracts not to compete with the Company for two years following the termination of employment and not to hire Company employees during that same period. This restriction does not apply following a change-in-control.

### ***Accounting and Tax Considerations***

While we review both the accounting and tax effects of various components of compensation, these effects are not a significant factor in the Compensation Committee's allocation of compensation among the different components. In general, it is our position that compensation paid to executive officers should be fully deductible for U.S. tax

purposes, and we have structured our bonus and option programs so that payments made under them are deductible. In certain instances, however, we believe that it is in the Company's best interests, and that of its shareholders, to have the flexibility to pay compensation

that is not deductible under the limitations of Section 162(m) of the Internal Revenue Code in order to provide a compensation package consistent with our program and objectives. The portion of base salary paid to Mr. Hicks that exceeds \$1,000,000, the value of time-based restricted stock awards made to him, and potentially a portion of the value of time-based restricted stock awards made to one or more of the other named executive officers, are not expected to be deductible.

### **Compensation Committee Report**

The Compensation and Management Resources Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on that review and discussion, has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Alan D. Feldman, *Chair*

Matthew M. McKenna

James E. Preston

Allen Questrom

Cheryl Nido Turpin

Dona D. Young

## SUMMARY COMPENSATION TABLE

| (a)  | (b)  | (c)         | (d)           | (e)                     | (f)                   | (g)   | (h)   |
|--|------|-------------|---------------|-------------------------|-----------------------|---|---|
| Name and Principal Position(1)                                   | Year | Salary (\$) | Bonus (\$)(2) | Stock Awards (\$)(3)(4) | Option Awards (\$)(3) | Non-Equity Incentive Plan Compensation(\$)(5) | Change in Pension Value and Nonqualified Deferred Compensation(\$)(6) |
| Ken C. Hicks   | 2010 | 1,100,000   | 500,000       | 1,741,431               | 1,339,500             | 2,776,881                                     | 428,331   |
| Chairman, President and CEO                                      | 2009 | 506,349     | 1,000,000     | 5,050,000               | 1,753,860             |   | 19,855  |
| Robert W. McHugh   | 2010 | 593,750     |               | 407,095                 | 357,200               | 903,634                                       | 167,909   |
| Executive VP and CFO   | 2009 | 562,500     |               | 248,250                 | 71,730                |   | 87,952  |
|  | 2008 | 525,000     |               | 116,600                 | 61,828                | 376,464                                       | 82,615  |
| Ronald J. Halls  | 2010 | 766,875     |               | 524,134                 | 357,200               | 1,156,116                                     | 217,229   |
| President and CEO  | 2009 | 750,000     |               | 1,020,000               | 299,735               |   | 106,393   |
| Foot Locker, Inc. International                                  | 2008 | 704,167     |               | 233,200                 | 61,828                | 312,675                                       | 102,678   |
| Richard A. Johnson   | 2010 | 700,000     |               | 1,878,945               | 357,200               | 908,686                                       | 220,127   |
| President and CEO  | 2009 | 525,000     |               | 248,250                 | 71,730                | 407,822                                       | 85,301  |
| Foot Locker U.S., Lady Foot Locker, Kids Foot Locker, Footaction |      |             |               |                         |                       |   |   |
| Gary M. Bahler   | 2010 | 530,881     |               | 361,539                 | 178,600               | 828,346                                       | 239,847   |
| Senior VP, General Counsel and Secretary                         | 2009 | 524,975     |               | 248,250                 | 71,730                |   | 240,552   |
|  | 2008 | 524,975     |               | 116,600                 | 61,828                | 376,446                                       | 147,421   |

Notes to Summary Compensation Table

- (1) Ken C. Hicks has served as Chairman of the Board since January 31, 2010 and as President and Chief Executive Officer since August 17, 2009.

Robert W. McHugh has served as Executive Vice President and Chief Financial Officer since May 1, 2009. Prior to May 1, 2009, he served as Senior Vice President and Chief Financial Officer.

Richard A. Johnson became an executive officer on January 8, 2010 in connection with his promotion to President and Chief Executive Officer of Foot Locker U.S., Lady Foot Locker, Kids Foot Locker, and Footaction.

- (2) This column reflects the sign-on bonus Mr. Hicks received in connection with the commencement of his employment in August 2009, a portion of which (\$1,000,000) was paid on his employment

commencement date in 2009; \$500,000 was paid in 2010 on the first anniversary of his employment date, with the balance of \$500,000 payable in 2011 on the second anniversary of his employment date.

- (3) The amounts in these columns reflect the stock and option awards granted in the designated years. The amounts represent the aggregate grant date fair value of the awards granted in each respective year calculated in accordance with stock-based compensation accounting rules (ASC Topic 718). A discussion of the assumptions used in computing the award values may be found in Note 21 to our financial statements in our Form 10-K for 2010. As provided under the SEC's rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions and include for restricted stock awards expected dividend payments

at the same rate as paid on our shares of Common Stock. Please see the Grants of Plan-Based Awards table on Page 37 for additional information on awards granted in 2010. The amounts shown in the table do not necessarily reflect the actual value that may be recognized by the named executives.

- (4) The amounts in column (e) include for all of the named executives the grant date fair value of performance-based restricted stock units (RSUs) granted in 2010 for the long-term performance period of 2010-2011, valued at grant date based upon the probable outcome of meeting the performance conditions. The amounts shown reflect the achievement of the maximum level performance, are consistent with the estimate of the aggregate compensation cost to be recognized over the service period determined at the grant date under FASB ASC Topic 718, and

exclude the



effect of estimated forfeitures. For Mr. Johnson, column (e) also includes a 2010 restricted stock award. Please see the Grants of Plan-Based Awards table on Page 37 for additional information on the awards granted in 2010.

- (5) For 2010, this column reflects the payments made under the Annual Incentive Compensation Plan ( Annual Bonus Plan ) for 2010 and under the Long-Term Incentive Compensation Plan ( LTIP ) for the 2008-2010 performance period, as shown below. For 2009, this column reflects the payment made to Mr. Johnson under the Foot Locker Europe annual bonus plan; none of the other executives

received an annual bonus for 2009. For 2008, the column reflects payments made under the Annual Bonus Plan only; no payments under the LTIP were made to the executives in that year.

| <b>Name</b> | <b>Annual Bonus<br/>Plan<br/>Payment for 2010</b> | <b>LTIP<br/>2008-2010<br/>Performance<br/>Period</b> | <b>Total</b> |
|-------------|---|--|--------------|
| K. Hicks    | \$ 2,406,250                                      | \$ 370,631   | \$ 2,776,881 |
| R. McHugh   | 519,531   | 384,103  | 903,634      |
| R. Halls    | 671,016   | 485,100  | 1,156,116    |
| R. Johnson  | 612,500   | 296,186  | 908,686      |
| G. Bahler   | 464,521   | 363,825  | 828,346      |

(6) Amounts shown in column (h) represent the annual change in pension value during each of our last three fiscal years for each of the executives. Please see Page 59 for more information on

2010 pension  
benefits.

- (7) This column includes perquisites and other compensation, and the amounts attributable to the executives for 2010 are shown in the tables below. We valued these perquisites at the incremental cost to the Company of providing the personal benefits to the executives, which represents the actual cost attributable to providing these personal benefits. Please note:

The amounts shown in the table under the 401(k) Match column represent the dollar value of the Company's matching contribution under the Foot Locker 401(k) Plan made to the named executive's account in shares of Common Stock. The shares

of stock for the 2010 matching contribution were valued at \$19.62 per share.

The amounts shown for each individual under the column Accrual for Post-Termination Medical reflect the amounts accrued in 2010 for the actuarial present value of the future cost of providing this benefit to these individuals.

For Mr. Hicks, the relocation expense reimbursement reflects the balance of his expenses paid for his relocation to New York in 2009, and the amount of the tax gross-up for Mr. Hicks relocation expenses reflects the gross-up on balance of his relocation expense reimbursement. For Mr. Johnson, the relocation expense reimbursement and related tax gross-up relate to reimbursement of both taxable and non-taxable expenses with

regard to Mr. Johnson's relocation from The Netherlands to the United States following the end of his previous international assignment in January 2010. These tax gross-ups were made pursuant to our executive relocation policy, available to all company executives.

| Name       | Auto Allowance | Car Service Expense Reimbursement | Financial Planning | Medical Expense Reimbursement and Executive Physical | Supp. LTD Insurance Premiums | Accrual for Post-Termination Medical | Relocation Expense Reimbursement | Tax Gross-Up on Relocation |
|------------|----------------|-----------------------------------|--------------------|--|------------------------------|--------------------------------------|----------------------------------|----------------------------|
| K. Hicks   | 17,181         | 11,497                            | 8,110              | 1,022  | 13,592                       | 81,584                               | 16,612                           | 12,748                     |
| R. Johnson |                |                                   |                    | 5,121  | 6,075                        | 184,208                              | 110,855                          | 949                        |

| Name      | Auto Allowance | Financial Planning | Medical Expense Reimbursement and Executive Physical | Supp. LTD Insurance Premiums | Accrual for Post-Termination Medical | Spousal Travel Reimbursement | Universal Life Insurance Premium | 401(k) Match |
|-----------|----------------|--------------------|--|------------------------------|--------------------------------------|------------------------------|----------------------------------|--------------|
| R. McHugh | 10,667         |                    | 5,000  |                              | 236,015                              |                              |                                  | 2,450        |
| R. Halls  | 23,353         |                    | 7,073  |                              | 33,476                               | 54,792                       |                                  | 2,450        |
| G. Bahler | 16,911         | 8,110              | 4,401  | 5,565                        | 11,149                               |                              | 2,234                            | 2,450        |

The following **Grants of Plan-Based Awards Table** shows the awards made to the named executive officers in 2010 under the Annual Bonus Plan and the Long-Term Bonus Plan, as well as the restricted stock, restricted stock unit, and stock option awards under the Company's Stock Incentive Plan.

**GRANTS OF PLAN-BASED AWARDS**

| (a)        | (b)         | Estimated Future Payouts<br>Under Non-Equity Incentive<br>Plan Awards |             |              | Estimated Future Payouts<br>Under Equity Incentive<br>Plan Awards |            |             | (h) |
|------------|-------------|---|-------------|--------------|---|------------|-------------|-----|
|            |             | (c)   | (d)         | (e)          | (f)   | (g)        |             |     |
| Name       | Grant Date  | Threshold (\$)  | Target (\$) | Maximum (\$) | Threshold (#)   | Target (#) | Maximum (#) |     |
| K. Hicks   | 03/23/10(1) | 343,750   | 1,375,000   | 2,406,250    |   |            |             |     |
|            | 03/23/10(2) | 240,625   | 962,500     | 1,925,000    |   |            |             |     |
|            | 03/23/10(2) |   |             |              | 15,936  | 63,742     | 127,484     |     |
|            | 03/23/10(3) |   |             |              |   |            |             |     |
| R. McHugh  | 03/23/10(1) | 75,000  | 300,000     | 525,000      |   |            |             |     |
|            | 03/23/10(2) | 56,250  | 225,000     | 450,000      |   |            |             |     |
|            | 03/23/10(2) |   |             |              | 3,726   | 14,901     | 29,802      |     |
|            | 03/23/10(3) |   |             |              |   |            |             |     |
| R. Halls   | 03/23/10(1) | 96,563  | 386,250     | 675,938      |   |            |             |     |
|            | 03/23/10(2) | 72,422  | 289,688     | 579,375      |   |            |             |     |
|            | 03/23/10(2) |   |             |              | 4,797   | 19,185     | 38,370      |     |
|            | 03/23/10(3) |   |             |              |   |            |             |     |
| R. Johnson | 03/23/10(1) | 87,500  | 350,000     | 612,500      |   |            |             |     |
|            | 03/23/10(2) | 65,625  | 262,500     | 525,000      |   |            |             |     |
|            | 03/23/10(2) |   |             |              | 4,347   | 17,385     | 34,769      |     |
|            | 03/23/10(3) |   |             |              |   |            |             |     |
|            | 05/25/10(4) |   |             |              |   |            |             | 1   |
| G. Bahler  | 03/23/10(1) | 66,606  | 266,425     | 466,244      |   |            |             |     |

|             |        |         |         |       |        |
|-------------|--------|---------|---------|-------|--------|
| 03/23/10(2) | 49,955 | 199,819 | 399,638 |       |        |
| 03/23/10(2) |        |         |         | 3,309 | 13,234 |
| 03/23/10(3) |        |         |         |       | 26,467 |

**Notes to Grants of Plan-Based Awards Table**

(1) **Annual  
Incentive  
Awards**

Amounts shown reflect the payment levels at threshold, target, and maximum performance for the 2010 fiscal year under the annual bonus plan and reflect the potential amounts that would be paid at the end of the period if the applicable performance goals were achieved. The estimated bonus payouts are based on a percentage of the executive's base salary. For Mr. Hicks, the threshold, target, and maximum amounts represent 31.25 percent, 125 percent, and 218.75 percent, respectively,

of his annual base salary. For Messrs. McHugh, Halls, Johnson, and Bahler, the threshold, target, and maximum amounts represent 12.5 percent, 50 percent, and 87.5 percent, respectively, of each executive's annual base salary. The annual bonus payments made to these executives for 2010 are shown in the Summary Compensation Table on Page 35.

(2) **Long-Term Incentive Awards**

Provided the performance goals for the 2010-2011 long-term performance period are achieved, the payout structure of the executives awards is as follows: (a) 50 percent of the award would be payable in



cash under the Long-Term Bonus Plan, (b) 50 percent of the award would be payable in restricted stock units under the 2007 Stock Incentive Plan, and (c) both the cash portion and the stock portion of the payout would be subject to a time-based, one-year holding period following the end of the performance period before payout to the executives. The amounts shown in the table reflect the estimated payment levels in cash and number of restricted stock units at threshold, target, and maximum performance for the 2010-2011 performance period. Columns (c), (d), and (e) show the estimated cash payments and columns (f), (g), and (h)

show the  
number of  
restricted stock

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units that would be paid out at threshold, target and maximum performance if the applicable performance goals are achieved.

The threshold, target and maximum number of restricted stock units for each executive was calculated on March 23, 2010 on the basis of that day's closing stock price of a share of the Company's Common Stock, which was \$15.10. The grant date fair value of the restricted stock unit awards is based on the closing price of \$13.66 on May 19, 2010, which was the date shareholders approved the amended and restated 2007 Stock

Incentive Plan. The actual number of restricted stock units paid out will be based on the Company's performance compared to targets. The value of the restricted stock units received by an executive will depend upon the Company's stock price on the payment date. No dividends are paid or accrued for the restricted stock units.

For Mr. Hicks, the aggregate payout in cash and stock at threshold, target and maximum performance would be 43.75 percent, 175 percent and 350 percent, respectively, of his base salary in the first year of the

performance period. For the other named executives, the aggregate payout at threshold, target and maximum performance would be 18.75 percent, 75 percent and 150 percent, respectively, of their base salaries in the first year of the performance period. No amounts would be paid to the executives under the long-term incentive awards unless the performance goals for the performance period are achieved.

(3) **Stock  
Option  
Grants**

The amounts in column (j) reflect the number of stock options granted in 2010 under the 2007 Stock

Incentive Plan. The exercise price reflected in column (k) is equal to the closing price of a share of the Company's Common Stock on the grant date. In general, no portion of any stock option may be exercised until the first anniversary of its date of grant. Vested options may be exercised for ten years following the date of grant, unless the option is cancelled or exercised sooner than this. If the executive retires, becomes disabled, or dies while employed by the Company or one of its subsidiaries, all unexercised options that are then exercisable, plus those options that would have

become exercisable on the next anniversary of the grant date, will remain (or become) exercisable as of that date.

Moreover, upon the occurrence of a Change in Control, all outstanding options will become immediately exercisable as of that date. In general, options may remain exercisable for up to three years following a participant's retirement or termination due to disability, and for up to one year for any other termination of employment for reasons other than cause.

The vesting schedule for options granted to the

executives  
on March 23,  
2010 is  
shown  
below.

| <b>Name</b> | <b>Number of<br/>Shares</b> | <b>Vesting Schedule</b>  |
|-------------|-----------------------------|--|
| K. Hicks    | 300,000                     | 03/23/2011: 100,000 shares<br>03/23/2012: 100,000 shares<br>03/23/2013: 100,000 shares |
| R. McHugh   | 80,000                      | 03/23/2011: 26,666 shares<br>03/23/2012: 26,667 shares<br>03/23/2013: 26,667 shares    |
| R. Halls    | 80,000                      | 03/23/2011: 26,666 shares<br>03/23/2012: 26,667 shares<br>03/23/2013: 26,667 shares    |
| R. Johnson  | 80,000                      | 03/23/2011: 26,666 shares<br>03/23/2012: 26,667 shares<br>03/23/2013: 26,667 shares    |
| G. Bahler   | 40,000                      | 03/23/2011: 13,333 shares<br>03/23/2012: 13,333 shares<br>03/23/2013: 13,334 shares    |



(4) **Restricted Stock Award**

The amount shown in the table under column (i) represents the number of shares of restricted stock granted to Richard Johnson on May 25, 2010 under the 2007 Stock Incentive Plan. The award will fully vest on May 25, 2013 provided that he remains employed by the Company through the vesting date. Mr. Johnson has the right to receive all regular cash dividends payable after the date of grant to all record holders of our Common Stock. The grant date fair value of the restricted stock award shown in column (1) includes expected dividend payments on the shares.

(5) **Grant Date Fair Value**

The amounts shown in column (1) reflect the aggregate grant date fair value of the restricted stock, restricted stock unit, and stock option awards

granted in 2010, calculated in accordance with stock-based compensation accounting rules (FASB ASC Topic 718). A discussion of the assumptions used in computing the award values may be found in Note 21 to our financial statements in our Form 10-K for 2010. As provided under the SEC's rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions and include, where applicable, expected dividend payments at the same rate as paid on our shares of Common Stock. For option awards, the value is calculated by multiplying the Black-Scholes value (\$4.465) by the number of options granted. For restricted stock, the fair value is calculated by multiplying the closing price (\$14.04) of our Common Stock on The New York Stock Exchange (the NYSE) on the award date by the number of shares

granted. For the performance-based restricted stock units awarded under the 2007 Stock Incentive Plan in connection with the 2010-2011 long-term performance period, the fair value is calculated based upon the probable outcome of meeting the performance conditions at the maximum performance level and multiplying the number of units that would be received at that level by the closing price (\$13.66) of a share of our Common Stock on the NYSE on May 19, 2010, which was the date shareholders approved the amended and restated 2007 Stock Incentive Plan. This is consistent with the estimate of the aggregate compensation cost to be recognized over the service period determined at the grant date under FASB ASC Topic 718. All of the values are shown in the table below.

**Name**

|               | <b>Black-Scholes<br/>Value for Stock Options<br/>Granted on 3/23/10</b> | <b>Performance-Based Restricted Stock<br/>Unit Awards Granted on 3/23/10</b> | <b>Restricted Stock Award<br/>Granted on 5/25/10</b> |
|---------------|---|--|--|
| K. Hicks      | \$4.465   | \$13.66  |  |
| R.<br>McHugh  | \$4.465   | \$13.66  |  |
| R. Halls      | \$4.465   | \$13.66  |  |
| R.<br>Johnson | \$4.465   | \$13.66  | \$14.04  |
| G. Bahler     | \$4.465   | \$13.66  |  |

**Salary.** The annual base salaries and bonuses paid to our named executives in 2010 are set forth in the Summary Compensation Table. For 2010, these amounts represented the following percentages of their total compensation: Mr. Hicks (54.3%), Mr. McHugh (55.8%), Mr. Halls (61.2%), Mr. Johnson (36.7%), and Mr. Bahler (62.1%). Information on the named executives' employment agreements appears beginning on Page 43.

The following table, **Outstanding Equity Awards at Fiscal Year-End** shows the number of outstanding stock options, both vested and unvested, and the number of unvested shares of restricted stock or restricted stock units held by the named executives at the end of the 2010 fiscal year.

### OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

| (a)       | Option Awards  |  |  |                     |                        | Stock Awards   |   |   |
|-----------|--|--|--|---------------------|------------------------|--|---|---|
|           | (b)  | (c)  | (d)  | (e)                 | (f)                    | (g)  | (h)   | (i)   |
| Name      | Number of Securities Underlying Unexercised Options (#) Exercisable(1) | Number of Securities Underlying Unexercised Options (#) Unexercisable(1) | Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options (#) | Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#)(2) | Market Value of Shares or Units of Stock That Have Not Vested (\$)(3) | Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)(2) |
| K. Hicks  | 400,000  | 200,000  |  | 10.10               | 08/25/2019             |  |   |   |
|           | 0  | 300,000  |  | 15.10               | 03/23/2020             |  |   |   |
|           |  |  |  |                     |                        | 500,000  | 8,885,000   | 15,930  |
| R. McHugh | 20,000   | 0  |  | 12.985              | 04/11/2011             |  |   |   |
|           | 20,000   | 0  |  | 16.02               | 04/18/2012             |  |   |   |
|           | 20,000   | 0  |  | 10.245              | 04/16/2013             |  |   |   |
|           | 20,000   | 0  |  | 25.385              | 04/01/2014             |  |   |   |
|           | 20,000   | 0  |  | 28.155              | 03/23/2015             |  |   |   |
|           | 30,000   | 0  |  | 21.48               | 11/21/2015             |  |   |   |
|           | 20,000   | 0  |  | 23.42               | 03/28/2017             |  |   |   |
|           | 16,666   | 8,334  |  | 11.66               | 03/26/2018             |  |   |   |
|           | 8,333  | 16,667   |  | 9.93                | 03/25/2019             |  |   |   |
| 0         | 80,000   |  | 15.10  | 03/23/2020          |                        |  |   |   |
|           |  |  |  |                     |                        | 10,000   | 177,700   |   |
|           |  |  |  |                     |                        | 25,000   | 444,250   | 3,720   |
| R. Halls  | 10,000   | 0  |  | 16.02               | 04/18/2012             |  |   |   |
|           | 16,667   | 0  |  | 10.065              | 02/02/2013             |  |   |   |
|           | 20,000   | 0  |  | 25.385              | 04/01/2014             |  |   |   |

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|                  |        |        |        |            |         |           |
|------------------|--------|--------|--------|------------|---------|-----------|
|                  | 30,000 | 0      | 28.155 | 03/23/2015 |         |           |
|                  | 30,000 | 0      | 23.92  | 03/22/2016 |         |           |
|                  | 30,000 | 0      | 24.755 | 10/12/2016 |         |           |
|                  | 30,000 | 0      | 23.42  | 03/28/2017 |         |           |
|                  | 16,666 | 8,334  | 11.66  | 03/26/2018 |         |           |
|                  | 16,666 | 33,334 | 9.93   | 03/25/2019 |         |           |
|                  | 25,000 | 25,000 | 10.47  | 06/30/2019 |         |           |
|                  | 0      | 80,000 | 15.10  | 03/23/2020 |         |           |
|                  |        |        |        |            | 20,000  | 355,400   |
|                  |        |        |        |            | 50,000  | 888,500   |
|                  |        |        |        |            | 25,000  | 444,250   |
|                  |        |        |        |            |         | 4,799     |
| <b>R.</b>        |        |        |        |            |         |           |
| <b>Johnson</b>   | 30,000 | 0      | 16.02  | 04/18/2012 |         |           |
|                  | 30,000 | 0      | 10.245 | 04/16/2013 |         |           |
|                  | 30,000 | 0      | 25.385 | 04/01/2014 |         |           |
|                  | 20,000 | 0      | 28.155 | 03/23/2015 |         |           |
|                  | 20,000 | 0      | 23.92  | 03/22/2016 |         |           |
|                  | 20,000 | 0      | 23.42  | 03/28/2017 |         |           |
|                  | 20,000 | 0      | 18.80  | 07/30/2017 |         |           |
|                  | 6,666  | 3,334  | 11.66  | 03/26/2018 |         |           |
|                  | 8,333  | 16,667 | 9.93   | 03/25/2019 |         |           |
|                  | 0      | 80,000 | 15.10  | 03/23/2020 |         |           |
|                  |        |        |        |            | 25,000  | 444,250   |
|                  |        |        |        |            | 100,000 | 1,777,000 |
|                  |        |        |        |            |         | 4,347     |
| <b>G. Bahler</b> | 47,500 | 0      | 16.02  | 04/18/2012 |         |           |
|                  | 33,000 | 0      | 10.245 | 04/16/2013 |         |           |
|                  | 32,000 | 0      | 25.385 | 04/01/2014 |         |           |
|                  | 25,000 | 0      | 28.155 | 03/23/2015 |         |           |
|                  | 25,000 | 0      | 23.92  | 03/22/2016 |         |           |
|                  | 20,000 | 0      | 23.42  | 03/28/2017 |         |           |
|                  | 16,666 | 8,334  | 11.66  | 03/26/2018 |         |           |
|                  | 8,333  | 16,667 | 9.93   | 03/25/2019 |         |           |
|                  | 0      | 40,000 | 15.10  | 03/23/2020 |         |           |
|                  |        |        |        |            | 10,000  | 177,700   |
|                  |        |        |        |            | 25,000  | 444,250   |
|                  |        |        |        |            |         | 3,309     |

Notes to Table on Outstanding Equity Awards at Fiscal Year-End

(1) The **Vesting Schedules** for the options shown in columns (b) and (c) are as follows:

| Name      | Total Number of Securities Underlying Unexercised Options | Date of Grant | Vesting Date for 1/3 of Total Grant | Vesting Date for 1/3 of Total Grant | Vesting Date for 1/3 of Total Grant |            |
|-----------|---|---------------|-------------------------------------|-------------------------------------|-------------------------------------|------------|
| K. Hicks  | 300,000   | 08/25/2009    | 08/25/2010                          | 08/25/2011                          | 08/25/2012                          |            |
|           | 300,000   | 08/25/2009    | 02/25/2010 *                        | 08/25/2010 *                        |                                     |            |
|           | 300,000   | 03/23/2010    | 03/23/2011                          | 03/23/2012                          | 03/23/2013                          |            |
| R. McHugh | 20,000  | 04/11/2001    | 04/11/2002                          | 04/11/2003                          | 04/11/2004                          |            |
|           | 20,000  | 04/18/2002    | 04/18/2003                          | 04/18/2004                          | 04/18/2005                          |            |
|           | 20,000  | 04/16/2003    | 04/16/2004                          | 04/16/2005                          | 04/16/2006                          |            |
|           | 20,000  | 04/01/2004    | 04/01/2005                          | 04/01/2006                          | 04/01/2007                          |            |
|           | 20,000  | 03/23/2005    | 03/23/2006                          | 03/23/2007                          | 03/23/2008                          |            |
|           | 30,000  | 11/21/2005    | 11/21/2006                          | 11/21/2007                          | 11/21/2008                          |            |
|           | 20,000  | 03/28/2007    | 03/28/2008                          | 03/28/2009                          | 03/28/2010                          |            |
|           | 25,000  | 03/26/2008    | 03/26/2009                          | 03/26/2010                          | 03/26/2011                          |            |
|           | 25,000  | 03/25/2009    | 03/25/2010                          | 03/25/2011                          | 03/25/2012                          |            |
|           | 80,000  | 03/23/2010    | 03/23/2011                          | 03/23/2012                          | 03/23/2013                          |            |
|           | R. Halls  | 10,000        | 04/18/2002                          | 04/18/2003                          | 04/18/2004                          | 04/18/2005 |
|           |   | 16,667        | 02/02/2003                          | 02/02/2004                          | 02/02/2005                          | 02/02/2006 |
| 20,000    |   | 04/01/2004    | 04/01/2005                          | 04/01/2006                          | 04/01/2007                          |            |
| 30,000    |   | 03/23/2005    | 03/23/2006                          | 03/23/2007                          | 03/23/2008                          |            |
| 30,000    |   | 03/22/2006    | 03/22/2007                          | 03/22/2008                          | 03/22/2009                          |            |
| 30,000    |   | 10/12/2006    | 10/12/2007                          | 10/12/2008                          | 10/12/2009                          |            |
| 30,000    |   | 03/28/2007    | 03/28/2008                          | 03/28/2009                          | 03/28/2010                          |            |
| 25,000    |   | 03/26/2008    | 03/26/2009                          | 03/26/2010                          | 03/26/2011                          |            |
| 50,000    |   | 03/25/2009    | 03/25/2010                          | 03/25/2011                          | 03/25/2012                          |            |
| 50,000    |   | 06/30/2009    | 06/30/2010 **                       | 06/30/2011 **                       |                                     |            |
|           | 80,000  | 03/23/2010    | 03/23/2011                          | 03/23/2012                          | 03/23/2013                          |            |

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|            |        |            |            |            |            |
|------------|--------|------------|------------|------------|------------|
| R. Johnson | 30,000 | 04/18/2002 | 04/18/2003 | 04/18/2004 | 04/18/2005 |
|            | 30,000 | 04/16/2003 | 04/16/2004 | 04/16/2005 | 04/16/2006 |
|            | 30,000 | 04/01/2004 | 04/01/2005 | 04/01/2006 | 04/01/2007 |
|            | 20,000 | 03/23/2005 | 03/23/2006 | 03/23/2007 | 03/23/2008 |
|            | 20,000 | 03/22/2006 | 03/22/2007 | 03/22/2008 | 03/22/2009 |
|            | 20,000 | 03/28/2007 | 03/28/2008 | 03/28/2009 | 03/28/2010 |
|            | 20,000 | 07/30/2007 | 07/30/2008 | 07/30/2009 | 07/30/2010 |
|            | 10,000 | 03/26/2008 | 03/26/2009 | 03/26/2010 | 03/26/2011 |
|            | 25,000 | 03/25/2009 | 03/25/2010 | 03/25/2011 | 03/25/2012 |
|            | 80,000 | 03/23/2010 | 03/23/2011 | 03/23/2012 | 03/23/2013 |
| G. Bahler  | 47,500 | 04/18/2002 | 04/18/2003 | 04/18/2004 | 04/18/2005 |
|            | 33,000 | 04/16/2003 | 04/16/2004 | 04/16/2005 | 04/16/2006 |
|            | 32,000 | 04/01/2004 | 04/01/2005 | 04/01/2006 | 04/01/2007 |
|            | 25,000 | 03/23/2005 | 03/23/2006 | 03/23/2007 | 03/23/2008 |
|            | 25,000 | 03/22/2006 | 03/22/2007 | 03/22/2008 | 03/22/2009 |
|            | 20,000 | 03/28/2007 | 03/28/2008 | 03/28/2009 | 03/28/2010 |
|            | 25,000 | 03/26/2008 | 03/26/2009 | 03/26/2010 | 03/26/2011 |
|            | 25,000 | 03/25/2009 | 03/25/2010 | 03/25/2011 | 03/25/2012 |
|            | 40,000 | 03/23/2010 | 03/23/2011 | 03/23/2012 | 03/23/2013 |

\* 50 percent of grant vests six months following grant date and 50 percent vests one year following grant date.

\*\* Option granted with a two-year vesting schedule.



- (2) The vesting dates for the restricted stock and restricted stock unit awards shown in column (g) and (i) are shown in the following table. The awards shown in column (i) will vest only if the threshold performance goals for the performance period are achieved.

| <b>Name</b> | <b>Date of Grant</b> | <b>Number of Shares/Units</b> | <b>Vesting Date</b> |
|-------------|----------------------|-------------------------------|---------------------|
| K. Hicks    | 08/25/2009           | 100,000                       | 01/31/2013          |
|             | 08/25/2009           | 100,000                       | 01/31/2011          |
|             | 08/25/2009           | 100,000                       | 01/31/2012          |
|             | 08/25/2009           | 200,000                       | 01/31/2013          |
|             | 03/23/2010           | 15,936                        | 03/23/2013          |
| R. McHugh   | 03/26/2008           | 10,000                        | 03/26/2011          |
|             | 03/25/2009           | 25,000                        | 03/25/2012          |
|             | 03/23/2010           | 3,726                         | 03/23/2013          |
| R. Halls    | 03/26/2008           | 20,000                        | 03/26/2011          |
|             | 03/25/2009           | 50,000                        | 03/25/2012          |
|             | 06/30/2009           | 25,000                        | 06/30/2011          |
|             | 03/23/2010           | 4,797                         | 03/23/2013          |
| R. Johnson  | 03/25/2009           | 25,000                        | 03/25/2012          |
|             | 03/23/2010           | 4,347                         | 03/23/2013          |
|             | 05/25/2010           | 100,000                       | 05/25/2013          |
| G. Bahler   | 03/26/2008           | 10,000                        | 03/26/2011          |
|             | 03/25/2009           | 25,000                        | 03/25/2012          |
|             | 03/23/2010           | 3,309                         | 03/23/2013          |

- (3) Value calculated by multiplying the number of unvested shares or units by the closing price of \$17.77 on January 28, 2011, which was the last business day of the 2010 fiscal year. The values shown in column (j) are based on the number of units that would be earned at threshold performance. If target or maximum performance is achieved for the performance period, the respective number of units earned and their value, based on the \$17.77 closing price, would be:
- K. Hicks (target: 63,742 units/\$1,132,695; maximum: 127,484 units/\$2,265,391);
- R. McHugh (target: 14,901 units/\$264,791; maximum: 29,802 units/ \$529,582);
- R. Halls (target: 19,185 units/\$340,917; maximum: 38,370 units/\$681,835);
- R. Johnson (target: 17,385 units/\$308,931; maximum: 34,769 units/\$617,845);

and G. Bahler  
(target: 13,234  
units/\$235,168;  
maximum: 26,467  
units/\$470,319).

The following table, **Option Exercises and Stock Vested**, provides information on the stock options exercised by the named executives during 2010 and restricted stock awards that vested during the year.

### OPTION EXERCISES AND STOCK VESTED

| (a)<br>Name | Option Awards  |  | Stock Awards  |   |
|-------------|--|--|---|---|
|             | (b)<br>Number of<br>Shares<br>Acquired on<br>Exercise(#) | (c)<br>Value Realized<br>on Exercise(\$) | (d)<br>Number of<br>Shares<br>Acquired on<br>Vesting(#) | (e)<br>Value Realized<br>on Vesting(\$) |
| K. Hicks    |  |  |   |   |
| R. McHugh   | 20,000   | 78,750                                   | 40,000  | 581,000                                 |
| R. Halls    |  |  | 45,000  | 606,000                                 |
| R. Johnson  |  |  | 25,000  | 331,250                                 |
| G. Bahler   | 67,502   | 346,758                                  | 40,000  | 581,000                                 |

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## EMPLOYMENT AGREEMENTS

We have employment agreements with each of the named executive officers, and we describe the material terms of each of these agreements below. Information on potential payments and benefits on termination of the agreements is described under the section Potential Payments upon Termination or Change in Control, beginning on Page 47.

### *Ken C. Hicks*

**Position.** We entered into an employment agreement with Mr. Hicks in June 2009 in connection with our recruiting and hiring him to serve as our Chief Executive Officer.

**Term.** The term of this agreement began on August 17, 2009 and ends on January 31, 2013. The agreement contains an evergreen renewal provision that provides for additional one-year renewals of the employment term unless either party gives notice of non-renewal one year prior to the end of the then- current term.

**Base Salary and Bonus.** We

pay Mr. Hicks an annual base salary of not less than \$1.1 million during the term of the agreement. For fiscal years after 2009, Mr. Hicks annual bonus at target is 125 percent of his base salary. Mr. Hicks participates in the long-term bonus plan and, for the 2008-2010 and 2009-2011 performance periods, he participates on a pro rata basis with an annual bonus at target of 90 percent of his base salary at the time he began employment with the Company. For the 2010-2011 performance period his bonus at target is 175 percent of his base salary.

***Sign-on Bonus.***

Mr. Hicks agreement provided for a sign-on bonus payment of \$2 million, payable as follows: (a) \$1 million within 30 days of August 17,

2009 and (b) \$500,000 each on August 17, 2010 and August 17, 2011, provided he continues to be employed by the Company as our Chief Executive Officer through these dates.

**Stock Awards.**

(i) Mr. Hicks agreement provided for the following stock awards to be made within 30 days of his employment commencement date:

| <b>Type of Award</b> | <b>Number of Shares</b> | <b>Vesting</b>  |
|----------------------|-------------------------|---|
| Restricted Stock     | 100,000                 | January 31, 2013<br>Vesting is subject to continued employment as CEO   |
| Stock Option         | 300,000                 | Three equal annual installments, beginning on the first anniversary of the date of grant<br>Vesting is subject to continued employment as CEO |

(ii) In addition, as a bonus in connection with executing his employment agreement and as an inducement to commence employment, the agreement provided for the following stock awards to be made within 30 days of his employment commencement date:

| <b>Type of Award</b> | <b>Number of Shares</b> | <b>Vesting</b>   |
|----------------------|-------------------------|--|
| Restricted Stock     | 400,000                 | January 31, 2011: 100,000<br>January 31, 2012: 100,000<br>January 31, 2013: 200,000<br>Vesting is subject to continued employment as CEO |
| Stock Option         | 300,000                 |  |

Six months following date of grant: 150,000 One year following date of grant:  
150,000 Vesting is subject to continued employment as CEO

***Relocation.***

The agreement provided for reimbursement of relocation expenses for Mr. Hicks to relocate to the New York metropolitan area.

***Benefit Plans and Perquisites.***

Mr. Hicks is entitled to participate in all bonus, incentive, and equity plans offered to senior executives. He is also eligible to participate in all pension, welfare, and fringe

benefit  
plans and  
perquisites  
offered to  
senior  
executives.

The  
benefits  
and  
perquisites  
available to  
Mr. Hicks  
include:

Company-paid  
life insurance  
in the amount  
of his annual  
base salary;

Long-term  
disability  
insurance  
coverage of  
\$25,000 per  
month;

Annual  
out-of-pocket  
medical  
expense  
reimbursement  
of up to  
\$7,500;

Financial  
planning  
expenses of up  
to \$15,000  
during the first  
year of  
employment  
and \$7,500  
annually  
thereafter;

Reimbursement  
of up to  
\$15,000 for  
legal fees in  
connection



with his  
employment  
agreement; and

Automobile  
expense  
reimbursement  
for up to  
\$40,000  
annually and  
reimbursement  
of reasonable  
expenses for  
car service for  
transportation  
within the New  
York  
metropolitan  
area.

***Non-Compete  
Provision.*** Mr.

Hicks  
agreement  
provides that  
he may not  
compete with  
Foot Locker or  
solicit our  
employees for  
two years  
following the  
termination of  
his  
employment  
agreement.

***Certain  
Defined  
Terms in the  
Agreement:***

**Cause** means with regard to Mr. Hicks:

his refusal or  
willful failure to  
substantially  
perform his  
duties;

his dishonesty,  
willful  
misconduct,  
misappropriation,  
breach of  
fiduciary duty or  
fraud with regard  
to the Company,  
its business or  
assets;

his willful breach  
of material  
provision of the  
agreement, which  
is not cured;

his conviction of a  
felony (other than  
a traffic violation)  
or any other crime  
involving moral  
turpitude; or

his willful failure  
to take lawful and  
reasonable  
directions from  
the Board.

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

the Company  
merges with  
another  
company or  
sells all (or  
substantially  
all) of its  
assets. This  
event would  
exclude, for  
example,  
mergers (or  
similar  
transactions)  
in which no  
one becomes  
the beneficial  
owner of  
more than 50

percent of  
the stock  
outstanding;

the  
acquisition  
of 35 percent  
or more of  
the  
outstanding  
stock; or

during any  
period of not  
more than 12  
months, the  
directors at  
the start of  
the period,  
plus any new  
director  
whose  
election or  
nomination  
for election  
was  
approved by  
at least  
two-thirds of  
the directors  
then  
remaining on  
the Board  
who either  
were  
directors at  
the  
beginning of  
the period or  
whose  
election or  
nomination  
was  
approved in  
this manner,  
do not  
comprise at  
least a  
majority of  
the Board.

**Good Reason** means, following a Change in Control,

a material demotion or reduction in Mr. Hicks authority or responsibility (except in connection with a termination for Cause or disability or temporarily because of illness or other absence);

a reduction in his base salary rate;

a reduction in his annual bonus classification level;

failure to continue the benefit plans and programs that apply to him, or the reduction of his benefits, without providing substitute comparable plans, programs and benefits;

failure by a successor company to assume in writing the Company's

obligations  
under the  
agreement; or

the Company  
breaches a  
material  
provision of  
the agreement  
and does not  
correct the  
breach.

*Robert W. McHugh, Ronald J. Halls, Richard A. Johnson, and Gary M. Bahler***Position/Term/Base**

**Salary.** We have substantially identical employment agreements with these executives in their current positions, as follows:

| <b>Name</b> | <b>Position</b>   | <b>Term of Agreement</b> | <b>2010 Base Salary Rate</b> |
|-------------|---|--------------------------|------------------------------|
| R. McHugh   | Executive VP and CFO  | 1/1/2009 1/31/2012       | \$600,000                    |
| R. Halls    | President and CEO, Foot Locker, Inc. International                                      | 7/1/2009 6/30/2012       | \$772,500                    |
| R. Johnson  | President and CEO, Foot Locker U.S., Lady Foot Locker, Kids Foot Locker, and Footaction | 1/8/2010 1/31/2012       | \$700,000                    |
| G. Bahler   | Senior VP, General Counsel and Secretary  | 1/1/2009 1/31/2012       | \$532,850                    |

**Term.** The terms of the agreements will automatically be extended for another year unless notice of non-renewal is given by the October 31 prior to the expiration of the term.

**Base Salary.** We pay these executives annual base salaries at rates not less

than their salaries at the start of their agreements.

The executives base salaries for 2010 are shown in the table.

***Benefit Plans and Perquisites.***

These executives are entitled to participate in all benefit plans and arrangements in effect at the start of the agreement, including retirement plans, annual and long-term bonus plans, medical, dental, and disability plans, and any other plans subsequently offered to our senior executives.

***Non-Compete Provision.***

The executives agreements provide that they may not compete with Foot Locker or solicit our employees for two years

following the termination of their employment agreements.

***Certain Defined Terms in the Agreement:***

**Cause** means the executive s:

refusal or willful failure to substantially perform his duties;

dishonesty, willful misconduct, or fraud with regard to the Company s business or assets;

willful breach of his employment agreement and he does not correct the breach; or

conviction of a felony (other than a traffic violation) or any other crime involving moral turpitude.

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



the Company merges with another company or sells all (or substantially all) of its assets. This event excludes, for example, mergers (or similar transactions) in which no one becomes the beneficial owner of more than 50 percent of the stock outstanding;

the acquisition of 35 percent or more of the outstanding stock; or

during any period of not more than 12 months, the directors at the start of the period, plus any new director whose election or nomination for election was approved by at least two-thirds of the directors then remaining on

the Board  
who either  
were  
directors at  
the  
beginning of  
the period or  
whose  
election or  
nomination  
was  
approved in  
this manner,  
do not  
comprise at  
least a  
majority of  
the Board.

**Disability** means:

The  
executive is  
incapacitated  
due to  
physical or  
mental illness  
and, as a  
result, has not  
performed his  
duties on a  
full-time  
basis for six  
months, and  
does not  
return to  
perform his  
duties after  
the Company  
gives him  
notice.

**Good Reason** means:

*Prior to a Change in Control,*

a reduction in  
base salary, other  
than an  
across-the-board  
reduction in  
senior executive  
salaries over a  
three-year period  
and the reduction  
is less than 20%  
of the executive's  
salary from the  
beginning of the  
three-year  
period;

material change  
in the executive's  
authority or  
responsibilities,  
except  
temporarily as a  
result of illness  
or other absence;

*Following a Change in Control,*

any reduction  
in base salary;

failure to  
continue the  
benefit plans  
and programs  
that apply to  
the executive,  
or the  
reduction of  
his benefits,  
without  
providing  
substitute  
comparable  
plans and  
benefits;

a material demotion or reduction in executive s authority or responsibility (except temporarily because of illness or other absence);

*At any time,*

a reduction in the executive s annual bonus classification level, other than in connection with a redesign that affects all other employees in the executive s bonus level;

failure by a successor to the Company to confirm in writing that it will assume the Company s obligations under the agreement;

failure by the Company to renew the agreement.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

The executives' employment agreements and certain of the plans and programs that executives participate in require the Company to pay compensation to the executives if their employment terminates in certain circumstances. The estimated amount of compensation and benefits that would be payable to the named executives following termination of their employment, including amounts already vested, is stated in the tables below. The information in the tables assumes a termination date of January 29, 2011.

**KEN C. HICKS**

| <b>Reason for Termination</b>  | <b>Severance Payment</b> | <b>Accelerated Vesting of Restricted Stock, RSUs and Options</b>   | <b>SERP Benefit</b> | <b>Benefit under Excess Cash Balance Plan</b> | <b>Senior Executive Life Insurance</b> | <b>Outplacement Services</b> | <b>Total</b> |
|--|--------------------------|--|---------------------|---|--|------------------------------|--------------|
| By Company Without Cause   | \$4,976,881              |  |                     |   |  | \$25,000                     | \$5,001,881  |
|  | (1)                      |  |                     |   |  | (2)                          |              |
| By Executive if Company Breaches Employment Agreement                                | \$4,976,881              |  |                     |   |  | \$25,000                     | \$5,001,881  |
|  | (1)                      |  |                     |   |  | (2)                          |              |
| Executive Resigns Before End of Term   |                          |  |                     |   |  |                              |              |
| By Executive for Good Reason or by Company Without Cause Following Change in Control | \$4,950,000              | <b>Restricted Stock:</b><br>\$8,885,000<br><br><b>RSUs:</b><br>\$566,348<br><b>Stock Options:</b><br>Accelerated vesting of 500,000 shares:<br>\$2,335,000 |                     |   |  | \$25,000                     | \$16,761,348 |

| (3)        | (4)(5) | (6)(7)   |           | (2)         |              |
|------------|--------|--|-----------|-------------|--------------|
| Disability |        | <b>Restricted Stock:</b><br>\$8,885,000<br><b>RSUs:</b><br>\$566,348<br><b>Stock Options:</b><br>Accelerated vesting of 200,000 shares:<br>\$1,034,000<br><b>(8)(9)(7)</b> | \$442,219 |             | \$10,927,567 |
|            |        |  | (10)      |             |              |
| Death      |        | <b>Restricted Stock:</b><br>\$8,885,000<br><b>RSUs:</b><br>\$566,348<br><b>Stock Options:</b><br>Accelerated vesting of 200,000 shares:<br>\$1,034,000<br><b>(8)(9)(7)</b> | \$442,219 | \$1,100,000 | \$12,027,567 |
|            |        |  | (10)      | (11)        |              |
| Retirement |        | <b>RSUs:</b><br>\$566,348<br><b>Stock Options:</b><br>Accelerated vesting of 200,000 shares:<br>\$1,034,000<br><b>(9)(7)</b>   |           |             | \$1,600,348  |

Cause

Notes to Table on Ken C. Hicks

- (1) The severance amount reflects salary continuation for 24 months, the annual bonus that Mr. Hicks was entitled to for 2010, and the long-term bonus Mr. Hicks was entitled to for the 2008-2010 performance period. Payment of the first six months of salary continuation would be made six months following termination, and the remaining payments would then be made on a monthly basis. Payment of the annual and long-term bonus amounts would be made within two and one-half months following the end of the 2010 fiscal year.
- (2) This amount reflects the approximate

cost of one  
year of  
outplacement  
services.

- (3) This covers termination by the Company without Cause or by the Executive for Good Reason during the two-year period following a Change in Control.
- (4) The severance amount equals two times the sum of Executive's annual base salary plus annual bonus at target. Payment would be made in a lump sum six months following termination.
- (5) If the payments or benefits received by the executive following a Change in Control are subject to the excise tax under Section 4999 of the Internal Revenue Code, then the Company



would automatically reduce Mr. Hicks payments and benefits to an amount equal to \$1 less than the amount that would subject him to the excise tax, as long as the reduced amount would result in a greater benefit to him compared to the unreduced amount on a net after-tax basis.

- (6) The amount for restricted stock is the value of 500,000 shares of restricted stock that would vest. The amount for the RSUs is the value of the pro rata portion of the RSUs (31,871 RSUs) that Mr. Hicks would have been entitled to receive at the target level of achievement of the performance goals. The RSUs would become

immediately vested and payable. The shares and RSUs were valued at \$17.77.

- (7) This amount represents the intrinsic value of the stock options on January 29, 2011.
- (8) The Compensation and Management Resources Committee may, but is not obligated to, accelerate the vesting of some or all of executive s restricted stock. The number shown in the table assumes approval of the accelerated vesting of 500,000 shares of restricted stock, valued at \$17.77.
- (9) The amount for the RSUs is the value of the pro rata portion of the RSUs (31,871 RSUs) that Mr. Hicks would have been entitled

to receive, assuming an actual target level of achievement of the performance goals. The RSUs would vest on March 23, 2013 and would be paid out following the vesting date. The RSUs were valued at \$17.77.

(10) Benefit under the Supplemental Executive Retirement Plan payable in a lump sum following the determination of disability or the date of death.

(11) Senior executive life insurance is payable following death in a lump sum to the executive's beneficiary.

**ROBERT W. MCHUGH**

| <b>Reason for Termination</b>   | <b>Severance Payment</b> | <b>Accelerated Vesting of Restricted Stock, RSUs and Options</b>   | <b>SERP Benefit</b> | <b>Benefit under Excess Cash Balance Plan</b> | <b>Continuation of Health Benefits</b> | <b>Senior Executive Life Insurance</b> | <b>Total</b> |
|---|--------------------------|--|---------------------|---|--|--|--------------|
| By Company Without Cause  | \$600,000                |  | \$294,866           | \$105,948                                     | \$677,759                              |  | \$1,678,573  |
|   | (1)                      |  | (2)                 | (3)   | (4)                                    |  |              |
| By Executive for Good Reason  | \$600,000                | <b>Stock Options:</b><br>Accelerated vesting of 43,333 shares:<br>\$187,450  | \$294,866           | \$105,948                                     | \$677,759                              |  | \$1,866,023  |
|   | (1)                      | (5)  | (2)                 | (3)   | (4)                                    |  |              |
| Executive Resigns Before End of Term  |                          |  | \$294,866           | \$105,948                                     | \$677,759                              |  | \$1,078,573  |
|   |                          |  | (2)                 | (3)   | (4)                                    |  |              |
| Following Change in Control, Termination by Company Without Cause or by Executive for Good Reason | \$1,800,000              | <b>Restricted Stock:</b><br>\$621,950<br><br><b>RSUs:</b><br>\$132,404<br><b>Stock Options:</b><br>Accelerated vesting of 105,001 shares:<br>\$395,190 | \$294,866           | \$105,948                                     | \$677,759                              |  | \$4,028,117  |
|   | (6)                      | (7)(5)   | (2)                 | (3)   | (4)                                    |  |              |

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|            |  |           |           |           |      |             |
|------------|--|-----------|-----------|-----------|------|-------------|
| Disability | <b>Restricted Stock:</b><br>\$621,950<br><b>RSUs:</b><br>\$132,404<br><b>Stock Options:</b><br>Accelerated vesting of 43,333 shares:<br>\$187,450<br>(8)(9)(5) | \$294,866 | \$105,948 | \$677,759 | (4)  | \$2,020,377 |
| Death      | <b>Restricted Stock:</b><br>\$621,950<br><b>RSUs:</b><br>\$132,404<br><b>Stock Options:</b><br>Accelerated vesting of 43,333 shares:<br>\$187,450<br>(8)(9)(7) | \$294,866 | \$105,948 | (3)       | (10) | \$1,342,618 |
| Retirement | <b>RSUs:</b><br>\$132,404<br><b>Stock Options:</b><br>Accelerated vesting of 43,333 shares:<br>\$187,450<br>(9)(5)   | \$294,866 | \$105,948 | \$677,759 | (4)  | \$1,398,427 |
| Cause      |  |           | \$105,948 | (3)       |      | \$105,948   |

**Notes to Table on Robert W. McHugh**

- (1) The severance amount equals 52 weeks salary and would be payable six months following termination.
- (2) This amount is the total benefit payable under the Supplemental Executive Retirement Plan ( SERP ). The payments would be made quarterly over a three-year period. The first two quarterly payments would be made on the first day of the calendar quarter that occurs six months following the executive s termination date, with the remaining payments made quarterly during the remainder of the three-year period.
- (3) Benefit payable as of January 29, 2011 in a lump sum under the Foot Locker Excess Cash Balance Plan six months

following the executive's termination date. No information is provided with respect to the benefit under the Foot Locker Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in terms of scope, terms, or operation in favor of the executive officers.

- (4) Mr. McHugh would be entitled under the SERP to the continuation of medical and dental insurance benefits following termination. The benefits would be substantially the same as those benefits to which senior executives are entitled under Foot Locker's medical and dental plans for active employees. Mr. McHugh would be required to pay the insurance premium applicable to

actively employed senior executives, including any subsequent increases in the premiums. The amount shown in the table represents the actuarial present value of all future expected post-termination medical and dental benefits.

- (5) The value shown in the table reflects the intrinsic value of the stock options on January 29, 2011.
- (6) The severance amount equals three times the executive's annual salary. If the payments or benefits received by the executive following a Change in Control are subject to the excise tax under Section 4999 of the Internal Revenue Code, then the Company would automatically reduce Mr. McHugh's payments and benefits to an amount equal to \$1 less than the amount that



would subject him to the excise tax, as long as the reduced amount would result in a greater benefit to him compared to the unreduced amount on a net after-tax basis.

- (7) The amount for restricted stock represents the value of 35,000 shares of restricted stock that would vest. The amount for the RSUs is the value of the pro rata portion of the RSUs (7,451 RSUs) that Mr. McHugh would have been entitled to receive at the target level of achievement of the performance goals. The RSUs would become immediately vested and payable. The shares and RSUs were valued at \$17.77.
- (8) The Compensation and Management Resources Committee may, but is not obligated to, accelerate the vesting of some or all of

executive s  
restricted stock.  
The number  
shown in the  
table assumes  
approval of the  
accelerated  
vesting of  
35,000 shares of  
restricted stock,  
valued at \$17.77.

- (9) The amount for the RSUs is the value of the pro rata portion of the RSUs (7,451 RSUs) that Mr. McHugh would have been entitled to receive, assuming an actual target level of achievement of the performance goals. The RSUs would vest on March 23, 2013 and would be paid out following the vesting date. The RSUs were valued at \$17.77.
- (10) SERP benefit payable in a lump sum following determination of disability or the date of death.

## RONALD J. HALLS

| Reason for Termination  | Severance Payment | Accelerated Vesting of Restricted Stock, RSUs and Options                    | SERP Benefit | Benefit under Excess Cash Balance Plan | Continuation of Health Benefits | Senior Executive Life Insurance | Total       |
|---|-------------------|--|--------------|--|---------------------------------|---------------------------------|-------------|
| By Company Without Cause  | \$772,500         |  | \$582,335    | \$127,717                              | \$448,056                       |                                 | \$1,930,608 |
|   | (1)               |  | (2)          | (3)                                    | (4)                             |                                 |             |
| By Executive for Good Reason  | \$772,500         | <b>Stock Options:</b><br>Accelerated vesting of 76,667 shares:<br>\$435,288  | \$582,335    | \$127,717                              | \$448,056                       |                                 | \$2,365,896 |
|   | (1)               | (5)  | (2)          | (3)                                    | (4)                             |                                 |             |
| Executive Resigns Before End of Term  |                   |  | \$582,335    | \$127,717                              | \$448,056                       |                                 | \$1,158,108 |
|   |                   |  | (2)          | (3)                                    | (4)                             |                                 |             |
| Following Change in Control, Termination by Company Without Cause or by Executive for Good Reason | \$2,317,500       | <b>Restricted Stock:</b><br>\$1,688,150                                      | \$582,335    | \$127,717                              | \$448,056                       |                                 | \$6,042,585 |
|   |                   | <b>RSUs:</b><br>\$170,468  |              |  |                                 |                                 |             |
|   |                   | <b>Stock Options:</b><br>Accelerated vesting of 146,668 shares:<br>\$708,359 |              |  |                                 |                                 |             |

| (6)        | (7)(5)  | (2)       | (3)       | (4)       |             |
|------------|---|-----------|-----------|-----------|-------------|
| Disability | <b>Restricted Stock:</b><br>\$1,688,150<br><b>RSUs:</b><br>\$170,468<br><b>Stock Options:</b><br>Accelerated vesting of 76,667 shares:<br>\$435,288 | \$582,335 | \$127,717 | \$448,056 | \$3,452,014 |
|            | (8)(9)(5)   | (10)      | (3)       | (4)       |             |
| Death      | <b>Restricted Stock:</b><br>\$1,688,150<br><b>RSUs:</b><br>\$170,468<br><b>Stock Options:</b><br>Accelerated vesting of 76,667 shares:<br>\$435,288 | \$582,335 | \$127,717 |           | \$3,003,958 |
|            | (8)(9)(7)   | (10)      | (3)       |           |             |
| Retirement | <b>RSUs:</b><br>\$170,468<br><b>Stock Options:</b><br>Accelerated vesting of 76,667 shares:<br>\$435,288  | \$582,335 | \$127,717 | \$448,056 | \$1,763,864 |
|            | (9)(5)  | (2)       | (3)       | (4)       |             |
| Cause      |   |           | \$127,717 |           | \$127,717   |
|            |   |           | (3)       |           |             |

Notes to Table on Ronald J. Halls

- (1) The severance amount equals 52 weeks salary and would be payable six months following termination.
- (2) This amount is the total benefit payable under the Supplemental Executive Retirement Plan ( SERP ). The payments would be made quarterly over a three-year period. The first two quarterly payments would be made on the first day of the calendar quarter that occurs six months following the executive s termination date, with the remaining payments made quarterly during the remainder of the three-year period.
- (3) Benefit payable as of January 29, 2011 in a lump sum under the Foot Locker Excess Cash Balance Plan six months

following the executive's termination date. No information is provided with respect to the benefit under the Foot Locker Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in terms of scope, terms, or operation in favor of the executive officers.

- (4) Mr. Halls would be entitled under the SERP to the continuation of medical and dental insurance benefits following termination. The benefits would be substantially the same as those benefits to which senior executives are entitled under Foot Locker's medical and dental plans for active employees. Mr. Halls would be required to pay the insurance premium applicable to actively employed senior

executives, including any subsequent increases in the premiums. The amount shown in the table represents the actuarial present value of all future expected post-termination medical and dental benefits.

- (5) The value shown in the table reflects the intrinsic value of the stock options on January 29, 2011.
  
- (6) The severance amount equals three times the executive's annual salary. If the payments or benefits received by the executive following a Change in Control are subject to the excise tax under Section 4999 of the Internal Revenue Code, then the Company would automatically reduce Mr. Halls payments and benefits to an amount equal to \$1 less than the amount that would subject him to the excise tax, as long as

the reduced amount would result in a greater benefit to him compared to the unreduced amount on a net after-tax basis.

- (7) The amount for restricted stock represents the value of 95,000 shares of restricted stock that would vest. The amount for the RSUs is the value of the pro rata portion of the RSUs (9,593 RSUs) that Mr. Halls would have been entitled to receive at the target level of achievement of the performance goals. The RSUs would become immediately vested and payable. The shares and RSUs were valued at \$17.77.
- (8) The Compensation and Management Resources Committee may, but is not obligated to, accelerate the vesting of some or all of executive s restricted stock. The number



shown in the table assumes approval of the accelerated vesting of 95,000 shares of restricted stock, valued at \$17.77.

- (9) The amount for the RSUs is the value of the pro rata portion of the RSUs (9,593 RSUs) that Mr. Halls would have been entitled to receive, assuming an actual target level of achievement of the performance goals. The RSUs would vest on March 23, 2013 and would be paid out following the vesting date. The RSUs were valued at \$17.77.

- (10) SERP benefit payable in a lump sum following determination of disability or the date of death.

**RICHARD A. JOHNSON**

| <b>Reason for Termination</b>   | <b>Severance Payment</b> | <b>Accelerated Vesting of Restricted Stock, RSUs and Options</b>   | <b>SERP Benefit</b> | <b>Benefit under Excess Cash Balance Plan</b> | <b>Continuation of Health Benefits</b> | <b>Senior Executive Life Insurance</b> | <b>Total</b> |
|---|--------------------------|--|---------------------|---|--|--|--------------|
| By Company Without Cause  | \$700,000                |  | \$438,698           | \$108,739                                     | \$677,759                              |  | \$1,925,196  |
|   | (1)                      |  | (2)                 | (3)   | (4)                                    |  |              |
| By Executive for Good Reason  | \$700,000                | <b>Stock Options:</b><br>Accelerated vesting of 38,333 shares:<br>\$156,900  | \$438,698           | \$108,739                                     | \$677,759                              |  | \$2,082,096  |
|   | (1)                      | (5)  | (2)                 | (3)   | (4)                                    |  |              |
| Executive Resigns Before End of Term  |                          |  | \$438,698           | \$108,739                                     | \$677,759                              |  | \$1,225,196  |
|   |                          |  | (2)                 | (3)   | (4)                                    |  |              |
| Following Change in Control, Termination by Company Without Cause or by Executive for Good Reason | \$2,100,000              | <b>Restricted Stock:</b><br>\$2,221,250<br><br><b>RSUs:</b><br>\$154,475<br><b>Stock Options:</b><br>Accelerated vesting of 100,001 shares:<br>\$364,640 | \$438,698           | \$108,739                                     | \$677,759                              |  | \$6,065,561  |

|            | (6) | (7)(5)  | (2)       | (3)       | (4)       |                       |
|------------|-----|---|-----------|-----------|-----------|-----------------------|
| Disability |     | <b>Restricted Stock:</b><br>\$2,221,250                                     | \$438,698 | \$108,739 | \$677,759 | \$3,757,821           |
|            |     | <b>RSUs:</b><br>\$154,475   |           |           |           |                       |
|            |     | <b>Stock Options:</b><br>Accelerated vesting of 38,333 shares:<br>\$156,900 |           |           |           |                       |
|            |     | (8)(9)(5)   | (10)      | (3)       | (4)       |                       |
| Death      |     | <b>Restricted Stock:</b><br>\$2,221,250                                     | \$438,698 | \$108,739 |           | \$700,000 \$3,780,062 |
|            |     | <b>RSUs:</b><br>\$154,475   |           |           |           |                       |
|            |     | <b>Stock Options:</b><br>Accelerated vesting of 38,333 shares:<br>\$156,900 |           |           |           |                       |
|            |     | (8)(9)(5)   | (10)      | (3)       |           | (11)                  |
| Retirement |     | <b>RSUs:</b><br>\$154,475   | \$438,698 | \$108,739 | \$677,759 | \$1,536,571           |
|            |     | <b>Stock Options:</b><br>Accelerated vesting of 38,333 shares:<br>\$156,900 |           |           |           |                       |
|            |     | (9)(5)  | (2)       | (3)       | (4)       |                       |
| Cause      |     |   |           | \$108,739 |           | \$108,739             |
|            |     |   |           | (3)       |           |                       |

Notes to Table on Richard A. Johnson

- (1) The severance amount equals 52 weeks salary and would be payable six months following termination.
- (2) This amount is the total benefit payable under the Supplemental Executive Retirement Plan ( SERP ). The payments would be made quarterly over a three-year period. The first two quarterly payments would be made on the first day of the calendar quarter that occurs six months following the executive s termination date, with the remaining payments made quarterly during the remainder of the three-year period.
- (3) Benefit payable as of January 29, 2011 in a lump sum under the Foot Locker Excess Cash Balance Plan six months

following the executive's termination date. No information is provided with respect to the benefit under the Foot Locker Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in terms of scope, terms, or operation in favor of the executive officers.

- (4) Mr. Johnson would be entitled under the SERP to the continuation of medical and dental insurance benefits following termination. The benefits would be substantially the same as those benefits to which senior executives are entitled under Foot Locker's medical and dental plans for active employees. Mr. Johnson would be required to pay the insurance premium applicable to

actively employed senior executives, including any subsequent increases in the premiums. The amount shown in the table represents the actuarial present value of all future expected post-termination medical and dental benefits.

- (5) The value shown in the table reflects the intrinsic value of the stock options on January 29, 2011.
- (6) The severance amount equals three times the executive's annual salary. If the payments or benefits received by the executive following a Change in Control are subject to the excise tax under Section 4999 of the Internal Revenue Code, then the Company would automatically reduce Mr. Johnson's payments and benefits to an amount equal to \$1 less than the amount that

would subject him to the excise tax, as long as the reduced amount would result in a greater benefit to him compared to the unreduced amount on a net after-tax basis.

- (7) The amount for restricted stock represents the value of 125,000 shares of restricted stock and time-based restricted stock units that would vest. The amount for the RSUs is the value of the pro rata portion of the RSUs (8,693 RSUs) that Mr. Johnson would have been entitled to receive at the target level of achievement of the performance goals. The RSUs would become immediately vested and payable. All of the shares and RSUs were valued at \$17.77.
- (8) The Compensation and Management Resources Committee may, but is not obligated to, accelerate the

vesting of some or all of executive s restricted stock.

The number shown in the table assumes approval of the accelerated vesting of 125,000 shares of restricted stock and time-based restricted stock units, valued at \$17.77.

- (9) The amount for the RSUs is the value of the pro rata portion of the RSUs (8,693 RSUs) that Mr. Johnson would have been entitled to receive, assuming an actual target level of achievement of the performance goals. The RSUs would vest on March 23, 2013 and would be paid out following the vesting date. The RSUs were valued at \$17.77.
- (10) SERP benefit payable in a lump sum following determination of disability or the date of death.



- (11) Senior executive life insurance is payable following death in a lump sum to the executive's beneficiary.

## GARY M. BAHLER

| <b>Reason for Termination</b>   | <b>Severance Payment</b> | <b>Accelerated Vesting of Restricted Stock, RSUs and Options</b>  | <b>SERP Benefit</b> | <b>Benefit under Excess Cash Balance Plan</b> | <b>Continuation of Health Benefits</b> | <b>Senior Executive Life Insurance</b> | <b>Total</b> |
|---|--------------------------|---|---------------------|---|--|--|--------------|
| By Company Without Cause  | \$922,240                |   | \$918,956           | \$394,983                                     | \$407,103                              |  | \$2,643,282  |
|   | (1)                      |   | (2)                 | (3)   | (4)                                    |  |              |
| By Executive for Good Reason  | \$922,240                | <b>Stock Options:</b><br>Accelerated vesting of 30,000 shares:<br>\$151,851   | \$918,956           | \$394,983                                     | \$407,103                              |  | \$2,795,133  |
|   | (1)                      | (5)   | (2)                 | (3)   | (4)                                    |  |              |
| Executive Resigns Before End of Term  |                          |   | \$918,956           | \$394,983                                     | \$407,103                              |  | \$1,721,042  |
|   |                          |   | (2)                 | (3)   | (4)                                    |  |              |
| Following Change in Control, Termination by Company Without Cause or by Executive for Good Reason | \$1,598,550              | <b>Restricted Stock:</b><br>\$621,950<br><br><b>RSUs:</b><br>\$117,584<br><b>Stock Options:</b><br>Accelerated vesting of 65,001 shares:<br>\$288,390 | \$918,956           | \$394,983                                     | \$407,103                              |  | \$4,347,516  |
|   | (6)                      | (7)(5)  | (2)                 | (3)   | (4)                                    |  |              |

|            |   |             |            |            |                       |
|------------|---|-------------|------------|------------|-----------------------|
| Disability | <b>Restricted Stock:</b><br>\$621,950<br><b>RSUs:</b><br>\$117,584<br><b>Stock Options:</b><br>Accelerated vesting of 30,000 shares:<br>\$151,851 | \$918,956   | \$394,983  | \$407,103  | \$2,612,427           |
|            | <b>(8)(9)(5)</b>  | <b>(10)</b> | <b>(3)</b> | <b>(4)</b> |                       |
| Death      | <b>Restricted Stock:</b><br>\$621,950<br><b>RSUs:</b><br>\$117,584<br><b>Stock Options:</b><br>Accelerated vesting of 30,000 shares:<br>\$151,851 | \$918,956   | \$394,983  |            | \$532,850 \$2,738,174 |
|            | <b>(8)(9)(5)</b>  | <b>(10)</b> | <b>(3)</b> |            | <b>(11)</b>           |
| Retirement | <b>RSUs:</b><br>\$117,584<br><b>Stock Options:</b><br>Accelerated vesting of 30,000 shares:<br>\$151,851  | \$918,956   | \$394,983  | \$407,103  | \$1,990,477           |
|            | <b>(9)(5)</b>   | <b>(2)</b>  | <b>(3)</b> | <b>(4)</b> |                       |
| Cause      |   |             | \$394,983  |            | \$394,983             |
|            |   |             | <b>(3)</b> |            |                       |

Notes to Table on Gary M. Bahler

- (1) The severance amount equals three times Mr. Bahler's weekly salary multiplied by his 30 years of service and would be payable six months following termination.
- (2) This amount is the total benefit payable under the Supplemental Executive Retirement Plan (SERP). The payments would be made quarterly over a three-year period. The first two quarterly payments would be made on the first day of the calendar quarter that occurs six months following the executive's termination date, with the remaining payments made quarterly during the remainder of the three-year period.
- (3) Benefit payable as of January 29, 2011 in a lump sum under the

Foot Locker  
Excess Cash  
Balance Plan six  
months  
following the  
executive's  
termination date.  
No information  
is provided with  
respect to the  
benefit under the  
Foot Locker  
Retirement Plan  
because that plan  
is available  
generally to all  
salaried  
employees and  
does not  
discriminate in  
terms of scope,  
terms, or  
operation in  
favor of the  
executive  
officers.

- (4) Mr. Bahler  
would be entitled  
under the SERP  
to the  
continuation of  
medical and  
dental insurance  
benefits  
following  
termination. The  
benefits would  
be substantially  
the same as  
those benefits to  
which senior  
executives are  
entitled under  
Foot Locker's  
medical and  
dental plans for  
active  
employees. Mr.  
Bahler would be  
required to pay

the insurance premium applicable to actively employed senior executives, including any subsequent increases in the premiums. The amount shown in the table represents the actuarial present value of all future expected post-termination medical and dental benefits.

- (5) The value shown in the table reflects the intrinsic value of the stock options on January 29, 2011.
- (6) The severance amount equals three times the executive's annual salary. If the payments or benefits received by the executive following a Change in Control are subject to the excise tax under Section 4999 of the Internal Revenue Code, then the Company would automatically reduce Mr. Bahler's payments and benefits to an

amount equal to \$1 less than the amount that would subject him to the excise tax, as long as the reduced amount would result in a greater benefit to him compared to the unreduced amount on a net after-tax basis.

- (7) The amount for restricted stock represents the value of 35,000 shares of restricted stock that would vest. The amount for the RSUs is the value of the pro rata portion of the RSUs (6,617 RSUs) that Mr. Bahler would have been entitled to receive at the target level of achievement of the performance goals. The RSUs would become immediately vested and payable. The shares and RSUs were valued at \$17.77.
- (8) The Compensation and Management Resources Committee may, but is not obligated to,

accelerate the vesting of some or all of executive s restricted stock. The number shown in the table assumes approval of the accelerated vesting of 35,000 shares of restricted stock, valued at \$17.77.

- (9) The amount for the RSUs is the value of the pro rata portion of the RSUs (6,617 RSUs) that Mr. Bahler would have been entitled to receive, assuming an actual target level of achievement of the performance goals. The RSUs would vest on March 23, 2013 and would be paid out following the vesting date. The RSUs were valued at \$17.77.
- (10) SERP benefit payable in a lump sum following determination of disability or the date of death.
- (11) Senior executive life insurance is payable



following death  
in a lump sum to  
the executive's  
beneficiary.

**RETIREMENT PLANS****Foot Locker Retirement Plan**

The Foot Locker Retirement Plan (the Retirement Plan) is a defined benefit plan with a cash balance formula, which covers eligible employees of the Company and substantially all of our United States subsidiaries. All qualified employees who are at least 21 years old with one year of service are covered by the Retirement Plan. Plan participants become fully vested in their benefits under this plan generally upon completion of three years of service or upon reaching normal retirement age (age 65) while actively employed.

Under the cash balance formula, each participant has an account, for record keeping purposes only, to which credits are allocated annually based upon a percentage of the participant's W-2 Compensation, as defined in the Retirement Plan. This percentage is determined by the participant's years of service with the Company as of the beginning of each calendar year. The following table shows the percentage used to determine credits at the years of service indicated.

| <b>Years of Service</b> | <b>Percent of All W-2 Compensation</b> | <b>+</b> | <b>Percent of W-2 Compensation Over \$22,000</b> |
|-------------------------|--|----------|--|
| Less than 6             | 1.10                                   |          | 0.55   |
| 6 - 10                  | 1.50                                   |          | 0.75   |
| 11 - 15                 | 2.00                                   |          | 1.00   |
| 16 - 20                 | 2.70                                   |          | 1.35   |
| 21 - 25                 | 3.70                                   |          | 1.85   |
| 26 - 30                 | 4.90                                   |          | 2.45   |
| 31 - 35                 | 6.60                                   |          | 3.30   |
| More than 35            | 8.90                                   |          | 4.45   |

In addition, all balances in the participants' accounts earn interest at the fixed rate of 6 percent, which is credited annually. At retirement or other termination of employment, an amount equal to the vested balance then credited to the account under the Retirement Plan is payable to the participant in the form of a qualified joint and survivor annuity (if the participant is married) or a life annuity (if the participant is not married). The participant may elect to waive the annuity form of benefit and receive benefits under the plan upon retirement in an optional annuity form or an immediate or deferred lump sum, or, upon other termination of employment, in a lump sum. Additional optional forms of payment are available to participants who were participating in the Retirement Plan as of December 31, 1995.

**Foot Locker Excess Cash Balance Plan**

The Internal Revenue Code limits annual retirement benefits that may be paid to, and the compensation that may be taken into account in calculating benefits for, any person under a qualified retirement plan such as the Foot Locker Retirement Plan. Accordingly, for any person covered by the Retirement Plan whose annual retirement benefit, calculated in accordance with the terms of the Retirement Plan, exceeds the limitations of the Internal Revenue Code, the Company has adopted the Foot Locker Excess Cash Balance Plan (the Excess Plan). The Excess Plan is an unfunded, nonqualified benefit plan, under which the individual is paid the difference between the Internal Revenue Code limitations and the retirement benefit to which he or she would otherwise be entitled under the Retirement Plan.

**Early Retirement Eligibility**

The Foot Locker Retirement Plan provides for a reduced benefit payment to a participant who retires after reaching

early retirement age but prior to normal retirement age. Early retirement age is defined under the Retirement Plan and Excess Plan as age 55 with at least 5 years of vesting service. Messrs. Bahler and Halls are the only named executive officers currently eligible for early retirement under these plans.

### **Foot Locker Supplemental Executive Retirement Plan**

In addition, the Foot Locker Supplemental Executive Retirement Plan (the SERP ), which is an unfunded, nonqualified benefit plan, provides for payment by the Company of supplemental retirement, death and disability benefits to certain executive officers and certain other key employees of the Company and its subsidiaries who participate in this plan. The named executive officers and five other executive officers of the Company currently participate in the SERP. The Compensation and Management Resources Committee sets an annual targeted incentive award under the SERP for each participant consisting of a percentage of salary and bonus based on the Company's performance against target. Achievement of the target causes an 8 percent credit to a participant's account for that year. The applicable percentage for the year increases or decreases proportionately to the percentage of the Company's performance in relation to the target, but may not be less than 4 percent or more than 12 percent in any year. Participants' accounts accrue simple interest at the rate of 6 percent annually.

A participant is eligible to receive a benefit under the SERP only if his or her age plus years of service at retirement equals at least 65. Currently, each of the named executives other than Mr. Hicks has age plus years of service totaling at least 65. If a participant's employment terminates due to death or disability, he (or his estate) would be entitled to payment of his SERP balance. A participant's SERP benefit is paid in 12 quarterly installments following retirement, with the first two quarters payable no earlier than six months following retirement. Upon death or disability, a participant's SERP benefit is paid in a lump sum.

The SERP provides for the continuation of medical and dental insurance benefits if an executive's age plus years of service total at least 65 when his employment terminates. The benefits would be substantially the same as those benefits to which senior executives are entitled under Foot Locker's medical and dental plans for active employees. The terminated executive would be required to pay the insurance premium applicable to actively employed senior executives, including any increases in the premiums, and the Company would pay the difference between the actual premium rate and the active employee rate.

### **Payment of Retirement Benefits**

The table below provides the present value of the accumulated benefit payable to each of the named executives and the years of service credited to each of them under the Foot Locker Retirement Plan, the Excess Plan, and the SERP determined using interest rate and mortality rate assumptions consistent with those used in our 2010 financial statements.

**PENSION BENEFITS**

| (a)        | (b)             | (c)                                     | (d)  | (e)                                   |
|------------|-----------------|---|--|---------------------------------------|
| Name       | Plan Name       | Number of Years Credited Service (#)(1) | Present Value of Accumulated Benefit (\$)(1) | Payments During Last Fiscal Year (\$) |
| K. Hicks   | Retirement Plan | 1                                       | 1,387  | 0                                     |
|            | Excess Plan     | 1                                       | 8,403  |                                       |
|            | SERP            | 2                                       | 438,396                                      |                                       |
|            |                 |   | 448,186                                      |                                       |
| R. McHugh  | Retirement Plan | 12                                      | 73,259                                       | 0                                     |
|            | Excess Plan     | 12                                      | 130,616                                      |                                       |
|            | SERP            | 6                                       | 278,825                                      |                                       |
|            |                 |   | 482,700                                      |                                       |
| R. Halls   | Retirement Plan | 9                                       | 51,627                                       | 0                                     |
|            | Excess Plan     | 9                                       | 144,324                                      |                                       |
|            | SERP            | 8                                       | 550,655                                      |                                       |
|            |                 |   | 746,606                                      |                                       |
| R. Johnson | Retirement Plan | 12                                      | 76,349                                       | 0                                     |
|            | Excess Plan     | 12                                      | 133,084                                      |                                       |
|            | SERP            | 8                                       | 414,832                                      |                                       |
|            |                 |   | 624,265                                      |                                       |
| G. Bahler  | Retirement Plan | 29                                      | 313,684                                      | 0                                     |
|            | Excess Plan     | 29                                      | 434,960                                      |                                       |
|            | SERP            | 13                                      | 868,962                                      |                                       |
|            |                 |   | 1,617,606                                    |                                       |

***Notes to Pension Benefits Table***

(1)

In general, the present value of accumulated benefits was determined using the same measurement date (January 29, 2011) and assumptions used for financial reporting purposes. Expected retirement age for the Retirement Plan and the Excess Plan is equal to normal retirement age as defined by the plans. For the SERP, the age at which Participants become eligible for retirement under the plan is used as the expected retirement age. The following are the key assumptions that were used in calculating the values in the table:

ASC 715  
discount rate

of 5.1 percent for the Retirement Plan; ASC 715 discount rate of 4.2 percent for the Excess Plan and the SERP.

Retirement age is assumed to be 65 for the Retirement Plan and the Excess Plan; for the SERP the retirement age is assumed to be when age plus years of service equals 65.

Form of payment for the Retirement Plan and the Excess Plan is a lump sum; the form of payment for the SERP is 12 quarterly installments.

The years of service for the SERP reflect the number of years that the executive has been approved by the Compensation Committee as a participant in that plan. Mr. Hicks' years of service under the Retirement Plan and the Excess Plan are less than the number of years of credited service under the SERP because of the requirement that an employee must complete a year of eligibility service before becoming eligible for participation in these plans.

#### **Trust Agreement for Certain Benefit Plans**

The Company has established a trust for certain benefit plans, arrangements, and agreements, including the Supplemental Executive Retirement Plan, the Foot Locker Excess Cash Balance Plan, the executive employment

agreements, and other benefit plans, agreements or arrangements that may be



covered at a later date (collectively, the Benefit Obligations ). Under the trust agreement, if there is a Change in Control of the Company (as defined in the Trust agreement), the trustee would pay to the persons entitled to the Benefit Obligations the amounts to which they may become entitled under the Benefit Obligations. Upon the occurrence of a Potential Change in Control of the Company as defined in the trust agreement, the Company is required to fund the trust with an amount sufficient to pay the total amount of the Benefit Obligations. Following the occurrence, and during the pendency, of a Potential Change in Control, the trustee would be required to make payments of Benefit Obligations to the extent these payments are not made by the Company.

### EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of January 29, 2011 for compensation plans under which equity securities may be issued.

| Plan Category  | (a)   | (b)   | (c)  |
|--|---|---|--|
|  | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a)) |
| Equity Compensation Plans Approved by Security Holders     | 7,220,215   | \$ 17.1669  | 12,397,377 (1)(2)  |
| Equity Compensation Plans Not Approved by Security Holders | 0   | 0   | 0  |
| Total  | 7,220,215   | \$ 17.1669  | 12,397,377   |

#### Notes to Equity Compensation Plan Table

- (1) Includes 2,058,071 shares available for future issuance under the 2003 Employees Stock Purchase Plan (the 2003 Purchase Plan ) other than upon the exercise of an option, warrant

or right.

Participating employees under the 2003 Purchase Plan may contribute up to 10 percent of their annual compensation to acquire shares of the Company's Common Stock at 85 percent of the lower market price on one of two specified dates in each plan year.

- (2) The 2007 Stock Incentive Plan (the 2007 Plan ) currently is the only plan under which stock awards may be granted to directors, officers and other employees of Foot Locker.

Payouts under the Long-Term Incentive Compensation Plan may be made in cash or shares of Common Stock. If shares are used, they would be

issued as Other  
Stock-Based  
Awards under  
the 2007 Plan.

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**ITEMS TO BE VOTED ON BY SHAREHOLDERS**

**PROPOSAL 1:  
ELECTION OF DIRECTORS**

*General*

Our Certificate of Incorporation provides that the Board of Directors be divided into three classes serving staggered three-year terms, each class to be as nearly equal in number as the other two. The terms of Guillermo Marmol and Allen Questrom and the three directors constituting Class II expire at the 2011 annual meeting.

*Nominees*

During 2010, the Nominating and Corporate Governance Committee (the Nominating Committee ) conducted a search for potential director candidates who met the criteria for new directors. The Nominating Committee collected from existing Board members the names of potential nominees to the Board, including Guillermo Marmol and Allen Questrom, whose names were submitted by the Company's Chief Executive Officer. The committee reviewed and discussed the biographical and other background information on each person it identified as a potential director candidate. The committee chair met with certain of the potential candidates as determined by the committee based upon their individual experience and qualifications, as well as the current composition of the Board and its anticipated future needs, before the committee made a recommendation to the Board of Directors with regard to the election of two new directors in February 2011.

Nicholas DiPaolo, Matthew M. McKenna, Allen Questrom and Cheryl Nido Turpin will be considered for election as directors in Class II, to serve for three-year terms expiring at the annual meeting in 2014. In order to balance the membership in the classes, Guillermo Marmol will be considered for election as a director in Class I to serve for a two-year term expiring at the annual meeting in 2013. Each nominee has been nominated by the Board of Directors for election and has consented to serve. Messrs. Marmol and Questrom were elected by the Board to serve for their present terms on February 16, 2011. Ms. Turpin and Messrs. DiPaolo and McKenna were elected to serve for their present terms at the 2008 annual meeting of shareholders. The six remaining directors will continue in office until the expiration of their terms at the 2012 or 2013 annual meeting. If, prior to the annual meeting, any nominee is not able to serve, then the persons designated as proxies for this meeting (Gary M. Bahler, Ken C. Hicks and Robert W. McHugh) will have full discretion to vote for another person to serve as a director in place of that nominee.

James E. Preston, age 77, was elected to a term expiring at the annual meeting of shareholders in 2013. Under the retirement policy for directors, which is described on Page 9, the Nominating and Corporate Governance Committee has reviewed Mr. Preston's continued service for the forthcoming year of his term and has asked that Mr. Preston continue to serve as a director. Mr. Preston currently serves as lead director. Mr. Preston did not participate in the deliberations of the Nominating and Corporate Governance Committee on this matter.

The biographies of each of the nominees and the continuing directors contain information regarding the person's service as a director, business experience, director positions held currently and at any time during the last five years, and the experience, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and the Board to determine that the person should serve as a director of your company. The ages shown are as of April 7, 2011. There are no family relationships among the directors or executive officers of the Company.

**The Board of Directors recommends that shareholders vote FOR the election of the five identified nominees to the Board of Directors.**

**Nominee for Director  
Term Expiring in 2013**

**Guillermo G. Marmol.** Age 57. President of Marmol & Associates. Director of the Company since February 16, 2011.

Mr. Marmol has served as President of Marmol & Associates, a consulting firm that provides advisory services and investment capital to early stage technology companies, since March 2007 and, prior to that, from October 2000 to 2003. He served as Division Vice President and a member of the Executive Committee of Electronic Data Systems Corporation, a global technology services company, from 2003 to 2007, and as a director and Chief Executive Officer of Luminant Worldwide Corporation, an internet professional services company, from 1998 to 2000. He served as Vice President and Chair of the Operating Committee of Perot Systems Corporation, an information technology and business solutions company, from 1995 to 1998. He began his career at McKinsey & Company, a management consulting firm, rising to increasingly senior positions with the firm, including the positions of Director and Senior Partner from 1990 to 1995, and was a leader of the organization and business process redesign practices. Mr. Marmol is a member of the Board of Trustees of the Center for a Free Cuba in Arlington, Virginia.

Mr. Marmol has a significant background in information technology and systems, which is an area that is increasingly important as the marketplace becomes more heavily dependent on technology systems, including Internet and mobile device methods of purchasing by our customers. Through his long tenure as a management consultant focusing on strategic analysis and business processes, he will bring valuable knowledge and expertise to the Board as the Company continues to implement its strategic plan over the coming years.

**Nominees for Director  
Terms Expiring in 2014**

**Nicholas DiPaolo.** Age 69. Retired Vice Chairman of Bernard Chaus, Inc. Director of the Company since 2002.

Mr. DiPaolo served as Vice Chairman of Bernard Chaus, Inc. (apparel designer and manufacturer) from November 1, 2000 to June 23, 2005; Chief Operating Officer of Bernard Chaus from November 1, 2000 to October 18, 2004. Mr. DiPaolo is a director of JPS Industries and R.G. Barry Corporation. He previously was a director of Bernard Chaus, Inc.

Mr. DiPaolo has extensive experience as a senior executive of companies involved in the design and production of apparel, product development, and related financial matters. He served for four years as the Vice Chairman and Chief Operating Officer of Bernard Chaus, Inc., an apparel designer and manufacturer, and earlier in his career, as Chairman, President and Chief Executive Officer of Salant Corporation, a diversified apparel company. Mr. DiPaolo also serves on the boards of two other publicly traded companies, JPS Industries and R.G. Barry Corporation, and chairs the audit committees of both of those companies, which provides particularly useful background for his service as Chair of our Audit Committee.

**Matthew M. McKenna.** Age 60. President and Chief Executive Officer of Keep America Beautiful, Inc. Director of the Company since 2006.

Mr. McKenna has served as President and Chief Executive Officer of Keep America Beautiful, Inc. (non-profit community improvement and educational organization) since January 1, 2008. He was Senior Vice President of Finance of PepsiCo, Inc. (global snack and beverage company) from August 6, 2001 through December 31, 2007. Mr. McKenna serves on the board of the Manhattan Theater Club and Ignatian Volunteer Corps. He is also an adjunct professor at Fordham University School of Law in New York. He was a director of PepsiAmericas, Inc. from 2001 to 2010.

Mr. McKenna has had extensive experience in the areas of corporate taxation and finance, having served as a partner in a New York corporate law firm and as a senior financial officer of PepsiCo, Inc. In addition, he brings the perspective of the non-profit sector in his current position as President and Chief Executive Officer of Keep America Beautiful, Inc. and through his service as an adjunct professor at Fordham University's School of Law.

**Allen Questrom.** Age 69. Senior Advisor to Lee Equity Partners. Director of the Company since February 16, 2011.

Mr. Questrom has been a senior advisor to Lee Equity Partners, a private equity firm, since 2006. He served as non-executive Chairman of Deb Shops, a specialty retailer, from 2007 to 2010. He was Chairman and Chief Executive Officer of J.C. Penney Company, Inc. from 2000 to 2004. He served as Chairman and Chief Executive Officer of Barneys New York, Inc. from 1999 to 2000. He served for many years as a senior executive of Federated Department Stores, now known as Macy's Inc., serving as its Chairman and Chief Executive Officer from 1990 to 1997, and he served as President and Chief Executive Officer of Neiman Marcus Group, Inc. from 1988 to 1990. Mr. Questrom is a director of Sotheby's Holdings, Inc. He was a director of Wal-Mart Stores, Inc. from 2007 to 2010.

Mr. Questrom brings to our Board over 40 years of retail experience, including serving as the Chief Executive Officer and a director of publicly held retail companies. He is on the Board of Advisors of the Robin Report, a knowledge-based information and consulting business providing insight into various consumer products industries. His valuable knowledge and expertise in areas such as marketing, merchandising, customer service and the overall retail marketplace strongly contribute to the expertise of our Board.

**Cheryl Nido Turpin.** Age 63. Retired President and Chief Executive Officer of the Limited Stores. Director of the Company since 2001.

Ms. Turpin served as President and Chief Executive Officer of the Limited Stores (retail merchants), a division of Limited Brands, Inc., from June 1994 to August 1997. Prior to that, she served as President and Chief Executive Officer of Lane Bryant, a subsidiary of The Limited Stores, Inc., from January 1990 to June 1994. Ms. Turpin is a director of The Warnaco Group, Inc. and Stage Stores, Inc.

Ms. Turpin brings to our Board long experience as a retail company executive, most recently as President and Chief Executive Officer of Limited Stores, where she worked in a multi-divisional retail structure such as that of our Company. She also serves as a director of two other publicly traded companies, The Warnaco Group, Inc. and Stage Stores, Inc. Her service as Chair of the Compensation Committee of Warnaco and Stage Stores provides particularly useful background for her service on our Compensation and Management Resources Committee.

**Directors Continuing in Office  
Terms Expiring in 2013**

**Ken C. Hicks.** Age 58. The Company's Chairman of the Board, President and Chief Executive Officer. Director of the Company since 2009.

Mr. Hicks has served as the Company's Chairman of the Board since January 31, 2010, and President and Chief Executive Officer since August 17, 2009. He was President and Chief Merchandising Officer of J.C. Penney Company, Inc. ( JC Penney ), a national retail company, from 2005 to July 2009. He was President and Chief Operating Officer of Stores and Merchandise Operations of JC Penney from 2002 through 2004, and he served as President of Payless ShoeSource, Inc. (now known as Collective Brands, Inc.), from 1999 to 2002. Mr. Hicks is currently a director of Avery Dennison Corporation. He was a director of JC Penney from 2008 to July 2009.

Mr. Hicks has extensive experience as a retail company executive, and serves as our Chairman of the Board, President and Chief Executive Officer. Prior to joining us in August 2009, Mr. Hicks was the President and Chief Merchandising Officer of J. C. Penney Co., Inc. He also serves on the board of another publicly traded company, Avery Dennison Corporation.

**James E. Preston.** Age 77. Retired Chairman of the Board and Chief Executive Officer of Avon Products, Inc. Director of the Company since 1983.

Mr. Preston served as Chairman of the Board of Avon Products, Inc. (manufacture and sale of beauty and related products) from 1989 to May 6, 1999, and Chairman and Chief Executive Officer of Avon Products, Inc. from 1989 to June 1998. He was a director of ARAMARK Corporation and Reader's Digest Association.

Mr. Preston has a long and broad base of experience in the consumer products sector, marketing, and international business, having served for many years as the Chairman of the Board and Chief Executive Officer of Avon Products, Inc. He also has many years of experience on our Board, as well as service on the boards of other public companies, including The Readers Digest Association, ARAMARK Corporation, and Avon Products, Inc. This experience, combined with his knowledge of Foot Locker and its operations, make him particularly suitable to serve as lead director.

**Dona D. Young.** Age 57. Retired Chairman, President and Chief Executive Officer of The Phoenix Companies, Inc. Director of the Company since 2001.

Mrs. Young served as Chairman of the Board (from April 1, 2003 to April 15, 2009), President (from 2000 to April 15, 2009), and Chief Executive Officer (from January 2003 to April 15, 2009) of The Phoenix Companies, Inc. (provider of wealth management products and services to individuals and institutions). Following her retirement, she served as Consultant and Advisor of The Phoenix Companies from April 15, 2009 to April 15, 2010. Mrs. Young served as Chairman of the Board and Chief Executive Officer of Phoenix Life Insurance Company from 2003 to April 15, 2009. She is a trustee emeritus of the Goodspeed Opera House Foundation, Inc. and is a trustee of Saint James School. She has previously served as a director of The Phoenix Companies, Inc., Wachovia Corporation, and Sonoco Corporation.

Mrs. Young has a broad base of financial, business, and legal experience. Prior to her retirement, she spent her business career at The Phoenix Companies, Inc., most recently as its Chairman of the Board, President and Chief Executive Officer. Earlier in her career, Mrs. Young served for many years as Phoenix's General Counsel. Her long experience in the financial services sector, including service as both a General Counsel and Chief Executive Officer, have given Mrs. Young extensive background in a number of areas, including financial reporting, corporate governance, and processes for analyzing and controlling risk. In addition, Mrs. Young has had experience serving as an independent director on the boards of two other publicly traded companies, and on the boards of non-profit organizations.

**Directors Continuing in Office**  
**Terms Expiring in 2012**

**Alan D. Feldman.** Age 59. Chairman of the Board, President and Chief Executive Officer of Midas, Inc. Director of the Company since 2005.

Mr. Feldman has served as Chairman, President and Chief Executive Officer of Midas, Inc. (automotive repair and maintenance services) since May 1, 2006. He was President and Chief Executive Officer of Midas from January 13, 2003 to April 30, 2006. He was an independent consultant from March 2002 to January 2003. Mr. Feldman is a director of Midas, Inc. and John Bean Technologies Corporation.

Mr. Feldman is a recognized business leader with a broad base of experience in independent, franchised retail operations, brand management and customer relations. He currently serves as Chairman, President and Chief Executive Officer of Midas, Inc., and on the board of one other publicly traded company. Prior to joining Midas, his business experience included management positions at PepsiCo, Pizza Hut, and McDonald's.



**Jarobin Gilbert Jr.** Age 65. President and Chief Executive Officer of DBSS Group, Inc. Director of the Company since 1981.

Mr. Gilbert has served as President and Chief Executive Officer of DBSS Group, Inc. (management, planning, and trade consulting services) since 1992. He is a director of Midas, Inc. He served as non-executive Chairman of the Board of Directors of the Atlantic Mutual Companies to 2010. He was a director of PepsiAmericas, Inc. from 1994 to 2010. Mr. Gilbert is a director of Harlem Partnership, Inc. and a permanent member of the Council on Foreign Relations.

Mr. Gilbert has long experience in international business matters. He works as a business consultant, with particular emphasis on international business arrangements. He has served on our board for many years, during which time he has developed an extensive knowledge of our business and our company history. He has also served on the boards of other publicly traded companies and chaired the Audit Committee of PepsiAmericas, Inc. Mr. Gilbert also served as non-executive Chairman of the Board of a mutual insurance company and is affiliated with several non-profit organizations, including as a director of the Harlem Partnership, Inc., as a member of the American Council on Germany, and a permanent member of the Council on Foreign Relations.

**David Y. Schwartz.** Age 70. Independent Business Adviser and Consultant. Director of the Company since 2000.

Mr. Schwartz has been an independent business adviser and consultant, principally in the retail, distribution and service industries, since July 1997. He was a partner with Arthur Andersen LLP from 1972 until he retired from that public accounting firm in 1997. Mr. Schwartz is a director of Walgreen Co. and Stage Stores, Inc. He was a director of True Value Company, a private company, until April 2011.

Mr. Schwartz has great depth in the areas of audit, accounting, and finance, having spent his career as a partner at the accounting firm Arthur Andersen, retiring in 1997. He is, therefore, particularly well qualified to serve on our Audit Committee and as the Audit Committee's designated financial expert. He also has experience as a business consultant, and as a director of two other publicly traded retail companies. His experience serving on the audit committees of those companies, which he chairs, adds to the level of expertise that he brings to service on our Board and Audit Committee.

**PROPOSAL 2:  
RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING  
FIRM**

The Audit Committee of the Board of Directors has appointed KPMG LLP as our independent registered public accounting firm for the 2011 fiscal year. We are asking shareholders at this meeting to ratify this appointment of KPMG LLP for 2011.

Representatives of KPMG are expected to be present at the annual meeting and will have an opportunity to make a statement and respond to appropriate questions.

**The Board of Directors recommends that shareholders vote FOR Proposal 2.**

**Audit and Non-Audit Fees**

The following table shows the fees we paid to KPMG for the audit of Foot Locker's annual financial statements for 2010 and 2009, as well as the fees billed for other services KPMG provided during these two fiscal years.

| Category               | 2010                | 2009                |
|------------------------|---------------------|---------------------|
| Audit Fees (1)         | \$ 2,665,000        | \$ 2,698,000        |
| Audit-Related Fees (2) | 301,000             | 327,000             |
| Tax Fees (3)           | 141,000             | 117,000             |
| All Other Fees         | 0                   | 0                   |
| <b>Total</b>           | <b>\$ 3,107,000</b> | <b>\$ 3,142,000</b> |

**Notes to Audit and Non-Audit Fees Table**

- (1) Audit fees consisted of professional services provided in connection with the audit of our annual financial statements, reviews of financial statements included in our Form 10-Qs, reviews of registration

statements  
and  
issuances of  
consents, as  
well as work  
generally  
only the  
independent  
auditor can  
reasonably  
be expected  
to provide,  
such as  
statutory  
audits.

(2) Audit-related  
fees  
consisted  
principally  
of audits of  
financial  
statements of  
certain  
employee  
benefit  
plans.

(3) Tax fees  
consisted  
principally  
of assistance  
with matters  
related to tax  
compliance.

#### **Audit Committee Pre-Approval Policies and Procedures**

The Audit Committee has a policy that all audit and non-audit services to be provided by our independent accountants, including services for our subsidiaries and affiliates, are to be approved in advance by the Audit Committee, regardless of the estimated cost for providing such services. Between meetings of the Committee, the Audit Committee has delegated this authority to the Chair of the Committee. In practice, these fees are normally approved by the Committee Chair and reviewed with the Audit Committee at a subsequent meeting. Management reviews with the Audit Committee at regularly scheduled meetings the total amount and nature of the audit and non-audit services provided by the independent accountants, including services for our subsidiaries and affiliates, since the Committee's last meeting. None of the services pre-approved by the Audit Committee or the Chair of the Committee during 2010 utilized the *de minimis* exception to pre-approval contained in the applicable rules of the Securities and Exchange Commission.

### **Audit Committee Report**

In accordance with the charter adopted by the Board of Directors, the Audit Committee assists the Board in fulfilling its oversight responsibilities in the areas of the Company's accounting policies and practices and financial reporting. The Committee has responsibility for appointing the independent accountants. The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting.

The Audit Committee consists of five independent directors, as independence is defined under the rules of The New York Stock Exchange. All of the Committee members meet the expertise requirements under the rules of The New York Stock Exchange.

The Audit Committee held eight meetings in 2010. At its meetings during 2010, the Committee discussed with management, KPMG LLP, the Company's independent registered public accountants, and the Company's internal auditors the assessment of the Company's internal control over financial reporting. The Committee also discussed with KPMG its attestation report and opinion on the Company's internal control over financial reporting contained in the Company's 2010 Annual Report on Form 10-K.

The Audit Committee reviewed and discussed with management and KPMG the audited financial statements for the 2010 fiscal year, which ended January 29, 2011. The Committee also discussed with KPMG the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee, both with and without management present, discussed and reviewed the results of KPMG's examination of the financial statements and the overall quality of the Company's financial reporting.

The Audit Committee obtained from KPMG the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with KPMG its independence and any relationships that may affect its objectivity. The Audit Committee also considered whether the non-audit services provided by KPMG to the Company are compatible with maintaining KPMG's independence. The Committee has satisfied itself that KPMG is independent.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Foot Locker's Annual Report on Form 10-K for the 2010 fiscal year.

Nicholas DiPaolo, *Chair*

Jarobin Gilbert Jr.

Guillermo Marmol

Matthew M. McKenna

David Y. Schwartz

**PROPOSAL 3:  
APPROVAL OF THE FOOT LOCKER LONG-TERM INCENTIVE COMPENSATION PLAN, AS  
AMENDED AND RESTATED**

The Foot Locker Long-Term Incentive Compensation Plan was amended and restated (the Restated LTIP ) on March 23, 2011 by the Compensation and Management Resources Committee, subject to our shareholders approval at the 2011 annual meeting as to Covered Employees. The Restated LTIP is designed to comply with the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended ( Section 162(m) ). Under Section 162(m), the Company cannot deduct certain compensation in excess of \$1 million paid to each of the chief executive officer and the three other most highly paid executive officers (other than the chief financial officer) of the Company (each, a Covered Employee ). Certain compensation, including compensation paid based on the achievement of pre-established performance goals, is excluded from this deduction limit if the material terms under which the compensation is to be paid, including the performance goals to be used, are approved by shareholders. Shareholders last approved the performance goals under the plan in 2006.

We are asking shareholders to approve the Restated LTIP, including the performance goals under this plan. For many years, the plan has provided for performance goals based on either or both of Consolidated Net Income and return on invested capital ( ROIC ). Under the Restated LTIP, we have expanded the performance goal criteria so that the Compensation and Management Resources Committee (the Compensation Committee ) may determine the performance goals for individual performance periods based on a wider range of metrics, which are described below under the paragraph headed Performance Goals. The expanded goals incorporate the goals that shareholders have previously approved for the Annual Incentive Compensation Plan and the 2007 Stock Incentive Plan. We believe that the broader range of metrics will provide the Compensation Committee with flexibility to utilize different metrics, as may be appropriate, in a manner that links the executive to the stated performance goal, which may change over time. A complete copy of the Restated LTIP is attached to this proxy statement as Appendix A.

**2011 Amendments**

We have specified in the Restated LTIP that the Annual Base Salary on which long-term awards are based is the executive s annual base salary approved by the Compensation Committee at the time the long-term award is made to any participant for

a Performance Period. This means that if an executive receives a salary increase during the performance period which is unrelated to a promotion, then the salary increase is not considered in calculating the executive's bonus payout, if any, for that performance period. A salary increase during the performance period based on an executive's promotion would, however, be considered in the bonus payout calculation for that performance period.

As noted above, we have expanded the performance goal criteria so that the Compensation Committee may determine the performance goals for individual

performance periods based on a wider-range of metrics. The plan has historically provided for performance goals based on either or both of Consolidated Net Income and ROIC. By expanding the criteria on which performance goals may be set, this will provide the Compensation Committee with greater flexibility to consider not only Consolidated Net Income and ROIC, but also deeper aspects of the Company's business to incentivize executives with regard to the long-term goals of the Company.

**Material Features of the Restated LTIP**

The following is only a summary of the principal features of the Restated LTIP. This summary is qualified in its entirety by the complete text of the Restated LTIP. Capitalized terms used in this summary but that are not defined here have the meanings contained in the Restated LTIP.

**Purpose of the Plan.** The purposes of the Restated LTIP are to reinforce corporate, organizational, and business development goals; to promote the achievement of year-to-year and long-range financial and other business objectives; to reward the performance of individual officers and other employees in fulfilling their personal responsibilities for long-range achievements; and to serve as a qualified performance-based compensation program

under Section 162(m) with regard to Covered Employees.



**Administration.** The Restated LTIP is administered by the Compensation Committee, each member of which is an outside director under Section 162(m). The Compensation Committee has the authority to approve the designation of eligible participants, determine performance criteria, certify attainment of performance goals, construe and interpret the Restated LTIP and make all other determinations deemed necessary or advisable for the administration of the Restated LTIP.

**Participation.** Participation in the Restated LTIP is limited to those officers and other key employees of the Company, its subsidiaries and divisions, as selected by the Compensation Committee. In determining the persons to whom awards shall be granted, the Compensation Committee takes into account such factors as the Compensation Committee deems appropriate to accomplish the purposes of the Restated LTIP. Currently, 21 executives participate in this plan.

**Performance Periods and Individual Target Awards.** Restated LTIP awards relate to a period of three consecutive fiscal years or such other period as determined by the Compensation Committee, beginning with the fiscal year in which the award is made (the Performance Period). The individual target award for each participant is expressed as a percentage of Annual Base Salary approved by the Compensation Committee at the time the award is made to the participant for a Performance Period.

**Payment.** In general, payment for such awards shall be made only if and to the extent performance goals for the Performance Period are attained and only if the participant remains employed by the Company throughout the Performance Period. Payment to a participant for each Performance Period will be made in cash, shares of Common Stock, or a combination of these forms of payment. If payment is made in shares of Common Stock, the number of shares of Common Stock is determined by dividing the achieved percentage of a participant's Annual Base Salary by the Fair Market Value of the Common Stock on the payment date. Fair Market Value of the Common stock on the date of payment, as defined in the Restated LTIP, is the average of the daily closing prices of a share of the Company's Common Stock during the 60-day period immediately preceding the payment date.

**Limit on Payment.** Payment for a Performance Period to a Covered Employee cannot be in an amount that exceeds the lesser of (a) 300% of that employee's Annual Base Salary or (b) \$5,000,000. Awards of Common Stock made pursuant to the Restated LTIP are Other Stock-Based Awards and are issued under, and subject to, the provisions of the Company's 2007 Stock Incentive Plan.

**Performance Goals.** The Compensation Committee generally has the authority to determine the performance goals that will be in effect for a Performance Period. The Compensation Committee has the authority to determine the performance goals for the Covered Employees solely to the extent permitted by Section 162(m).

The performance goals for the Covered Employees will be determined by the Compensation Committee based on one or more of the following criteria selected by the Compensation Committee:

- (a) the attainment of certain target levels of, or percentage increase in, Consolidated Net Income;
- (b) the attainment of certain

target levels  
of, or a  
specified  
increase in,  
ROIC or return  
on investment;

(c) the attainment  
of certain  
target levels  
of, or  
percentage  
increase in,  
pre-tax profit;

(d) the attainment  
of certain  
target levels  
of, or a  
percentage  
increase in,  
after-tax  
profits of Foot  
Locker (or a  
subsidiary,  
division, or  
other  
operational  
unit of Foot  
Locker);

(e) the attainment  
of certain  
target levels  
of, or a  
specified  
increase in,  
operational  
cash flow of  
Foot Locker  
(or a  
subsidiary,  
division, or  
other  
operational  
unit of Foot  
Locker);

(f) the  
achievement  
of a certain

level of,  
reduction of,  
or other  
specified  
objectives with  
regard to  
limiting the  
level of  
increase in, all  
or a portion of,  
Foot Locker's  
bank debt or  
other  
long-term or  
short-term  
public or  
private debt or  
other similar  
financial  
obligations of  
Foot Locker, if  
any, which  
may be  
calculated net  
of such cash  
balances  
and/or other  
offsets and  
adjustments as  
may be  
established by  
the  
Compensation  
Committee;

- (g) the attainment of a specified percentage increase in earnings per share or earnings per share from continuing operations of Foot Locker (or a subsidiary, division or other operational

unit of Foot  
Locker);

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- (h) the attainment of certain target levels of, or a specified percentage increase in, revenues, net income, or earnings before (A) interest, (B) taxes, (C) depreciation and/or (D) amortization, of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);
- (i) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax return on shareholders equity of Foot Locker (or any subsidiary, division or other operational unit of Foot Locker); or
- (j) the attainment of a certain target level of, or reduction in, selling, general and

administrative  
expense as a  
percentage of  
revenue of  
Foot Locker  
(or any  
subsidiary,  
division or  
other  
operational  
unit of Foot  
Locker).

To the extent permitted by law, unless the Compensation Committee determines otherwise at the time the performance goals are set, the Compensation Committee shall exclude the impact of any of the following events or occurrences:

restructurings,  
discontinued  
operations,  
extraordinary  
items and  
other unusual  
or  
non-recurring  
charges;

any acquisition  
or divestiture  
of an operating  
business  
during the plan  
year or  
performance  
period;

impairment  
charges taken  
under relevant  
accounting  
rules;

an event either  
not directly  
related to the  
operations of  
the Company  
or not within  
the reasonable  
control of the  
Company's  
management;

or

a change in tax  
law or  
accounting  
standards  
required by  
generally  
accepted  
accounting  
principles.

Performance goals may also be based on individual participant performance goals, as determined by the Compensation Committee, in its sole discretion.

In addition, all performance goals may be based upon the attainment of specified levels of Company (or subsidiary, division or other operational unit of the Company) performance under one or more of the measures described above relative to the performance of other corporations. The Compensation Committee may designate additional business criteria on which the performance goals may be based or adjust, modify, or amend those criteria.

**Amendment or Termination of the Plan.** The Compensation Committee may amend, suspend, or terminate the Restated LTIP, or any part of it, but no amendment that requires shareholder approval in order for the Restated LTIP to continue to comply with Section 162(m) will be effective unless it is approved by the required vote of our shareholders. Also, no amendment may adversely affect the rights of any participant without the participant's consent under any awards previously granted under the plan.

**Benefits Not Determinable.** Because performance goal criteria may vary from year to year, benefits under the Restated LTIP are not determinable. The Restated LTIP is designed to provide payments only if the performance goals established by the Compensation Committee have been met and the attainment of the goals has been certified by the Compensation Committee. The Summary Compensation Table on Page 35 states the payouts under the plan to the named executive officers for the 2008-2010 Performance Period. The Company did not make any payments under the Long-Term Incentive Compensation Plan for the 2007-2009 or the 2006-2008 Performance Periods because the performance goals were not met.

**The Board of Directors recommends a vote FOR Proposal 3.**

**PROPOSAL 4:  
ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Board of Directors is asking you to approve, on a nonbinding, advisory basis, the 2010 compensation of our named executive officers, as described in this proxy statement on Pages 21 through 60. As described in detail under the heading "Compensation Discussion and Analysis" beginning on Page 21, our compensation program is designed to attract, motivate and retain talented retail executives in order to maintain and enhance the Company's performance and its return to shareholders. A significant portion of the compensation provided to the named executive officers is based upon the Company's performance and the performance of our share price, and we believe this compensation structure closely aligns the interests of our named executive officers with the interests of our shareholders. Our compensation program is designed so that total compensation in any year will vary, sometimes significantly, based upon Company performance. We believe you should read the Compensation Discussion and Analysis and the compensation tables beginning on Page 21 and also consider the following factors in determining whether to approve this proposal:

**Substantial progress was made in 2010 under our five-year strategic plan.**

**Our total shareholder return in 2010 (increase in share price plus reinvested dividends) was 63.6 percent, and over the past three years (2008 to 2010) was 47.1 percent.**

**Our annual bonus and long-term bonus plans only pay out if the Company performs. Based upon the Company's performance, payments were made to the named executive officers under both the Annual Bonus Plan and the Long-Term Bonus Plan for 2010. However, no payments were made under either plan for 2009, and a below-target payment was made in 2008 under the**



**Annual Bonus Plan only.**

**Our executive compensation program is designed to reinforce our pay-for-performance culture.**

**Our named executives are required to hold a multiple of their salary in shares of the Company's Common Stock.**

The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our named executive officers, as described in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission. The vote is advisory, which means that the vote is not binding on the Company, our Board of Directors or the Compensation and Management Resources Committee of the Board of Directors. The Compensation and Management Resources Committee will review and consider the results of this advisory vote.

The Board of Directors recommends approval of the following resolution:

RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of our named executive officers, as disclosed in the Company's Proxy Statement for the 2011 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2010 Summary Compensation Table, and the other related tables and disclosure.

**The Board of Directors recommends a vote FOR Proposal 4.**

**PROPOSAL 5:  
ADVISORY VOTE ON FREQUENCY OF  
EXECUTIVE COMPENSATION VOTE**

The Company is presenting the following proposal, which gives shareholders the opportunity to vote on a nonbinding, advisory basis, for their preference as to how frequently we should seek future advisory votes on the compensation of our named executive officers as disclosed in accordance with the compensation disclosure rules of the Securities and Exchange Commission, which we refer to as an advisory vote on executive compensation. By voting with respect to this Proposal 5, shareholders may indicate whether they would prefer that we conduct future advisory votes on executive compensation every one, two, or three years. Shareholders also may, if they wish, abstain from casting a vote on this proposal.

The Board of Directors has determined that an advisory vote on executive compensation that occurs once every three years is the most appropriate alternative and the Board recommends that you vote for the three-year interval for the advisory vote on executive compensation. We strongly believe that taking a long-term approach to Company performance and executive compensation is in the best interest of the Company and our shareholders as opposed to over-emphasizing short-term variations in compensation and business results, which may result from an annual vote. We emphasize long-term performance in the design of our executive compensation program because by doing so our compensation structure is more closely aligned with the long-term strategic plan for the Company and the interests of our long-term shareholders. As we have designed our compensation programs to support long-term value creation (through stock awards) and incentivize performance over a multi-year period (through long-term incentives), we believe that a vote that occurs once every three years will allow our shareholders to better evaluate our executive compensation programs. While we are recommending an advisory vote every three years, we value and encourage shareholders to give us regular feedback on our executive compensation program. We believe, however, that compensation decisions, Company performance and potential increases in shareholder value should be evaluated over a long-term horizon, rather than simply on a year-to-year, short-term basis.

**The Board of Directors recommends that an advisory vote on the compensation of our named executive officers be held every 3 years.**

**DEADLINES AND PROCEDURES FOR NOMINATIONS  
AND SHAREHOLDER PROPOSALS**

***SEC***

***Rule***

***14a-8***

Under SEC Rule 14a-8, if a shareholder would like us to include a proposal in our proxy statement and form of proxy for the 2012 Annual Meeting of Shareholders, our Corporate Secretary must receive the proposal at our corporate headquarters at 112 West 34th Street, New York, New York 10120 by December 9, 2011 in order to be considered for inclusion in the 2012 proxy statement.

***Other***

***Proposals***

For any shareholder proposal that is not submitted under SEC Rule 14a-8, including nominations for directors, our By-laws describe the procedures that must be followed. Under these procedures, we must receive notice of a shareholder's intention to introduce a nomination or proposed item of business for an annual meeting not less than 90 days nor more than 120 days before the first anniversary of the prior year's annual meeting. For 2011, we must receive this notice no earlier than January 19, 2012 and no later than February 18, 2012, assuming that our 2012 annual meeting is held on schedule. However, if we hold the annual meeting on a date that is not within 30 days before or after the first anniversary of the prior year's annual meeting, then we must receive the notice no later than ten days after the earlier of the date we first provide notice of the meeting to shareholders or announce it publicly.

Proposals for nomination for directors and other items of business should be addressed to the Corporate Secretary, 112 West 34th Street, New York, New York 10120 and must contain the information specified in the Company's By-Laws, which are available on the corporate governance section of our corporate website at

<http://www.footlocker-inc.com/investors.cfm?page=corporate-governance> or from the Corporate Secretary.

By Order of the Board of Directors

GARY M. BAHLER

*Secretary*

April 7, 2011

**LOCATION OF THE 2011 ANNUAL MEETING OF SHAREHOLDERS  
OF FOOT LOCKER, INC.**

Our corporate headquarters is the site of the 2011 Annual Meeting of Shareholders.

We are located at 112 West 34th Street, New York City, New York 10120

**BY SUBWAY**

Take any of these subway lines: the A, B, C, D, E, F, M, N, Q, R, or the Number 1, 2, or 3 trains to 34th Street. The A, C, E, 1, 2, and 3 trains stop at 34th Street Penn Station. The B, D, F, M, N, Q, and R, trains stop at 34th Street Herald Square. Our building is on the south side of 34th Street between 7th Avenue and Broadway.

**BY CAR OR TAXI**

Take the Lincoln Tunnel into New York City, following the signs for 34th Street. Turn left onto West 34th Street. Our building is on the south side of 34th Street between 7th Avenue and Broadway.

**FOOT LOCKER LONG-TERM INCENTIVE COMPENSATION PLAN**  
**Amended and Restated as of March 23, 2011**

Effective as of February 1, 1981, the Board of Directors of Foot Locker Specialty, Inc. adopted a Long-Term Incentive Compensation Plan (the Plan) for certain executives of Foot Locker Specialty, Inc. and its subsidiaries. Effective as of August 7, 1989, Foot Locker, Inc. (Foot Locker) adopted the Plan, as amended. The Plan has been amended and restated from time to time, and in accordance with the requirements of Section 162(m) of the Code (as defined below), the performance goals under the Plan were initially approved at the 1996 annual meeting of shareholders and were reapproved in 2001 and 2006. The Plan is again amended and restated as of March 23, 2011 in the form set forth below, subject to shareholder approval of the performance goals set forth herein at the 2011 annual meeting of shareholders.

The objectives of the Plan are:

- (a) to reinforce corporate organizational and business-development goals.
- (b) to promote the achievement of year-to-year and long-range financial and other business objectives such as high quality of service and product, improved productivity and efficiencies for the benefit of our customers' satisfaction and to assure a reasonable return to Foot Locker's shareholders.
- (c) to reward the performance of individual executives in fulfilling their personal responsibilities for long-range achievements.
- (d) to serve as a qualified performance-based compensation program under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code) or any successor section and the Treasury regulations promulgated thereunder (Section 162(m) of the Code).
- (e) to award shares of Common Stock (as defined below) after attainment of pre-established performance goals and completion of the Performance Period (as defined below), which shall be considered Other Stock-Based Awards under the Foot Locker 2007 Stock Incentive Plan or other applicable stock incentive plan of the Company (the Stock Incentive Plan).

1. **Definitions.** The following terms, as used herein, shall have the following meanings:

- (a) **Annual Base Salary** shall mean the annual base salary approved by the Committee with respect to the executive at the time the performance goals are established by the Committee, as described in Section 5(b) hereof without reduction for any amounts withheld pursuant to participation in a cafeteria plan under Section 125 of the Code, a cash or deferred arrangement under Section 401(k) of the Code or a qualified transportation arrangement under Section 132(f) of the Code. Notwithstanding the foregoing in the event of an executive's promotion during a Performance Period, such participant's Annual Base Salary shall reflect any salary increase paid as a result of the participant's promotion.
- (b) **Board** shall mean the Board of Directors of Foot Locker.
- (c) **Change in Control** shall mean any of the following: (i) the merger or consolidation of the Company with, or the sale or disposition of all or substantially all of the assets of the Company to, any person other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) fifty percent (50%) or more of the combined voting power of the voting securities of the Company or

such surviving or parent entity outstanding immediately after such merger or consolidation; or (B) a merger or capitalization effected to implement a recapitalization of the Company (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly (as determined under Rule 13d-3 promulgated under the Securities Exchange Act of 1934), of securities representing more than the amounts set forth in (ii) below; (ii) the acquisition of direct or indirect beneficial ownership (as determined under Rule 13d-3 promulgated under the Securities Exchange Act of 1934), in the aggregate, of securities of the Company representing thirty-five percent (35%) or more of the total

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combined voting power of the Company's then issued and outstanding voting securities by any person acting in concert; or (iii) during any period of not more than twelve (12) months, individuals who at the beginning of such period constitute the Board of Directors of the Company (referred to herein as the Board), and any new director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds ( $\frac{2}{3}$ ) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

(d) **Committee** shall mean two or more members of the Compensation Committee of the Board, each of whom is an outside director within the meaning of Section 162(m) of the Code.

(e) **Common Stock** shall mean common stock of Foot Locker, par value \$0.01 per share.

(f) **Consolidated Net Income** shall mean the net income of Foot Locker and its subsidiaries for each fiscal year determined in accordance with generally accepted accounting principles and reported upon by Foot Locker's independent accountants but before provision for accrued expenses net of the related income tax reduction for payments to be made pursuant to this Plan.

(g) **Fair Market Value** of a share of Common Stock shall mean the average of the closing prices of a share of such Common Stock as reported on the Composite Tape for the New York Stock Exchange during the sixty (60) day period immediately preceding the payment date relating to the applicable Performance Period.

(h) **Individual Target Award** shall mean the targeted performance award for a Plan Year specified by the Committee as provided in Section 5 herein.

(i) **Performance Period** shall mean the period of three consecutive Plan Years or such other period as determined by the Committee, beginning with the Plan Year in which the award is made.

(j) **Plan Year** shall mean Foot Locker's fiscal year during which the Plan is in effect.

2. **Administration of the Plan.** The Plan shall be administered by the Committee. No member of the Committee while serving as such shall be eligible for participation in the Plan. The Committee shall have exclusive and final authority in all determinations and decisions affecting the Plan and its participants. The Committee shall also have the sole authority to interpret the Plan, to establish and revise rules and regulations relating to the Plan, to delegate such responsibilities or duties as it deems desirable, and to make any other determination that it believes necessary or advisable for the administration of the Plan including, but not limited to: (i) approving the designation of eligible participants; (ii) setting the performance criteria within the Plan guidelines; and (iii) certifying attainment of performance goals and other material terms. To the extent any provision of the Plan, other than Section 7 herein, creates impermissible discretion under Section 162(m) of the Code or would otherwise violate Section 162(m) of the Code, such provision shall have no force or effect.

3. **Participation.** Participation in the Plan is limited to officers or other key employees of Foot Locker or any subsidiary thereof, as selected by the Committee in its sole discretion. The Committee may from time to time designate additional participants who satisfy the criteria for participation as set forth herein, and shall determine when an officer or key employee of Foot Locker ceases to be a participant in the Plan.

4. **Right to Payment.** Unless otherwise determined by the Committee in its sole discretion, a participant shall have no right to receive payment under this Plan unless the participant remains in the employ of Foot Locker at all times during the applicable Performance Period; provided, however, that notwithstanding any other provision of the Plan, the Committee may make a pro-rata payment following the end of the Performance Period to any participant in circumstances the Committee deems appropriate including, but not limited to a participant's death, disability,

retirement, or other termination of employment during the Performance Period, provided the performance goals for the Performance Period are met. Furthermore, upon a Change in Control the Committee may, in its sole discretion, but only to the extent permitted under Section 162(m) of the Code (if applicable), make a payment to any participant who is a participant at the time of such Change in Control, on the date of the Change in Control, or as soon as practicable thereafter, and prior to the end of the Performance Period (to the extent determinable), which is equal to or less than the pro-rata portion (through the date of the Change in Control) of the Individual Target Award based on (a) the actual performance

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results achieved relative to the Performance Period's performance goals with respect to the period from the commencement of the Performance Period to the date of the Change in Control, and (b) the performance results that would have been achieved had the Performance Period's Target been met for the balance of such Performance Period. Any pro-ration required hereunder shall be based on a fraction, the numerator of which is the number of months completed before the termination of employment or Change in Control, as the case may be, and the denominator of which is the number of months in the Performance Period.

**5. Payment.**

(a) Payment to a participant under this Plan for each Performance Period shall be made in cash, shares of the Company's Common Stock, or any combination thereof, as determined by the Committee for each Performance Period. If payment is to be made in shares of the Company's Common Stock, the number of shares of Common Stock shall be determined by the Committee by dividing the achieved percentage of such participant's Annual Base Salary payable in Common Stock (as determined by the Committee for each Performance Period) by the Fair Market Value of the Common Stock on the date of payment as determined in accordance with Section 4 or 6 herein. Such achieved percentage shall be based on the participant's achievement of his or her Individual Target Award. Except to the extent provided for in Section 4 hereof, payment shall be made only if and to the extent the relevant performance goals with respect to the Performance Period are attained. Awards of Common Stock made pursuant to this Plan are Other Stock-Based Awards (as defined in the Stock Incentive Plan) and are issued under and subject to, the applicable provisions of the Stock Incentive Plan including, without limitation, Section 9 (Other Stock-Based Awards) and Section 5 (Stock Subject to the Plan; Limitation on Grants). In the event that any payment results in other than a whole number of shares of Common Stock, the value of the fractional share of Common Stock shall be paid in cash.

(b) At the beginning of each Performance Period (or within the time period prescribed by Section 162(m) of the Code), the Committee shall establish all performance goals and the Individual Target Awards for such Performance Period and Foot Locker shall inform each participant of the Committee's determination with respect to such participant for such Performance Period. Individual Target Awards shall be expressed as a percentage of such participant's Annual Base Salary. At the time the performance goals are established, the Committee shall prescribe a formula to determine the percentage of the Individual Target Award which may be payable based upon the degree of attainment of the performance goals during the Performance Period.

(c) Notwithstanding anything to the contrary contained in this Plan,

(1) the performance goals in respect of awards granted to participants hereunder, shall be based on one or more of the following criteria:

(i) the attainment of certain target levels of, or percentage increase in, pre-tax profit;

(ii) the attainment of certain target levels of, or percentage increase in, division profit;

(iii) the attainment of certain target levels of, or a percentage increase in, after-tax profits of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);

(iv) the attainment of certain target levels of, or a specified increase in, operational cash flow of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);

(v) the achievement of a certain level of, reduction of, or other specified objectives with regard to limiting the level of increase in, all or a portion of, Foot Locker's bank debt or other long-term or short-term public or private debt or other similar financial obligations of Foot Locker, if any, which may be calculated net of such cash balances and/or other offsets and adjustments as may be established by the Committee;

(vi) the attainment of a specified percentage increase in earnings per share or earnings per share from continuing operations of Foot Locker (or a subsidiary, division or other operational unit of Foot Locker);

(vii) the attainment of certain target levels of, or a specified percentage increase in, revenues, net income, or earnings before (A) interest, (B) taxes, (C) depreciation and/or (D)

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amortization, of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);

(viii) the attainment of certain target levels of, or a specified increase in, return on invested capital or return on investment;

(ix) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax return on shareholders equity of Foot Locker (or any subsidiary, division or other operational unit of Foot Locker);

(x) the attainment of a certain target level of, or reduction in, selling, general and administrative expense as a percentage of revenue of Foot Locker (or any subsidiary, division or other operational unit of Foot Locker); and

(xi) the attainment of a certain target level of, or percentage increase in, Consolidated Net Income.

In addition, performance goals may be based upon the attainment of specified levels of Foot Locker (or a subsidiary, division or other operational unit of Foot Locker) performance under one or more of the measures described above relative to the performance of other corporations. The Committee may designate additional business criteria on which the performance goals may be based or adjust, modify, or amend those criteria.

(2) To the extent permitted under Section 162(m) of the Code, unless otherwise determined by the Committee at the time the performance goals are set and incorporated into the performance goals, the Committee shall exclude the impact of any of the following events or occurrences:

(i) restructurings, discontinued operations, extraordinary items and other unusual or non-recurring charges;

(ii) any acquisition or divestiture of an operating business during the Plan Year or Performance Period;

(iii) impairment charges taken under relevant accounting rules;

(iv) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management; or

(v) a change in tax law or accounting standards required by generally accepted accounting principles.

(3) In no event shall payment in respect of an award granted for a Performance Period be made to a participant as of the end of such Performance Period in a dollar value which exceeds the lesser of (i) 300% of such participant's Annual Base Salary or (ii) \$5,000,000.

**6. Time of Payment.** Subject to Section 4 herein, all payments earned by participants under this Plan shall be based on the achievement of performance goals established by the Committee and will be paid in accordance with Section 5 herein after performance goal achievements for the Performance Period have been finalized, reviewed, approved and certified by the Committee, but in no event later than two and one-half months following the end of the fiscal year for the last year of the applicable Performance Period. Foot Locker's independent accountants shall examine as of the close of the Performance Period and communicate the results of such examination to the Committee as to the appropriateness of the proposed payments under the Plan.

**7. Interim Participation.** Notwithstanding anything else herein, the Committee may, in its sole discretion, grant an award hereunder to a participant who commences employment with Foot Locker during a Plan Year. Such award is not required to satisfy the exception for performance-based compensation set forth in Section 162(m) of the Code.

**8. Miscellaneous Provisions.**

(a) A participant's rights and interests under the Plan may not be sold, assigned, transferred, pledged or alienated.

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(b) In the case of a participant's death, payment, if any, under the Plan shall be made to his or her designated beneficiary, or in the event no beneficiary is designated or surviving, to the participant's estate.

(c) Neither this Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of Foot Locker.

(d) Foot Locker shall have the right to make such provisions as it deems necessary or appropriate to satisfy any obligations it may have to withhold federal, state or local income or other taxes incurred by reason of payments made pursuant to this Plan.

(e) Except with regard to an award made pursuant to Section 7 herein, the Plan is designed and intended to comply with Section 162(m) of the Code and all provisions hereof shall be limited, construed and interpreted in a manner to so comply.

(f) While Foot Locker does not guarantee any particular tax treatment, the Plan is designed and intended to comply with the short-term deferral rules under Section 409A of the Code and the applicable regulations thereunder and shall be limited, construed and interpreted with such intent. All amounts payable under the Plan shall be payable within the short-term deferral period in accordance with Section 409A and regulations issued thereunder.

(g) The Board or the Committee may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part; provided, that, no amendment which requires shareholder approval in order for the Plan to continue to comply with the exception for performance based compensation under Section 162(m) of the Code shall be effective unless the same shall be approved by the requisite vote of the shareholders of Foot Locker as determined under Section 162(m) of the Code. Notwithstanding the foregoing, no amendment shall affect adversely any of the rights of any participant, without such participant's consent, under the award theretofore granted under the Plan.

YOUR VOTE IS IMPORTANT  
PLEASE VOTE YOUR PROXY

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***You can now access your Foot Locker, Inc. account online.***

Access your Foot Locker, Inc. account online via Investor ServiceDirect® (ISD).

BNY Mellon Shareowner Services, the transfer agent for Foot Locker, Inc., now makes it easy and convenient to get current information on your shareholder account.

|                             |                                    |
|-----------------------------|------------------------------------|
| View account status         | View payment history for dividends |
| View certificate history    | Make address changes               |
| View book-entry information | Obtain a duplicate 1099 tax form   |

**Visit us on the web at [www.bnymellon.com/shareowner/equityaccess](http://www.bnymellon.com/shareowner/equityaccess)  
For Technical Assistance Call 1-877-978-7778 between 9am-7pm  
Monday-Friday Eastern Time**

**Investor ServiceDirect®  
Available 24 hours per day, 7 days per week  
TOLL FREE NUMBER: 1-800-370-1163**

Choose **MLink<sup>SM</sup>** for fast, easy and secure 24/7 online access to your future proxy materials, investment plan statements, tax documents and more. Simply log on to **Investor ServiceDirect®** at [www.bnymellon.com/shareowner/equityaccess](http://www.bnymellon.com/shareowner/equityaccess) where step-by-step instructions will prompt you through enrollment.

**Important notice regarding the Internet availability of proxy materials for the 2011 Annual Meeting of Shareholders.** The 2011 Proxy Statement, 2010 Annual Report to Shareholders and 2010 Form 10-K are available at: <http://www.proxyvoting.com/fl>

**FOLD AND DETACH HERE**

**P R O X Y**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF  
THE COMPANY FOR THE ANNUAL MEETING TO BE HELD ON MAY 18, 2011**

Gary M. Bahler, Ken C. Hicks, and Robert W. McHugh, or any of them, each with power of substitution, are hereby authorized to vote the shares of the undersigned at the Annual Meeting of Shareholders of Foot Locker, Inc., to be held on May 18, 2011, at 9:00 A.M., local time, at Foot Locker, Inc., 112 West 34th Street, New York, New York 10120, and at any adjournment or postponement thereof, upon the matters set forth in the Foot Locker, Inc. Proxy Statement and upon such other matters as may properly come before the Annual Meeting, voting as specified on the reverse side of this card with respect to the matters set forth in the Proxy Statement, and voting in the discretion of the above-named persons on such other matters as may properly come before the Annual Meeting.

**IF YOU ARE NOT VOTING BY TELEPHONE OR INTERNET, PLEASE SIGN AND DATE THE REVERSE SIDE OF THIS PROXY CARD AND PROMPTLY RETURN IT IN THE ENCLOSED ENVELOPE. THE PERSONS NAMED ABOVE AS PROXIES CANNOT VOTE YOUR SHARES UNLESS YOU SIGN AND RETURN THIS CARD OR VOTE BY TELEPHONE OR INTERNET. YOU MAY SPECIFY YOUR CHOICES BY MARKING THE APPROPRIATE BOXES, BUT YOU NEED NOT MARK ANY BOX IF YOU WISH TO VOTE IN ACCORDANCE WITH THE BOARD OF DIRECTORS' RECOMMENDATIONS.**

**EMPLOYEE PLANS**

IF YOU ARE A PARTICIPANT IN THE FOOT LOCKER 401(k) PLAN OR THE FOOT LOCKER PUERTO RICO 1165(e) PLAN, THIS PROXY CARD COVERS THOSE SHARES ALLOCATED TO YOUR PLAN ACCOUNT. BY SIGNING AND RETURNING THIS PROXY CARD (OR VOTING BY TELEPHONE OR THE INTERNET), YOU WILL AUTHORIZE THE PLAN TRUSTEES TO VOTE THOSE SHARES ALLOCATED TO YOUR ACCOUNT AS YOU HAVE DIRECTED.

**Address Change/Comments  
(Mark the corresponding box on the reverse)**

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side)

BNY MELLON SHAREOWNER SERVICES  
P.O. BOX 3550  
SOUTH HACKENSACK, NJ 07606-9250

(Continued and to be marked, dated and signed, on the other side)

WO#  
97204

Fulfillment#  
97207-1

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**YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.**

**We encourage you to take advantage of Internet or telephone voting.  
Both are available 24 hours a day, 7 days a week.**

Internet and telephone voting are available through 11:59 PM Eastern Time on May 17, 2011.

**INTERNET**

**<http://www.proxyvoting.com/fl>**

Use the Internet to vote your proxy. Have your proxy card in hand when you access the web site.

**OR**

**TELEPHONE**

**1-866-540-5760**

Use any touch-tone telephone to vote your proxy. Have your proxy card in hand when you call.

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card.

To vote by mail, mark, sign and date your proxy card and return it in the enclosed postage-paid envelope.

**Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.**

WO#  
97204

Fulfillment#  
97207-1

**FOLD AND DETACH HERE**

**Mark, Sign, Date and Return the Proxy Card Promptly  
Using the Enclosed Envelope.**

Please mark your votes  
as indicated in this example **X**

**DIRECTORS RECOMMEND A VOTE FOR PROPOSALS 1, 2, 3 AND 4 AND FOR EVERY 3 YEARS ON PROPOSAL 5.**

1. ELECTION OF DIRECTORS.

**WITHHOLD  
AUTHORITY** to vote  
**FOR** all nominees for all nominees listed  
listed below below **EXCEPTIONS\***

**FOR AGAINST ABSTAIN**

**O**

**O**

**O**

2. Ratification of the appointment of the independent registered public accounting firm.

**O**

**O**

**O**

NOMINEES FOR 3-YEAR TERMS:

3. Approval of the Foot Locker Long-Term Incentive Compensation Plan, as Amended and Restated.

**O**

**O**

**O**

01 Nicholas DiPaolo 02 Matthew M. McKenna,

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03 Allen Questrom and 04 Cheryl Nido Turpin

4. Advisory Vote on Executive Compensation.

NOMINEE FOR 2-YEAR TERM:

05 Guillermo Marmol

3 years  2 years  1 year  Abstain

(INSTRUCTIONS: To withhold authority to vote for any individual nominee, mark the Exceptions box and write that nominee's name in the space provided below).

\*Exceptions

5. Advisory Vote Regarding Frequency of Advisory Vote on Executive Compensation.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSALS 1, 2, 3 AND 4 AND FOR EVERY 3 YEARS ON PROPOSAL 5.**

I plan to attend meeting.

Mark Here for Address Change or Comments SEE REVERSE

NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, give full title as such. If signing on behalf of a corporation, sign the full corporate name by authorized officer. The signer hereby revokes all proxies heretofore given by the signer to vote at the 2011 Annual Meeting of Shareholders of Foot Locker, Inc. and any adjournment or postponement thereof.

Signature \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_