

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 22, 2017**

Foot Locker, Inc.

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction
of incorporation)

1-10299
(Commission
File Number)

13-3513936
(IRS Employer
Identification No.)

330 West 34th Street, New York, New York
(Address of principal executive offices)

10001
(Zip Code)

Registrant's telephone number, including area code: **(212) 720-3700**

(Former name or former address, if changed from last report.)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) (1) Establishment of Performance Goals.

(i) On March 22, 2017, the Compensation and Management Resources Committee (the “Compensation Committee”) of the Board of Directors of Foot Locker, Inc. (the “Company”) established the performance goals for the 2017 fiscal year under the Foot Locker Annual Incentive Compensation Plan, as Amended and Restated (the “Annual Bonus Plan”). The goals for the executives are based on the Company’s pre-tax income. Under the Annual Bonus Plan, the amount that would be paid to the executives if the performance goals are met is based on a percentage of their annual base salaries earned for the plan year. The Compensation Committee established individual target awards under this plan for the executives who will be included as named executive officers (“NEOs”) in the Company’s 2017 proxy statement. The percentage of annual base salary payable at threshold, target, and maximum for each executive is shown in the table below.

| Name | Percent of Annual Base Salary | | Maximum Payout |
|--------------------|-------------------------------|---------------|----------------|
| | Threshold Payout | Target Payout | |
| Richard A. Johnson | 37.5% | 150% | 300% |
| Lauren B. Peters | 18.75% | 75% | 150% |
| Stephen D. Jacobs | 25% | 100% | 200% |
| Lewis P. Kimble | 18.75% | 75% | 150% |
| Paulette R. Alviti | 12.5% | 50% | 100% |

(ii) On March 22, 2017, the Compensation Committee established long-term incentive compensation performance goals for the 2017-18 performance period based on a combination of the Company’s two-year average after-tax income and return-on-invested capital. Provided the performance goals are achieved, the payout structure of the executives’ long-term awards is as follows: (a) for Mr. Johnson, 100% of the award would be payable in restricted stock units (“RSUs”) under the 2007 Stock Incentive Plan (the “Stock Incentive Plan”), and (b) for each of the other NEOs, 75% of the award would be payable in RSUs under the Stock Incentive Plan and 25% of the award would be payable in cash under the Long-Term Incentive Compensation Plan. Both the RSU portion and the cash portion of any earned awards would be subject to a time-based, one-year vesting period following the end of the performance period before payout to the executives. The Compensation Committee established individual long-term target awards for the NEOs. Individual long-term target awards are expressed as a percentage of the executive’s annual base salary as approved by the Compensation Committee on March 22, 2017. The percentages shown in the table below represent the percent of the 2017 annual base salary that would be paid to such NEOs in RSUs and cash, as applicable, if the established goals are achieved.

| Name | Percent of Annual Base Salary | | Maximum Payout |
|--------------------|-------------------------------|---------------|----------------|
| | Threshold Payout | Target Payout | |
| Richard A. Johnson | 62.5% | 250% | 500% |
| Lauren B. Peters | 25% | 100% | 200% |
| Stephen D. Jacobs | 25% | 100% | 200% |
| Lewis P. Kimble | 18.75% | 75% | 150% |
| Paulette R. Alviti | 18.75% | 75% | 150% |

The threshold, target, and maximum number of RSUs for each executive was calculated on March 22, 2017 on the basis of that day's closing stock price. The actual number of RSUs awarded will be based on the Company's performance compared to targets. The value of the RSUs received by an executive will depend upon the Company's stock price on the payment date.

(2) **Stock Option Awards.** On March 22, 2017, the Compensation Committee granted stock options under the Stock Incentive Plan to the NEOs. The options will vest in three equal installments on March 22, 2018, March 22, 2019, and March 22, 2020. The options were granted at an exercise price of \$72.83 per share, which was 100% of the fair market value (closing price) of a share of the Company's common stock, par value \$0.01 per share, on the date of grant.

| Name | Number of Shares |
|--------------------|-------------------------|
| Richard A. Johnson | 141,207 |
| Lauren B. Peters | 32,093 |
| Stephen D. Jacobs | 32,093 |
| Lewis P. Kimble | 28,884 |
| Paulette R. Alviti | 14,442 |

(3) **Annual Base Salaries.** The Compensation Committee made no changes to the annual base salaries of the NEOs. The NEOs' salaries are shown in the table below.

| Name | Position | Base Salary |
|--------------------|---|--------------------|
| Richard A. Johnson | President and Chief Executive Officer | \$ 1,100,000 |
| Lauren B. Peters | Executive Vice President and Chief Financial Officer | 675,000 |
| Stephen D. Jacobs | Executive Vice President and Chief Executive Officer—North America | 850,000 |
| Lewis P. Kimble | Executive Vice President and Chief Executive Officer—International | 650,000 |
| Paulette R. Alviti | Senior Vice President and Chief Human Resources Officer | 490,000 |

(4) **Amendment to Annual Bonus Plan.** On March 22, 2017, the Board of Directors of the Company approved an Amendment to Section 6(c)(2) of the Annual Bonus Plan. The NEOs, as well as other officers and key employees of the Company, participate in this plan. The amendment increases the limit on payouts to any Covered Employee (as defined in the plan) for any plan year from \$3 million to \$6 million. The plan amendment will be considered for approval by shareholders at the Company's 2017 Annual Shareholders' Meeting. A copy of the Annual Bonus Plan, as proposed to be amended, is attached hereto as Exhibit 10.1 and is incorporated herein in its entirety.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 10.1 | Foot Locker Annual Incentive Compensation Plan, as Amended and Restated |

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 hereunto duly authorized.

FOOT LOCKER, INC.

Date: March 24, 2017

By: /s/ Paulette R. Alviti

Name: Paulette R. Alviti

Title: Senior Vice President and
Chief Human Resources Officer

Foot Locker Annual Incentive Compensation Plan, as Amended and Restated

The Compensation and Management Resources Committee of the Board of Directors of Foot Locker, Inc. ("Foot Locker") amended the Foot Locker Annual Incentive Compensation Plan, as Amended and Restated (the "Plan") as of March 22, 2017. The Plan was previously amended as of March 28, 2013, and the performance goals under the Plan were reapproved in 2016.

1. **Purpose of the Plan.** The purposes of the Plan are:

(a) to reinforce corporate organizational and business development goals.

(b) to promote the achievement of year-to-year and long-range financial and other business objectives such as high quality of service and product, improved productivity and efficiencies for the benefit of our customers' satisfaction and to assure a reasonable return to Foot Locker's shareholders.

(c) to reward the performance of officers and key employees in fulfilling their personal responsibilities for annual achievements.

(d) to serve as a qualified performance-based compensation program under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") or any successor section and the Treasury regulations promulgated thereunder ("Section 162(m) of the Code").

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

(a) **"Annual Base Salary"** with respect to any Plan Year shall mean the total amount paid by Foot Locker and its subsidiaries to a participant during such Plan Year without reduction for any amounts withheld pursuant to participation in a qualified "cafeteria plan" under Section 125 of the Code, a qualified transportation arrangement under Section 132(f)(4) of the Code, or a cash or deferred arrangement under Section 401(k) of the Code. Annual Base Salary shall not include any amount paid or accruing to a participant under the Foot Locker Long-Term Incentive Compensation Plan or any other incentive compensation or bonus payment or extraordinary remuneration, expense allowances, imputed income or any other amounts deemed to be indirect compensation, severance pay and any contributions made by Foot Locker to this or any other plan maintained by Foot Locker or any other amounts which, in the opinion of the Committee, are not considered to be Annual Base Salary for purposes of the Plan.

(b) **"Board"** shall mean the Board of Directors of Foot Locker.

(c) **"Change in Control"** shall mean any of the following: (i) the merger or consolidation of the Company with, or the sale or disposition of all or substantially all of the assets of the Company to, any person other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) fifty percent (50%) or more of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation; or (B) a merger or capitalization effected to implement a recapitalization of the Company (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly (as determined under Rule 13d-3 promulgated under the Securities Exchange Act

of 1934), of securities representing more than the amounts set forth in (ii) below; (ii) the acquisition of direct or indirect beneficial ownership (as determined under Rule 13d-3 promulgated under the Securities Exchange Act of 1934), in the aggregate, of securities of the Company representing thirty-five percent (35%) or more of the total combined voting power of the Company's then issued and outstanding voting securities by any person acting in concert; or (iii) during any period of not more than twelve (12) months, individuals who at the beginning of such period constitute the Board of Directors of the Company (referred to herein as the "Board"), and any new director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

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

(e) "**Covered Employee**" shall mean an officer or key employee of Foot Locker who is designated as an executive officer for purposes of Rule 3b-7 of the Securities Exchange Act of 1934 for the relevant Plan Year.

(f) "**Payment Date**" shall mean the date selected by the Committee for payments under the Plan to be made following the finalization, review and approval of performance goal achievements for the Plan Year, which date shall be within two and one-half months following the end of the Plan Year.

(g) "**Individual Target Award**" shall mean the targeted performance award for a Plan Year specified by the Committee as provided in Section 6 herein.

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

(i) "**Termination**" shall mean: (1) a termination of service for reasons other than a military or personal leave of absence granted by the Company or a transfer of a Participant from or among the Company and a parent corporation or subsidiary corporation, as defined under Code Sections 424(e) or 424(f), respectively, or (2) when a subsidiary, which is employing a Participant, ceases to be a subsidiary corporation, as defined under Section 424(f) of the Code.

3. **Administration of the Plan.** The Plan shall be administered by the Committee. No member of the Committee while serving as such shall be eligible for participation in the Plan. The Committee shall have exclusive and final authority in all determinations and decisions affecting the Plan and its participants. The Committee shall also have the sole authority to interpret the Plan, to establish and revise rules and regulations relating to the Plan, to delegate such responsibilities or duties as it deems desirable, and to make any other determination that it believes necessary or advisable for the administration of the Plan including, but not limited to: (i) approving the designation of eligible participants; (ii) setting the performance criteria within the Plan guidelines; and (iii) certifying attainment of performance goals and other material terms. The Committee shall have the authority in its sole discretion, subject to and not inconsistent with the express provisions of the Plan, to incorporate provisions in the performance goals allowing for adjustments in recognition of unusual or non-recurring events affecting Foot Locker or the financial statements of Foot Locker, or in response to changes in applicable laws, regulations, or accounting principles; provided that the Committee shall have such authority with regard to

the performance goals of Covered Employees solely to the extent permitted by Section 162(m) of the Code. To the extent any provision of the Plan creates impermissible discretion under Section 162(m) of the Code or would otherwise violate Section 162(m) of the Code with regard to the performance goals of Covered Employees, such provision shall have no force or effect.

4. **Participation.** Participation in the Plan is limited to officers or key employees of Foot Locker. Individual participants shall be those employees selected in the sole discretion of the Committee (in the case of Covered Employees) or its designee (in the case of all other officers and key employees). In determining the persons to whom awards shall be granted, the Committee shall take into account such factors as the Committee shall deem appropriate in connection with accomplishing the purposes of the Plan. The Committee may from time to time designate additional participants who satisfy the criteria for participation as set forth herein and shall determine when an officer or key employee of Foot Locker ceases to be a participant in the Plan.

5. **Right to Payment.** Unless otherwise determined by the Committee in its sole discretion, a participant shall have no right to receive payment under this Plan unless the participant remains in the employ of Foot Locker at all times through and including the Payment Date. In the event of a Change in Control, the Committee shall, to the extent permitted under Section 162(m) of the Code (if applicable), make a payment to any participant who is a participant at the time of such Change in Control and who has a Termination of employment other than for cause, as determined by the Committee, prior to the end of the Plan Year in an amount which is equal to the pro-rata portion (through the date of his or her Termination) of the Individual Target Award based on the actual performance results achieved for such Plan Year, which shall be payable at the same time as payments for such Plan Year are made to actively employed participants, as provided under Section 7 of this Plan.

6. **Payment.**

(a) Payment under this Plan to a participant will be made in cash in an amount equal to the achieved percentage of such participant's Annual Base Salary as determined by the Committee for each Plan Year. Such percentage shall be based on the participant's achievement of his or her Individual Target Award. Payment shall be made only if and to the extent the performance goals with respect to the Plan Year are attained.

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

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

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

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

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

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

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

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

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

(vii) the attainment of certain target levels of, or a specified percentage increase in, revenues, net income, or earnings before (A) interest, (B) taxes, (C) depreciation and/or (D) amortization, of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);

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

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

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

(2) in no event shall payment in respect of an award granted for a performance period be made to a participant who is a Covered Employee as of the end of such Plan Year in an amount which exceeds \$6 million. Subject to Section 3 of the Plan regarding certain adjustments, in connection with the establishment of the performance goals, the criteria listed above for Foot Locker (or any subsidiary, division or other operational unit of Foot Locker) shall be determined in accordance with generally accepted accounting principles consistently applied by Foot Locker, but before consideration of payments to be made pursuant to this Plan and pursuant to the Foot Locker Long-Term Incentive Compensation Plan.

7. **Time of Payment.** All payments earned by participants under this Plan will be paid after performance goal achievements for the Plan Year have been finalized, reviewed, approved, and

to the extent required by Section 162(m) of the Code, certified by the Committee but in no event later than two and one-half months following the end of the applicable Plan Year. Foot Locker's independent accountants shall, as of the close of the Plan Year, determine whether the performance goals have been achieved and communicate the results of such determination to the Committee.

8. Miscellaneous Provisions.

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

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

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

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

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

(f) The Plan is designed and intended to comply with Section 162(m) of the Code with regard to awards made to Covered Employees, and all provisions hereof shall be limited, construed and interpreted in a manner so to comply.

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

(h) The Plan shall be binding on Foot Locker and its successors by operation of law.
