SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

F O R M 10 - Q

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

For the quarterly period ended August 3, 2002

Commission file no. 1-10299

FOOT LOCKER, INC.
(Exact name of registrant as specified in its charter)

New York	13-3513936
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

112 W. 34th Street, New York, New York	10120
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: (212) 720-3700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

Number of shares of Common Stock outstanding at September 6, 2002: 140,936,050

FOOT LOCKER, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except shares)

	August 3, 2002 (Unaudited)	August 4, 2001 (Unaudited)	February 2, 2002 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	$ 307	$ 189	$ 215
Merchandise inventories	887	835	793
Assets of discontinued operations	3	4	5
Assets held for sale	--	61	--
Other current assets	110	99	102
	1,307	1,188	1,115
Property and equipment, net	626	643	637
Deferred taxes	247	222	251
Goodwill and intangible assets	202	188	191
Assets of business transferred under contractual arrangement (note receivable)	12	--	30
Other assets	69	145	73
	$ 2,463	$ 2,386	$ 2,297
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable	$ 389	$ 327	$ 272
Accrued liabilities	203	187	211
Current portion of repositioning and restructuring reserves	3	26	6
Current portion of reserve for discontinued operations	21	44	16
Liabilities of discontinued operations	4	10	7
Liabilities of businesses held for sale	--	20	--
Current portion of long-term debt and obligations under capital leases	31	54	34
	651	668	546
Long-term debt and obligations under capital leases	363	405	365
Liabilities of business transferred under contractual arrangement	12	--	12
Other liabilities	360	276	382
Shareholders' equity			
Common stock and paid-in capital: 141,036,379 139,730,062 and 139,980,630 shares, respectively	373	358	363
Retained earnings	848	728	797
Accumulated other comprehensive loss	(144)	(49)	(168)
Less: Treasury stock at cost: 70,220, 22,455 and 70,220 shares, respectively	--	--	--
Total shareholders' equity	1,077	1,037	992
	$ 2,463	$ 2,386	$ 2,297

See Accompanying Notes to Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in millions, except per share amounts)

	Thirteen weeks ended		Twenty-six weeks ended	
	Aug. 3, 2002	Aug. 4, 2001	Aug. 3, 2002	Aug. 4, 2001
Sales	$ 1,085	$ 1,048	$ 2,175	$ 2,120
Costs and Expenses				
Cost of sales	773	742	1,543	1,488
Selling, general and administrative expenses	220	227	440	458
Depreciation and amortization	38	38	74	76
Restructuring charge (income)	(1)	32	(1)	32
Interest expense, net	7	6	14	10
Other income	(3)	(1)	(3)	(1)
	1,034	1,044	2,067	2,063
Income from continuing operations before income taxes	51	4	108	57
Income tax expense	18	--	37	21
Income from continuing operations	33	4	71	36
Loss on disposal of discontinued operations, net of income tax (benefit) expense of $(1), $6, $(1) and $1	(2)	(18)	(20)	(13)
Net income (loss)	$ 31	$ (14)	$ 51	$ 23
Basic earnings per share:				
Income from continuing operations	$ 0.23	$ 0.03	$ 0.50	$ 0.26
Loss from discontinued operations	(0.01)	(0.13)	(0.14)	(0.09)
Net income (loss)	$ 0.22	$ (0.10)	$ 0.36	$ 0.17
Weighted-average common shares outstanding	140.7	139.5	140.4	139.0
Diluted earnings per share:				
Income from continuing operations	$ 0.22	$ 0.03	$ 0.48	$ 0.26
Loss from discontinued operations	(0.01)	(0.13)	(0.13)	(0.09)
Net income (loss)	$ 0.21	$ (0.10)	$ 0.35	$ 0.17
Weighted-average common shares assuming dilution	151.0	140.8	150.9	143.2

See Accompanying Notes to Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(in millions)

	Thirteen weeks ended		Twenty-six weeks ended	
	Aug. 3, 2002	Aug. 4, 2001	Aug. 3, 2002	Aug. 4, 2001
Net income (loss)	$ 31	$(14)	$ 51	$ 23
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments arising during the period	15	(1)	25	(8)
Change in fair value of derivatives accounted for as hedges, net of deferred tax benefit of $-	(1)	(1)	(1)	--
Comprehensive income (loss)	$ 45	$(16)	$ 75	$ 15

See Accompanying Notes to Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in millions)

	Twenty-six weeks ended	
	Aug. 3, 2002	Aug. 4, 2001
From Operating Activities:		
Net income	$ 51	$ 23
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:		
Restructuring charge (income)	(1)	32
Loss on disposal of discontinued operations, net of tax	20	13
Depreciation and amortization	74	76
Real estate gains	(3)	(1)
Deferred income taxes	3	(30)
Change in assets and liabilities:		
Merchandise inventories	(84)	(108)
Accounts payable and other accruals	92	34
Repositioning and restructuring reserves	(2)	(20)
Other, net	3	2
Net cash provided by operating activities of continuing operations	153	21
From Investing Activities:		
Proceeds from disposal of real estate	6	1
Lease acquisition costs	(8)	(7)
Capital expenditures	(63)	(39)
Net cash used in investing activities of continuing operations	(65)	(45)
From Financing Activities:		
Issuance of convertible long-term debt	--	150
Debt issuance costs	--	(8)
Reduction in long-term debt and capital lease obligations	(4)	(4)
Issuance of common stock	9	8
Net cash provided by financing activities of continuing operations	5	146
Net Cash used in Discontinued Operations	(6)	(45)
Effect of exchange rate fluctuations on Cash and Cash Equivalents	5	3
Net change in Cash and Cash Equivalents	92	80
Cash and Cash Equivalents at beginning of year	215	109
Cash and Cash Equivalents at end of interim period	$ 307	$ 189
Cash paid during the period:		
Interest	$ 14	$ 17
Income taxes	$ 20	$ 21

See Accompanying Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Notes to Consolidated Financial Statements contained in the Registrant's Form 10-K for the year ended February 2, 2002, as filed with the Securities and Exchange Commission (the "SEC") on April 29, 2002. Certain items included in these statements are based on management's estimates. In the opinion of management, all material adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the interim periods have been included. The results for the twenty-six weeks ended August 3, 2002 are not necessarily indicative of the results expected for the year.

Goodwill and Intangible Assets

The Registrant adopted Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets" effective February 3, 2002. Accordingly, the Registrant stopped amortizing goodwill in the first quarter of 2002. All intangible assets of the Registrant have finite lives and will continue to be amortized over their useful lives. The Registrant is required to test for potential impairment of goodwill and intangible assets at least on an annual basis. The Registrant completed its transitional review, which did not result in an impairment charge.

The following would have resulted had the provisions of the new standards been applied as of January 31, 1999:

	Thirteen weeks ended August 4, 2001	Twenty-six weeks ended August 4, 2001	Year ended February 2, 2002	Year ended February 3, 2001	Year ended January 29, 2000
Income from continuing operations (in millions)					
As reported	$ 4	$ 36	$ 111	$ 107	$ 59
Pro forma	$ 5	$ 38	$ 115	$ 112	$ 64
Basic earnings per share					
As reported	$ 0.03	$ 0.26	$ 0.79	$ 0.78	$ 0.43
Pro forma	$ 0.04	$ 0.28	$ 0.82	$ 0.81	$ 0.47
Diluted earnings per share					
As reported	$ 0.03	$ 0.26	$ 0.79	$ 0.77	$ 0.43
Pro forma	$ 0.04	$ 0.28	$ 0.82	$ 0.80	$ 0.46

There were no material changes in the carrying value of goodwill during the thirteen and twenty-six weeks ended August 3, 2002. The carrying value of goodwill by operating segment as of August 3, 2002 was as follows:

(in millions)	
Athletic Stores...............	$ 55
Direct to Customers...........	80
Total Goodwill................	$ 135

Finite life intangible assets comprise lease acquisition costs, which are required to secure prime lease locations and other lease rights, primarily in Europe. The weighted-average amortization period as of August 3, 2002 was approximately 12 years. Amortization expense for lease acquisition costs was approximately $2 million and $4 million for the thirteen and twenty-six weeks ended August 3, 2002, respectively. For the thirteen and twenty-six weeks ended August 4, 2001, amortization expense was approximately $1 million and $3 million, respectively. Annual estimated amortization expense is expected to be $8 million for 2002 and 2003 and approximately $7 million for each of the succeeding three years.

Finite life intangible assets subject to amortization, were as follows:

Lease Acquisition Costs (in millions)	Gross Carrying Amount	Accumulated Amortization	Net
August 3, 2002	$104	$(37)	$ 67
August 4, 2001	$ 84	$(35)	$ 49
February 2, 2002	$ 90	$(34)	$ 56

Impairment or Disposal of Long-Lived Assets

Effective as of February 3, 2002, the Registrant adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 retains the basic provisions of APB No. 30 for the presentation of discontinued operations in the income statement but broadens that presentation to apply to a component of an entity rather than a segment of a business. The pronouncement now provides for a single accounting model for reporting long-lived assets to be disposed of by sale. Certain balances in prior periods have been reclassified in the Condensed Consolidated Balance Sheets to conform to the presentation required by the pronouncement. The adoption of SFAS No. 144 did not have a material impact on the Registrant's financial position or results of operations.

Derivative Financial Instruments

In the first quarter of 2001, the Registrant recorded other comprehensive income of approximately $1 million, reflecting the impact of adoption of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." During the quarters ended August 3, 2002 and August 4, 2001, the ineffective portion of gains and losses related to cash flow hedges recorded to earnings was not material. The Registrant is hedging forecasted transactions for no more than the next twelve months and expects all derivative-related amounts reported in accumulated other comprehensive loss to be reclassified to earnings within twelve months.

Accumulated comprehensive loss was increased by approximately $1 million after-tax due to the changes in fair value of derivative financial instruments designated as hedges during the second quarter of 2002 and 2001.

During the quarter ended August 3, 2002, the change in fair value of derivative instruments not designated as hedges was not material. During the quarter ended August 4, 2001, the Registrant recorded a gain of approximately $1 million for the change in fair value of derivative instruments not designated as hedges, which was offset by a foreign exchange loss related to the underlying transactions.

Discontinued Operations

On September 28, 2001, the Registrant completed the stock transfer of the 370 Northern Group stores in Canada, through one of its wholly-owned subsidiaries for approximately CAD$59 million (approximately US$38 million), which was paid in the form of a note (the "Note"). The purchaser operates the Northern Group stores, from which the repayment of the Note will be made. The transaction has been accounted for as a "transfer of assets and liabilities under contractual arrangement" as no cash proceeds were received and the consideration comprised the Note, the repayment of which is dependent on the future successful operations of the business. The assets and liabilities related to the former operations have been presented under the balance sheet captions as "Assets of business transferred under contractual arrangement (note receivable)" and "Liabilities of business transferred under contractual arrangement." The net amount of the assets and liabilities of the former operations was written down to the estimated fair value of the Note in the second quarter of 2001. Due to the poor performance of the Northern Group stores in Canada since the transaction, the Registrant recorded a charge of $18 million in the first quarter of 2002. The charge comprised a valuation allowance in the amount of the operating losses incurred by the purchaser and a further reduction in the carrying value of the net amount of the assets and liabilities of the former operations to zero, due to greater uncertainty with respect to the collectibility of the Note.

In the first quarter of 2001, the Registrant recorded a tax benefit of $5 million as a result of the implementation of tax planning strategies related to the discontinuance of the Northern Group. The second quarter 2001 charge of $12 million before-tax, or $19 million after-tax, to write-down the assets and liabilities to the estimated fair value of the Note was partially offset by reduced severance and favorable results from the liquidation of the Northern U.S stores and real estate activity.

Net disposition activity of $23 million for the first half of 2002 included the $18 million reduction in the carrying value of the net assets and liabilities, real estate disposition activity of $2 million and severance and other costs of $3 million. Of the remaining reserve balance of $6 million at August 3, 2002, $5 million is expected to be utilized within twelve months and the remaining $1 million thereafter.

In 1998, the Registrant exited both its International General Merchandise and Specialty Footwear segments. In 1997, the Registrant announced that it was exiting its Domestic General Merchandise segment. In the second quarter of 2002, the Registrant recorded a charge of $4 million before-tax, or $2 million after-tax, for pending legal actions related to the Domestic General Merchandise segment and a $1 million charge for a lease liability related to Woolco in the former International General Merchandise segment. These charges were partially offset by a net reduction of $2 million before-tax, or $1 million after-tax, in the Specialty Footwear reserve primarily reflecting real estate costs more favorable than original estimates. In the second quarter of 2001, the Registrant recorded a tax benefit of $1 million related to the settlement of tax liabilities in Germany associated with exiting the International General Merchandise segment. The remaining reserve balances totaled $27 million as of August 3, 2002, $16 million of which is expected to be utilized within twelve months. Disposition activity related to the reserves is presented below:

NORTHERN GROUP (in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 8/3/2002
Real estate & lease liabilities	$ 6	$ (2)	$--	$ 4
Severance & personnel	2	(2)	--	--
Asset impairments	--	(18)	18	--
Other costs	3	(1)	--	2
Total	$ 11	$(23)	$ 18	$ 6

INTERNATIONAL GENERAL MERCHANDISE (in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 8/3/2002
The Bargain! Shop	$ 6	$--	$--	$ 6
Woolco	--	--	1	1
Total	$ 6	$--	$ 1	$ 7

SPECIALTY FOOTWEAR (in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 8/3/2002
Real estate & lease liabilities	$ 7	$--	$(3)	$ 4
Other costs	2	(2)	1	1
Total	$ 9	$(2)	$(2)	$ 5

DOMESTIC GENERAL MERCHANDISE (in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 8/3/2002
Real estate & lease liabilities	$10	$(1)	$--	$ 9
Legal and other costs	2	--	4	6
Total	$12	$(1)	$ 4	$15

The following is a summary of the assets and liabilities of discontinued operations:

(in millions)	NORTHERN GROUP	SPECIALTY FOOTWEAR	DOMESTIC GENERAL MERCHANDISE	TOTAL
8/3/2002				
Assets	$--	$ 1	$ 2	$ 3
Liabilities	2	--	2	4
Net assets (liabilities) of discontinued operations	$ (2)	$ 1	$--	$ (1)
8/4/2001				
Assets	$--	$ 2	$ 2	$ 4
Liabilities	7	1	2	10
Net assets (liabilities) of discontinued operations	$ (7)	$ 1	$--	$ (6)
2/2/2002				
Assets	$ 1	$ 2	$ 2	$ 5
Liabilities	3	1	3	7
Net assets (liabilities) of discontinued operations	$ (2)	$ 1	$ (1)	$ (2)

The Northern Group assets and liabilities of discontinued operations primarily comprised the Northern Group stores in the U.S. Liabilities included accounts payable, restructuring reserves and other accrued liabilities. The assets and liabilities of the Northern Group stores in Canada to be sold were reclassified as "Assets held for sale" ($34 million) and "Liabilities of businesses held for sale" ($16 million) as of August 4, 2001. As previously mentioned, subsequent to the Northern Group Canada transaction, those assets and liabilities have been presented under the balance sheet captions as "Assets of business transferred under contractual arrangement (note receivable)" and "Liabilities of business transferred under contractual arrangement." The net assets of the Specialty Footwear and Domestic General Merchandise segments consist primarily of fixed assets and accrued liabilities.

Restructuring Programs

1999 Restructuring

Total restructuring charges of $96 million before-tax were recorded in 1999 for the Registrant's restructuring program to sell or liquidate non-core businesses. The restructuring plan also included an accelerated store-closing program in the United States and Asia, corporate headcount reduction and a distribution center shutdown. The disposition of all non-core businesses was completed by November 2001.

In the second quarter of 2001, the Registrant recorded a restructuring charge of approximately $32 million before-tax, or $22 million after-tax, as a result of the terms of then current negotiations to sell The San Francisco Music Box Company. In the second quarter of 2002, the Registrant recorded a reduction of $1 million, which reflected favorable results compared with original estimates for exit costs related to the sale.

The net assets of The San Francisco Music Box Company and the assets related to the Burger King and Popeye's franchises as of August 4, 2001 have been valued at the lower of cost or net realizable value. These assets, totaling $27 million, and liabilities, totaling $4 million, have been reclassified as "Assets held for sale" and "Liabilities of businesses held for sale," respectively, in the Condensed Consolidated Balance Sheet as of August 4, 2001.

Disposition activity related to the reserves is presented below. The remaining reserve balance at August 3, 2002 totaled $3 million, $2 million of which is expected to be utilized within twelve months.

NON-CORE BUSINESSES
(in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 8/3/2002
Real estate	$ 1	$ --	$ --	$ 1
Other disposition costs	3	--	(1)	2
Total	$ 4	$ --	$ (1)	$ 3

CORPORATE OVERHEAD AND LOGISTICS
(in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 8/3/2002
Real estate	$ 1	$ (1)	$ --	$ --

TOTAL RESTRUCTURING RESERVES
(in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 8/3/2002
Real estate	$ 2	$ (1)	$ --	$ 1
Other disposition costs	3	--	(1)	2
Total	$ 5	$ (1)	$ (1)	$ 3

1993 Repositioning and 1991 Restructuring

In the first half of 2002, disposition activity reduced the reserve balance by approximately $1 million. The remaining reserve balance of $2 million comprised future lease obligations.

Earnings Per Share

Basic earnings per share is computed as net earnings divided by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur from common shares issuable through stock-based compensation including stock options and the conversion of convertible long-term debt. The following table reconciles the numerator and denominator used to compute basic and diluted earnings per share for continuing operations.

	Thirteen weeks ended		Twenty-six weeks ended	
(in millions)	Aug. 3, 2002	Aug. 4, 2001	Aug. 3, 2002	Aug. 4, 2001
Numerator:				
Income from continuing operations	$ 33	$ 4	$ 71	$ 36
Effect of Dilution:				
Convertible debt	1	--	2	1
Income from continuing operations assuming dilution	$ 34	$ 4	$ 73	$ 37
Denominator:				
Weighted-average common shares outstanding	140.7	139.5	140.4	139.0
Effect of Dilution:				
Stock options and awards	0.8	1.3	1.0	1.2
Convertible debt	9.5	--	9.5	3.0
Weighted-average common shares assuming dilution	151.0	140.8	150.9	143.2

Options to purchase 4.1 million and 3.1 million shares of common stock were not included in the computation for the thirteen weeks ended August 3, 2002 and August 4, 2001, respectively. Options to purchase 3.5 million and 3.3 million shares of common stock were not included in the computation for the twenty-six weeks ended August 3, 2002 and August 4, 2001, respectively. These amounts were not included because the exercise price of the options was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

For the thirteen weeks ended August 4, 2001, 5.9 million incremental common shares issuable upon conversion of the Registrants 5.50% notes were not included in the computation of diluted earnings per share because of their antidilutive effect.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss comprised foreign currency translation adjustments of $28 million, $49 million, and $53 million at August 3, 2002, August 4, 2001 and February 2, 2002, respectively. As of August 3, 2002, accumulated other comprehensive loss included a $1 million loss reflecting the fair value of derivatives. Accumulated other comprehensive loss included a minimum pension liability adjustment of $115 million at August 3, 2002 and February 2, 2002.

Segment Information

Sales and operating results for the Registrant's reportable segments for the thirteen and twenty-six weeks ended August 3, 2002 and August 4, 2001, respectively, are presented below. Operating results reflect income from continuing operations before income taxes, net corporate expense and net interest expense.

Sales:

(in millions)	Thirteen weeks ended		Twenty-six weeks ended	
	August 3, 2002	August 4, 2001	August 3, 2002	August 4, 2001
Athletic Stores	$1,016	$ 964	$2,022	$1,941
Direct to Customers	69	67	153	145
	1,085	1,031	2,175	2,086
All Other (1)	--	17	--	34
	$1,085	$1,048	$2,175	$2,120

Operating Results:

(in millions)	Thirteen weeks ended		Twenty-six weeks ended	
	August 3, 2002	August 4, 2001	August 3, 2002	August 4, 2001
Athletic Stores	$ 62	$ 64	$ 131	$ 137
Direct to Customers	6	1	14	5
	68	65	145	142
All Other (1) (2)	1	(36)	1	(39)
Operating profit	69	29	146	103
Corporate expense	11	19	24	36
Interest expense, net	7	6	14	10
Income from continuing operations before income taxes	$ 51	$ 4	$ 108	$ 57

(1) Reflects The San Francisco Music Box Company and the Burger King and Popeye's franchises.

(2) Both periods presented for 2001 include a restructuring charge of $32 million, which was reduced by $1 million as presented in both periods of 2002.

Other Income

In the second quarter of 2002, the Registrant received proceeds of $6 million primarily related to the condemnation of a part-owned and part-leased property and recorded a net gain of $3 million in other income.

Recently Issued Accounting Pronouncements

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which will be effective for fiscal years beginning after June 15, 2002, and the Registrant will adopt it as of the beginning of fiscal year 2003. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate can be made. The carrying amount of the related long-lived asset shall be increased by the same amount as the liability and that amount will be depreciated or amortized consistent with the underlying long-lived asset. The difference between the fair value and the value of the ultimate liability will be accreted over time using the credit-adjusted risk-free interest rate in effect when the liability is initially recognized. The Registrant is currently evaluating the impact of the adoption of SFAS No. 143 on its financial position and results of operations.

In April 2002, the FASB issued SFAS No. 145, "Recission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 amends other existing authoritative pronouncements to make various technical corrections, including that gains and losses from extinguishment of debt no longer be classified as extraordinary. The statement also eliminates an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. In addition, it requires that the original lessee under an operating lease agreement that becomes secondarily liable shall recognize the fair value of the guarantee obligation for all transactions occurring after May 15, 2002. The Registrant adopted SFAS No. 145 as of May 15, 2002, which did not have a material impact on its financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which will be effective for exit and disposal activities that are initiated after December 31, 2002. The statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The statement requires that the fair value of an initial liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred as opposed to when the entity commits to the exit plan, thereby eliminating the definition and requirements for recognition of exit costs, as is the guidance under EITF 94-3.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

References included herein to businesses disposed and held for disposal relate to The San Francisco Music Box Company and the Burger King and Popeye's franchises.

RESULTS OF OPERATIONS

Sales of $1,085 million for the second quarter of 2002 increased 3.5 percent from sales of $1,048 million for the second quarter of 2001. For the twenty-six weeks ended August 3, 2002, sales of $2,175 million increased 2.6 percent from sales of $2,120 million for the twenty-six weeks ended August 4, 2001. Excluding the impact of foreign currency fluctuations and sales from businesses disposed and held for disposal in the prior year, sales increased 3.6 percent and 3.7 percent for the second quarter and year-to-date periods of 2002, respectively, as compared with the corresponding prior-year periods. These increases included comparable-store sales increases of 0.9 percent and 1.2 percent, respectively, but were primarily attributable to the Registrant's successful new store opening program. Sales for the twenty-six weeks ended August 3, 2002 were negatively impacted by certain higher-priced marquee footwear that did not sell as well as anticipated in the first quarter of 2002. During the second quarter of 2002, the Registrant successfully moved its marquee footwear back in line with historical levels.

Gross margin, as a percentage of sales, of 28.8 percent and 29.1 percent for the thirteen and twenty-six weeks ended August 3, 2002, respectively, declined slightly as compared with 29.2 percent and 29.8 percent, respectively, in the corresponding prior-year periods. These declines primarily reflected additional markdowns that were required to sell certain slow-moving higher-priced marquee footwear in the first quarter of 2002 and the continuing promotional environment. Buyer's salaries and occupancy costs, as a percentage of sales, for the thirteen and twenty-six weeks ended August 3, 2002, improved slightly from the corresponding prior-year periods.

Selling, general and administrative expenses ("SG&A") of $220 million and $440 million for the thirteen and twenty-six weeks ended August 3, 2002, respectively, improved by 140 basis points as a percentage of sales to 20.3 percent and 20.2 percent, respectively, as compared with 21.7 percent and 21.6 percent in the corresponding prior-year periods. This improvement reflected the Registrant's continued cost-reduction efforts during 2002, particularly in payroll and logistics. The completion of the sales of The San Francisco Music Box Company and the Burger King and Popeye's franchises in 2001 also contributed to the reduction in SG&A, as a percentage of sales.

Depreciation and amortization of $38 million remained flat for the second quarter of 2002 and declined by $2 million to $74 million for the first half of 2002. The impact of no longer amortizing goodwill as required by SFAS No. 142, which was adopted by the Registrant effective February 3, 2002, was $2 million for the second quarter and $4 million for the first half of 2002, and was offset by increased depreciation associated with the new store opening program.

Interest expense of $9 million and $17 million for the thirteen and twenty-six weeks ended August 3, 2002, declined by 10.0 percent and 5.6 percent, respectively, as compared with the corresponding prior-year periods. The increase in interest expense in 2002 associated with the issuance of $150 million 5.50% convertible notes in June 2001 was more than offset by the impact of the retirement of the $50 million 7.00% medium-term notes in October 2001 and reduced amortization of deferred financing costs related to the revolving credit facility. Interest income totaled $2 million and $3 million for the thirteen and twenty-six weeks ended August 3, 2002, respectively, as compared with $4 million and $8 million in the corresponding prior-year periods. The thirteen and twenty-six weeks ended August 4, 2001 included intercompany interest income related to the Northern Group segment of $2 million and $5 million. The offsetting interest expense was charged to the reserve for discontinued operations in 2001.

During the first quarter of 2002, the Registrant recorded a $3 million tax benefit related to a multi-state tax planning strategy. During the second quarter of 2002, the Registrant recorded a $2 million tax benefit related to a reduction in the valuation allowance for deferred tax assets related to foreign tax credits. The combined effect of these items reducing the valuation allowance reduced the effective tax rate for the twenty-six weeks ended August 3, 2002 to approximately 34.0 percent. This compared with 36.8 percent for the corresponding prior-year period. The Registrant expects the effective tax rate to approximate 37.5 percent for the remainder of 2002.

Income from continuing operations of $33 million, or $0.22 per diluted share, for the thirteen weeks ended August 3, 2002, improved by $0.19 per diluted share from $4 million, or $0.03 per diluted share, for the thirteen weeks ended August 4, 2001. Income from continuing operations of $71 million, or $0.48 per diluted share, for the twenty-six weeks ended August 4, 2002 improved by $0.22 per diluted share from $36 million. Restructuring income of $1 million was included in income from continuing operations for both periods in 2002. Income from continuing operations included restructuring charges of $32 million for the thirteen and twenty-six weeks ended August 4, 2001. These charges amounted to $0.23 per diluted share and $0.22 per diluted share, respectively, for the thirteen and twenty-six weeks ended August 4, 2001. For the quarter ended August 3, 2002, the Registrant reported net income of $31 million, or $0.21 per diluted share, which included a $2 million loss on the disposal of discontinued operations, or $0.01 per diluted share, compared with a net loss of $14 million, or $0.10 per diluted share, for the corresponding prior-year period, which included a loss of $18 million, or $0.13 per diluted share, for discontinued operations. For the year-to-date periods, the Registrant reported net income of $51 million, or $0.35 per diluted share, for 2002, as compared with net income of $23 million, or $0.17 per diluted share, in 2001, which included losses related to discontinued operations of $20 million, or $0.13 per diluted share, and $13 million, or $0.09 per diluted share, respectively.

STORE COUNT

The following table summarizes store count. During the twenty-six weeks ended August 3, 2002, the Registrant remodeled or relocated 117 stores.

	Feb. 2, 2002	Opened	Closed	Aug. 3, 2002	Aug. 4, 2001
Athletic Stores	3,590	66	56	3,600	3,555
Disposed and held for disposal	--	--	--	--	178
Total	3,590	66	56	3,600	3,733

SALES

The following table summarizes sales by segment.

	Thirteen weeks ended		Twenty-six weeks ended	
	Aug. 3, 2002	Aug. 4, 2001	Aug. 3, 2002	Aug. 4, 2001
(in millions)				
Athletic Stores	$1,016	$ 964	$2,022	$1,941
Direct to Customers	69	67	153	145
	1,085	1,031	2,175	2,086
Disposed and held for disposal	--	17	--	34
Total sales	$1,085	$1,048	$2,175	$2,120

Athletic Stores sales increased by 5.4 percent and 4.2 percent, respectively, for the thirteen and twenty-six weeks ended August 3, 2002, respectively, as compared with the corresponding prior-year periods. Due to the strong performance of the euro against the U.S. dollar in the second quarter of 2002, the sales increases, excluding the impact of foreign currency fluctuations, were 3.7 percent and 3.5 percent for the 2002 second quarter and year-to-date periods, respectively. These increases primarily resulted from the Registrant's successful new store opening program and included comparable-store sales increases of 0.8 percent and 0.9 percent for the thirteen and twenty-six weeks ended August 3, 2002, respectively.

Footwear continued to drive the sales growth across most formats, which was dominated by both the basketball category and also the current trend in classic shoes. Sales also continued to benefit from the apparel strategy led by merchandise in private label and licensed offerings. In the U.S., sales for the twenty-six weeks ended August 3, 2002 were negatively impacted by certain higher-priced marquee footwear that did not sell as well as anticipated in the first quarter of 2002. During the second quarter of 2002, the Registrant successfully moved its marquee footwear back in line with historical levels and re-focused its marquee footwear selection on products having a retail price of $90 to $120 per pair in order to better meet customer demand.

Recently, Nike, Inc. ("Nike") advised the Registrant that Nike will limit purchases of certain marquee and launch athletic footwear by the Registrant's U.S. divisions for delivery after February 1, 2003. Also, the Registrant has reduced its orders for certain other products offered for sale by Nike. The Registrant currently anticipates that the strength of other key brand marquee and launch offerings will allow its sales of marquee athletic footwear in the U.S. for the full year 2003 to be at essentially the same level as they have been historically, with a potential change in the mix of product among its vendors, of which Nike is the largest.

Based upon its current understanding, the Registrant estimates that its planned 2003 purchases of Nike marquee and launch footwear and other products could be reduced by approximately $150 million to $250 million. The Registrant expects to meet customer demand for marquee products with incremental purchases from its other key vendors. The Registrant believes that its relationship with Nike remains satisfactory and expects, in the ordinary course of business, to continue to have on-going discussions with Nike concerning the Registrant's planned purchases of Nike products.

The international formats, Foot Locker Europe in particular, continued to achieve strong sales growth in the first half of 2002. The Lady Foot Locker format produced disappointing sales during the first half of 2002. The Registrant initiated changes to Lady Foot Locker's management team and is in the process of developing various merchandising initiatives in an effort to improve its performance. In the third quarter, once developed, the Registrant intends to analyze the impact of these initiatives on the projected performance of the division, which would include an analysis of the recoverability of store long-lived assets pursuant to SFAS No. 144. In addition, the Registrant also announced in August that Kids Foot Locker, which had previously been managed in conjunction with Lady Foot Locker, would now be managed by the Foot Locker U.S. management team.

Direct to Customers sales increased by 3.0 percent and by 5.5 percent for the thirteen and twenty-six weeks ended August 3, 2002, respectively, as compared with the corresponding prior-year periods. Internet sales of $24 million and $57 million for the thirteen and twenty-six weeks ended August 3, 2002, respectively, increased by 26.3 percent and by 42.5 percent, respectively, as compared with the corresponding prior-year periods. This increase in Internet sales was substantially offset by a decline in catalog sales, reflecting the growing trend of the Registrant's customers to browse and select products through its catalogs and then make their purchases via the Internet.

OPERATING RESULTS

Operating results reflect income from continuing operations before income taxes, net corporate expense and net interest expense. The following table summarizes operating profit by segment.

	Thirteen weeks ended		Twenty-six weeks ended	
	Aug. 3, 2002	Aug. 4, 2001	Aug. 3, 2002	Aug. 4, 2001
(in millions)				
Athletic Stores	$ 62	$ 64	$ 131	$ 137
Direct to Customers	6	1	14	5
	68	65	145	142
Disposed and held for disposal............	--	(4)	--	(7)
Restructuring income (charge).............	1	(32)	1	(32)
Total operating profit	$ 69	$ 29	$ 146	$ 103

Athletic Stores operating profit decreased by 3.1 percent and by 4.4 percent for the thirteen and twenty-six weeks ended August 3, 2002, respectively, as compared with the corresponding prior-year periods. The decrease in both periods of 2002 is primarily a result of the reduced gross margin rate performances, which were offset, in part, by operating expense reductions. Operating profit, as a percentage of sales, declined by approximately 50 basis points to 6.1 percent and 6.5 percent, respectively, for the thirteen and twenty-six weeks ended August 3, 2002 as compared with the corresponding prior-year periods.

Direct to Customers operating results increased by $5 million for the thirteen weeks ended August 3, 2002 and more than doubled for the twenty-six weeks ended August 3, 2002 as compared with the corresponding periods ended August 4, 2001. Operating profit, as a percentage of sales, increased to 8.7 percent and 9.2 percent, respectively, for the 2002 second quarter and year-to-date periods, from 1.5 percent and 3.4 percent, respectively, in the corresponding prior-year periods. The improved operating performance in 2002 was driven primarily by increased sales in the Internet business.

STRATEGIC DISPOSITIONS AND REPOSITIONING

On September 28, 2001, the Registrant completed the stock transfer of the 370 Northern Group stores in Canada, through one of its wholly-owned subsidiaries for approximately CAD$59 million (approximately US$38 million), which was paid in the form of a note (the "Note"). The purchaser operates the Northern Group stores, from which the repayment of the Note will be made. The transaction has been accounted for as a "transfer of assets and liabilities under contractual arrangement" as no cash proceeds were received and the consideration comprised the Note, the repayment of which is dependent on the future successful operations of the business. The assets and liabilities related to the former operations have been presented under the balance sheet captions as "Assets of business transferred under contractual arrangement (note receivable)" and "Liabilities of business transferred under contractual arrangement." The net amount of the assets and liabilities of the former operations was written down to the estimated fair value of the Note in the second quarter of 2001. Due to the poor performance of the Northern Group stores in Canada since the transaction, the Registrant recorded a charge of $18 million in the first quarter of 2002. The charge comprised a valuation allowance in the amount of the operating losses incurred by the purchaser and a further reduction in the carrying value of the net amount of the assets and liabilities of the former operations to zero, due to greater uncertainty with respect to the collectibility of the Note.

In 1998, the Registrant exited both its International General Merchandise and Specialty Footwear segments. In 1997, the Registrant announced that it was exiting its Domestic General Merchandise segment. In the second quarter of 2002, the Registrant recorded a charge of $4 million before-tax, or $2 million after-tax, for pending legal actions related to the Domestic General Merchandise segment and a $1 million charge for a lease liability related to Woolco in the former International General Merchandise segment. These charges were partially offset by a reduction of $2 million before-tax, or $1 million after-tax, in the Specialty Footwear reserve primarily reflecting favorable real estate disposition activity.

LIQUIDITY AND CAPITAL RESOURCES

Generally, the Registrant's primary source of cash is from operations. The Registrant has a $190 million revolving credit facility, available through June 2004. During the second quarter of 2001, the Registrant raised $150 million in cash through the issuance of subordinated convertible notes. The Registrant generally finances real estate with operating leases. The principal use of cash has been to finance inventory requirements, capital expenditures related to store openings, store remodelings and management information systems, and to fund other general working capital requirements.

Operating activities of continuing operations provided cash of $153 million for the twenty-six weeks ended August 3, 2002 compared with $21 million for the twenty-six weeks ended August 4, 2001. These amounts reflect the income from continuing operations adjusted for non-cash items and working capital changes. The increase in cash from operations in 2002 was primarily due to working capital changes. The increase in merchandise inventories for the first half of 2002 was more than offset by the increase in accounts payable and accrued liabilities, whereas the twenty-six weeks ended August 4, 2001 resulted in net cash outflows for merchandise inventories, accounts payable and accrued liabilities. Included in cash flow from operations for the twenty-six weeks ended August 3, 2002 and August 4, 2001, were cash payments of $2 million and $20 million, respectively, primarily related to the 1999 restructuring program.

Net cash used in investing activities of continuing operations of $65 million and $45 million for the first half of 2002 and 2001, respectively, primarily reflected capital expenditures and lease acquisition costs. Total planned capital expenditures of $165 million for 2002 comprise $116 million for new store openings and modernizations of existing stores, $25 million for the development of information systems and other support facilities and lease acquisition costs of $24 million related to the Registrant's European operations. The Registrant has the ability to revise and reschedule the anticipated capital expenditure program should the Registrant's financial position require it. Proceeds from disposal of real estate of $6 million for the twenty-six weeks ended August 3, 2002 primarily related to the condemnation of a part-owned and part-leased property in the second quarter of 2002 as compared with sales of $1 million in the corresponding prior-year period.

Financing activities for the Registrant's continuing operations provided cash of $5 million for the twenty-six weeks ended August 3, 2002 compared with $146 million for the corresponding prior-year period, which included the issuance of $150 million of subordinated convertible notes in the first half of 2001. The net proceeds of the offering were used for working capital and general corporate purposes and to reduce reliance on bank financing. During the second quarter of 2002, the Registrant amended its $190 million revolving credit agreement to allow restricted payments, including share repurchases and dividends, of up to 25% of the Registrant's consolidated income from continuing operations for the most recent fiscal year. There were no short-term borrowings outstanding during the entire first half of 2002 or during substantially all of the first half of 2001. Management believes operating cash flows and current credit facilities will be adequate to finance its working capital requirements, fund the repayment of the medium-term notes due in October 2002, and support the development of its short-term and long-term strategies. On March 29, 2002, Standard & Poor's increased the Registrant's credit rating to BB+ and on May 28, 2002, Moody's Investors Service upgraded its rating to Ba2.

Net cash used in discontinued operations includes the change in assets and liabilities of the discontinued segments and disposition activity charged to the reserves for both periods presented.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which will be effective for fiscal years beginning after June 15, 2002, and the Registrant will adopt it as of the beginning of fiscal year 2003. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate can be made. The carrying amount of the related long-lived asset shall be increased by the same amount as the liability and that amount will be depreciated or amortized consistent with the underlying long-lived asset. The difference between the fair value and the value of the ultimate liability will be accreted over time using the credit-adjusted risk-free interest rate in effect when the liability is initially recognized. The Registrant is currently evaluating the impact of the adoption of SFAS No. 143 on its financial position and results of operations.

In April 2002, the FASB issued SFAS No. 145, "Recission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 amends other existing authoritative pronouncements to make various technical corrections, including that gains and losses from extinguishment of debt no longer be classified as extraordinary. The statement also eliminates an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. In addition, it requires that the original lessee under an operating lease agreement that becomes secondarily liable shall recognize the fair value of the guarantee obligation for all transactions occurring after May 15, 2002. The Registrant adopted SFAS No. 145 as of May 15, 2002, which did not have a material impact on its financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which will be effective for exit and disposal activities that are initiated after December 31, 2002. The statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The statement requires that the fair value of an initial liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred as opposed to when the entity commits to the exit plan, thereby eliminating the definition and requirements for recognition of exit costs, as is the guidance under EITF 94-3.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the federal securities laws. All statements, other than statements of historical facts, which address activities, events or developments that the Registrant expects or anticipates will or may occur in the future, including, but not limited to, such things as future capital expenditures, expansion, strategic plans, growth of the Registrant's business and operations, including future cash flows, revenues and earnings, and other such matters are forward-looking statements. These forward-looking statements are based on many assumptions and factors including, but not limited to, the effects of currency fluctuations, customer demand, fashion trends, competitive market forces, uncertainties related to the effect of competitive products and pricing, customer acceptance of the Registrant's merchandise mix and retail locations, the Registrant's reliance on a few key vendors for a significant portion of its merchandise purchases (and on one key vendor for approximately 50 percent of its merchandise purchases), unseasonable weather, risks associated with foreign global sourcing, including political instability and changes in import regulations, economic conditions worldwide, the potential strike by the longshoreman's union against the Pacific Maritime Association and the ability of the Registrant to execute its business plans effectively with regard to each of its business units, including its plans for the marquee and launch footwear component of its business. Any changes in such assumptions or factors could produce significantly different results. The Registrant undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The only legal proceedings pending against the Registrant or its consolidated subsidiaries consist of ordinary, routine litigation, including administrative proceedings, incident to the businesses of the Registrant, as well as litigation incident to the sale and disposition of businesses that have occurred in the past several years. Management does not believe that the outcome of such proceedings will have a material effect on the Registrant's consolidated financial position, liquidity, or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Registrant's annual meeting of shareholders was held on June 19, 2002, in New York, New York. Proxies were solicited by management of the Registrant pursuant to Regulation 14A under the Securities Exchange Act of 1934; there was no solicitation in opposition to management's nominees as listed in the Notice of 2002 Annual Meeting and Proxy Statement, both dated May 7, 2002.

(b) Each of J. Carter Bacot, Purdy Crawford, Nicholas DiPaolo and Philip H. Geier Jr. was elected as a director in Class II for a three-year term ending at the annual meeting of shareholders of the Registrant in 2005. All of such individuals previously served as directors of the Registrant. Jarobin Gilbert Jr., James E. Preston, David Y. Schwartz, Matthew D. Serra, Christopher A. Sinclair, Cheryl N. Turpin and Dona D. Young, having previously been elected directors of the Registrant for terms continuing beyond the 2002 Annual Meeting of Shareholders, continue in office as directors.

(c) The matters voted upon and the results of the voting were as follows:

(1) Election of Directors:

Name	Votes For	Votes Withheld	Abstentions and Broker Non-Votes
J. Carter Bacot	118,574,311	1,065,675	0
Purdy Crawford	115,566,204	4,073,782	0
Nicholas DiPaolo	119,063,160	576,826	0
Philip H. Geier Jr.	119,060,587	579,399	0

(2) Proposal to ratify the appointment of independent accountants:

Votes For	Votes Against	Abstentions	Broker Non-Votes
117,187,451	2,363,070	89,465	0

(3) Proposal to approve the Foot Locker 2002 Directors Stock Plan:

Votes For	Votes Against	Abstentions	Broker Non-Votes
108,716,862	10,085,424	837,700	0

At the close of business on the record date of May 1, 2002, there were outstanding 140,357,815 shares of the Registrant's Common Stock, par value $0.01 per share ("Common Stock"). There were represented at the meeting, in person or by proxy, 119,639,986 shares of Common Stock. Such shares represented 85.24 percent of the total number of shares of such class of stock outstanding on the record date.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The exhibits that are in this report immediately follow the index.

(b) Reports on Form 8-K

The Registrant filed no reports on Form 8-K during the quarter ended August 3, 2002.

SIGNATURE

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

FOOT LOCKER, INC.
(Registrant)

Date: September 12, 2002

/s/ Bruce L. Hartman

BRUCE L. HARTMAN
Executive Vice President
and Chief Financial Officer

CERTIFICATIONS

I, Matthew D. Serra, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Foot Locker, Inc. (the "Registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report.

September 12, 2002

/s/ Matthew D. Serra

Principal Executive Officer

I, Bruce L. Hartman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Foot Locker, Inc. (the "Registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report;

September 12, 2002

/s/ Bruce L. Hartman

Principal Financial Officer

FOOT LOCKER, INC.
INDEX OF EXHIBITS REQUIRED BY ITEM 6(a) OF FORM 10-Q
AND FURNISHED IN ACCORDANCE WITH ITEM 601 OF REGULATION S-K

Exhibit No. in Item 601 of Regulation S-K	Description
10.1	Foot Locker 2002 Directors Stock Plan.
10.2	Amendment No. 2 to Employment Agreement with Matthew D. Serra dated June 10, 2002.
10.3	Amendment No. 6 dated July 1, 2002 to the Credit Agreement dated as of April 9, 1997 and amended and restated as of June 8, 2001.
12	Computation of Ratio of Earnings to Fixed Charges.
15	Letter re: Unaudited Interim Financial Statements.
99.1	Independent Accountants' Review Report.
99.2	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.3	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 10.1

FOOT LOCKER 2002 DIRECTORS STOCK PLAN

ARTICLE I

ESTABLISHMENT OF THE PLAN

1.1 ESTABLISHMENT OF THE PLAN. Foot Locker, Inc. (the "Company") hereby establishes a compensation plan for Nonemployee Directors of the Company to be known as the Foot Locker 2002 Directors Stock (the "Plan"), as set forth in this document. The Plan provides for (i) the issuance of Shares to Nonemployee Directors in payment of part or all of their annual retainer fee, (ii) the grant of an annual stock option to Nonemployee Directors and (iii) the voluntary deferral of the payment of the Nonemployee Director's Annual Retainer, subject to the terms and conditions set forth herein.

1.2 REPLACEMENT PLAN. The Plan is intended to replace the Foot Locker Directors Stock Plan and the Foot Locker Directors Stock Option Plan in effect prior to the Effective Date (the "Prior Plans"). The Prior Plans will continue to apply only with respect to stock issuances and stock options granted prior to the Effective Date under such plans. Upon approval of the Plan by shareholders, no further stock issuances, grants or awards shall be made to Nonemployee Directors under the Prior Plans.

1.3 SHAREHOLDER APPROVAL REQUIREMENT. The Plan (and any grants of Options made prior to shareholder approval) shall be subject to the requisite approval of the shareholders of the Company at the 2002 annual meeting of shareholders. In the absence of such shareholder approval, any such Options granted prior to such approval shall be null and void.

1.4 TERM OF PLAN. The Plan shall take effect as of January 1, 2002 and shall remain in effect until January 1, 2012, unless sooner terminated by the Board.

ARTICLE II

PURPOSE

2.1 PURPOSE. The Plan is intended to increase the proprietary interest of Nonemployee Directors of the Company, to promote the achievement of long-term objectives of the Company by closely aligning the interests of Nonemployee Directors with the interests of the Company's shareholders, and to retain and attract Nonemployee Directors of outstanding competence.

ARTICLE III

DEFINITIONS

3.1 DEFINITIONS. The following terms, as used herein, shall have the following meanings:

(1) "ACCOUNT" means the total of the Interest Account and the Deferred Stock Unit Account to which a Participant's deferred Annual Retainer shall be credited. A separate Account shall be established with respect to the deferred Annual Retainer for each Plan Year.

(2) "ADMINISTRATOR" shall mean the Board or a duly authorized committee thereof or any employee or other person designated under Article V of the Plan to assist in the administration of the Plan. -

(3) "ANNUAL RETAINER" shall mean the annual retainer payable for services on the Board as a Nonemployee Director, including the annual retainer payable to a Nonemployee Director for service as a committee chair. Annual Retainer shall not include expense reimbursements, amounts realized upon the exercise of Options, or any other amount paid to a Nonemployee Director.

(4) "BENEFICIARY" shall mean the individual designated by the Participant, on a form acceptable to the Administrator, to receive benefits payable under this Plan in the event of the Participant's death. If no Beneficiary designation is in effect at the time of a Participant's death, or if no designated Beneficiary survives the Participant, or if such designation conflicts with law, the payment of the amount, if any, payable under the Plan upon his or her death shall be made to the Participant's estate. Upon the acceptance by the Administrator of a new Beneficiary designation, all Beneficiary designations previously filed shall be canceled. The Administrator shall be entitled to rely on the last Beneficiary designation filed by the Participant and accepted by the Administrator prior to the Participant's death. Notwithstanding the foregoing, no Beneficiary designation, or change or revocation thereof, shall be effective unless received by the Administrator prior to the Participant's death.

(5) "BOARD" shall mean the Board of Directors of the Company.

(6) "CHANGE IN CONTROL" shall mean the occurrence of an event described in Section 7.5 hereof.

(7) "CODE" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(8) "COMPANY" shall mean Foot Locker, Inc., a New York corporation or any successor corporation by merger, consolidation or transfer of assets substantially as a whole.

(9) "DATE OF GRANT" shall mean the date on which an Option is granted to a Nonemployee Director.

(10) "DEFERRAL AGREEMENT" means an agreement entered into between a Nonemployee Director and the Company to authorize the Company to reduce the amount of the Nonemployee Director's Annual Retainer and credit the amount of such reduction to the Plan. A Deferral Agreement shall contain such provisions, consistent with the provisions of the Plan, as may be established from time to time by the Company or the Board, including without limitation:

(a) the dollar amount of the cash component and the stock component of the Annual Retainer to be deferred or the amount to be deferred in whole percentages;

(b) the amount of Deferred Annual Retainer to be credited to the Interest Account and to the Deferred Stock Unit Account; and

(c) any provisions which may be advisable to comply with applicable laws, regulations, rulings, or guidelines of any government authority.

A Deferral Agreement may, to the extent permitted by the Board and by applicable law, be made by paper or electronic means.

(11) "DEFERRAL PERIOD" shall mean, with regard to the Participant's Deferred Annual Retainer for each Plan Year in which a Deferral Agreement is in effect, the period commencing upon the effective date of a deferral election and ending on date of the Participant's Termination.

(12) "DEFERRED ANNUAL RETAINER" shall mean the amount of Annual Retainer deferred by a Nonemployee Director pursuant to Article IX.

(13) "DEFERRED STOCK UNIT ACCOUNT" shall mean an account established and maintained by the Company for each Participant who receives Stock Units under the Plan.

(14) "DISTRIBUTION DATE" shall mean the date of Termination of a Participant, or as soon as administratively feasible following such Termination, to commence payment of the amount credited to a Participant's Account.

(15) "EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

(16) "EFFECTIVE DATE" shall mean January 1, 2002.

(17) "FAIR MARKET VALUE" of a share of Stock shall mean, as of any date, the average of the high and low prices of a share of Stock as reported for such date on the Composite Tape for New York Stock Exchange-Listed Stocks by The Wall Street Journal, or, if the Stock was not traded on the New York Stock Exchange on such date, the Fair Market Value of a share of Stock as of such date shall be the average of the high and low prices of a share of such Stock as reported on said Composite Tape on the immediately preceding date on which such trades were reported on said Composite Tape.

(18) "INTEREST ACCOUNT" shall mean a hypothetical investment account bearing interest at the rate of one hundred and twenty percent (120%) of the applicable federal long-term rate, compounded annually, and set as of the first day of each Plan Year.

(19) "NONEMPLOYEE DIRECTOR" shall mean a member of the Board who is not an employee of the Company or any subsidiary or affiliate of the Company.

(20) "OPTION" shall mean the right, granted pursuant to this Plan, of a Participant to purchase shares of Stock at the Fair Market Value on the Date of Grant.

(21) "OPTION AGREEMENT" shall mean any written agreement, contract, or other instrument or document between the Company and a Nonemployee Director evidencing an Option.

(22) "PARTICIPANT" shall mean a Nonemployee Director of the Company who is eligible to participate herein.

(23) "PLAN" shall mean the Foot Locker 2002 Directors Stock Plan.

(24) "PLAN YEAR" shall mean the calendar year.

(25) "RULE 16b-3" shall mean Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provisions.

(26) "STOCK" shall mean shares of the Company's common stock, par value $0.01 per share.

(27) "STOCK PAYMENT DATE" shall mean July 1 (or if such date is not a business day, the next succeeding business day) in any calendar year.

(28) "STOCK UNIT" shall mean an accounting equivalent of one share of Stock.

(29) "TERMINATION" shall mean a Participant's termination for any reason, including retirement and death, of service as a director on the Board.

(30) "TRANSFER" or "TRANSFERRED" or "TRANSFERABLE" shall mean anticipate, alienate, attach, sell, assign, pledge, encumber, charge, hypothecate or otherwise transfer.

(31) "VALUATION" shall mean an evaluation of the worth of a Deferred Stock Unit based on changes in the Fair Market Value of the Stock, as determined by the Board or the Administrator pursuant to the Plan.

(32) "VALUATION DATE" shall mean the day of any Plan Year on which a Participant's Deferral Period ends.

ARTICLE IV

SECTION 16 OF THE EXCHANGE ACT

4.1 SECTION 16. All elections and transactions under the Plan by persons subject to Section 16 of the Exchange Act involving shares of Stock are intended to comply with all exemptive conditions under Rule 16b-3.

ARTICLE V

ADMINISTRATION

5.1 THE BOARD. The Plan shall be administered by the Board or a duly authorized committee thereof. The Board may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable.

5.2 ADMINISTRATIVE DUTIES.

(a) The Board, or a duly authorized committee thereof, shall have full authority to administer the Plan, subject to its provisions; to interpret the Plan and to decide any questions and settle all controversies and disputes that may arise in connection with the Plan; to establish, amend and rescind rules for carrying out the Plan; and to make all other determinations and to take all such steps in connection with the Plan as the Board, or a duly authorized committee thereof, in its sole discretion, deems necessary or desirable. If so designated by the Board, or a duly authorized committee thereof, the Corporate Secretary and other employees of the Company shall assist in the administration of the Plan, and shall be authorized to prescribe the form or forms of instruments evidencing elections, Options, Deferral Agreements, and any other instruments required under the Plan and to change such forms from time to time.

(b) The Board, or a duly authorized committee thereof, may employ such legal counsel, service providers, consultants and agents, including any committee of the Board, and any officer or employee of the Company as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such

counsel, service provider, or consultant and any computation received from any such service provider, consultant, or agent. The Board, any duly authorized committee thereof, the members of the Board and employees of the Company designated hereunder shall not be liable for any action or determination made in good faith with respect to the Plan. To the maximum extent permitted by applicable law and the Company's Certificate of Incorporation and By-Laws, the Board, any duly authorized committee thereof, the members of the Board, and employees of the Company designated hereunder shall be indemnified and held harmless by the Company against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the person may have as a director, officer or employee or under the Certificate of Incorporation and the By-Laws of the Company and any indemnification agreement between the Company and such person. Expenses incurred by the Board or the Administrator in the engagement of any such counsel, service provider, consultant or agent shall be paid by the Company.

(c) All determinations by the Board, or a duly authorized committee thereof, with respect to the administration of the Plan shall be in the sole discretion of the Board, or a duly authorized committee thereof, based on the Plan document and other relevant documents, and all such determinations shall be final and binding upon all interested parties, including the Participant, his or her executor, administrator or other personal representative or Beneficiary, and the Company.

5.3 COSTS AND EXPENSES. All costs and expenses involved in administering the Plan shall be borne by the Company.

ARTICLE VI

SHARES; ADJUSTMENT UPON CERTAIN EVENTS

6.1 SHARES RESERVED. Shares of Stock which may be issued under the Plan may be either authorized and unissued shares or issued shares which have been acquired by the Company, provided that the total amount of Stock which may be issued under the Plan, including the number of shares of Stock with respect to which Options may be granted and the number of Stock Units allocated under the Plan, shall not exceed 500,000 shares, subject to adjustment as provided herein. If any Option granted under the Plan shall be terminated for any reason without having been exercised, the Shares subject to, but not delivered under, such Option shall again be available for issuance under the Plan.

6.2 ADJUSTMENTS UPON CERTAIN EVENTS.

CAPITAL STRUCTURE. The existence of the Plan and any of its provisions shall not affect in any way the right or power of the Board or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of bonds, debentures, preferred or prior

preference stocks ahead of or affecting the Stock, or any other corporate act or proceeding.

ADJUSTMENTS. In the event of (i) any such change in the capital structure or business of the Company by reason of any stock dividend or distribution, stock split or reverse stock split, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of shares, distribution with respect to its outstanding Stock or capital stock other than Stock, sale or transfer of all or part of its assets or business, reclassification of its capital stock, or any similar change affecting the Company's capital structure or business and (ii) the Board determines an adjustment is appropriate under the Plan, then the aggregate number and kind of shares which thereafter may be issued under this Plan, the number and kind of shares to be issued upon exercise of an outstanding Option granted under this Plan and the purchase price thereof, and the number of Stock Units held in the Deferred Stock Unit Account shall be appropriately adjusted consistent with such change in such manner as the Board may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under the Plan or as otherwise necessary to reflect the change, and any such adjustment determined by the Board shall be binding and conclusive on the Company and all Participants and employees and their respective heirs, executors, administrators, successors and assigns.

FRACTIONAL SHARES. Fractional shares of Stock resulting from any adjustment pursuant to Section 6.2(b) shall be eliminated by rounding-down for fractions less than one-half (1/2) and rounding-up for fractions equal to or greater than one-half (1/2). With respect to adjustments upon certain events as provided under Section 6.2, no cash settlements shall be made with respect to fractional shares eliminated hereunder by rounding. Notice of any adjustment shall be given by the Board to each Participant whose Option or Deferred Stock Unit Account has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

ACQUISITION EVENTS. If the Company shall not be the surviving corporation in any merger or consolidation, or if the Company is to be dissolved or liquidated, then, unless the surviving corporation assumes the Options or substitutes new stock options which are determined by the Board in its sole discretion to be substantially similar in nature and equivalent in terms and value for Options then outstanding, upon the effective date of such merger, consolidation, liquidation or dissolution, any unexercised Options shall expire without additional compensation to the holder thereof; provided, that the Board, or a duly authorized committee thereof, or the Secretary of the Company at the request of the Board shall deliver notice to each Nonemployee Director at least twenty days prior to the date of consummation of such merger, consolidation, dissolution or liquidation which would result in the expiration of the Options and during the period from the date on which such notice of termination is delivered to the consummation of the merger, consolidation, dissolution or liquidation, such Nonemployee Director shall have the right to exercise in full effective as of such consummation all Options that are then outstanding (without regard to limitations on exercise otherwise contained in the Options and whether or not such Options are then vested) but contingent on occurrence of

the merger, consolidation, dissolution or liquidation, and, provided that, if the contemplated transaction does not take place within a ninety-day period after giving such notice for any reason whatsoever, the notice, accelerated vesting and exercise shall be null and void and, if and when appropriate, new notice shall be given as aforesaid.

ARTICLE VII

ANNUAL STOCK OPTION GRANT

7.1 ANNUAL STOCK OPTION GRANT.

Each Nonemployee Director on the first business day of a fiscal year of the Company beginning with the 2002 fiscal year shall automatically be granted on such a day an Option to purchase that number of shares of Stock having a market value of $50,000 on the Date of Grant. Such market value shall be determined by dividing $50,000 by the Fair Market Value on the Date of Grant. With respect to the 2002 fiscal year, any Nonemployee Director who receives a stock option grant under the Directors Stock Option Plan for such fiscal year shall not receive an Option under the Plan for such fiscal year.

7.2 NONQUALIFIED OPTIONS. The Options granted will be nonqualified stock options not intended to qualify under Section 422 of the Code and shall have the following terms and conditions:

(a) PRICE. The purchase price per share deliverable upon the exercise of each Option shall be 100 percent of the Fair Market Value per Share on the date the Option is granted.

(b) PAYMENT. Shares of Stock purchased pursuant to the exercise of the Option shall be paid for at the time of exercise as follows: (i) in cash, including a cashless exercise through a broker, (ii) by payment in full or part in the form of shares of Stock owned by the Participant for a period of at least six months (or such other period necessary to avoid a charge against the Company's earnings), provided that such shares are held free and clear of any liens and encumbrances, based on the Fair Market Value on the exercise date; or (iii) on such other terms and conditions as may be acceptable to the Board of Directors.

(c) EXERCISABILITY AND TERM OF OPTIONS. Options granted for the 2002 fiscal year shall become exercisable in three substantially equal installments commencing on the first annual anniversary of the Date of Grant, provided that the holder of such Option is a Nonemployee Director on each such anniversary. For Options granted beginning with the 2003 fiscal year, Options shall fully vest one year following the Date of Grant, provided that the holder of such Option is a Nonemployee Director on such date. Options shall be exercisable until the earlier of ten years from the Date of Grant or the expiration of the one-year period following the date of Termination as provided in Section 7.2(d).

(d) TERMINATION OF SERVICE AS A NONEMPLOYEE DIRECTOR. Upon Termination, all outstanding Options held by such Participant, to the extent then exercisable, shall be exercisable in whole or in part for a period of one year from the date of Termination. If a Nonemployee Director's Termination is by reason of death, all Options, to the extent exercisable, shall remain exercisable by the Nonemployee Director's estate or by the person given authority to exercise such Options by his or her will or by operation of law, for a period of one year following the Nonemployee Director's date of death. In no event, however, shall any Option be exercisable beyond ten years from its Date of Grant.

(e) NONTRANSFERABILITY OF OPTIONS. No Option may be assigned, alienated, pledged, attached, sold or otherwise Transferred or encumbered by a Participant other than by will or the laws of descent and distribution, and during the lifetime of the Participant to whom an Option is granted, it may be exercised only by the Participant or by the Participant's guardian or legal representative.

7.3 OPTION AGREEMENT. Each Option granted hereunder shall be evidenced by an Option Agreement with the Company that shall contain the terms and provisions set forth herein and shall otherwise be consistent with the provisions of the Plan.

7.4 NO RIGHTS OF SHAREHOLDERS. Neither a Participant nor a Participant's legal representative shall be, or have any of the rights and privileges of, a shareholder of the Company with respect to any shares of Stock covered by any Options granted unless and until the shares have been issued and the Participant shall have become the beneficial owner of the shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares, except as otherwise provided herein.

7.5 CHANGE IN CONTROL. Notwithstanding any other provision of the Plan to the contrary, if, while any Options remain outstanding under the Plan, a "Change in Control" of the Company (as defined below) shall occur, all Options granted under the Plan that are outstanding at the time of such Change in Control shall become immediately exercisable in full, without regard to the years that have elapsed from the Date of Grant. For purposes of this Section 7.5, a Change in Control of the Company shall occur upon the happening of the earliest to occur of the following:

(i) (A) the making of a tender or exchange offer by any person or entity or group of associated persons or entities (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") (other than the Company or its subsidiaries) for shares of Stock pursuant to which purchases are made of securities representing at least twenty percent (20%) of the total combined voting power of the Company's then issued and outstanding voting securities; (B) the merger or consolidation of the Company with, or the sale or disposition of all or substantially all of the assets of the Company to, any Person other than (a) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing

to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) fifty percent (50%) or more of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation; or (b) a merger or capitalization effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly or indirectly (as determined under Rule 13d-3 promulgated under the Exchange Act), of securities representing more than the amounts set forth in (C) below; (C) the acquisition of direct or indirect beneficial ownership (as determined under Rule 13d-3 promulgated under the Exchange Act), in the aggregate, of securities of the Company representing twenty percent (20%) or more of the total combined voting power of the Company's then issued and outstanding voting securities by any Person acting in concert as of the date of the Plan; provided, however, that the Board may at any time and from time to time and in the sole discretion of the Board, as the case may be, increase the voting security ownership percentage threshold of this item (C) to an amount not exceeding forty percent (40%); or (D) the approval by the Company's shareholders of any plan or proposal for the complete liquidation or dissolution of the Company or for the sale of all or substantially all of the assets of the Company; or (ii) during any period of not more than two (2) consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into agreement with the Company to effect a transaction described in clause (i)) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (") of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

ARTICLE VIII

PAYMENT OF ANNUAL RETAINER IN STOCK

8.1 MANDATORY PORTION. For each calendar year commencing with the calendar year beginning January 1, 2002, each Nonemployee Director who is a director of the Company on or before the date of an annual meeting of shareholders in any calendar year shall receive a whole number of shares of Stock equal in value to 50 percent of his or her Annual Retainer payable for services as a director during such calendar year in lieu of payment of such percentage of such director's Annual Retainer in cash. Such shares shall be issued to each such Nonemployee Director on the Stock Payment Date. Each such share of Stock shall be valued at the Fair Market Value on the last business day preceding the Stock Payment Date. Notwithstanding any other provision herein, the value of fractional shares shall be paid to the Nonemployee Director in cash.

8.2 ELECTIVE PORTION. For each calendar year commencing with the calendar year beginning January 1, 2002, each person who will be a Nonemployee Director on January 1 of such year may elect to receive, in addition to the mandatory stock portion of his or her Annual Retainer provided under Section 8.1, a whole number of shares of

Stock equal in value (based on the Fair Market Value on the Stock Payment Date) of up to the remaining 50 percent of his or her Annual Retainer in lieu of payment of such percentage in cash so that, if such election is exercised in full, 100 percent of his or her Annual Retainer would be paid in shares of Stock. Such election may be made in incremental amounts of five percent of the total Annual Retainer. Such shares shall be delivered to each Nonemployee Director on the Stock Payment Date. Notwithstanding any other provision herein, the value of fractional shares shall be paid to the Nonemployee Director in cash. Any such election shall be irrevocable and shall be made in writing no later than December 31 of the year preceding such year. Any such elections made by Nonemployee Directors under any prior plan of the Company for the calendar year beginning January 1, 2002 shall remain in effect under the Plan.

ARTICLE IX

DEFERRAL OF ANNUAL RETAINER

9.1 DEFERRAL ELECTION. During the term of the Plan, a Nonemployee Director may elect to defer all or any specified portion of the cash component of his or her Annual Retainer in the form of Deferred Stock Units or to have such amounts placed in an Interest Account. During the term of the Plan, a Nonemployee Director may also elect to defer all or part of the stock component of his or her Annual Retainer in the form of Deferred Stock Units. A Nonemployee Director's election to defer his or her Annual Retainer hereunder pursuant to a Deferral Agreement is irrevocable and is valid only for the Plan Year following the election. If no new Deferral Agreement is timely executed and delivered with respect to any subsequent Plan Year, the Annual Retainer earned in such Plan Year shall not be deferred under the Plan. Once a Participant designates the allocation of his or her Deferred Annual Retainer, the Participant may not change the allocation.

9.2 TIMING AND MANNER OF DEFERRAL. Any election to defer all or a portion of the Annual Retainer, as provided in this Article IX, shall be made by the Participant in writing on a Deferral Agreement and provided to the Secretary of the Company on or before the December 31 preceding the Plan Year in which the Annual Retainer is earned, and shall apply on a pro rata basis with respect to the entire amount of the Annual Retainer earned for such Plan Year, whenever payable. Any such election made by December 31 shall become effective on the following January 1.

9.3 BOOK ENTRY OF DEFERRED FEES. The amount of the Annual Retainer that is deferred shall be credited as a book entry to an Account in the name of the Participant not later than the date such amount would otherwise be payable to the Participant.

9.4 VESTING.

(a) INTEREST ACCOUNT. A Participant's Interest Account shall be fully vested at all times. Each Interest Account shall be the record of the cash amounts of the Annual Retainer deferred by the Participant, together with interest thereon, is maintained

solely for accounting purposes, and shall not require a segregation of any Company assets.

(b) DEFERRED STOCK UNITS. A Participant's Deferred Stock Unit Account shall be fully vested at all times.

9.5 DEFERRED STOCK UNITS.

(a) NUMBER. The number of Deferred Stock Units to be granted in connection with an election pursuant to Section 9.1 shall equal the portion of the Annual Retainer being deferred into Stock Units divided by the Fair Market Value on the scheduled payment date of the amount deferred or, in the case of the stock portion of the Annual Retainer, the Stock Payment Date.

(b) DEFERRED STOCK UNIT ACCOUNT. A Deferred Stock Unit Account shall be established and maintained by the Company for each Participant who elects to defer his or her Annual Retainer in the form of Deferred Stock Units under the Plan. As the value of each Deferred Stock Unit changes pursuant to Section 9.5, the Participant's Deferred Stock Unit Account shall be adjusted accordingly. Each Deferred Stock Unit Account shall be the record of the Deferred Stock Units acquired by the Participant on each applicable acquisition date, is maintained solely for accounting purposes, and shall not require a segregation of any Company assets.

(c) VALUE. Each Deferred Stock Unit shall have an initial value that is equal to the Fair Market Value determined in accordance with Section 9.5(a). Subsequent to such date of acquisition, the value of each Deferred Stock Unit shall change in direct relationship to changes in the value of a share of Stock as determined pursuant to a Valuation.

(d) DIVIDEND EQUIVALENTS. In the event the Company pays dividends on the Stock, dividend equivalents shall be earned on Deferred Stock Units acquired under the Plan. Such dividend equivalents shall be converted into an equivalent amount of Deferred Stock Units based upon the Valuation of a Deferred Stock Unit on the date the dividend equivalents are converted into Deferred Stock Units. The converted Deferred Stock Units will be fully vested upon conversion.

(e) AMOUNT OF PAYOUT. Subject to Section 9.6(b), the payout of the amount in the Participant's Deferred Stock Unit Account shall be made in a lump sum in Stock. The number of shares of Stock to be so distributed to the Participant shall equal the number of Stock Units then in his or her Deferred Stock Unit Account.

9.6 DISTRIBUTION.

(a) Upon the first business day of the month coincident with or next following the end of the Deferral Period (or as soon as administratively feasible thereafter), the Participant shall receive a cash lump sum distribution equal to any balance of the deferred Annual Retainer allocated to his or her Interest Account, as calculated on

the Valuation Date, plus a distribution in shares of Stock equal to the value of the balance of the deferred Annual Retainer allocated to his or her Deferred Stock Unit Account, based on the Fair Market Value on the Valuation Date.

(b) The Participant may elect to receive the distribution from his or her Account as provided above in up to three annual installments, beginning on the Distribution Date (or as soon as administratively feasible thereafter). The amount of each installment payment, including the number of shares to be distributed with respect to the Deferred Stock Unit Account, shall be frozen as of the Distribution Date of the first installment payment, so that the Participant's balance in his or her Account shall not be subject to increase or decrease.

9.7 DEATH. If a Participant dies prior to receiving the total amount of his or her Account, the unpaid portion of his or her Account shall be paid to the Participant's Beneficiary upon the first business day of the month coincident with or next following the Participant's death (or as soon as administratively feasible thereafter). If the Administrator is in doubt as to the right of any person to receive any amount, the Administrator may retain such amount, without liability for any interest thereon, until the rights thereto are determined, or the Administrator may pay such amount into any court of appropriate jurisdiction, and such payment shall be a complete discharge of the liability of the Plan, the Administrator and the Company therefor.

9.8 NO TRANSFER OF DEFERRED ANNUAL RETAINER. A Participant shall have no right to transfer all or any portion of his or her Deferred Annual Retainer between the Interest Account and the Deferred Stock Unit Account.

9.9 EMPLOYEE DIRECTORS. If a Participant becomes an employee of the Company but remains a director, he or she may not make any future deferrals under the Plan and the Participant's Deferral Agreement shall terminate. Amounts already deferred under the Plan shall continue to be deferred until the end of such Participant's Deferral Period.

9.10 PLAN PROVISIONS CONTROL. A Participant shall not be entitled to, and the Company shall not be obligated to pay to such Participant, the whole or any part of the amounts deferred under the Plan, except as provided in the Plan.

9.11 CESSATION OF FUTURE DEFERRALS. The Board may direct at any time that Participants shall no longer be permitted to make future deferrals of Annual Retainer Fees under the Plan.

ARTICLE X

MISCELLANEOUS

10.1 RIGHTS OF PARTICIPANTS; NO FUNDING OBLIGATION. Nothing contained in the Plan and no action taken pursuant to the Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship, among the Company, the Administrator

and any Participant, the executor, administrator or other personal representative or Beneficiary of such Participant, or any other persons. Funds allocated to a Deferred Stock Unit Account or an Interest Account established by the Company in connection with the Plan shall continue to be a part of the general funds of the Company, and no individual or entity other than the Company shall have any interest in such funds until paid to a Participant, his or her executor, administrator or other personal representative or Beneficiary. If and to the extent that any Participant or his or her executor, administrator, or other personal representative or Beneficiary, as the case may be, acquires a right to receive any payment from the Company pursuant to the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. The Company may, in its sole discretion, establish a "rabbi trust" to pay amounts payable hereunder. If the Company decides to establish any accrued reserve on its books against the future expense of benefits payable hereunder, or if the Company establishes a rabbi trust under this Plan, such reserve or trust shall not under any circumstances be deemed to be an asset of the Plan.

10.2 NONTRANSFERABILITY OF RIGHTS UNDER THE PLAN. No amounts payable or other rights under the Plan shall be sold, Transferred, assigned, pledged or otherwise disposed of or encumbered by a Participant, except as provided herein.

10.3 MINORS AND INCOMPETENTS.

(a) In the event that the Administrator determines that a Participant is unable to care for his or her affairs because of illness or accident, then benefits payable hereunder, unless a claim has been made therefor by a duly appointed guardian, committee, or other legal representative, may be paid in such manner as the Administrator shall determine, and the application thereof shall be a complete discharge of all liability for any payments or benefits to which such Participant was or would have been otherwise entitled under the Plan.

(b) Any payments to a minor from this Plan may be paid by the Administrator in its sole and absolute discretion directly to such minor; to the legal or natural guardian of such minor; or to any other person, whether or not the appointed guardian of the minor, who shall have the care and custody of such minor. The receipt by such individual shall be a complete discharge of all liability under the Plan therefor.

10.4 SHAREHOLDER RIGHTS. No Participant shall have any rights as a shareholder of the Company with respect to a Deferred Stock Unit Account, except the right to have dividends paid on the Stock, if any, credited to his or her Deferred Stock Unit Account and adjustment made to the hypothetical shares of Stock under Section 6.2.

10.5 NO RIGHTS OF CONTINUED DIRECTORSHIP. Nothing in the Plan or other document describing or referring to the Plan shall be deemed to impose any obligations on the Company to retain any Participant as a director or impose any obligation on the part of any Participant to remain as a director of the Company. The Plan is not an agreement of employment and it shall not grant a Participant any rights of employment.

10.6 PLAN AMENDMENT, DISCONTINUANCE OR TERMINATION. The Board may at any time and from time to time alter, amend, suspend, or terminate the Plan in whole or in part; provided, however, no amendment which requires shareholder approval under applicable New York law shall be effective unless the same shall be approved by the requisite vote of the shareholders of the Company. Notwithstanding anything contained herein, upon termination of the Plan, the Company may distribute to each Participant the balance in his or her Account as of such termination date. Except as set forth above, no amendment to or discontinuance or termination of the Plan shall, without the written consent of the Participant, adversely affect any rights of such Participant with respect to amounts previously credited to the Participant under the Plan.

10.7 NOTICES. Each Participant shall be responsible for furnishing the Administrator with the current and proper address for the mailing of notices and the delivery of agreements and payments to him or her. Any notice required or permitted to be given shall be deemed given if directed to the person to whom addressed at such address and mailed by regular United States mail, first-class and prepaid. If any item mailed to such address is returned as undeliverable to the addressee, mailing will be suspended until the Participant furnishes the proper address.

10.8 SEVERABILITY. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

10.9 ENTIRE AGREEMENT. The Plan, along with the Participant's elections and Option Agreements, constitutes the entire agreement between the Company and the Participant pertaining to the subject matter herein and supersedes any other plan or agreement, whether written or oral, pertaining to the subject matter herein. No agreements or representations, other than as set forth herein or in such elections or Option Agreements, have been made by the Company with respect to the subject matter herein.

10.10 HEADINGS AND CAPTIONS. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

10.11 GENDER AND NUMBER. Wherever used in this Plan, the masculine shall be deemed to include the feminine and the singular shall be deemed to include the plural, unless the context clearly indicates otherwise.

10.12 GOVERNING LAW. This Plan shall be construed and enforced according to the laws of the State of New York without giving effect to its conflicts of laws principles.

EXHIBIT 10.2

AMENDMENT NO. 2 TO EMPLOYMENT AGREEMENT

This amendment made June 10, 2002 between FOOT LOCKER, INC. (formerly known as Venator Group, Inc.), a New York corporation (the "Company") and MATTHEW D. SERRA (the "Executive").

WHEREAS, the Company and the Executive are parties to an Employment Agreement dated February 12, 2001, as amended on November 14, 2001 (the "Employment Agreement") pursuant to which Executive serves as President and Chief Executive Officer of the Company; and

WHEREAS, the parties desire to amend the Employment Agreement as provided herein.

NOW, THEREFORE, the Company and the Executive hereby agree as follows:

1. Section 4(b) of the Employment Agreement is amended by deleting the penultimate sentence of such section and substituting the following: "During each year of the Employment Period beginning February 3, 2002, the annual bonus payable to Executive at target shall be 90 percent of the Executive's then-current Base Salary."

2. Section 4(f) of the Employment Agreement is amended by deleting the penultimate sentence ("Executive shall not . . . Employment Period") of such section.

3. Capitalized terms used herein that are defined in the Employment Agreement shall have the meanings provided for in the Employment Agreement, unless otherwise defined herein.

4. All provisions of the Employment Agreement not expressly amended hereby shall remain unmodified and unamended hereby and the entire Employment Agreement, as amended hereby, shall continue in full force and effect in accordance with the terms of the Employment Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the day and year first above written.

FOOT LOCKER, INC.

By: /s/ Laurie Petrucci

Laurie Petrucci
Sr. Vice President - Human Resources

/s/ Matthew D. Serra

Matthew D. Serra

EXHIBIT 10.3

AMENDMENT NO. 6 TO CREDIT AGREEMENT

AMENDMENT NO. 6 dated as of July 1, 2002 to the Credit Agreement dated as of April 9, 1997 and amended and restated as of June 8, 2001 (as amended and restated through the date hereof, the "CREDIT AGREEMENT") among FOOT LOCKER, INC. (formerly, Venator Group, Inc., the "COMPANY"), the Subsidiary Borrowers listed on the signature pages hereof (the "SUBSIDIARY BORROWERS"), the BANKS party thereto, the CO-AGENTS party thereto, THE BANK OF NEW YORK, as Administrative Agent, LC Agent and Swingline Bank and the LEAD ARRANGERS party thereto.

W I T N E S S E T H :

WHEREAS, the parties hereto desire to amend the Existing Credit Agreement as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Defined Terms; References. Unless otherwise specifically defined herein, each term used herein which is defined in the Credit Agreement has the meaning assigned to such term in the Credit Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Credit Agreement shall, on and as of the date hereof, refer to the Credit Agreement as amended hereby.

Section 2. Amendment to the Restricted Payments Covenant. (a) Clause (ii) of Section 5.15 of the Credit Agreement is amended by replacing the reference to "2.5:1" in the fifth line thereof with "2.0:1".

(b) Clause (iii) of Section 5.15 of the Credit Agreement is amended to read in its entirety as follows:

> (iii) the aggregate amount of Restricted Payments made does not exceed 25% of the consolidated net income from continuing operations of the Company and its Consolidated Subsidiaries for the then most recently ended Fiscal Year with respect to which the Company has delivered the financial statements described in Section 5.01(a);

Section 3. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

Section 4. Counterparts; Effectiveness. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Amendment shall become effective as of the date hereof upon receipt by the Administrative Agent of a counterpart hereof signed by the Company, the Administrative Agent and the Required Banks (or a facsimile or other written confirmation (in form satisfactory to the Administrative Agent) that each such party has signed a counterpart hereof).

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

FOOT LOCKER, INC.

By: /s/ Peter D. Brown

Title: Vice President & Treasurer

J.P. MORGAN SECURITIES, INC.

By: /s/ Colin S. Welch

Title: Vice President

BNY CAPITAL MARKETS, INC.

By: /s/ Jeffrey D. Landau

Title: Managing Director

JPMORGAN CHASE BANK, formerly The Chase Manhattan Bank, successor by merger to Morgan Guaranty Trust Company of New York

By: /s/ Teri Streusand

Title: Vice President

BANK OF AMERICA, N.A., successor by
merger to Bank of America
National Trust and Savings
Association

By: /s/ Dan M. Killian

Title: Managing Director

THE BANK OF NEW YORK

By: /s/ Charlotte Sohn Fuiks

Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ Todd S. Meller

Title: Managing Director

FLEET NATIONAL BANK, N.A.

By: /s/ Suzanne Chomiczewski

Title: Vice President

WACHOVIA BANK, NATIONAL
ASSOCIATION, formerly known as
First Union National Bank

By: /s/ Stephen T. Dorosh

Title: Vice President

BANCO POPULAR PUERTO RICO NEW YORK
BRANCH

By: /s/ Hector J. Gonzalez

Title: Vice President

FIRSTAR BANK N.A.

By: /s/ Gregory L. Dryden

Title: Vice President

THE BANK OF NEW YORK, as
Administrative Agent, LC Agent
and Swingline Bank

By: /s/ Charlotte Sohn Fuiks

Title: Vice President

Acknowledged and consented to by:

EASTBAY, INC.
FOOTLOCKER.COM, INC.
FOOT LOCKER AUSTRALIA, INC.
FOOT LOCKER STORES, INC.
ROBBY'S SPORTING GOODS, INC.
TEAM EDITION APPAREL, INC.
VENATOR GROUP CORPORATE SERVICES, INC.
VENATOR GROUP HOLDINGS, INC.
VENATOR GROUP RETAIL, INC.
VENATOR GROUP SOURCING, INC.
VENATOR GROUP SPECIALTY, INC.
VENATOR GROUP INVESTMENTS LLC

By: /s/ Peter D. Brown

Title: Vice President & Treasurer

RETAIL COMPANY OF GERMANY, INC.

By: /s/ Bruce L. Hartman

Title: Senior Vice President

EXHIBIT 12

FOOT LOCKER, INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Unaudited)
($ in millions)

	Twenty-six weeks ended		Fiscal Year Ended				
	Aug. 3, 2002	Aug. 4, 2001	Feb. 2, 2002	Feb. 3, 2001	Jan. 29, 2000	Jan. 30, 1999	Jan. 31, 1998
NET EARNINGS							
Income from continuing operations	$ 71	$ 36	$ 111	$ 107	$ 59	$ 14	$ 185
Income tax expense (benefit)	37	21	64	69	38	(28)	104
Interest expense, excluding capitalized interest	17	18	35	41	65	57	41
Portion of rents deemed representative of the interest factor (1/3)	80	78	158	155	170	161	146
	$ 205	$ 153	$ 368	$ 372	$ 332	$ 204	$ 476
FIXED CHARGES							
Gross interest expense	$ 17	$ 18	$ 35	$ 42	$ 67	$ 64	$ 41
Portion of rents deemed representative of the interest factor (1/3)	80	78	158	155	170	161	146
	$ 97	$ 96	$ 193	$ 197	$ 237	$ 225	$ 187
RATIO OF EARNINGS TO FIXED CHARGES	2.1	1.6	1.9	1.9	1.4	0.9	2.5

Earnings were not adequate to cover fixed charges by $21 million for the fiscal year ended January 30, 1999.

EXHIBIT 15

Accountants Acknowledgment

Foot Locker, Inc.
New York, New York

Board of Directors:

Re: Registration Statements Numbers 33-10783, 33-91888, 33-91886, 33-97832, 333-07215, 333-21131, 333-62425, 333-33120, 333-41056, 333-41058 and 333-74688 on Form S-8 and Numbers 33-43334, 33-86300 and 333-64930 on Form S-3.

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated August 22, 2002 related to our review of interim financial information.

Pursuant to Rule 436(c) under the Securities Act of 1933, such report is not considered a part of a registration statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP
New York, New York
September 12, 2002

EXHIBIT 99.1

Independent Accountants" Review Report

The Board of Directors and Shareholders
Foot Locker, Inc.:

We have reviewed the accompanying condensed consolidated balance sheets of Foot Locker, Inc. and subsidiaries as of August 3, 2002 and August 4, 2001, and the related condensed consolidated statements of operations and comprehensive income and cash flows for the thirteen and twenty-six week periods ended August 3, 2002 and August 4, 2001. These condensed consolidated financial statements are the responsibility of Foot Locker, Inc. management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Foot Locker, Inc. and subsidiaries as of February 2, 2002, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated March 13, 2002, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of February 2, 2002, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP
New York, New York
August 22, 2002

EXHIBIT 99.2

FOOT LOCKER, INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Foot Locker, Inc. (the "Company") for the quarterly period ended August 3, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Matthew D. Serra, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 12, 2002

/s/ Matthew D. Serra

Name: Matthew D. Serra
Title: Chief Executive Officer

EXHIBIT 99.3

FOOT LOCKER, INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Foot Locker, Inc. (the "Company") for the quarterly period ended August 3, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Bruce L. Hartman, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 12, 2002

/s/ Bruce L. Hartman

Name: Bruce L. Hartman
Title: Chief Financial Officer