

FOOT LOCKER INC
Form DEF 14A
April 09, 2010
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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(3) Filing party:

(4) Date filed:

NOTICE OF 2010 ANNUAL MEETING
AND
PROXY STATEMENT

112 West 34th Street
New York, New York 10120

NOTICE OF 2010 ANNUAL MEETING OF SHAREHOLDERS

DATE: May 19, 2010
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 22, 2010 can vote at this meeting.

ITEMS OF BUSINESS: Elect three members to the Board of Directors to serve for three-year terms.

Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2010 fiscal year.

Approve the Foot Locker 2007 Stock Incentive Plan, as Amended and Restated.

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 2010 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 9, 2010

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112 West 34th Street
New York, New York 10120

PROXY STATEMENT

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 2010 Annual Meeting of Shareholders and for any adjournments or postponements of this meeting. We are holding this annual meeting on May 19, 2010 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 will reduce costs, provide greater flexibility to our shareholders, and lessen the environmental impact of our Annual Meeting. On or about April 9, 2010, 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 2010 Proxy Statement and our 2009 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 2009 Annual Report/Form10-K on or about April 9, 2010.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting
To Be Held on May 19, 2010**

**The Company's Proxy Statement and 2009 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 2010 Proxy Statement and 2009 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 2009 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>.

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 22, 2010. 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 22, 2010 (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: Election of three directors in Class I;

Proposal 2: Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2010; and

Proposal 3: Approval of the 2007 Foot Locker Stock Incentive Plan, as Amended and Restated.

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

The Board recommends that you vote **FOR** each of the three proposals being voted on at the meeting.

Could other matters be voted on at the Annual Meeting?

We do not know of any other business that will be presented at the 2010 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 22, 2010 are entitled to vote at the annual meeting and any adjournments or postponements. Each share is entitled to one vote. There were 156,600,034 shares of Common Stock outstanding on March 22, 2010.

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

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.) The other two proposals being voted on at this meeting require the favorable vote of a majority of the votes cast by shareholders to be approved, provided that New York Stock Exchange

Rules require also that at least a majority of outstanding shares vote with respect to the Foot Locker 2007 Stock Incentive Plan, as Amended and Restated.

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 in the **Election of Directors**. This is a change from past practice. In the past, if you held your shares in street name and you did not indicate how you wanted your shares voted in the election of directors, your bank or broker was allowed to vote those shares on your behalf in the election of directors as they felt appropriate. The rules were changed earlier this year to take away the ability of your bank or broker to vote your uninstructed shares in the election of directors on a discretionary basis. This means that if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of directors, no votes will be cast on your behalf. With regard to Proposal 2, the **Ratification of the Appointment of the Company's Independent Registered Public Accounting Firm**, your bank or broker will continue to have discretion to vote any uninstructed shares for this proposal. Regarding Proposal 3, the **Approval of the Foot Locker 2007 Stock Incentive Plan, as Amended and Restated**, your bank or broker will not have discretion to vote any uninstructed shares on this proposal.

If you are a shareholder of record and you do not cast your vote, 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.

We do not count abstentions and broker non-votes, if any, in determining the votes cast for any proposal. Votes withheld for the election of one or more of the nominees for director will not be counted as votes cast for them.

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

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 18, 2010. 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 18, 2010. 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 14, 2010.

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 \$17,000 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 22, 2010. 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 22, 2010 by the exercise of stock options.

Matthew D. Serra beneficially owned 1.31 percent of the total number of outstanding shares of Common Stock as of March 22, 2010. No other director, named executive officer, or executive officer beneficially owned one percent or more of the total number of outstanding shares as of that date.

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

| Name | Amount and Nature of Beneficial Ownership | | | |
|--|--|--|---|---------------|
| | Common Stock Beneficially Owned Excluding Stock Options(a) | Stock Options Exercisable Within 60 Days After 3/22/2010 | RSUs and Deferred Stock Units(b) | Total |
| Gary M. Bahler | 132,670 | 275,001 | | 407,671 |
| Nicholas DiPaolo | 33,948 (c) | 16,542 | | 50,490 |
| Alan D. Feldman | 39,778 | 6,314 | 1,248 | 47,340 |
| Jarobin Gilbert Jr. | 25,302 | 25,520 | | 50,822 |
| Ronald J. Halls | 191,566 | 199,999 | | 391,565 |
| Ken C. Hicks | 540,000 | 150,000 | | 690,000 |
| Robert W. McHugh | 143,839 | 194,999 | | 338,838 |
| Matthew M. McKenna | 52,472 | 4,287 | | 56,759 |
| Richard A. Johnson | 54,035 | 178,332 | 50,000 | 282,367 |
| James E. Preston | 84,336 | 20,815 | | 105,151 |
| David Y. Schwartz | 22,848 | 25,520 | 20,601 | 68,969 |
| Matthew D. Serra | 667,652 | 1,388,500 | | 2,056,152 |
| Cheryl Nido Turpin | 16,537 | 20,815 | 23,658 | 61,010 |
| Dona D. Young | 17,929 | 20,815 | 34,718 | 73,462 |
| All 20 directors and executive officers as a group, including the named executive officers | 2,405,313 | 3,430,123 | 130,225 | 5,965,661 (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:

| Name | Number of Unvested Shares of Restricted Stock |
|-----------|---|
| K. Hicks | 500,000 |
| R. McHugh | 35,000 |
| R. Halls | 120,000 |
| G. Bahler | 35,000 |

(b) This column includes (i) the number of deferred stock units credited as of March 22, 2010 to the account of the directors who

elected
to defer
all or
part of
their
annual
retainer
fee and
(ii)

5

unvested
restricted stock
units (RSUs).
The deferred
stock units and
RSUs do not
have current
voting or
investment
power.

- (c) Includes 150
shares held by
his spouse.
- (d) This number
represents
approximately
3.81 percent of
the shares of
Common
Stock
outstanding at
the close of
business on
March 22,
2010.

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 of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|---|--|---------------------|
| Mackenzie Financial Corporation 180 Queen Street West Toronto, Ontario M5V 3K1 | 9,224,556(a) | 5.89 %(a) |
| BlackRock, Inc. 40 East 52nd Street New York, NY 10022 | 12,265,077(b) | 7.84 %(b) |
| AXA Assurances I.A.R.D. Mutuelle and AXA Assurances Vie Mutuelle 26, rue Drouot | 12,514,312(c) | 8.00 %(c) |

75009 Paris, France

AXA

25, avenue Matignon

75008 Paris, France

AXA Financial, Inc.

1290 Avenue of the Americas

New York, New York 10104

Bank of America Corporation

8,588,397(d)

5.50 %(d)

Bank of America, NA

Columbia Management Advisors, LLC

Banc of America Investment Advisors, Inc.

Merrill Lynch Financial Markets, Inc.

Merrill, Lynch, Pierce, Fenner & Smith, Inc.

100 North Tryon Street, Floor 25

Bank of America Corporate Center

Charlotte, NC 28255

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

- (a) Reflects shares beneficially owned as of December 31, 2009 according to Amendment No. 2 to Schedule 13G filed with the SEC. As reported in this schedule, Mackenzie Financial Corporation, an investment adviser, holds sole voting and dispositive power with respect to 9,224,556

shares.

- (b) Reflects shares beneficially owned as of December 31, 2009 according 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 12,265,077 shares.

- (c) Reflects shares beneficially owned as of December 31, 2009, according to Schedule 13G filed with the SEC. The schedule was filed jointly on behalf of AXA Financial, Inc.; two French mutual insurance companies, AXA Assurances

I.A.R.D.
Mutuelle and
AXA
Assurances
Via Mutuelle

(collectively, the Mutuelles AXA), as a group; AXA; and their subsidiaries. As reported, in the Schedule 13G, a majority of the shares reported in the schedule are held by unaffiliated third party client accounts managed by AllianceBernstein, L.P., an investment adviser and majority-owned subsidiary of AXA Financial, Inc. According to the Schedule 13G, the reporting persons have sole voting power with respect to 9,306,409 shares and sole dispositive power with respect to 12,514,312 shares, except for AXA Financial, Inc., which has sole voting power as to 5,831,807 shares and sole dispositive power with respect to 7,032,681 shares.

- (d) Reflects shares beneficially owned as of December 31, 2009, according to Schedule 13G filed with the SEC jointly on behalf of Bank of America Corporation, a holding company;

Bank of America,
N.A., a bank;
Columbia
Management
Advisor, LLC and
Banc of America
Investment
Advisors, Inc.,
investment
advisors; Merrill
Lynch Financial
Markets, Inc., a
broker dealer; and
Merrill, Lynch,
Pierce, Fenner &
Smith, Inc., a
broker dealer and
investment
advisor. According
to the Schedule
13G,

Bank of
America
Corporation
holds shared
voting and
dispositive
power with
regard to
8,500,224
shares and
8,588,397
shares,
respectively;

Bank of
America, NA
holds sole
voting and
dispositive
power with
regard to
446,106
shares and
427,752
shares,
respectively;
and shared
voting and
dispositive

power with regard to 7,526,710 shares and 7,633,291 shares, respectively;

Columbia Management Advisors, LLC holds sole voting and dispositive power as to 7,399,204 shares and 7,591,481 shares, respectively; and shared voting and dispositive power with regard to 52,500 shares and 10,909 shares, respectively;

Banc of America Investment Advisors, Inc. holds shared voting power with regard to 61,712 shares;

Merrill Lynch Financial Markets, Inc. holds sole voting and dispositive power with respect to

1,473 shares;
and

Merrill
Lynch,
Pierce,
Fenner &
Smith, Inc.
holds sole
voting and
dispositive
power with
respect to
525,881
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 2009 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 four 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. Stock options are disregarded in calculating beneficial ownership.

The target date for full compliance with these guidelines is February 2011, which is five years after the effective date of these guidelines. Non-employee directors who are elected to the Board after February 2006, as well as employees who are elected or appointed after this date to positions covered by these guidelines, must be in compliance within five years after their initial election or appointment.

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 nine members of the Board of Directors serves as an officer of the Company, and the remaining eight directors are independent under the criteria established by The New York Stock Exchange.

Board Leadership Structure

Our Corporate Governance Guidelines provide that The Board has not adopted a policy on separation of the offices of Chairman of the Board and Chief Executive Officer. The Board will evaluate, from time to time as appropriate, whether the same person should serve in both positions 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 January 2004, the positions were separated, with a previously independent director serving as Chairman of the Board. From February 2004 to August 2009, the positions of Chairman of the Board and Chief Executive Officer were both 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 relatively small 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 all 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 of the Board. Presently, the committee's process includes hearing regular reports from management responsible for oversight of particular risks affecting the Company's business. The Audit Committee Chair reports on the committee's meetings, considerations, and actions to the full Board at its next meeting. 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 ability of the Company's Chairman and Chief Executive Officer and the lead director to attend meetings of the Audit Committee and participate in discussions led by the independent Audit Committee chair at both meetings of the committee and the Board on particular risks within the Company.

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 2009, all of the directors who were then serving attended the annual shareholders' meeting.

New Director Orientation

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.

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. The Board amended the retirement policy in 2009 to eliminate the maximum age limitation of 75 for directors. 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 64, the Nominating and Corporate Governance Committee has asked James E. Preston, age 76, who currently serves as the lead director, to stand for re-election at this annual meeting, and the Board has nominated him to stand for re-election.

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 intend to disclose promptly 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 9 members.

The Board of Directors held five meetings during 2009. All of our directors attended at least 75 percent of the meetings of the Board and committees on which they served in 2009.

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 2010 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 64.

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.

| Categorical Relationship | Description |
|--|---|
| 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 | David Y. Schwartz |
| Jarobin Gilbert Jr. | Cheryl Nido Turpin |
| Matthew M. McKenna | Dona D. Young |

In making its decisions on independence, the Board of Directors 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.

Matthew M. McKenna is affiliated with a not-for-profit institution to which the Company made payments in 2009. The Board has determined that Mr. McKenna's relationship meets the categorical standard for Relationships with Not-for-Profit Entities and is immaterial for determining independence. Mr. McKenna is the President and CEO of Keep America Beautiful, Inc. He is also an adjunct professor at Fordham University School of Law. The Company made no payments to Keep America Beautiful in 2009; we did, however, make a payment to

Fordham
University for an
athletic
scholarship and
sponsorship.

The Board of
Directors, upon
the
recommendation
of the
Nominating and
Corporate
Governance
Committee, has
determined that
Ken C. Hicks is
not independent
because Mr.
Hicks is an
executive officer
of the Company
and that Matthew
D. Serra, who
retired as a
director on
January 30,
2010, was not
independent
because he was
an executive
officer of the
Company while
serving as a
director.

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.

Foot Locker and its subsidiaries have had transactions in the normal course of business with various other organizations, including certain organizations whose directors or officers are also directors of Foot Locker. However, the amounts involved in these transactions have not been material in relation to our business, and it is believed that these amounts have not been material in relation to the businesses of the other organizations. In addition, it is believed that these transactions have been on terms no less favorable to the Company than if they had been entered into with disinterested parties. It is anticipated that transactions with such other organizations will continue in the future. Mr. Serra's son-in-law is employed as a buyer in the Company's Foot Locker U.S. division, and the Company provided compensation and benefits to him in 2009 of approximately \$169,450.

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 2009, and the functions of the committees are described below.

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

* 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 2009. 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 69.

This committee appoints the independent accountants and the internal auditors and is responsible for approving the independent accountants and internal auditors 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
and
performance
of the internal
audit function.

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 2009. 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 and reviews and approves all compensation for the Company's executive management group, which consists of the executive officers and corporate officers, as well as determining 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 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.

For 2009, the Compensation Committee directly retained Mercer as its consultant on executive compensation matters and, with regard to executive and director compensation, Mercer reported directly to the Compensation Committee and provided the Committee with information on general executive compensation trends, trends in the retail industry, and reported on Foot Locker's executive compensation program. Mercer also advised the committee on non-employee director compensation matters, including payment levels and trends. In preparing its material for the committee, Mercer consulted with the Company's Chairman of the Board and Chief Executive Officer, Senior Vice President Human Resources, Senior Vice President and General Counsel, and Vice President Human Resources. Separately, the Company has retained Mercer for outsourcing services related to the administration of our U.S. pension plan since 1999 and our Canadian pension plan since 2002. The

decision to retain Mercer for pension administration services was originally made by management. While the Compensation Committee has been aware of the Company's use of Mercer for pension administration services, the committee has not formally approved this use of Mercer, nor has it approved the related fees. In 2009, the aggregate fees paid to Mercer for recommending the amount or form of executive and director compensation were \$153,401, and the aggregate fees paid to Mercer for all other services were \$1,324,966. Beginning in September 2009, the Compensation Committee directly retained Compensation Advisory Partners (CAP), as its executive compensation consultant. CAP performs no other work for the Company. Mercer will continue to advise management with regard to executive compensation matters. Additionally, beginning in February 2010, Mercer provides administrative services for the Company's 401(k) and Puerto Rico 1165(e) plans.

The Senior Vice President-Human Resources, working with the Chairman of the Board and Chief Executive Officer, prepares compensation recommendations to the committee, 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. 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 compensation 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, and Cheryl Nido Turpin served on the Compensation and Management Resources Committee during 2009. 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 2009. 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 2009. 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 two meetings in 2009. 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 over-all 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 78.

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 five meetings in 2009. This committee is responsible for supervising the investment of the assets of the Company's United States retirement plans 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 trust. The committee also 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.

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

\$10,000: Compensation and Management Resources Committee

\$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 2009, the directors received a grant of 6,869 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 vested in February 2010, which was one year following the date of grant. Each RSU represented 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 2009 Director Compensation

The amounts paid to each non-employee director for fiscal 2009, including amounts deferred under the Company's stock plans, and the RSUs granted to each director are reported in the tables below.

DIRECTOR COMPENSATION

| (a) | (b) | (c) | (d) | (e) |
|----------------|---|-----------------------------|---|---------------|
| Name | Fees Earned or Paid in Cash (\$) | Stock Awards \$(1)(2) | Change in Pension Value and Nonqualified Deferred Compensation Earnings | Total (\$) |
| N. DiPaolo | 91,507 | 109,999 | | 201,506 |
| A. Feldman | 15,003 | 169,772 (3) | | 184,775 |
| J. Gilbert Jr. | 100,507 | 109,999 | 22,587 | 233,093 |
| M. McKenna | 39,001 | 150,005 | | 189,006 |
| J. Preston | 104,087 | 127,086 | 4,931 | 236,104 |
| D. Schwartz | 82,000 | 116,181 (4) | | 198,181 |
| C. Turpin | 68,000 | 113,025 (4) | | 181,025 |
| D. Young | 72,500 | 119,442 (4) | | 191,942 |

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 2009 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.

In 2009, 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 \$10.47. The 2009 grant date fair value is equal to the number of shares received or deferred by the director multiplied by \$10.47, the grant date fair value of the payment 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
\$10.47 per
unit.

Stock Portion of Retainer Fee

| Name | Number of Shares | Number of Deferred Stock Units | Grant Date Fair Value (\$) |
|----------------|-----------------------------|---|---|
| N. DiPaolo | 5,730 | | 59,993 |
| A. Feldman | 10,108 | | 105,831 |
| J. Gilbert Jr. | 5,730 | | 59,993 |
| M. McKenna | 9,551 | | 99,999 |
| J. Preston | 7,362 | | 77,080 |
| D. Schwartz | | 5,253.1041 | 55,000 |
| C. Turpin | | 4,775.5491 | 50,000 |
| D. Young | | 4,775.5491 | 50,000 |

**Dividend
equivalents.**

The fiscal
2009 grant
date fair
value for (i)
where
applicable,
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, and (ii) stock units credited to one director during the year on the quarterly cash retainer payment date, valued at the fair market value on the payment date, as shown in the following table. The total number of deferred stock units credited to directors accounts in fiscal 2009 and the total number of units held at the end of fiscal 2009 are reported in the following table:

Deferred Stock Units

| | 05/01/09 | 07/01/09 | 07/31/09 | 10/30/09 | 01/04/10 | 01/29/10 | Total |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| Director | FMV: | FMV: | FMV: | FMV: | FMV: | FMV: | Units |
| | \$12.19 | \$10.47 | \$11.08 | \$10.48 | \$11.16 | \$11.29 | 200 |
| A. Feldman | | | | | 1,232.0789 | 16.3695 | 1,248 |
| D. Schwartz | 176.5366 | 5,253.1041 | 267.7281 | 286.8881 | | 270.1169 | 6,254 |
| C. Turpin | 218.0158 | 4,775.5491 | 307.4591 | 329.4624 | | 310.2024 | 5,940 |
| D. Young | 347.0709 | 4,775.5491 | 451.1902 | 483.4796 | | 455.2159 | 6,512 |

Restricted Stock Units

(RSUs). The fiscal 2009 grant date fair value for the RSUs granted to the nonemployee directors in 2009 is shown in the following table. The number of RSUs granted was calculated by dividing \$50,000 by \$7.28, which was the closing price of a share of our stock on the date of grant. The RSUs vested in February 2010. 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 2009 Form 10-K.

The following table provides information on the aggregate number of RSUs granted in 2009 and the number of RSUs outstanding at the end of the 2009 fiscal year:

Restricted Stock Units

| Name | Number of RSUs Granted in 2009 | Number of RSUs Outstanding on 1/30/2010 |
|----------------|---------------------------------------|--|
| N. DiPaolo | 6,869 | 6,869 |
| A. Feldman | 6,869 | 6,869 |
| J. Gilbert Jr. | 6,869 | 6,869 |
| M. McKenna | 6,869 | 6,869 |
| J. Preston | 6,869 | 6,869 |
| D. Schwartz | 6,869 | 6,869 |
| C. Turpin | 6,869 | 6,869 |

D. Young 6,869 6,869

- (2) No stock options were granted to the nonemployee directors in 2009. The table below provides information on the number of stock options outstanding at the end of the 2009 fiscal year:

| Name | Number of Stock Options Outstanding on 1/30/2010 |
|----------------|---|
| N. DiPaolo | 16,542 |
| A. Feldman | 6,314 |
| J. Gilbert Jr. | 25,520 |
| M. McKenna | 4,287 |
| J. Preston | 25,520 |
| D. Schwartz | 25,520 |
| C. Turpin | 20,815 |
| D. Young | 20,815 |

- (3) Stock payment and quarterly cash payments for calendar 2010 deferred under Foot Locker's stock plan. The amount of units

shown in
the table
reflects the
number of
units
credited in
January
2010
during the
Company's
2009 fiscal
year.

- (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 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, 2009 until October 12, 2010. The total annual premium for these policies, including fees and taxes, is \$1,355,600. 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 \$259,750 for the 12-month period ending October 12, 2010.

The Company has entered into indemnification agreements with its directors and officers, as approved by shareholders at the 1987 annual meeting. Richard Mina, a former executive officer of the Company, requested indemnification with regard to an investigation conducted by the Company in 2009. In February 2009, the Board of Directors authorized the indemnification of Mr. Mina for this investigation, subject to the provisions of the indemnification agreement. To date, the Company has paid fees and expenses of \$105,840 for indemnification of Mr. Mina. The investigation was concluded in 2009.

EXECUTIVE COMPENSATION

Compensation and Risk

The Company has completed a risk-related review and assessment of our compensation program. As part of this review, the 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 the features built into the compensation programs to discourage excessive risk taking by employees.

Compensation Discussion and Analysis

2009 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 four independent directors, oversees the compensation program.

Highlights of the compensation program in 2009 were:

We hired a new
Chief Executive

Officer Ken C. Hicks from outside the Company and he joined us in August 2009. Our former Chief Executive Officer Matthew D. Serra remained with the Company as Chairman of the Board until he retired at the end of our fiscal year. As a consequence, there are six named executive officers included in the Summary Compensation Table for 2009. Compensation arrangements with regard to Mr. Hicks are detailed below.

We increased the annual base salary of one of the named executive officers, Mr. McHugh, by \$50,000 in connection with his promotion from Senior Vice President to Executive Vice President. The base salaries of the other named executive officers remained unchanged from 2008.

For 2009, as in 2007 and 2008, the Compensation Committee established a target pay-out under the annual bonus plan of 75 percent of base salary for all of the named executive officers, other than Mr. Serra. Mr. Serra's target pay-out remained 125 percent of base salary. However, as our pre-tax income and return-on-invested-capital (ROIC) performance in 2009 did not reach the threshold performance level established by the Compensation Committee, no annual bonuses were paid to the named executive officers who participated in the corporate bonus program. Mr. Johnson was employed for over 11 months of 2009 as the President and Chief Executive Officer of Foot Locker Europe. Foot Locker Europe's division profit and ROIC performance in 2009 were slightly above the targets established for that division, and therefore Mr. Johnson was paid an

annual bonus for 2009 under that division's annual bonus program.

Our ROIC performance for 2007-2009 did not reach the threshold performance level established by the Compensation Committee in 2007 for the 2007-2009 performance period under the Long-Term Incentive Compensation Plan (the Long-Term Plan), and therefore no long-term bonuses were paid to the named executive officers.

As part of our normal annual stock award program, we made stock option awards to each of the named executive officers who were employed by the Company in March 2009: 125,000 shares to Mr. Serra; 50,000 shares to Mr. Halls; and 25,000 shares to each of Mr. Johnson, Mr. McHugh, and Mr. Bahler. These options were priced at fair market value on the date of grant (\$9.93 per share). With regard to all of the named executive officers other than Mr. Serra, these options vest in three equal installments on the first, second, and third anniversary of the grant date, subject to continued employment with us through each date. The options granted to Mr. Serra vested on January 30, 2010, the final day of the term of his employment contract.

Stock option awards made to Mr. Hicks when he joined the Company in August 2009 are detailed below.

We made restricted stock awards to each of the named executive officers who were employed by the Company in March 2009 60,000 shares to Mr. Serra; 50,000 shares to Mr. Halls; and 25,000 shares to each of Mr. Johnson, Mr. McHugh, and Mr. Bahler. With regard to all of the named executive officers other than Mr. Serra, the restrictions on these shares lapse if the executive continues to be employed by us for three years from the date of grant. The restrictions on Mr. Serra's shares lapsed on January 30, 2010, the final day of the term of his employment contract. Restricted stock awards made to Mr. Hicks when he joined the Company in August 2009 are detailed below.

In June 2009, we made a special stock award to Mr. Halls for retention purposes. This award consisted of 50,000 options and 50,000 shares of restricted stock, each of which vest in equal installments on the first and second anniversaries of the grant date.

We and Mr. Serra amended his Employment Agreement to provide that

he would cease to serve as President and Chief Executive Officer in August 2009, and would continue to serve as Chairman of the Board through the end of his contract term, and planned retirement date, on January 30, 2010, with no change to his compensation arrangements.

Ken C. Hicks commenced employment as our President and Chief Executive Officer on August 17, 2009. Mr. Hicks was recruited from outside the Company, and in connection with his employment, he and the Company negotiated a compensation package. The key elements of this package were:

An initial employment term through January 31, 2013, with a one-year evergreen renewal;

Base salary of at least \$1,100,000 per year;

Annual bonus at target of 125 percent of base salary, with a pro rata 2009 annual bonus guaranteed

at target;

Long-term bonus at target of 90 percent of base salary, and participation, on a pro rata basis, in each of the three then-open performance periods 2007-2009, 2008-2010, and 2009-2011;

A stock option grant of 300,000 shares, vesting in three equal annual installments, priced at fair market value on the date of grant (\$10.10 per share);

A restricted stock grant of 100,000 shares, vesting on January 31, 2013; and

Various perquisites, detailed later in this report, that we considered to be appropriate and typical for a Chief Executive Officer.

In addition, we agreed to make certain one-time payments to Mr. Hicks, designed to compensate him for compensation opportunities he was forgoing by terminating his employment with his prior employer. We agreed to make these payments to Mr. Hicks, which only partially reimbursed him for the compensation opportunities that he would forego by leaving his former employer, in order to induce him to join us. These were:

A \$2 million cash payment, \$1 million paid upon commencement of employment, and \$500,000 paid on the first

and second anniversaries of the commencement of employment.

400,000 shares of restricted stock, with 100,000 shares vesting at the end of the first and second full fiscal years of employment and 200,000 shares vesting on January 31, 2013.

A stock option grant of 300,000 options, vesting in two equal installments on the six-month and one-year anniversaries of the commencement of employment. These options were priced at fair market value on the date of grant (\$10.10 per share).

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 restricted stock).

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 factors that contribute to the Company's long-term health and growth (even if not immediately translated into increases in share price).

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 bonus, payable in cash or stock

long-term equity-based compensation (stock options or 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 2009, 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 that, for executive compensation purposes, reported directly to our Compensation Committee. 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, with the advice of Mercer, 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 21 companies included in the study that the Compensation Committee reviewed in setting 2009 compensation for the named executive officers were:

| | |
|---------------------------------|--------------------------|
| Abercrombie & Fitch | Aeropostale Inc. |
| American Eagle Outfitters Inc. | AnnTaylor Stores Corp. |
| 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. |
| Quicksilver Inc. | Talbots Inc. |
| Timberland Co. | |

All of the companies that were in the peer group in 2008 continued to be included in the peer group in 2009. In addition, three companies—Aeropostale Inc., Pacific Sunwear California Inc., and Quicksilver Inc.—were added to the peer group in 2009 because they represent specialty retailers with customers similar to those of the Company.

The goal of the Compensation Committee is to provide competitive total compensation opportunities for the named executive officers that vary with Company performance. Since a substantial portion of the total compensation of our named executive officers is contingent on Company performance, actual compensation can increase substantially for outstanding performance and will fall below targeted levels if the Company does not achieve its performance targets. In view of the Company's size in relation to other companies in the peer group and the relative complexity of our business, which includes multiple retail divisions, a direct-to-customer business, and a significant international business with operations in 21 countries, the Compensation Committee has benchmarked total compensation, at target, at the 75th percentile of comparable peer compensation. Due to factors such as performance, responsibility, experience, and length of time an executive has served in a position, the compensation of each named executive officer may not precisely conform to these external benchmarks. The compensation of our executive officers as a group, however, approximate these levels in the aggregate.

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. For the reasons noted above, we benchmark base salaries for each named executive officer, including Mr. Hicks, our new Chief Executive Officer, at approximately the 75th percentile of similarly situated executives in the peer

group. The Compensation Committee had benchmarked Mr. Serra's base salary at the 90th percentile of the peer companies in light of his tenure and length of service. We pay higher base salaries to those named executive officers with greater overall responsibility. As noted above, other than Mr. McHugh, whose annual base salary was increased from \$525,000 to \$575,000 in connection with his promotion to Executive Vice President, in light of then-current business conditions, none of the named executive officers who were employed by us at the time of the annual compensation review in March 2009 received a salary increase.

Performance-Based Annual Cash Bonus

We pay performance-based annual cash bonuses to our named executive officers under the Annual Incentive Compensation Plan (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 who were employed by the Company at the beginning of the year were set for 2009 as follows:

| | Target | Annual Bonus Range |
|-----------------------------------|---------------------|----------------------------------|
| Mr. Serra | 125% of Base Salary | 31.25% to 200% of Base Salary |
| Messrs. Halls, McHugh, and Bahler | 75% of Base Salary | 18.75% to 131.25% of Base Salary |

Mr. Hicks did not participate in the Annual Bonus Plan in 2009. Under the terms of his employment agreement, however, he was entitled to receive an annual bonus calculated in the same manner as payments made for 2009 under the Annual Bonus Plan, with a guaranteed bonus equal to target. Mr. Hicks has waived his entitlement to this bonus payment in light of the Company's performance in 2009 and the fact that corporate executives participating in the performance-based bonus plan would not be receiving bonus pay-outs for 2009.

Mr. Johnson did not participate in the corporate Annual Bonus Plan in 2009, but rather in a similarly structured plan of Foot Locker Europe. His target was 75 percent of base salary with a pay-out range of 18.75 percent to 131.25 percent 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 for that year.

In each year since 2007, the Compensation Committee has established the target payment under the Annual Bonus Plan for the named executive officers other than the Chief Executive Officer at 75 percent of base salary after having reviewed the likely status of pay-outs under the Company's incentive plans, including the Long-Term Plan, and considering the need to provide appropriate financial incentive to the Company's senior executive group. This also resulted in an increase in both threshold and maximum payment levels for this group. In years prior to 2007, the target payment for these officers had been 50 percent of base salary. In 2010, as discussed in greater detail below, the Compensation Committee set the target payment for all named executive officers other than Mr. Hicks at 50 percent of base salary. Mr. Hicks's target payment is 125 percent of base salary.

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 2009, for the named executive officers other than Mr. Johnson, the Compensation Committee established a performance target under the Annual Bonus Plan based upon the Company's achievement of prescribed levels of pre-tax income and ROIC. Seventy percent of a participant's award is based upon the pre-tax income target and 30 percent on the ROIC target. All bonus targets and calculations are based on the results of continuing operations. The

Annual Bonus Plan targets for 2009 were as follows:

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| | Threshold | Target | Maximum |
|----------------|------------------|-----------------|-----------------|
| Pre-tax income | \$140.1 million | \$155.7 million | \$186.8 million |
| ROIC | 5.0% | 5.3% | 5.8% |

For example, if the Company had achieved pre-tax income of \$155.7 million and ROIC of 5.3 percent in 2009, a named executive officer with a 75 percent bonus target would have received an annual bonus of 75 percent of base salary. Bonus pay-outs are calculated on the basis of straight-line interpolation between the threshold, target, and maximum points.

In 2009, the Company did not achieve the threshold levels of pre-tax income or return on invested capital, and consequently no annual bonus payments were earned by the named executive officers covered by the corporate annual bonus plan. The Company's actual performance as compared to the targets was as shown in the table below. The as adjusted results are calculated as they would be for bonus purposes, principally not to include impairment charges taken by the Company in 2009.

| | Actual | As Adjusted | Threshold | Target |
|----------------|----------------|--------------------|------------------|-----------------|
| Pre-tax income | \$73.4 million | \$108.8 million | \$140.1 million | \$155.7 million |
| ROIC | 4.2% | 4.9% | 5.0% | 5.3% |

Mr. Johnson served as President and Chief Executive Officer of Foot Locker Europe for more than 11 months of 2009. He earned an annual bonus payment under the annual bonus plan applicable to that division, which was based upon the achievement of division profit and ROIC by that division that was slightly above target. For competitive reasons, we are not disclosing the division profit or ROIC targets used in that division's plan, as we do not publicly disclose results of Foot Locker Europe on a separate basis, and we consider it competitively harmful to make that information public. We believe, however, that the achievement of pre-tax profit and ROIC goals in the Foot Locker Europe annual bonus plan is reasonably demanding, and bonus pay-outs are correlated to division performance, as evidenced by our pay-out history in Foot Locker Europe over the past five years. During that time, we have paid an annual bonus to Foot Locker Europe executives at threshold once, slightly above threshold once, and we have paid no annual bonus for three years.

Division profit is a non-GAAP financial measure. It reflects income from continuing operations before income taxes, corporate expense, non-operating income, and net interest expense. A reconciliation of division profit to income from continuing operations is contained in the segment information footnote to our financial statements.

One of the performance measures we use in determining annual bonuses, ROIC, is also a non-GAAP financial measure. For purposes of calculating the annual 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

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| | |
|--|--|
| + implied interest portion of operating lease payments | - average year-end inventory |
| +/- Unusual/non-recurring items | - non-interest-bearing current liabilities |
| = Earnings before interest and taxes (EBIT) | + 13-month average inventory |
| - Estimated income tax expense | + average estimated asset base of capitalized operating leases |
| = Operating Profit after Taxes | = Average Invested Capital |

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Certain items used in the calculation of ROIC, 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 the financial records of the Company, cannot be calculated from our audited financial statements. Prior to the Compensation Committee 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.

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. We believe that these targets are reasonably demanding, and that bonus pay-outs are correlated to Company performance, as evidenced by our pay-out history over the past five years. During that time, we have paid an annual bonus to corporate officers between threshold and target twice, and we have paid no annual bonus for three years.

Performance-Based Long-Term Bonus

We pay performance-based long-term bonuses to our named executive officers under our Long-Term Plan in order to provide incentive for them to work toward the Company's achievement of performance goals established by the Compensation Committee for each three-year performance period. While bonuses under the Long-Term Plan may be paid in either cash or stock, in recent years, we have made these payments in cash.

For many years, target payments under the Long-Term Plan for senior corporate officers have been at the following levels:

| Target | Range of Payments |
|----------------------------|--------------------------------------|
| 90% of Initial Base Salary | 22.5% to 180% of Initial Base Salary |

If the Company does not achieve threshold performance, as was the case for the 2007-2009 performance period, then no long-term bonus is paid. Mr. Johnson's target pay-out under the Long-Term Plan for the 2007-2009 performance period, as a divisional executive, was 50 percent of initial base salary.

Pay-out levels are based on an executive's rate of base salary payable in the first year of the three-year performance period. For example, if an executive's base salary is set at \$500,000 at the time executive salaries are reviewed in the first year of the performance period, that executive's target pay-out under the Long-Term Plan would be \$450,000 (90 percent of initial base salary). 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 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 2009, the Committee established a performance target for the 2009-2011 performance period under the Long-Term Plan based upon return-on-invested capital. Off of the planned invested capital base, the Company must achieve 80 percent of target after-tax income before a threshold-level bonus is paid, and 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. ROIC is calculated using the same methodology as is used for the Annual Bonus Plan, as described on Page 25, except that, in addition, long-term bonus expense is excluded from the operating profit calculation.

These performance targets are 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. We believe that these targets are reasonably demanding, and bonus pay-outs are correlated to performance, as evidenced by our pay-out history over the last five years. During that time, we have paid long-term bonuses between threshold and target with regard to

one performance period, between

target and maximum with regard to one performance period, and there has been no pay-out with regard to three performance periods.

In 2007, the Compensation Committee established the following ROIC target for the 2007-2009 performance period under the Long-Term Plan:

| | Threshold | Target | Maximum |
|-------------------------|------------------|---------------|----------------|
| Three-year average ROIC | 7.2% | 8.5% | 9.7% |

As the Company did not achieve the threshold level of ROIC for the performance period, we did not pay long-term bonuses to the participants in the Long-Term Plan, including the named executive officers, for the 2007-2009 performance period.

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. If this situation 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.

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.

Long-Term Equity-Based Awards

A. Stock Options

We make stock option awards to our named executive officers in order to more closely align the interests of our named executive officers with those of our shareholders. Equity-based awards are the responsibility of the Compensation Committee, which is composed entirely of independent directors.

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. The Compensation Committee awards stock options with exercise prices equal to the fair market value of our stock on the date of grant. 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.

B. Restricted Stock and Restricted Stock Unit Awards

We make restricted stock and restricted stock unit awards to our named executive officers in order to align the interests of our named executive officers more closely with those of our shareholders, to provide our executives with an opportunity to increase their equity ownership, and to ensure the retention of key executives.

In 2009, the Compensation Committee made restricted stock or restricted stock unit awards to each of the named executive officers. In making these grants, the Committee considers an executive's past performance, an executive's expected ability to contribute to the Company's performance in the future, and retention. When making restricted stock awards for retention purposes, the Compensation Committee considers an executive's prior awards and their vesting schedule. The restrictions on restricted stock and restricted stock units normally lapse a specified period following the grant date (normally three years) provided the recipient remains in the employ of the Company. The holders of restricted stock receive dividends on their restricted shares at the time the dividends are paid. No dividends are paid on restricted stock units.

C. 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 is the later of five years from inception (February 2011) or five years following the date when an executive first becomes subject to the guidelines. The guidelines require 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 determining whether an executive meets the guidelines, we consider owned shares, restricted stock, and restricted stock units, but we do not consider stock options. As of the end of 2009, all of the named executive officers met these stock ownership guidelines.

We do not permit our executive officers to take short or long positions in our shares; however, we do not otherwise have a formal policy with regard to executive officers hedging their economic interest in Company stock or options. To our knowledge, none of the named executive officers hedged their position in our shares or options during 2009, although some of the named executive officers may hold their shares in accounts that permit margin loans to the executive.

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 60. All of the named executive officers other than Mr. Hicks (who has not yet met the service requirements for eligibility) 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 limits are also participants in the Excess Cash Balance Plan, described on page 60, which pays 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 other than Mr. Hicks (who has not yet met the service requirement for eligibility) participate in it. The 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 61, 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 2009, a credit of 4 percent of 2009 base salary was made to the SERP for each of the named executive officers. As of the end of 2009, the account balances of the named executive officers ranged from \$20,254 for Mr. Hicks to \$2,857,607 for Mr. Serra. Under the terms of the SERP, executives are vested in their account balances based upon a combination of age and service. Of the named executive officers, Messrs. Serra, Halls, and Bahler were vested as of the end of 2009. Upon his retirement on January 30, 2010, Mr. Serra became eligible to receive payments under the SERP.

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 pension payments.

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 provided Mr. Serra with a driver and 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's 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. Pursuant to our relocation policy applicable to all executives, we provide a gross-up to executives for moving and other relocation expenses that we reimburse, and pursuant to that policy in 2009 we provided a gross-up to Mr. Hicks related to the relocation of his principal residence to the New York metropolitan area and to Mr. Johnson for expenses related to the relocation of his principal residence to The Netherlands. We expect to provide a similar gross-up to Mr. Johnson in 2010 related to his relocation to New York.

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

As already stated, 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 and long-term cash bonus plans 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, the Compensation Committee continued for 2009 the increased annual bonus target payment for the named executive officers other than Mr. Hicks and Mr. Serra.

Long-term bonus target payments, as a percentage of base salary, have been consistent during the prior three-year period. Target bonus payments for Mr. Hicks and Mr. Serra were the subject of negotiation between each of them and the Company and were specified in their respective employment agreements. In determining total compensation, stock options are valued by the Committee's outside compensation consultant using the Black-Scholes model. Restricted stock awards are valued based upon the share price at the time of grant.

2010 Executive Compensation Program

The Compensation Committee has reviewed the Company's executive compensation program for 2010 and, following that review, has made several changes to the program, as outlined below. The purpose of these changes is to continue to provide the Company's executives with competitive total compensation opportunities appropriate to their positions, while providing that a significant portion of executive compensation is dependent on Company performance and that long-term compensation opportunity is balanced among stock options, restricted stock units, and cash.

Target
annual bonus

payments for the named executive officers, other than the Chief Executive Officer, will be 50 percent of base salary. The target annual bonus payment for the Chief Executive Officer will remain at 125 percent of base salary.

The size of stock option grants for the named executive officers, other than the Chief Executive Officer, has been increased.

Target long-term bonus payments for the named executive officers, other than the Chief Executive Officer, have been reduced to 75 percent of base salary. The target

long-term
bonus
payment for
the Chief
Executive
Officer will
be 175
percent of
base salary.
Long-term
bonus
awards will
be made
one-half in
cash and
one-half in
restricted
stock units.

The
performance
period for
long-term
bonus
awards will
be two
years 2010
and 2011. At
the end of
the
performance
period, if an
award is
earned, there
will be an
additional
one-year
vesting
period, so
that the
award will
be paid to
the executive
at the end of
a total of
three
years the
two-year
performance
period plus
the one-year

vesting
period.

Except in
special
situations,
such as
promotions,
time-based
restricted
stock awards
will not be
made to
named
executive
officers.

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 cash incentive elements of the program—annual bonus and long-term bonus—are paid based upon performance as compared to the Company's annual and three-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 relatively modest 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. Restricted stock awards normally vest after three years of continued service and have not depended upon achieving a pre-set performance goal.

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 bonus plans for senior

management, including the named executive officers, to take into account ROIC as well as pre-tax profit or 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.

Finally, 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 90 percent of his base salary in long-term bonus. Comparable percentages for the other named executive officers in 2009 were 75 percent and 90 percent.

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 2009.

At the first meeting, held in February, the Committee reviewed a report from its 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.

Based upon the material reviewed and the discussion of the Committee at this meeting, our Sr. Vice President Human Resources, working with our then-Chairman of the Board and Chief Executive Officer, prepared compensation recommendations to the Committee, 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 then-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.

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 2009.

At this meeting the Committee also discussed among themselves compensation for the then-Chairman of the Board and Chief Executive Officer for 2009, and decided to make the stock option and restricted stock awards to him shown in the table on page 38.

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 Plan that ended in the prior year had been achieved, determined the amount of annual and long-term bonus pay-outs, adjusted base salaries for the upcoming year, and established targets under the Annual Bonus Plan for the upcoming year and under the Long-Term Plan for the upcoming three-year performance period.

In 2009, the Committee made all stock option and restricted stock awards to the named executive officers other than the awards to Mr. Hicks and the special awards to Mr. Halls 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 2009, the Chair used this authority to approve grants of options to executives, none of whom was a named executive officer, to purchase a total of 5,500 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 restricted stock unit awards.

Until September 2009, the Compensation Committee continued to directly retain Mercer as its consultant on executive compensation matters. In addition to advising the Committee, in 2009 other consultants and employees within Mercer provide U.S. and Canadian pension administration services to the Company. In 2009, aggregate fees paid to Mercer for recommending the amount or form of executive or director compensation were \$153,401, and aggregate fees paid to Mercer for all other services were \$1,324,966. The Company has used Mercer for pension administration services since 1999, and this decision was originally made by management. While the Compensation Committee has been aware of the Company's use of Mercer for pension administration services, the Committee has not formally approved this use of Mercer nor has it approved the related fees. In preparing its material for the Compensation Committee, Mercer consulted with the Company's Chairman of the Board and Chief Executive Officer, Sr. Vice President Human Resources, Sr. Vice President and General Counsel, and Vice President Human Resources.

Effective in September 2009, the Compensation Committee retained an executive compensation consultant Compensation Advisory Partners that will perform no other work for the Company. Mercer will continue to advise management with regard to executive compensation matters. Mercer will also continue to provide U.S. and Canadian pension administration services to the Company, and in February 2010 became the record-keeper for the Company's 401(k) Plan.

Compensation Committee Procedure with regard to Mr. Hicks Compensation Arrangements

In connection with establishing and negotiating Mr. Hicks's compensation at the time he joined the Company, the Company's lead director, who also chaired the ad hoc Search Committee and had, until May 2009, served as Chair of the Compensation Committee, met with the Committee's outside compensation consultant to develop a compensation package, based upon the general criteria for compensating the Company's executives set out above. The outside compensation consultant also reviewed the compensation opportunities that Mr. Hicks would be forgoing by leaving his then-employer, and made recommendations with regard to one-time payments and stock awards to be made to Mr. Hicks to compensate him for the compensation opportunities he would be forgoing. The lead director and the Chair of the Compensation Committee then held a subsequent telephone conference with the outside compensation consultant to finalize the proposed package. The Company's General Counsel participated in both of these meetings.

The lead director then discussed the proposed compensation package with Mr. Hicks and, following that discussion, certain adjustments were made to the proposed package.

The package was then presented to the Compensation Committee, at a meeting in which the outside compensation consultant, the Company's then-Chairman of the Board and Chief Executive Officer, and the General Counsel participated, and the Committee approved the compensation package and proposed contract with Mr. Hicks. A second Compensation Committee meeting was held after Mr. Hicks joined the Company at which the Committee made the stock awards outlined above to him.

Executive Employment Agreements

As more fully described on pages 45 to 49, we have employment agreements with each of our named executive officers. In 2009 we entered into an employment agreement with Mr. Hicks at the time he joined the Company as President and Chief Executive Officer, and we amended our employment agreement with Mr. Serra to provide for his resignation as President and Chief Executive Officer and continued service as Chairman of the Board until the end of the fiscal year.

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 50 to 59.

The named executive officers other than Mr. Serra, whose arrangements are discussed in the next paragraph, 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.

Mr. Serra's employment agreement also provided for an enhanced severance payment if his employment is terminated without cause or if he terminated his employment for good reason within two years following a change-in-control. In addition, his agreement provided that, following a change-in-control, there was a 30-day period during which Mr. Serra may have elected to terminate his employment and receive this enhanced severance payment. We believe that this payment mechanism, which had been included in Mr. Serra's employment agreement since he became our Chief Executive Officer, was comparable to that provided to many chief executive officers of public companies and benefited us, if a potential change-in-control were to arise, by allowing him to focus fully on the best interests of our Company and shareholders while a change-in-control was pending without being distracted by concerns about his personal situation.

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.

Neither Mr. Hicks nor any of the currently serving named executive officers is entitled to an excise tax gross-up payment in connection with a change-in-control. There was a provision providing for such a gross-up payment with regard to change-in-control payments in Mr. Serra's employment agreement; however, the gross-up provision included in Mr. Serra's employment contract remained unchanged during the period of his employment with us.

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 each of Mr. Hicks and Mr. Serra that exceeds \$1,000,000, the value of restricted stock awards made to them, and potentially a portion of the value of 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
Cheryl Nido Turpin

SUMMARY COMPENSATION TABLE

| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
|--|------|-------------|---------------|----------------------|-----------------------|---|---|
| Name and Principal Position(1) | Year | Salary (\$) | Bonus (\$)(2) | Stock Awards (\$)(3) | Option Awards (\$)(3) | Non-Equity Incentive Plan Compensation(\$)(4) | Change in Pension Value and Nonqualified Deferred Compensation(\$)(5) |
| Ken C. Hicks Chairman, President and CEO | 2009 | 506,349 | 1,000,000 | 5,050,000 | 1,753,860 | | 19,855 |
| Matthew D. Serra Retired Chairman, President and CEO | 2009 | 1,500,000 | | 595,800 | 344,038 | | 337,993 |
| | 2008 | 1,500,000 | | 583,000 | 241,430 | 1,728,339 | 417,593 |
| | 2007 | 1,500,000 | | 2,342,000 | 272,153 | | 227,515 |
| Robert W. McHugh Executive VP and CFO | 2009 | 562,500 | | 248,250 | 71,730 | | 87,952 |
| | 2008 | 525,000 | | 116,600 | 61,828 | 376,464 | 82,615 |
| | 2007 | 518,750 | | 936,800 | 112,228 | | 34,348 |
| Ronald J. Halls President and CEO Foot Locker, Inc. International | 2009 | 750,000 | | 1,020,000 | 299,735 | | 106,393 |
| | 2008 | 704,167 | | 233,200 | 61,828 | 312,675 | 102,678 |
| | 2007 | 650,000 | | 468,400 | 168,342 | | 50,217 |
| Richard A. Johnson President and CEO Foot Locker U.S., Lady Foot Locker, Kids Foot Locker, Footaction | 2009 | 525,000 | | 248,250 | 71,730 | 407,822 | 85,301 |

| | | | | | | |
|--|------|---------|---------|---------|---------|---------|
| Gary M. Bahler | 2009 | 524,975 | 248,250 | 71,730 | | 240,552 |
| Senior VP, General Counsel and Secretary | 2008 | 524,975 | 116,600 | 61,828 | 376,446 | 147,421 |
| | 2007 | 524,975 | 936,800 | 112,228 | | 92,659 |

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.

Matthew D. Serra served as President and Chief Executive Officer through August 16, 2009, and as Chairman of the Board until his retirement on January 30, 2010.

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 amount reflects the sign-on bonus that Mr. Hicks received following the commencement of his employment in August 2009. Mr. Hicks was also entitled under his employment agreement to receive an annual bonus calculated in the same manner as payments made for 2009 under the annual bonus plan, with a guaranteed bonus equal to target (\$634,617); however, he waived his entitlement to this bonus payment in light of the Company's performance in 2009 and the fact that corporate executives participating in the performance-based annual bonus plan would not be receiving payouts for 2009.
- (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 2009. As provided under the SEC's rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions and include 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 38 for additional information on awards

granted in 2009. The amounts shown in the table do not necessarily reflect the actual value that may be recognized by the named executives.

- (4) For 2009, this column reflects the payment made to Mr. Johnson under the Foot Locker Europe annual bonus plan; for 2008, the column reflects payments made under the Annual Incentive Compensation Plan (the Annual Bonus Plan).
- (5) 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 62 for more information on 2009 pension benefits.

- (6) This column includes perquisites and other compensation, and the amounts attributable to the executives for 2009 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 amount shown in the table for Mr. Serra's auto allowance includes the incremental cost to the Company of providing him with the personal use of a driver, who was a full time employee of the Company during 2009 and who also performed other regular duties for the Company.

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 2009 matching contribution were valued at \$11.14 per share.

The amounts shown for each individual under the column Accrual for Post-Termination Medical reflect the amounts accrued in 2009 for the actuarial present value of the future cost of providing this benefit to these individuals.

For Mr. Hicks, the relocation expense reimbursement reflects all of Mr. Hicks' relocation expenses; the amount of the tax gross-up for Mr. Hicks' relocation expenses reflects the gross up on

relocation expenses reimbursed through November 2009. 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 United States to The Netherlands for his international assignment in 2007.

For Mr. Johnson, the amounts shown under the columns headed Foreign Assignment and Expatriate Tax Payments reflect expatriate compensation for 2009 in his position as President and Chief Executive Officer of our Foot Locker Europe division headquartered in Vianen, The Netherlands. Under Foreign Assignment, the amount shown includes expatriate benefits and

allowances for certain housing and utilities, goods and services differential, school tuition, and other education-related costs, home lease allowance, automobile, and certain other costs in connection with Mr. Johnson's international assignment. Mr. Johnson received the majority of these benefits and allowances under the Company's international assignment policy, which applies to employees on international assignment and is designed to minimize any financial detriment or gain to the employee from the assignment. Under Expatriate Tax Payments, the amount shown includes tax equalization payments, and tax reimbursements net of hypothetical tax deductions, in connection with Mr. Johnson's international assignment.

These payments and reimbursements are made under a policy that applies to employees on international assignment and are designed to facilitate these assignments by holding these employees responsible for the tax liabilities they would have incurred had they remained in their home countries.

| Name | Auto Allowance | Financial Planning | Medical Expense Reimbursement and Executive Physical | Supp. LTD Insurance Premiums | Accrual for Post-Termination Medical | Spousal Travel Reimbursement | Service Award | Universal Life Insurance Premium |
|-----------|----------------|--------------------|--|------------------------------|--------------------------------------|------------------------------|---------------|----------------------------------|
| M. Serra | 38,596 | | 18,830 | | | | 2,523 | |
| R. McHugh | 13,650 | | 6,405 | | 158,178 | | | |
| R. Halls | 18,397 | | 4,275 | | 152,682 | 29,284 | | |
| G. Bahler | 13,588 | 7,800 | 6,214 | 5,565 | 104,934 | | | 2,234 |

| Name | Car Service Expense Reimbursement | COBRA Reimbursement | Financial Planning | Relocation Expense Reimbursement | Tax Gross-Up on Relocation | Accrual for Post-Termination Medical | Employment Agreement Legal Fees | Supp. LTD Insurance Premiums | Total |
|----------|-----------------------------------|---------------------|--------------------|----------------------------------|----------------------------|--------------------------------------|---------------------------------|------------------------------|---------|
| K. Hicks | 1,723 | 2,625 | 2,600 | 166,252 | 51,551 | 33,956 | 2,688 | 4,206 | 265,591 |

| Name | Medical Expense Reimbursement and Executive Physical | Universal Life Insurance Premium | Accrual for Post-Termination Medical | Relocation Reimbursement | Tax Gross-Up on Relocation | Foreign Assignment | Expatriate Tax Payments | 401(k) Match |
|------------|--|----------------------------------|--------------------------------------|--------------------------|----------------------------|--------------------|-------------------------|--------------|
| R. Johnson | 4,029 | 6,075 | 134,100 | 275,599 | 452 | 210,617 | 155,469 | 2,450 |

The following **Grants of Plan-Based Awards Table** shows the awards made to the named executive officers in 2009 under the applicable 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 Under Non-Equity Incentive Plan Awards | | | Estimated Future Payouts Under Equity Incentive Plan Awards | | | (i) |
|--------------|---------------|---|----------------|-----------------|---|---------------|----------------|--|
| | | (c) | (d) | (e) | (f) | (g) | (h) | |
| Name | Grant Date | Threshold (\$) | Target (\$) | Maximum (\$) | Threshold (#) | Target (#) | Maximum (#) | All Other Stock Awards: Number of Shares of Stock or Units (#) |
| K. Hicks | N/A(1) | N/A | N/A | N/A | | | | |
| | 08/25/09(2) | 202,850 | 811,401 | 1,622,802 | | | | |
| | 08/25/09(3) | | | | | | | 500,000 |
| | 08/25/09(4) | | | | | | | |
| M. Serra | 03/25/09(1) | 468,750 | 1,875,000 | 3,000,000 | | | | |
| | 03/25/09(2) | 337,500 | 1,350,000 | 2,700,000 | | | | |
| | 03/25/09(3) | | | | | | | 60,000 |
| | 03/25/09(4) | | | | | | | |
| R. McHugh | 03/25/09(1) | 107,813 | 431,250 | 754,688 | | | | |
| | 03/25/09(2) | 129,375 | 517,500 | 1,035,000 | | | | |
| | 03/25/09(3) | | | | | | | 25,000 |
| | 03/25/09(4) | | | | | | | |
| R. Halls | 03/25/09(1) | 140,625 | 562,500 | 984,375 | | | | |
| | 03/25/09(2) | 168,750 | 675,000 | 1,350,000 | | | | |
| | 03/25/09(3) | | | | | | | 50,000 |
| | 03/25/09(4) | | | | | | | |
| | 06/30/09(3) | | | | | | | 50,000 |
| | 06/30/09(4) | | | | | | | |

| | | | | | |
|-----------|-------------|---------|---------|-----------|--------|
| R. | | | | | |
| Johnson | 03/25/09(1) | 98,438 | 393,750 | 689,063 | |
| | 03/25/09(2) | 126,791 | 507,163 | 1,014,326 | |
| | 03/25/09(3) | | | | 25,000 |
| | 03/25/09(4) | | | | |
| G. Bahler | 03/25/09(1) | 98,438 | 393,750 | 689,063 | |
| | 03/25/09(2) | 118,125 | 472,500 | 945,000 | |
| | 03/25/09(3) | | | | 25,000 |
| | 03/25/09(4) | | | | |

Notes to Grants of Plan-Based Awards Table

(1) Annual Bonus Awards

Amounts shown reflect the payment levels at threshold, target, and maximum performance for the 2009 fiscal year under the applicable 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. Serra, the threshold, target, and

maximum amounts represent 31.25 percent, 125 percent, and 200 percent, respectively, of his annual base salary. For Messrs. McHugh, Halls, Johnson, and Bahler, the threshold, target, and maximum amounts represent 18.75 percent, 75 percent, and 131.25 percent, respectively, of each executive's annual base salary. Mr. Hicks was not a participant in the annual bonus plan for 2009. As shown in the Summary Compensation Table on Page 35, no annual bonuses were paid to the named executives other than Mr. Johnson for 2009.

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

Amounts
shown reflect
the estimated
payment levels
at threshold,
target, and
maximum
performance
for the
three-year
performance
period of
2009-2011
under the
Company's
Long-Term

Bonus Plan and reflect the potential amounts that would be paid at the end of the performance period if the applicable performance goals are achieved.

The amounts shown under threshold, target and maximum represent 22.5 percent, 90 percent, and 180 percent, respectively, of the executive's base salary as of the following dates in the first year of the performance period: (i) for Mr. Hicks, August 17, 2009, the date he commenced employment with Foot Locker, with the estimated amounts pro-rated to his employment date; (ii) for Messrs. Serra, McHugh,

Halls, and Bahler, May 1, 2009; and (iii) for Mr. Johnson, May 1, 2009, as increased effective February 1, 2010 in connection with his promotion. No amounts are paid to the executives under the Long-Term Bonus Plan unless the performance goals for the three-year performance period are achieved.

(3) **Restricted Stock Awards**

Amounts shown in the table under column (i) represent the number of shares of restricted stock or restricted stock units awarded to the executive on the grant date. In 2009, the awards were granted under the

2007 Stock Incentive Plan and vest according to the following schedule, provided, with regard to Mr. Hicks, that he remains employed by the Company as CEO through the applicable vesting dates, and with regard to the other executives, that they remain employed by the Company through the applicable vesting dates. For restricted stock awards, the executives have 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 awards shown in column (1)

includes expected dividend payments on the shares. No dividends are paid or accrued for restricted stock unit awards.

| Name | Date | Award | Number of Shares | Vesting Schedule |
|------------|------------|-----------------------|------------------|--|
| K. Hicks | 08/25/2009 | Restricted Stock | 100,000 | 01/31/2013: 100,000 shares |
| K. Hicks | 08/25/2009 | Restricted Stock | 400,000 | 01/31/2011: 100,000 shares 01/31/2012: 100,000 shares 01/31/2013: 200,000 shares |
| M. Serra | 03/25/2009 | Restricted Stock | 60,000 | 01/30/2010: 60,000 shares |
| R. McHugh | 03/25/2009 | Restricted Stock | 25,000 | 03/25/2012: 25,000 shares |
| R. Halls | 03/25/2009 | Restricted Stock | 50,000 | 03/25/2012: 50,000 shares |
| R. Halls | 06/30/2009 | Restricted Stock | 50,000 | 06/30/2010: 25,000 shares 06/30/2011: 25,000 shares |
| R. Johnson | 03/25/2009 | Restricted Stock Unit | 25,000 | 03/25/2012: 25,000 units |
| G. Bahler | 03/25/2009 | Restricted Stock | 25,000 | 03/25/2012: 25,000 shares |

(4) **Stock
Option
Grants**

The amounts in column (j) reflect the number of stock options granted in 2009 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 in 2009 is shown below.

| Name | Date of Grant | Number of Shares | Vesting Schedule |
|-------------|----------------------|-------------------------|--|
| K. Hicks | 08/25/2009 | 300,000 | 02/25/2010: 150,000 shares 08/25/2010: 150,000 shares |
| K. Hicks | 08/25/2009 | 300,000 | 08/25/2010: 100,000 shares 08/25/2011: 100,000 shares 08/25/2012: 100,000 shares |
| M. Serra | 03/25/2009 | 125,000 | 01/30/2010: 125,000 shares |
| R. McHugh | 03/25/2009 | 25,000 | 03/25/2010: 8,333 shares 03/25/2011: 8,333 shares 03/25/2012: 8,334 shares |
| R. Halls | 03/25/2009 | 50,000 | 03/25/2010: 16,666 shares 03/25/2011: 16,667 shares 03/25/2012: 16,667 shares |
| R. Halls | 06/30/2009 | 50,000 | 06/30/2010: 25,000 shares 06/30/2011: 25,000 shares |
| R. Johnson | 03/25/2009 | 25,000 | 03/25/2010: 8,333 shares 03/25/2011: 8,333 shares 03/25/2012: 8,334 shares |
| G. Bahler | 03/25/2009 | 25,000 | 03/25/2010: 8,333 shares 03/25/2011: 8,333 shares 03/25/2012: 8,334 shares |

(5) **Grant Date
Fair Value**

The amounts shown in column (1) reflect the aggregate grant date fair value of the restricted stock

and stock option awards granted in 2009, 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 2009. As provided under the SEC's rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions and include 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 by the number of options granted. The Black-Scholes values for the options granted in 2009 are shown in the table below. For restricted stock and restricted stock unit awards, the fair value is calculated by multiplying the closing price of our Common Stock on The New York Stock Exchange on the award date by the number of shares granted.

| Name | Stock Options: Date of Grant | Black-Scholes Value | Restricted Stock and Restricted Stock Unit | |
|------------|---------------------------------|------------------------|---|-----------------------------------|
| | | | Awards: Date of Grant | Closing Price on Date of Grant |
| K. Hicks | 08/25/2009 | \$2.9231 | 08/25/2009 | \$10.10 |
| M. Serra | 03/25/2009 | \$2.7523 | 03/25/2009 | \$9.93 |
| R. Halls | 03/25/2009 | \$2.8692 | 03/25/2009 | \$9.93 |
| | 06/30/2009 | \$3.1255 | 06/30/2009 | \$10.47 |
| R. McHugh | 03/25/2009 | \$2.8692 | 03/25/2009 | \$9.93 |
| R. Johnson | | | | |
| G. Bahler | | | | |

Salary. The annual base salaries and bonuses, if any, paid to our named executives in 2009 are set forth in the Summary Compensation Table. For 2009, these amounts represented the following percentages of their total compensation: Mr. Hicks (17.5%), Mr. Serra (52.6%), Mr. McHugh (48.9%), Mr. Halls (31.5%), Mr. Johnson (43.9%), and Mr. Bahler (42.7%). Information on the named executives' employment agreements appears beginning on Page 45.

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 2009 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 (#) | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option 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) | Number of Shares or Units of Stock That Have Not Vested (#) |
| K. Hicks | 0 | 600,000 | | 10.10 | 08/25/2019 | 500,000 | 5,645,000 | |
| M. Serra | 500,000 | 0 | | 11.905 | 02/12/2011 | | | |
| | 200,000 | 0 | | 16.02 | 04/18/2012 | | | |
| | 100,000 | 0 | | 16.19 | 01/30/2013 | | | |
| | 100,000 | 0 | | 25.365 | 01/30/2013 | | | |
| | 115,000 | 0 | | 27.01 | 01/30/2013 | | | |
| | 100,000 | 0 | | 23.92 | 01/30/2013 | | | |
| | 48,500 | 0 | | 23.42 | 01/30/2013 | | | |
| | 100,000 | 0 | | 11.66 | 01/30/2013 | | | |
| | 125,000 | 0 | | 9.93 | 01/30/2013 | | | |
| R. McHugh | 20,000 | 0 | | 11.3125 | 04/12/2010 | | | |
| | 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 | | | |

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| | | | | | | |
|------------|--------|--------|---------|------------|--------|---------|
| | 20,000 | 0 | 28.155 | 03/23/2015 | | |
| | 30,000 | 0 | 21.48 | 11/21/2015 | | |
| | 13,333 | 6,667 | 23.42 | 03/28/2017 | | |
| | 8,333 | 16,667 | 11.66 | 03/26/2018 | | |
| | 0 | 25,000 | 9.93 | 03/25/2019 | | |
| | | | | | 40,000 | 451,600 |
| | | | | | 10,000 | 112,900 |
| | | | | | 25,000 | 282,250 |
| 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 | | |
| | 30,000 | 0 | 28.155 | 03/23/2015 | | |
| | 30,000 | 0 | 23.92 | 03/22/2016 | | |
| | 30,000 | 0 | 24.755 | 10/12/2016 | | |
| | 20,000 | 10,000 | 23.42 | 03/28/2017 | | |
| | 8,333 | 16,667 | 11.66 | 03/26/2018 | | |
| | 0 | 50,000 | 9.93 | 03/25/2019 | | |
| | 0 | 50,000 | 10.47 | 06/30/2019 | | |
| | | | | | 20,000 | 225,800 |
| | | | | | 20,000 | 225,800 |
| | | | | | 50,000 | 564,500 |
| | | | | | 50,000 | 564,500 |
| R. Johnson | 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 | | |
| | 13,333 | 6,667 | 23.42 | 03/28/2017 | | |
| | 13,333 | 6,667 | 18.80 | 07/30/2017 | | |
| | 3,333 | 6,667 | 11.66 | 03/26/2018 | | |
| | 0 | 25,000 | 9.93 | 03/25/2019 | | |
| | | | | | 25,000 | 282,250 |
| | | | | | 25,000 | 282,250 |
| G. Bahler | 20,002 | 0 | 11.3125 | 04/12/2010 | | |
| | 47,500 | 0 | 12.985 | 04/11/2011 | | |
| | 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 | | |

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| | | | | | |
|--------|--------|-------|------------|--------|---------|
| 13,333 | 6,667 | 23.42 | 03/28/2017 | | |
| 8,333 | 16,667 | 11.66 | 03/26/2018 | | |
| 0 | 25,000 | 9.93 | 03/25/2019 | | |
| | | | | 40,000 | 451,600 |
| | | | | 10,000 | 112,900 |
| | | | | 25,000 | 282,250 |
| | | 42 | | | |

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 * | |
| M. Serra | 500,000 | 02/12/2001 | 02/12/2002 | 02/12/2003 | 01/31/2004 |
| | 200,000 | 04/18/2002 | 04/18/2003 | 04/18/2004 | 04/18/2005 |
| | 100,000 | 09/11/2003 | 09/11/2004 | 09/11/2005 | 09/11/2006 |
| | 100,000 | 02/18/2004 | 02/18/2005 | 02/18/2006 | 02/18/2007 |
| | 115,000 | 02/09/2005 | 02/09/2006 | 02/09/2007 | 02/01/2008 |
| | 100,000 | 03/22/2006 | 03/22/2007 | 03/22/2008 | 03/22/2009 |
| | 48,500 | 03/28/2007 | 03/28/2008 | 03/28/2009 | 01/30/2010 |
| | 100,000 | 03/26/2008 | 03/26/2009 ** | 01/30/2010 ** | |
| | 125,000 | 03/25/2009 | 01/30/2010 *** | | |
| 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 **** | |
| R. McHugh | 20,000 | 04/12/2000 | 04/12/2001 | 04/12/2002 | 04/12/2003 |
| | 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 |

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| | | | | | |
|-----------|--------|------------|------------|------------|------------|
| | 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 |
| 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 |
| G. Bahler | 20,002 | 04/12/2000 | 04/12/2001 | 04/12/2002 | 04/12/2003 |
| | 47,500 | 04/11/2001 | 04/11/2002 | 04/11/2003 | 04/11/2004 |
| | 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 |

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

** 50 percent of grant vested on March 26,

2009 and
50 percent
of grant
vested on
January
30, 2010.

*** Option
fully
vested on
January
30, 2010.

**** 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) are as follows:

| Name | Date of Grant | Number of Shares/Units | Vesting Date |
|-------------|----------------------|-------------------------------|---------------------|
| 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 |
| R. McHugh | 03/28/2007 | 40,000 | 03/15/2010 |
| | 03/26/2008 | 10,000 | 03/26/2011 |
| | 03/25/2009 | 25,000 | 03/25/2012 |
| R. Halls | 03/28/2007 | 20,000 | 03/15/2010 |
| | 03/26/2008 | 20,000 | 03/26/2011 |
| | 03/25/2009 | 50,000 | 03/25/2012 |
| | 06/30/2009 | 25,000 | 06/30/2010 |
| | 06/30/2009 | 25,000 | 06/30/2011 |
| R. Johnson | 07/30/2007 | 25,000 | 08/06/2010 |
| | 03/25/2009 | 25,000 | 03/25/2012 |
| G. Bahler | 03/28/2007 | 40,000 | 03/15/2010 |
| | 03/26/2008 | 10,000 | 03/26/2011 |
| | 03/25/2009 | 25,000 | 03/25/2012 |

- (3) Value calculated by multiplying the number of unvested shares by the closing price of \$11.29 on January 29,

2010, which
was the last
business
day of the
2009 fiscal
year.

The following table, **Option Exercises and Stock Vested**, provides information on the stock options exercised by the named executives during 2009 and restricted stock awards that vested during the year.

OPTION EXERCISES AND STOCK VESTED

| (a) Name | Option Awards | | Stock Awards | |
|-------------|---|--|---|---|
| | (b) Number of Shares Acquired on Exercise(#) | (c) Value Realized on Exercise(\$) | (d) Number of Shares Acquired on Vesting(#) | (e) Value Realized on Vesting(\$) |
| K. Hicks | | | | |
| M. Serra | | | 18,834 | 182,596 |
| R. McHugh | 4,000 | 10,570 | | |
| R. Halls | | | 50,000 | 555,250 |
| R. Johnson | | | | |
| G. Bahler | | | | |

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 50.

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 President and 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. His bonus at target under the long-term bonus plan for any three-year performance period is 90 percent of his base salary at the beginning of the performance period. Mr. Hicks will participate on a pro rata basis in the long-term bonus plan for the 2007-2009, 2008-2010, and 2009-2011 performance periods.

Annual Bonus for 2009. The agreement provides that Mr. Hicks was entitled to receive an annual bonus calculated in the same manner as payments made for 2009 under the annual bonus plan, with a guaranteed bonus equal to target (\$634,617); however, he waived his entitlement to this bonus payment in light of the Company's performance in 2009 and the fact that corporate executives participating in the performance-based annual bonus plan

would not be receiving payouts for 2009.

Sign-on Bonus.

Mr. Hicks agreement provides 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 its 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:

| Type of Award | Number of Shares | Vesting |
|----------------------|-------------------------|---|
| Restricted Stock | 100,000 | January 31, 2013 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 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:

| Type of Award | Number of Shares | Vesting |
|------------------|------------------|---|
| Restricted Stock | 400,000 | January 31, 2011: 100,000 January 31, 2012: 100,000 January 31, 2013: 200,000 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 provides 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 for the difference between the monthly cost of participation in Foot Locker's medical and dental insurance plans and the amount Mr. Hicks paid his former employer for continued coverage under COBRA for the period beginning August 17, 2009 and ending on the date he became eligible to participate in our plans on December 1, 2009.

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.

Matthew D. Serra

Amendment.

We and Mr.
Serra
amended his
employment
agreement,
effective
August 2009,
to provide
that Mr. Serra
would resign
as President
and Chief
Executive
Officer in
August 2009,
continuing to
serve as
Chairman of
the Board
until his
planned
retirement at
the end of his
employment
agreement

term on
January 30,
2010. Other
than as
amended, the
terms of Mr.
Serra's
December
2008
agreement
remained
unchanged
through the
end of the
term.

Term. The
term of this
agreement
began on
October 1,
2006 and
ended on
January 30,
2010.

**Base Salary
and Bonus.**

We paid Mr.
Serra an
annual base
salary of not
less than \$1.5
million
during the
term of the
agreement.
Mr. Serra's
annual bonus
at target was
125 percent
of his base
salary, and
his bonus at
target under
the long-term
bonus plan
for any
three-year
performance
period was

90 percent of his base salary at the beginning of the performance period. He is eligible for a pro-rata payout under the Long-Term Bonus Plan for the 2008-2010 and 2009-2011 performance periods, provided the performance goals are met, with payment to be made to Mr. Serra at the same time payment is made to other participating executives.

Benefit Plans and

Perquisites.

During the employment term, Mr. Serra was entitled to participate in all bonus, incentive, and equity plans offered to senior executives. He was 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. Serra included:

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 \$20,000;

Financial planning expenses of up to \$7,500 annually;

Reimbursement of dues and membership fees of one private club of up to \$20,000 annually;

Automobile expense allowance of

up to \$40,000
annually and
the services of
a driver;

Although Mr. Serra was eligible for these perquisites under his agreement, he chose not to receive some of these benefits in 2009.

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

Serra's
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 Mr. Serra:

willfully and
continuously
fails to
perform his
duties;

willfully
takes part in
misconduct
that
significantly
harms the
Company;

willfully
breaches his
employment
agreement
and does not

correct the
breach; or

is convicted
of a felony
(other than a
traffic
violation).

Change in Control means any of the following:

a person or
group makes
a tender offer
to purchase
at least 20
percent of
the
Company's
outstanding
stock;

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 20
percent of
the stock
outstanding;

the
acquisition
of 20 percent
or more of
the
outstanding

stock. (The Board may, however, increase this threshold up to 40 percent);

shareholder approval of a plan of liquidation, dissolution, or sale of substantially all of the assets of the Company; or

during any period of two consecutive years, 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:

Mr. Serra 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, following a Change in Control,

a material demotion or reduction in Mr. Serra's authority or responsibility (except temporarily because of illness or other absence);

a decrease 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 confirm in writing that it will assume 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:

| Name | Position | Term of Agreement | 2009 Base Salary Rate |
|-------------|----------------------|--------------------------|------------------------------|
| R. McHugh | Executive VP and CFO | 1/1/2009 - 1/31/2011 | \$575,000 |

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| | | | |
|------------|---|--------------------|-----------|
| R. Halls | President and CEO, Foot Locker, Inc. International | 7/1/2009 6/30/2011 | \$750,000 |
| R. Johnson | President and CEO, Foot Locker U.S., Lady Foot Locker, Kids Foot Locker, and Footaction | 1/8/2010-1/31/2011 | \$525,000 |
| G. Bahler | Senior VP, General Counsel and Secretary | 1/1/2009 1/31/2011 | \$525,000 |

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 2009 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 30, 2010. As Mr. Serra retired from the Company on January 30, 2010, the information reported in the table reflects his retirement and reports actual amounts.

KEN C. HICKS

| Reason for Termination | Severance Payment | Accelerated Vesting of Restricted Stock and Options | SERP Benefit | Benefit under Excess Cash Balance Plan | Continuation of Health Benefits | Outplacement Services | Total |
|---|--------------------------|---|---------------------|---|--|------------------------------|--------------|
| By Company Without Cause | \$2,634,617 | Restricted Stock: No acceleration of vesting Stock Options: No acceleration of vesting | | | | \$25,000 | \$2,659,617 |
| | (1) | | | | | (2) | |
| By Executive if Company Breaches Employment Agreement | \$2,634,617 | Restricted Stock: No acceleration of vesting Stock Options: No acceleration of vesting | | | | \$25,000 | \$2,659,617 |
| | (1) | | | | | (2) | |
| Executive Resigns Before End of Term | | | | | | | |
| By Executive for Good | \$4,950,000 | Restricted Stock: | | | | \$25,000 | \$11,334,000 |

| | | | | |
|--|--|----------|--|-------------|
| Reason or by Company following Change in Control | \$5,645,000 Stock Options: Accelerated vesting of 600,000 shares: \$714,000 | | | |
| (3) | (4)(5) | (6)(7) | | (2) |
| Disability | Restricted Stock: \$5,645,000 Stock Options: Accelerated vesting of 250,000 shares: \$297,500 | \$20,254 | | \$5,962,754 |
| | (8)(7) | (9) | | |
| Death | Restricted Stock: \$5,645,000 Stock Options: Accelerated vesting of 250,000 shares: \$297,500 | \$20,254 | | \$5,962,754 |
| | (8)(7) | (9) | | |

Cause

Notes to Table on Ken C. Hicks

- (1) The severance amount reflects salary continuation for 24 months plus the annual bonus that

Mr. Hicks
was entitled
to for 2009.
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
bonus amount
would have
been made
within two and
one-half
months
following
termination.

- (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 the sum of two times 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, 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) This amount for restricted stock is the value of 500,000 shares of restricted stock that would vest. The shares were valued at \$11.29.
- (7) This amount represents the

intrinsic value
of the stock
options.

(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 \$11.29.

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

MATTHEW D. SERRA

Matthew D. Serra retired from the Company at the end of the 2009 fiscal year on January 30, 2010. The information in the table below reflects the actual amounts for Mr. Serra in connection with his retirement.

| Reason for Termination | Severance Payment | Accelerated Vesting of | SERP Benefit | Benefit under Excess Cash | Continuation of Health | Total |
|-------------------------------|--------------------------|-------------------------------|---------------------|----------------------------------|-------------------------------|--------------|
|-------------------------------|--------------------------|-------------------------------|---------------------|----------------------------------|-------------------------------|--------------|

| | | Restricted Stock and Options | | Balance Plan | Benefits | |
|------------|-----|---|-------------|---------------------|-----------------|-------------|
| Retirement | N/A | N/A | \$2,857,607 | \$544,314 | \$121,231 | \$3,523,152 |
| | | | (1) | (2) | (3) | |

Notes to Table on Matthew D. Serra

- (1) This amount is the total benefit payable under the Supplemental Executive Retirement Plan (SERP). The payments will be made quarterly over a three-year period. The first two quarterly payments will be made on the first day of the calendar quarter that occurs six months after the executive s retirement date, with the remaining payments made quarterly during the remainder of the three-year period.
- (2) Benefit payable as of January 30, 2010 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.

- (3) Mr. Serra is entitled under the SERP to the continuation of medical and dental insurance benefits following termination. The benefits are substantially the same as those benefits to which senior executives are entitled under

Foot Locker's medical and dental plans for active employees. Mr. Serra is required to pay the insurance premium applicable to actively employed senior executives, including any subsequent increases in the premiums. The continuation of benefits would terminate if Mr. Serra engages in competition during the one-year period following termination or becomes a participant in a new employer's health plan. The amount shown in the table represents the actuarial present value of all future expected medical and dental benefits to be received from the Company during

retirement.

ROBERT W. MCHUGH

| Reason for Termination | Severance Payment | Accelerated Vesting of Restricted Stock and Options | SERP Benefit | Benefit under Excess Cash Balance Plan | Continuation of Health Benefits | Outplacement Services | Total |
|---|--------------------------|--|---------------------|---|--|------------------------------|--------------|
| By Company Without Cause | \$575,000 | Restricted Stock: No acceleration of vesting Stock Options: No acceleration of vesting | | \$94,322 | \$9,290 | | \$678,612 |
| | (1) | | | (2) | (3) | | |
| By Executive for Good Reason | \$575,000 | Restricted Stock: No acceleration of vesting Stock Options: Accelerated vesting of 23,333 shares: \$11,333 value | | \$94,322 | \$9,290 | | \$689,945 |
| | (1) | (4) | | (2) | (3) | | |
| Executive Resigns Before End of Term | | | | \$94,322 | | | \$94,322 |
| | | | | (2) | | | |
| Termination following Change in Control | \$1,725,000 | Restricted Stock: \$846,750 | | \$94,322 | \$9,290 | | \$2,709,362 |

six months
following
termination.

- (2) Benefit payable as of January 30, 2010 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.

- (3) The amount in the table reflects the estimated cost to the Company of payments to Mr. McHugh to reimburse him for the difference between the cost of the COBRA continuation coverage premium and the amount he would have paid for medical and dental coverage as an active associate for 18 months following his termination.
- (4) The value shown in the table reflects the intrinsic value only of the in-the-money-options on January 30, 2010.
- (5) 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, 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.

- (6) This amount for restricted stock represents the value of 75,000 shares of restricted stock that would vest on termination. The shares were valued at \$11.29.
- (7) 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 75,000 shares of restricted stock, valued at \$11.29.
- (8) 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 and Options | SERP Benefit | Benefit under Excess Cash Balance Plan | Continuation of Health Benefits | Outplacement Services | Total |
|---|--------------------------|--|---------------------|---|--|------------------------------|--------------|
| By Company Without Cause | \$750,000 | Restricted Stock: No acceleration of vesting Stock Options: No acceleration of vesting | \$386,592 | \$112,423 | \$414,580 | | \$1,663,595 |
| | (1) | | (2) | (3) | (4) | | |
| By Executive for Good Reason | \$750,000 | Restricted Stock: No acceleration of vesting Stock Options: Accelerated vesting of 51,665 shares: \$36,332 value | \$386,592 | \$112,423 | \$414,580 | | \$1,699,927 |
| | (1) | (5) | (2) | (3) | (4) | | |
| Executive Resigns Before End of Term | | | \$386,592 | \$112,423 | \$414,580 | | \$913,595 |
| | | | (2) | (3) | (4) | | |
| Termination following Change in Control | \$2,250,000 | Restricted Stock: \$1,580,600 | \$386,592 | \$112,423 | \$414,580 | | \$4,853,195 |

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 30, 2010 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 only of the in-the-money-options on January 30, 2010.
- (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, 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)

This amount for restricted stock represents the value of 140,000 shares of restricted stock that would vest on termination. The shares were valued at \$11.29.

- (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 140,000 shares of restricted stock, valued at \$11.29.
- (9) SERP benefit payable in a lump sum following determination of disability or the date of death.

RICHARD A. JOHNSON

| Reason for Termination | Severance Payment | Accelerated Vesting of Restricted Stock and Options | SERP Benefit | Benefit under Excess Cash Balance Plan | Continuation of Health Benefits | Outplacement Services | Total |
|---|-------------------|--|--------------|--|---------------------------------|-----------------------|-------------|
| By Company Without Cause | \$525,000 | Restricted Stock Units: No acceleration of vesting Stock Options: No acceleration of vesting | | \$78,993 | \$9,290 | | \$613,283 |
| | (1) | | | (2) | (3) | | |
| By Executive for Good Reason | \$525,000 | Restricted Stock Units: No acceleration of vesting Stock Options: Accelerated vesting of 25,000 shares: \$11,333 value | | \$78,993 | \$9,290 | | \$624,616 |
| | (1) | (4) | | (2) | (3) | | |
| Executive Resigns Before End of Term | | | | \$78,993 | \$9,290 | | \$88,283 |
| | | | | (2) | (3) | | |
| Termination following Change in Control | \$1,575,000 | Restricted Stock Units: \$564,500 | | \$78,993 | \$9,290 | | \$2,261,783 |

six months
following
termination.

- (2) Benefit payable as of January 30, 2010 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.
- (3) The amount in the table reflects the estimated cost to the Company of payments to Mr. Johnson to reimburse him for the difference between the cost of the COBRA continuation coverage premium and the amount he would have paid for medical and dental coverage as an active associate for 18 months following his termination.
- (4) The value shown in the table reflects the intrinsic value only of the in-the-money-options on January 30, 2010.
- (5) 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, 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.

- (6) This amount for restricted stock units represents the value of 50,000 restricted stock units that would vest on termination. The units were valued at \$11.29.
- (7) The Compensation and Management Resources Committee may, but is not obligated to, accelerate the vesting of some or all of executive's restricted stock units. The number shown in the table assumes approval of the accelerated vesting of 50,000 restricted stock units, valued at \$11.29.

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

GARY M. BAHLER

| Reason for Termination | Severance Payment | Accelerated Vesting of Restricted Stock and Options | SERP Benefit | Benefit under Excess Cash Balance Plan | Continuation of Health Benefits | Outplacement Services | Total |
|---|--------------------------|--|---------------------|---|--|------------------------------|--------------|
| By Company Without Cause | \$878,365 | Restricted Stock: No acceleration of vesting Stock Options: No acceleration of vesting | \$754,252 | \$362,862 | \$395,954 | | \$2,391,433 |
| | (1) | | (2) | (3) | (4) | | |
| By Executive for Good Reason | \$878,365 | Restricted Stock: No acceleration of vesting Stock Options: Accelerated vesting of 23,333 shares: \$11,333 value | \$754,252 | \$362,862 | \$395,954 | | \$2,402,766 |
| | (1) | (5) | (2) | (3) | (4) | | |
| Executive Resigns Before End of Term | | | \$754,252 | \$362,862 | \$395,954 | | \$1,513,068 |
| | | | (2) | (3) | (4) | | |
| Termination following Change in Control | \$1,575,000 | Restricted Stock: \$846,750 | \$754,252 | \$362,862 | \$395,954 | | \$3,968,818 |

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 30, 2010 in a lump sum under the Foot Locker Excess Cash Balance Plan six months following 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 only of the in-the-money-options on January 30, 2010.
- (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, 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) This amount for restricted stock represents the value of 75,000 shares of restricted stock that would vest on termination. The shares were valued at \$11.29.

- (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 75,000 shares of restricted stock, valued at \$11.29.

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

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.

| Years of Service | Percent of All W-2 Compensation | + | Percent of W-2 Compensation Over \$22,000 |
|-------------------------|--|----------|--|
| 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 other than Mr. Serra, and five other executive officers of the Company currently participate in the SERP. Mr. Serra participated in the SERP through his retirement date. 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, Messrs. Bahler, Halls and Johnson have age plus years of service totaling at least 65. Mr. Serra had age plus years of service exceeding 65 at the time of his retirement. 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 2009 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 (\$)(2) |
| K. Hicks | Retirement Plan | 0 | -0- | 0 |
| | Excess Plan | 0 | -0- | |
| | SERP | 1 | 19,855 | |
| | | | 19,855 | |
| M. Serra | Retirement Plan | 10 | 53,432 | 0 |
| | Excess Plan | 10 | 544,314 | |
| | SERP | 12 | 2,647,494 | |
| | | | 3,245,240 | |
| R. McHugh | Retirement Plan | 11 | 60,069 | 0 |
| | Excess Plan | 11 | 111,283 | |
| | SERP | 5 | 143,439 | |