SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED JANUARY 29, 2000

COMMISSION FILE NUMBER 1-10299

VENATOR GROUP, 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 WEST 34TH STREET, NEW YORK, NEW YORK	10120
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (212) 720-3700

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, PAR VALUE $.01	NEW YORK STOCK EXCHANGE
PREFERRED STOCK PURCHASE RIGHTS	NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

See pages 11 through 14 for Index of Exhibits.

Number of shares of Common Stock outstanding at April 12, 2000: 137,664,702

Aggregate market value of voting stock held by non-affiliates at April 12, 2000: $977,600,638*

* For purposes of this calculation only (a) all directors plus one executive officer and owners of five percent or more of the Registrant are deemed to be affiliates of the Registrant and (b) shares deemed to be "held" by such persons at April 12, 2000, include only outstanding shares of the Registrant's voting stock with respect to which such persons had, on such date, voting or investment power.

DOCUMENTS INCORPORATED BY REFERENCE

1. The Registrant's Annual Report to Shareholders (the "Annual Report") for the fiscal year ended January 29, 2000: Parts I, II and III.
2. The Registrant's definitive Proxy Statement (the "Proxy Statement") to be filed in connection with the 2000 annual meeting of shareholders: Part III.

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PART I

ITEM 1. BUSINESS

GENERAL

Venator Group, Inc. (the "Registrant"), incorporated under the laws of the State of New York in 1989, is a leading global retailer operating 4,874 primarily mall-based stores in North America, Europe, Asia and Australia. Since the Registrant's establishment in 1879, the Registrant has evolved from a company with a strong heritage in general merchandise retailing into a specialty retailer, principally of athletic footwear and apparel. The Registrant operates in two business segments, the Global Athletic Group and the Northern Group. The Global Athletic Group operates retail stores, whose formats include Foot Locker, Lady Foot Locker, Kids Foot Locker and Champs Sports, and also includes the Registrant's Footlocker.com subsidiary, which sells directly to customers through its affiliates. The Northern Group consists of four apparel formats: Northern Reflections, Northern Traditions, Northern Getaway and Northern Elements. The remaining businesses included in the "All Other" category were either disposed or held for disposal as of January 29, 2000. The following table indicates the sales and percent of total sales generated by each of the businesses in 1999:

Business	Sales ($ in millions)	Percent of Total Sales
Global Athletic Group:		
Retail Stores	$ 3,705	80%
Direct to Customers	195	4
	3,900	84
Northern Group	407	9
All Other	340	7
Total	$ 4,647	100%

The financial information concerning industry segments required by Item 101(b) of Regulation S-K is set forth on page 35 of the Registrant's Annual Report to Shareholders ("Annual Report") for the fiscal year ended January 29, 2000 and is incorporated herein by reference.

STORE PROFILE	AT JANUARY 30, 1999	OPENED	CLOSED/ DISPOSED	AT JANUARY 29, 2000
Foot Locker	2,132	67	205	1,994
Lady Foot Locker	694	29	33	690
Kids Foot Locker	369	41	7	403
Foot Locker Outlets	--	80	73	7
Champs Sports	669	11	64	616
Colorado	61	9	70	--
TOTAL GLOBAL ATHLETIC GROUP	3,925	237	452	3,710
Northern Reflections	582	1	12	571
Northern Getaway	194	3	14	183
Northern Elements	102	5	7	100
Northern Traditions	62	7	2	67
TOTAL NORTHERN GROUP	940	16	35	921
Afterthoughts	773	16	789	--
The San Francisco Music Box Company	168	--	6	162
Weekend Edition	109	--	109	--
Randy River	67	2	9	60
Food Services	20	3	2	21
TOTAL ALL OTHER	1,137	21	915	243
TOTAL CONTINUING OPERATIONS	6,002	274	1,402	4,874
Specialty Footwear	314	--	314	--
International General Merchandise	151	--	151	--
TOTAL DISCONTINUED OPERATIONS	465	--	465	--
TOTAL	6,467	274	1,867	4,874

The service marks and trademarks appearing on this page and elsewhere in this report (except for Burger King and NFL) are owned by Venator Group, Inc. or its subsidiaries.

Global Athletic Group

The Global Athletic Group, the Registrant's largest and most profitable business, operates 3,710 stores in North America, Europe, Asia and Australia under the Foot Locker, Lady Foot Locker, Kids Foot Locker, and Champs Sports formats. In addition to retail stores, the Global Athletic Group includes the Registrant's Footlocker.com subsidiary, which sells, through its affiliates, to customers via catalogs and Internet websites. In 1999, the Registrant disposed of the Colorado format in the U.S. and Australia and the Foot Locker Outlets in the U.S. The Registrant believes that its portfolio strategy is unique in the athletic industry, with specialized retail formats and Internet websites targeted specifically to the men's, women's and children's segments of the market, allowing the Registrant to tailor their merchandise and service offerings more effectively to its target customers.

The following is a brief description of the Global Athletic Group's key operating businesses:

Retail Stores

Foot Locker - Foot Locker is a leading global athletic footwear and apparel retailer. Its stores offer the latest in athletic-inspired technical and performance products, manufactured primarily by the leading athletic brands. Foot Locker offers products for a wide variety of activities including running, basketball, hiking, tennis, aerobics, fitness, baseball, football and soccer. Its 1,994 stores are located in 14 countries including 1,507 in the United States and Puerto Rico, 135 in Canada, 289 in Europe, 58 in Australia and 5 in Asia. The domestic stores have an average of 2,300 selling square feet and the international stores have an average of 1,400 selling square feet.

Lady Foot Locker - Lady Foot Locker is a leading U.S. retailer of athletic footwear, apparel and accessories for women. Its stores carry all major athletic footwear and apparel brands, as well as casual wear and an assortment of proprietary merchandise designed for a variety of activities, including running, basketball, walking and fitness. Its 690 stores are located in the United States and Puerto Rico and have an average of 1,300 selling square feet.

Kids Foot Locker - Kids Foot Locker is a national children's athletic retailer that offers the largest selection of brand-name athletic footwear, apparel and accessories for infants, boys and girls, primarily on an exclusive basis. Its stores feature an entertaining environment geared to both parents and children. Its 403 stores are located in the United States and Puerto Rico and have an average of 1,400 selling square feet.

Champs Sports - Champs Sports is, after Foot Locker, the second largest mall-based sporting goods retailer, selling both branded and private label sporting goods. Its product categories include athletic footwear, apparel and accessories, and a focused assortment of equipment. This combination allows Champs Sports to differentiate itself from other mall-based stores by presenting complete product assortments in a select number of sporting activities. Its 616 stores are located throughout the United States and Canada. The Champs Sports stores have an average of 4,000 selling square feet.

Direct to Customers

Footlocker.com - In 1999, the Registrant changed the name of its eVenator, Inc. subsidiary to Footlocker.com, Inc., which sells, through its affiliates, directly to customers through catalogs and its Internet websites. Eastbay, Inc. ("Eastbay"), one of its affiliates, is one of the largest direct marketers of athletic footwear, apparel, equipment and licensed private-label merchandise in the United States and provides the Registrant's six full-service e-commerce sites access to an integrated fulfillment and distribution system. The Registrant has an agreement in place with the National Football League as its official catalog and e-commerce retailer, which includes managing the NFL catalog and e-commerce businesses. Footlocker.com designs, merchandises and fulfills the NFL's official catalog ("NFL Shop") and the e-commerce site linked to www.NFL.com.

Northern Group

The Northern Group operates 921 stores in the United States and Canada that offer exclusively private label casual apparel for women (Northern Reflections), children (Northern Getaway), and men (Northern Elements), in addition to women's private label coordinates for dressy, non-formal occasions (Northern Traditions). In 1999, the Registrant disposed of the Northern Getaway and Northern Elements formats in the U.S. The Northern Group's stores have an average of 1,900 selling square feet.

All Other

The Registrant's remaining businesses are in the "All Other" category, including Afterthoughts, The San Francisco Music Box Company, Weekend Edition, Randy River and Burger King formats. All businesses in this category were either disposed or held for disposal as of January 29, 2000.

INFORMATION REGARDING BUSINESS SEGMENTS AND GEOGRAPHIC AREAS

For information regarding sales, operating results and identifiable assets of the Registrant by business segment and by geographic area as required by Item 101(d) of Regulation S-K, refer to footnote 7 to the Consolidated Financial Statements on page 35 of the Annual Report. For additional information on format descriptions, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 21 and 22 of the Annual Report, which is incorporated herein by reference.

EMPLOYEES

The Registrant and its consolidated subsidiaries had 15,968 full-time and 31,067 part-time employees at January 29, 2000. The Registrant considers employee relations to be satisfactory.

SEASONALITY

The Registrant's retail businesses are seasonal in nature. Historically, the greatest proportion of sales and net income is generated in the fourth quarter and the lowest proportions of sales and net income are generated in the first and second quarters, reflecting seasonal buying patterns. As a result of these seasonal sales patterns, inventory generally increases in the third quarter in anticipation of increased fourth quarter sales.

COMPETITION

The retailing business is highly competitive. Competition is based upon such factors as price, quality, selection of merchandise, reputation, store location, advertising and customer service.

MERCHANDISE PURCHASES

The Registrant and its consolidated subsidiaries purchase merchandise and supplies from thousands of vendors worldwide. The Registrant purchased approximately 54 percent of its 1999 merchandise from one major vendor. The Registrant considers vendor relations to be satisfactory and maintains a minimal amount of backlog orders in its retailing operations.

The Registrant's policy is to maintain sufficient quantities of inventory on hand in its retail stores and distribution centers so that it can offer customers a full selection of current merchandise. The Registrant emphasizes turnover and takes markdowns where required to keep merchandise fresh and current with trends.

ITEM 2. PROPERTIES

The properties of the Registrant and its consolidated subsidiaries consist of land, leased and owned stores, factories and administrative and distribution facilities. Total selling area at the end of the year was approximately 10.13 million square feet, of which approximately 8.15 million square feet pertained to the Global Athletic Group segment and approximately 1.73 million square feet to the Northern Group segment. These properties are primarily located in the United States, Canada and Europe.

During the year, the Registrant operated six distribution centers, of which two were owned and four were leased, occupying an aggregate of 2.53 million square feet. The Registrant expects to operate four distribution centers in 2000 to service its ongoing operations, two of which are located in the United States, and one in both Canada and Europe. Each of the distribution centers serves major regions. The Registrant also has two additional distribution centers that were leased and sublet, occupying 0.6 million square feet.

Refer to footnote 11 on page 36 of the Annual Report for additional information regarding the Registrant's and its consolidated subsidiaries' properties.

ITEM 3. 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

There were no matters submitted to a vote of security holders during the fourth quarter of the year ended January 29, 2000.

EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to Executive Officers of the Registrant, as of April 12, 2000, is set forth below:

Chairman of the Board and Chief Executive Officer	Dale W. Hilpert
President and Chief Operating Officer and Director	Matthew D. Serra
Senior Vice President, General Counsel and Secretary	Gary M. Bahler
Senior Vice President--Real Estate	Jeffrey L. Berk
Senior Vice President and Chief Information Officer	Samuel R. Gaston
Senior Vice President--Human Resources	Dennis M. Lee
Senior Vice President and Chief Financial Officer	Bruce L. Hartman
Vice President and Treasurer	John H. Cannon
Vice President and Chief Accounting Officer	Robert W. McHugh

Dale W. Hilpert, age 57, has served as Chairman of the Board since April 12, 2000 and as Chief Executive Officer since August 16, 1999. Mr. Hilpert served as President and Chief Operating Officer from May 1995 to August 1999. He previously served as Chairman and Chief Executive Officer of Payless ShoeSource, a division of the May Department Stores Company from January 1985 to April 1995.

Matthew D. Serra, age 55, has served as President since April 12, 2000 and as Chief Operating Officer since February 2000. He served as President of Foot Locker Worldwide from September 1998 to February 2000. He previously served as Chairman and Chief Executive Officer of Sterns, a division of Federated Department Stores, Inc., from March 1993 to September 1998.

Gary M. Bahler, age 48, has served as Senior Vice President since August 1998, General Counsel since February 1993 and Secretary since February 1990. He served as Vice President from February 1993 to August 1998.

Jeffrey L. Berk, age 44, has served as Senior Vice President-Real Estate since February 2000 and President of Venator Group Realty, North America from January 1997 to February 2000. He previously served as Vice President-Real Estate for Barnes & Noble, Inc. since 1994.

Samuel R. Gaston, age 58, has served as Senior Vice President and Chief Information Officer since November 1998. Mr. Gaston served as Executive Vice President and Chief Financial Officer of Fabric-Centers of America, Inc., a retail fabric chain, from August 1996 to October 1997. He previously served as Executive Vice President and Chief Financial Officer of the Woman's Apparel Group of The Limited, Inc.

Dennis M. Lee, age 50, has served as Senior Vice President-Human Resources since July 1999. He previously served as Executive Vice President-Human Resources and Merchandise Distribution and Replenishment of Caldor Corp. ("Caldor"), a retail company, from October 1995 to January 1999. He also served as Senior Vice President-Human Resources of Caldor from 1988 to 1995.

Bruce L. Hartman, age 46, has served as Senior Vice President and Chief Financial Officer since February 1999. Mr. Hartman served as Vice President-Corporate Shared Services from September 1998 to February 1999 and as Vice President and Controller from November 1996 to September 1998. He served as the Chief Financial Officer of various divisions of the May Department Stores Company from March 1993 to October 1996.

John H. Cannon, age 58, has served as Vice President and Treasurer since October 1983.

Robert W. McHugh, age 41, has served as Vice President and Chief Accounting Officer since January 2000 and Vice President-Taxation from November 1997 to January 2000. He previously served as a partner at KPMG LLP from July 1990 to October 1997.

There are no family relationships among the executive officers or directors of the Registrant.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Information related to the market for the Registrant's common stock on pages 42 to 44 of the Annual Report under the sections captioned "Shareholder Rights Plan," "Stock Plans," "Restricted Stock" and "Shareholder Information and Market Prices (Unaudited)" is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The Five Year Summary of Selected Financial Data on page 45 of the Annual Report is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 18 through 24 of the Annual Report is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Derivatives

Derivative financial instruments are used by the Registrant to manage its market risk exposure to interest rates and foreign currency exchange rate fluctuations. The Registrant, as a matter of policy, does not hold derivative financial instruments for trading or speculative purposes.

Interest Rates

The Registrant's major exposure to market risk is changes in interest rates, primarily in the U.S. There is no cash flow exposure to rate changes for long-term debt obligations, which are fixed rate liabilities, denominated in U.S. dollars. Short-term debt obligations reflect variable interest rate borrowings under the Registrant's revolving credit agreement. Interest rate swaps have been utilized by the Registrant to minimize its exposure to interest rate fluctuations. There were no swap agreements in effect at January 29, 2000 or January 30, 1999. The table below presents the fair value of principal cash flows and related weighted-average interest rates by maturity dates of the Registrant's debt obligations.

(IN MILLIONS)	2000	2001	2002	2003	2004	THEREAFTER	TOTAL	JANUARY 30, 1999
Short-term debt	$ 71	-	-	-	-	-	$ 71	$ 250
Variable rate								
Weighted-average interest rate	8.36%							
Long-term debt	$ 100	47	36	-	-	128	$ 311	$ 454
Fixed rate								
Weighted-average interest rate	7.94%	8.09%	8.31%	8.50%	8.50%	8.50%		

Foreign Currency Exchange Rates

The Registrant's international operations purchase significant levels of inventory primarily in U.S. dollars. In order to minimize the impact of foreign currency fluctuations on its results of operations, the Registrant hedges these purchases through forward foreign currency exchange contracts. The Registrant also enters into forward contracts to reduce its exposure to currency fluctuations on intercompany transactions. All instruments mature within twelve months. Foreign currency exchange gains and losses did not have a material impact on the Registrant's results of operations in 1999.

The table below presents the notional amounts and weighted-average exchange rates of foreign exchange forward contracts outstanding at January 29, 2000.

	CONTRACT VALUE (US IN MILLIONS)	WEIGHTED-AVERAGE EXCHANGE RATE
INVENTORY		
Receive $US/ Pay $Australian	$ 10	0.6692
Receive $US/ Pay euro	10	0.9973
Receive $Canadian/Pay $US	48	0.6826
	$ 68	
INTERCOMPANY		
Receive $US/Pay $Canadian	$ 17	0.6859
Receive $Canadian/Pay $US	8	0.6906
Receive German mark /Pay $US	18	0.5595
Receive $US/Pay British pound	10	1.6389
Receive $US/Pay Netherlands guilder	7	0.4595
Receive $Taiwanese/Pay $US	5	0.0328
Receive $US/Pay euro	2	1.0355
	$ 67	

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

a) Consolidated Financial Statements

The following, included in the Annual Report, are incorporated herein by reference:

	Page (s) in Annual Report
Independent Auditors' Report	25
Consolidated Statements of Operations - Years ended January 29, 2000, January 30, 1999 and January 31, 1998	26
Consolidated Statements of Comprehensive Income (Loss) - Years ended January 29, 2000, January 30, 1999 and January 31, 1998	26
Consolidated Balance Sheets - As of January 29, 2000 and January 30, 1999	27
Consolidated Statements of Shareholders' Equity - Years ended January 29, 2000, January 30, 1999 and January 31, 1998	28
Consolidated Statements of Cash Flows - Years ended January 29, 2000, January 30, 1999 and January 31, 1998	29
Notes to Consolidated Financial Statements	30-44

b) Supplementary Data

Quarterly Results on page 44 of the Annual Report is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no disagreements between the Registrant and its independent accountants on matters of accounting principles or practices.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Directors of the Registrant

Information relative to directors of the Registrant is set forth under the section captioned "Election of Directors" in the Proxy Statement and is incorporated herein by reference.

(b) Executive Officers of the Registrant

Information with respect to executive officers of the Registrant is set forth immediately following Item 4 in Part I hereof on pages 4 and 5.

(c) Information with respect to compliance with Section 16(a) of the Securities Exchange Act of 1934 is set forth under the section captioned "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information set forth in the Proxy Statement, beginning with the section captioned "Directors Compensation and Benefits" through and including the section captioned "Compensation Committee Interlocks and Insider Participation" is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information set forth in the Proxy Statement, under the section captioned "Beneficial Ownership of the Company's Stock" is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information set forth in the Proxy Statement, under the section captioned "Transactions with Management and Others" is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) Financial Statements

The list of financial statements required by this item is set forth in Item 8 "Consolidated Financial Statements and Supplementary Data" in this Annual Report on Form 10-K and is incorporated herein by reference.

(a)(3) and (c) Exhibits

An index of the exhibits which are required by this item and which are included or incorporated herein by reference in this report appears on pages 11 through 14. Those exhibits, which are included in this Annual Report on Form 10-K, immediately follow the index.

(b) Reports on Form 8-K

The Registrant filed a report on Form 8-K dated November 18,1999 (date of earliest event reported) reporting sales and earnings for the third quarter ended October 30, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

VENATOR GROUP, INC.

By: /s/ DALE W. HILPERT

Dale W. Hilpert
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on April 12, 2000, by the following persons on behalf of the Registrant and in the capacities indicated.

/s/ DALE W. HILPERT Dale W. Hilpert Chairman of the Board and Chief Executive Officer	/s/ BRUCE L. HARTMAN Bruce L. Hartman Senior Vice President and Chief Financial Officer
/s/ MATTHEW D. SERRA Matthew D. Serra President and Chief Operating Officer	/s/ ROBERT W. MCHUGH Robert W. McHugh Vice President and Chief Accounting Officer

/s/ J. CARTER BACOT -------------------- J. Carter Bacot Director	/s/ MARGARET P. MACKIMM ------------------------ Margaret P. MacKimm Director
/s/ PURDY CRAWFORD -------------------- Purdy Crawford Director	/s/ JOHN J. MACKOWSKI ------------------------ John J. Mackowski Director
/s/ PHILIP H. GEIER JR. -------------------- Philip H. Geier Jr. Director	/s/ JAMES E. PRESTON ------------------------ James E. Preston Director
/s/ JAROBIN GILBERT JR. -------------------- Jarobin Gilbert Jr. Director	/s/ CHRISTOPHER A. SINCLAIR ------------------------ Christopher A. Sinclair Director
/s/ ALLAN Z. LOREN -------------------- Allan Z. Loren Director	

VENATOR GROUP, INC
INDEX OF EXHIBITS REQUIRED
BY ITEM 14 OF FORM 10-K
AND FURNISHED IN ACCORDANCE
WITH ITEM 601 OF REGULATION S-K

EXHIBIT NO. IN ITEM 601 OF REGULATION S-K	DESCRIPTION
1	*
2	*
3(i)(a)	Certificate of Incorporation of the Registrant, as filed by the Department of State of the State of New York on April 7, 1989 (incorporated herein by reference to Exhibit 3(i)(a) to the Quarterly Report on Form 10-Q for the quarterly period ended July 26, 1997, filed by the Registrant with the SEC on September 4, 1997 (the "July 26, 1997 Form 10-Q")).
3(i)(b)	Certificates of Amendment of the Certificate of Incorporation of the Registrant, as filed by the Department of State of the State of New York on (a) July 20, 1989, (b) July 24, 1990, (c) July 9, 1997 (incorporated herein by reference to Exhibit 3(i)(b) to the July 26, 1997 Form 10-Q) and (d) June 11, 1998 (incorporated herein by reference to Exhibit 4.2(a) of the Registration Statement on Form S-8 (Registration No. 333-62425) previously filed with the SEC).
3(ii)	By-laws of the Registrant, as amended (incorporated herein by reference to Exhibit 4.2 of the Registration Statement on Form S-8 (Registration No. 333-62425) previously filed with the SEC).
4.1	The rights of holders of the Registrant's equity securities are defined in the Registrant's Certificate of Incorporation, as amended (incorporated herein by reference to (a) Exhibits 3(i)(a) and 3(i)(b) to the July 26, 1997 Form 10-Q and Exhibit 4.2(a) to the Registration Statement on Form S-8 (Registration No. 333-62425) previously filed with the SEC).
4.2	Rights Agreement dated as of March 11, 1998, between Venator Group, Inc. and First Chicago Trust Company of New York, as Rights Agent (incorporated herein by reference to Exhibit 4 to the Form 8-K dated March 11, 1998).
4.2(a)	Amendment No. 1 to the Rights Agreement, dated as of May 28, 1999 (incorporated herein by reference to Exhibit 4.2(a) to the Quarterly Report on Form 10-Q for the quarterly period ended May 1, 1999, filed by the Registrant with the SEC on June 4, 1999).
4.3	Indenture dated as of October 10, 1991 (incorporated herein by reference to Exhibit 4.1 to the Registration Statement on Form S-3 (Registration No. 33-43334) previously filed with the SEC).
4.4	Forms of Medium-Term Notes (Fixed Rate and Floating Rate) (incorporated herein by reference to Exhibits 4.4 and 4.5 to the Registration Statement on Form S-3 (Registration No. 33-43334) previously filed with the SEC).
4.5	Form of 8 1/2% Debentures due 2022 (incorporated herein by reference to Exhibit 4 to the Registrant's Form 8-K dated January 16, 1992).
4.6	Purchase Agreement dated June 1, 1995 and Form of 7% Notes due 2000 (incorporated herein by reference to Exhibits 1 and 4, respectively, to the Registrant's Form 8-K dated June 7, 1995).

EXHIBIT NO. IN ITEM 601 OF REGULATION S-K	DESCRIPTION
4.7	Distribution Agreement dated July 13, 1995 and Forms of Fixed Rate and Floating Rate Notes (incorporated herein by reference to Exhibits 1, 4.1 and 4.2, respectively, to the Registrant's Form 8-K dated July 13, 1995).
5	*
8	*
9	*
10.1	1986 Venator Group Stock Option Plan (incorporated herein by reference to Exhibit 10(b) to the Registrant's Annual Report on Form 10-K for the year ended January 28, 1995, filed by the Registrant with the SEC on April 24, 1995 (the "1994 10-K")).
10.2	Amendment to the 1986 Venator Group Stock Option Plan (incorporated herein by reference to Exhibit 10(a) to the Registrant's Annual Report on Form 10-K for the year ended January 27, 1996, filed by the Registrant on April 26, 1996 (the "1995 10-K")).
10.3	Venator Group 1995 Stock Option and Award Plan (incorporated herein by reference to Exhibit 10(p) to the 1994 10-K).
10.4	Venator Group 1998 Stock Option and Award Plan (incorporated herein by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1998 (the "1997 10-K").
10.5	Executive Supplemental Retirement Plan (incorporated herein by reference to Exhibit 10(d) to the Registration Statement on Form 8-B filed by the Registrant with the SEC on August 7, 1989 (Registration No. 1-10299) (the "8-B Registration Statement")).
10.6	Amendments to the Executive Supplemental Retirement Plan (incorporated herein by reference to Exhibit 10(c)(i) to the 1994 10-K).
10.7	Amendment to the Executive Supplemental Retirement Plan (incorporated herein by reference to Exhibit 10(d)(ii) to the 1995 10-K).
10.8	Supplemental Executive Retirement Plan (incorporated herein by reference to Exhibit 10(e) to the 1995 10-K).
10.9	Long-Term Incentive Compensation Plan, as amended and restated (incorporated herein by reference to Exhibit 10(f) to the 1995 10-K).
10.10	Annual Incentive Compensation Plan, as amended and restated (incorporated herein by reference to Exhibit 10(g) to the 1995 10-K).
10.11	Form of indemnification agreement, as amended (incorporated herein by reference to Exhibit 10(g) to the 8-B Registration Statement).
10.12	Venator Group Voluntary Deferred Compensation Plan (incorporated herein by reference to Exhibit 10(i) to the 1995 10-K).

EXHIBIT NO. IN ITEM 601 OF REGULATION S-K	DESCRIPTION
10.13	Trust Agreement dated as of November 12, 1987, between F.W. Woolworth Co. and The Bank of New York, as amended and assumed by the Registrant (incorporated herein by reference to Exhibit 10(j) to the 8-B Registration Statement).
10.14	Venator Group Directors' Retirement Plan, as amended (incorporated herein by reference to Exhibit 10(k) to the 8-B Registration Statement).
10.15	Amendments to the Venator Group Directors' Retirement Plan (incorporated herein by reference to Exhibit 10(c) to the Registrant's Quarterly Report on Form 10-Q for the period ended October 28, 1995, filed with the SEC on December 11, 1995 (the "October 28, 1995 10-Q")).
10.16	Employment Agreement with Roger N. Farah dated as of August 16, 1999 (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended October 30, 1999, filed with the SEC on December 14, 1999 (the "October 30, 1999 10-Q")).
10.17	Restricted Stock Agreement with Roger N. Farah dated as of January 9, 1995 (incorporated herein by reference to Exhibit 10(m) to the 1994 10-K).
10.18	Restricted Stock Agreement with Roger N. Farah dated as of April 26, 1999 (incorporated herein by reference to Exhibit 10.17(a) to the Registrant's Annual Report on Form 10-K for the fiscal year ended January 30, 1999, filed with the SEC on April 30, 1999 (the "1998 10-K")).
10.19	Employment Agreement with Dale W. Hilpert dated as of August 16, 1999 (incorporated herein by reference to Exhibit 10.2 to the October 30, 1999 10-Q).
10.20	Agreement with M. Jeffrey Branman dated February 11, 2000.
10.21	Agreement with John E. DeWolf III dated February 10, 2000.
10.22	Venator Group Executive Severance Pay Plan (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended October 31, 1998 (the "October 31, 1998 10-Q").
10.23	Form of Senior Executive Employment Agreement.
10.24	Form of Executive Employment Agreement.
10.25	Venator Group, Inc. Directors' Stock Plan (incorporated herein by reference to Exhibit 10(b) to the Registrant's October 28, 1995 10-Q).
10.26	Venator Group, Inc. Excess Cash Balance Plan (incorporated herein by reference to Exhibit 10(c) to the 1995 10-K).
10.27	Agreement with S. Ronald Gaston dated November 10, 1998 (incorporated herein by reference to Exhibit 10.5 to the October 31, 1998 10-Q).
10.28	Form of Restricted Stock Agreement (incorporated herein by reference to Exhibit 10.30 to the 1998 10-K).
10.29	Amendment No. 3 dated as of March 19, 1999 to the Credit Agreement dated as of April 9, 1997 (incorporated herein by reference to Exhibit 10.31 to the 1998 10-K).

EXHIBIT NO. IN ITEM 601 OF REGULATION S-K	DESCRIPTION
10.30	Amendment No. 4 dated as of March 19, 1999 to the Credit Agreement dated as of April 9, 1997 (incorporated herein by reference to Exhibit 10.32 to the 1998 10-K).
10.31	Amended and Restated Credit Agreement dated as of April 9, 1997 and amended and restated as of March 19, 1999 (incorporated herein by reference to Exhibit 10.33 to the 1998 10-K).
10.32	Second Amended and Restated Credit Agreement dated as of April 9, 1997 and amended and restated as of March 19, 1999 (incorporated herein by reference to Exhibit 10.34 to the 1998 10-K).
10.33	Letter of Credit Agreement dated as of March 19, 1999 (incorporated herein by reference to Exhibit 10.35 to the 1998 10-K).
10.34	Form of Notice of Non-renewal of Severance Agreements.
10.35	Special Real Estate Bonus Program.
11	*
12	Computation of Ratio of Earnings to Fixed Charges.
13	1999 Annual Report to Shareholders.
15	*
16	*
17	*
18	Letter on change in accounting principle.
19	*
20	*
21	Subsidiaries of the Registrant.
22	*
23	Consent of Independent Auditors.
24	*
25	*
26	*
27	Financial Data Schedule, which is submitted electronically to the SEC for information only and not filed.
99	*

* Not applicable

Exhibits filed with Form 10-K:

Exhibits No.	
10.20	Agreement with M. Jeffrey Branman dated February 11, 2000.
10.21	Agreement with John E. DeWolf dated February 10, 2000.
10.23	Form of Senior Executive Employment Agreement.
10.24	Form of Executive Employment Agreement.
10.34	Form of Notice of Non-renewal of Severance Agreements.
10.35	Special Real Estate Bonus Program.
12	Computation of Ratio of Earnings to Fixed Charges.
13	1999 Annual Report to Shareholders.
18	Letter on change in accounting principle.
21	Subsidiaries of the Registrant.
23	Consent of Independent Auditors.
27	1999 Financial Data Schedule.

EXHIBIT 10.20

February 11, 2000

Mr. M. Jeffrey Branman

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Dear Jeff:

This letter sets forth our understanding and agreement with respect to your resignation as Senior Vice President - Corporate Development of Venator Group, Inc. (the "Company") and sets forth the arrangements to which we have agreed.

1. Termination of Employment. Your employment with the Company shall continue until February 29, 2000 (the "Termination Date"). You shall resign as Senior Vice President - Corporate Development of the Company effective as of January 29, 2000, and as Chief Executive Officer of Footlocker.com/Eastbay effective as of February 29, 2000. You shall execute and deliver a letter of resignation in the form annexed hereto as Exhibit A.

2. Payments. Provided you continue to be employed by the Company on the Termination Date and have satisfactorily performed your responsibilities through such date, including cooperating in the transfer of your responsibilities, the Company shall make the following payments to you:

(a) On the Termination Date, the amount of $430,000, which represents 50 percent of the severance benefit payable to you.

(b) On February 28, 2001, provided you have not violated the provisions of Section 6, the amount of $430,000, plus interest for the period from the Termination Date to the date on which such payment is made, calculated at the prime rate of interest as stated in The Wall Street Journal on the Termination Date.

(c) On the Termination Date, the additional amount of $1,440,000 in lieu of any special incentive bonus or any other discretionary bonus to which you might otherwise be entitled.

(d) On the Termination Date, in accordance with the Company's normal policies and practices, (i) salary and reimbursement of any business expenses related to the period prior to the Termination Date and (ii) an amount in lieu of any accrued but unused vacation as of the Termination Date.

(e) You shall be eligible to receive a payment for the 1999 fiscal year under the Company's Annual Incentive Compensation Plan applicable to senior corporate executives in accordance with the terms of such plan. Such payment, if any, would be made on or before April 30, 2000.

(f) You shall be eligible to receive payments under the Long-Term Incentive Compensation Plan for the Performance Periods ending January 29, 2000 pursuant to the provisions of that plan. Such payment, if any, would be made on or before April 30, 2000. You shall not be eligible to receive payments under the Long-Term Incentive Compensation Plan for any other period.

(g) All amounts payable to you hereunder shall be subject to appropriate withholding for federal, state, and local income taxes.

3. Stock Option and Stock Purchase Plans.

(a) All unexercised stock options granted to you prior to the date hereof, and not exercised or cancelled on or before the Termination Date, pursuant to the provisions of the 1995 Stock Option and Award Plan or the 1998 Stock Option and Award Plan (the "Option Plans"), shall remain exercisable in accordance with the relevant provisions of the Option Plans. Your "effective date of termination" for purposes of the Option Plans shall be the Termination Date and your termination shall, for the purposes of such plans, be treated as your voluntary resignation from the Company.

(b) Your right to participate in the 1994 Venator Group Employees Stock Purchase Plan shall be in accordance with the terms of such plan and shall cease as of the Termination Date.

4. Pension Benefits. You are not vested in the Venator Group Retirement Plan and the Excess Cash Balance Plan, and you shall not be entitled to any payments or other benefits from such plans or from the Supplemental Executive Retirement Plan.

5. Other Benefits.

(a) You shall be entitled, to the extent permitted under legal and underwriting requirements, if any, to participate during the one-year period following the Termination Date in any group medical, dental, or life insurance plan you participated in prior to your Termination Date under substantially similar terms and conditions as an active employee, provided that your participation in such group medical, dental and life insurance benefits shall correspondingly cease at such time as

you become eligible for a future employer's medical, dental and/or life insurance coverage (or would become eligible if you did not waive coverage). Your entitlement to elect continuation coverage under the Company's group health plans pursuant to COBRA shall commence on the earlier of the date participation in such plans ceases or the end of such one-year period. Notwithstanding the foregoing, you may not continue to participate in such plans on a pre-tax or tax favored basis. Your participation in any group disability or voluntary accidental death and dismemberment plans for active employees of the Company shall cease on the Termination Date.

(b) The Company shall provide to you, at its expense, until the earlier of six months following the Termination Date or such time as you shall have secured other full-time employment, the services of an outplacement consultant.

6. Confidentiality and Competition.

(a) You will not communicate or disclose to any unauthorized person, or use for your own account, without the prior written consent of the Chief Executive Officer of the Company, any proprietary processes, or other confidential information of the Company or any subsidiary concerning their business or affairs, accounts or customers, it being understood, however, that the obligations of this Section 6(a) shall not apply to the extent that the aforesaid matters (a) are disclosed in circumstances in which you are legally required to do so or (b) become generally known to and available for use by the public other than by your wrongful act or omission.

(b) You shall not, without the prior written consent of the Chief Executive Officer of the Company, for the one-year period following your Termination Date engage in Competition. As used herein, "Competition" shall mean the (i) participating, directly or indirectly, as an individual proprietor, stockholder, officer, employee, director, joint venturer, investor, lender, or in any capacity whatsoever (within the United States of America, or in any country where any of your former employing members of the Control Group does business) in a business in competition with any business conducted by any member of the Control Group for which you worked at any time, provided, however, that such participation shall not include (A) the mere ownership of not more than 1 percent of the total outstanding stock of a publicly held company; (B) the performance of services for any enterprise to the extent such services are not performed, directly or indirectly, for a business in which any of your employing members of the Control Group is engaged; or (C) any activity engaged in with the prior written approval of the Chief Executive Officer of the Company; or (ii) intentional recruiting, soliciting or inducing, of any employee or employees of the Control Group to terminate their employment with, or otherwise cease their relationship with the former employing members of the Control Group where such employee or employees do in fact so terminate their employment.

(i) As used in herein, "Control Group" shall mean the Company and its Affiliates. "Affiliate" shall mean the Company and any entity affiliated with the Company within the meaning of Section 414(b) of the Internal Revenue Code of 1986, as amended and as hereafter amended from time to time ("Code") with respect to a controlled group of corporations, Code Section 414(c) with respect to trades or businesses under common control with the Company, Code Section 414(m) with respect to affiliated service groups and any other entity required to be aggregated with the Company under Section 414(o) of the Code. No entity shall be treated as an Affiliate for any period during which it is not part of the controlled group, under common control or otherwise required to be aggregated under Code Section 414.

(ii) Notwithstanding the above provisions on Competition, you shall not be considered to have engaged in Competition during the one-year period following your Termination Date solely as a result of your providing investment banking advice or services to a business in competition with any business conducted by any member of the Control Group; provided, however, that such investment banking services or advice do not involve (i) representing or assisting any person or group of persons for the purpose of seeking control of or influencing the management, business, or policies of, the Company or (ii) any transaction to which the Company, or any subsidiary or affiliate of the Company, is a party and where you are personally providing investment banking advice or services to the counter-party with respect to its transaction with the Company. Notwithstanding the provisions of the preceding sentence, nothing herein shall prohibit a firm with which you are affiliated from providing such advice or services provided that you personally adhere to the provisions of this paragraph.

(iii) If any restriction set forth with regard to Competition is found by any court of competent jurisdiction or an arbitrator to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend over the maximum period of time, range of activities, or geographic area as to which it may be enforceable.

(c) If you engage in such wrongful conduct or otherwise violate the provisions of Section 6 of this agreement, you will forfeit your entitlement to any rights granted by this letter agreement (except as otherwise provided under applicable law) and the Company shall not have any further obligation under this letter agreement.

7. Release from Claims. In consideration of all of the foregoing, you, for yourself and for your heirs, executors, administrators, successors, and assigns, hereby agree to release and forever discharge the Company and its subsidiaries and affiliates,

and their respective officers and directors, from any and all actions, causes of action, claims, demands, and liabilities of whatsoever nature arising out of, or in connection with, your employment with the Company and any of its subsidiaries and affiliates, or otherwise, whether arising before or after the date hereof. The foregoing shall include, but not be limited to, any claim of employment discrimination under the Age Discrimination in Employment Act of 1967, the New York State Human Rights Law, or any other federal or state labor relations law, equal employment opportunity law, or civil rights law, regulation or order. Federal law requires that we advise you to consult with an attorney of your choice (at your own cost). In addition, federal law also provides that you have 21 days from the date of this letter to consider your decision to agree to the terms of this agreement, including any release of the Company and its subsidiaries, from liability as provided in this paragraph. Furthermore, you have the right to change your mind at any time within one week after signing. In addition, you hereby acknowledge that you have been given full opportunity to review this letter, including sufficient opportunity for appropriate review with any advisors selected by you. The foregoing shall not constitute a release of any and all claims you may have against the Company for breach of any of the provisions of this letter agreement.

You understand and agree that the payments and benefits provided for in this agreement shall be in lieu of any and all amounts that would be payable to you, and that no other amounts will be paid to you for any reason whatsoever.

8. Assignment. Neither this letter agreement, nor any of the rights arising hereunder, may be assigned by you. You agree to execute such additional documents as the Company may require to carry out this letter agreement.

9. Prior Agreements. The severance agreement between you and the Company dated as of May 5, 1999, and the supplemental letter agreement dated April 24, 1997 and amended as of May 5, 1999, are hereby terminated without further obligation by either party to the other, and shall be of no further force and effect.

10. Miscellaneous.

(a) This letter agreement represents our total understanding and agreement with regard to the subject matter hereof, and supersedes any previous discussions or writings. This letter agreement may not be amended or modified, and no term or provision hereof may be waived or discharged, unless agreed to in writing by you and the Company. The invalidity or unenforceability of any provision of this letter agreement shall not affect the validity or enforceability of any other provision hereof.

(b) The section headings herein are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this agreement.

(c) This letter agreement may be executed in counterparts, each of which, when so executed, shall be deemed an original and all of which, when taken together, shall constitute one and the same agreement.

(d) The offer of the Company contained in this letter agreement shall terminate and be of no further force and effect at 12:01 A.M. New York City time on the twenty-second day following the delivery of this letter to you, unless you have signed and returned the letter to us, unaltered, before such date and time.

11. Governing Law. This letter agreement shall be governed by, and construed under, the laws of the State of New York applicable to contracts made between residents of such state and to be wholly performed in such state.

If this letter agreement correctly sets forth our agreement, please execute the duplicate copy of this letter agreement enclosed for that purpose, and deliver it to us, at which time this letter agreement shall serve as a binding and enforceable agreement between us.

Very truly yours,
VENATOR GROUP, INC.

By:/s/ Dennis M. Lee

Senior Vice President

Agreed:

/s/ M. Jeffrey Branman
- -----------------------------
M. Jeffrey Branman

Witnessed:

/s/ Sheilagh M. Clarke
- -----------------------------
February 16, 2000

EXHIBIT A

____________________, 2000

Board of Directors
Venator Group, Inc.
233 Broadway
New York, NY 10279

Gentlemen and Ladies:

I hereby resign my position as Senior Vice President - Corporate Development of Venator Group, Inc. (the "Company") and from any other position I may hold with the Company, effective as of January 29, 2000. I understand that my employment will continue through February 29, 2000.

I hereby further resign as Chief Executive Officer of Footlocker.com/Eastbay, a subsidiary of the Company, and from any other position I may hold with any subsidiary or affiliate of the Company, effective as of February 29, 2000.

Yours truly,

EXHIBIT 10.21

February 10, 2000

Mr. John E. DeWolf III

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Dear John:

This letter sets forth our understanding and agreement with respect to your resignation as Senior Vice President - Real Estate of Venator Group, Inc. (the "Company"), and sets forth the arrangements to which we have agreed.

1. Termination of Employment. Your employment with the Company shall continue through February 29, 2000 (the "Termination Date"). You shall resign as Senior Vice President - Real Estate of the Company and from all other positions you may hold with the Company or any of its subsidiaries or affiliates as of January 29, 2000, and you shall execute and deliver a letter of resignation in the form annexed hereto as Exhibit A as of such date.

2. Payments. Provided you continue to be employed by the Company on the Termination Date and have satisfactorily performed your responsibilities through January 29, 2000, including cooperating in the transfer of your responsibilities to your successor, the Company shall make the following payments to you:

(a) On the Termination Date, the amount of $420,000, which represents the amount payable to you pursuant to the provisions of the Company's applicable severance plan.

(b) On the Termination Date, in accordance with the Company's normal policies and practices, (i) salary and reimbursement of any business expenses related to the period prior to the Termination Date and (ii) an amount in lieu of any accrued but unused vacation as of January 29, 2000.

(c) You shall be eligible to receive a payment under the Company's Annual Incentive Compensation Plan for the 1999 fiscal year in accordance with the terms of such plan. Such payment, if any, would be made on or before April 30, 2000.

(d) You shall be eligible to receive payments under the Company's Long-Term Incentive Compensation Plan for the Performance Periods ending January 29, 2000 pursuant to the provisions of that plan. Such payments, if any, would be made on or before April 30, 2000.

(e) All amounts payable to you hereunder shall be subject to appropriate withholding for federal, state, and local income taxes.

3. Stock Option and Stock Purchase Plans.

(a) All unexercised stock options granted to you prior to the date hereof, and not exercised or cancelled on or before the Termination Date, pursuant to the provisions of the Venator Group 1995 and 1998 Stock Option and Award Plans (the "Option Plans"), shall remain exercisable in accordance with the relevant provisions of the Option Plans. Your "effective date of termination" for purposes of the Option Plans shall be the Termination Date and your termination shall, for the purposes of such plans, be treated as your resignation from your position with the Company.

(b) Your right to participate in the 1994 Venator Group Employees Stock Purchase Plan shall be in accordance with the terms of such plan and shall cease as of the Termination Date.

4. Pension Benefits. You are not vested in the Venator Group Retirement Plan and the Excess Cash Balance Plan, and you shall not be entitled to any payments or other benefits from such plans or from the Supplemental Executive Retirement Plan.

5. Other Benefits.

(a) You agree that you will not accrue any vacation for the period of January 30, 2000 to your Termination Date.

(b) You shall be entitled, to the extent permitted under legal and underwriting requirements, if any, to participate during the one-year period following the Termination Date in any group medical, dental, or life insurance plan you participated in prior to your Termination Date under substantially similar terms and conditions as an active employee, provided that your participation in such group medical, dental and life insurance benefits shall correspondingly cease at such time as you become eligible for a future employer's medical, dental and/or life insurance coverage (or would become eligible if you did not waive coverage). Your entitlement to elect continuation coverage under the Company's group health plans pursuant to COBRA shall commence on the earlier of the date participation in such plans ceases

or the end of such one-year period. Notwithstanding the foregoing, you may not continue to participate in such plans on a pre-tax or tax favored basis. Your participation in any group disability or voluntary accidental death and dismemberment plans for active employees of the Company shall cease on the Termination Date.

6. Confidentiality and Competition.

(a) You will not communicate or disclose to any unauthorized person, or use for your own account, without the prior written consent of the Chief Executive Officer of the Company, nonpublic information of any kind concerning the Company or any of its subsidiaries or affiliates, including, but not limited to, nonpublic information concerning finances, financial plans, accounting methods, strategic plans, operations, personnel, organizational structure, methods of distribution, suppliers, customers, client relationships, marketing strategies, real estate strategies or the like ("Confidential Information"). You shall not, between the date hereof and the Termination Date, remove any Confidential Information from the offices of the Company and you shall, on or before the Termination Date, return all Confidential Information in your possession, in whatever form, to the Company. The existence of this agreement and the terms hereof shall be considered to be Confidential Information. It is understood, however, that the obligations set forth in this paragraph shall not apply to the extent that the aforesaid matters (a) are disclosed in circumstances in which you are legally required to do so or (b) become generally known to and available for use by the public other than by your wrongful act or omission.

(b) You shall not, without the prior written consent of the Chief Executive Officer of the Company, for the one-year period following your Termination Date engage in Competition. As used herein, "Competition" shall mean the (i) participating, directly or indirectly, as an individual proprietor, stockholder, officer, employee, director, joint venturer, investor, lender, or in any capacity whatsoever (within the United States of America, or in any country where the Company, including its subsidiaries and affiliates, does business) in (A) a business in competition with the retail, catalog, or on-line sale of athletic footwear, athletic apparel and sporting goods conducted by the Company and its subsidiaries and affiliates (the "Athletic Business"), or (B) a business that in the prior fiscal year supplied product for the Athletic Business to the Company or any of its subsidiaries or affiliates having a value of $20 million or more at cost to the Company or any of its subsidiaries or affiliates; provided, however, that such participation shall not include (X) the mere ownership of not more than 1 percent of the total outstanding stock of a publicly held company; (Y) the performance of services for any enterprise to the extent such services are not performed, directly or indirectly, for a business in competition with the Athletic Business or for a business which supplies product to the

Company or its subsidiaries or affiliates for the Athletic Business; or (Z) any activity engaged in with the prior written approval of the Chief Executive Officer of the Company; or (ii) intentional recruiting, soliciting or inducing, of any employee or employees of the Company or its subsidiaries or affiliates to terminate their employment with, or otherwise cease their relationship with the Company or its subsidiaries or affiliates where such employee or employees do in fact so terminate their employment. If any restriction set forth with regard to Competition is found by any court of competent jurisdiction or an arbitrator to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend over the maximum period of time, range of activities, or geographic area as to which it may be enforceable.

(c) If you engage in such wrongful conduct or otherwise violate the provisions of this Section 6, you will forfeit your entitlement to any rights granted by this letter agreement (except as otherwise provided under applicable law) and the Company shall not have any further obligation under this letter agreement. In addition, you agree that the Company shall have such other rights, including but not limited to injunctive relief, as may be provided under applicable law. You acknowledge that a violation by you of the provisions of this Section 6 would cause irreparable injury to the Company for which there would be no adequate remedy at law.

7. Release from Claims. In consideration of all of the foregoing, you, for yourself and for your heirs, executors, administrators, successors, and assigns, hereby agree to release and forever discharge the Company and its subsidiaries and affiliates, and their respective officers and directors, from any and all actions, causes of action, claims, demands, and liabilities of whatsoever nature arising out of, or in connection with, your employment with the Company and any of its subsidiaries and affiliates, or otherwise, whether arising before or after the date hereof. The foregoing shall include, but not be limited to, any claim of employment discrimination under the Age Discrimination in Employment Act of 1967, the New York State Human Rights Law, or any other federal or state labor relations law, equal employment opportunity law, or civil rights law, regulation or order. Federal law requires that we advise you to consult with an attorney of your choice (at your own cost). In addition, federal law also provides that you have 21 days from the date of this letter to consider your decision to agree to the terms of this agreement, including any release of the Company and its subsidiaries, from liability as provided in this paragraph. Furthermore, you have the right to change your mind at any time within one week after signing. In addition, you hereby acknowledge that you have been given full opportunity to review this letter, including sufficient opportunity for appropriate review with any advisors selected by you. The foregoing shall not constitute a release of any and all claims you may have against the Company for breach of any of the provisions of this letter agreement.

You understand and agree that the payments and benefits provided for in this agreement shall be in lieu of any and all amounts that would be payable to you, and that no other amounts will be paid to you for any reason whatsoever.

8. Assignment. Neither this letter agreement, nor any of the rights arising hereunder, may be assigned by you. You agree to execute such additional documents as the Company may require to carry out this letter agreement.

9. Prior Agreement. The severance agreement entered into between the Company and you dated as of May 5, 1999 is hereby terminated without any further obligation of the parties thereto and shall be of no further force and effect.

10. Consulting Agreement. You agree to enter into a consulting agreement with the Company covering your services on certain real estate projects, which agreement shall be substantially in the form attached hereto.

11. Miscellaneous.

(a) This letter agreement represents our total understanding and agreement with regard to the subject matter hereof, and supersedes any previous discussions or writings. This letter agreement may not be amended or modified, and no term or provision hereof may be waived or discharged, unless agreed to in writing by you and the Company. The invalidity or unenforceability of any provision of this letter agreement shall not affect the validity or enforceability of any other provision hereof.

(b) The section headings herein are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this agreement.

(c) This letter agreement may be executed in counterparts, each of which, when so executed, shall be deemed an original and all of which, when taken together, shall constitute one and the same agreement.

(d) The offer of the Company contained in this letter agreement shall terminate and be of no further force and effect at 12:01 A.M. New York City time on the twenty-second day following the delivery of this letter to you, unless you have signed and returned the letter to us, unaltered, before such date and time.

12. Governing Law. This letter agreement shall be governed by, and construed under, the laws of the State of New York applicable to contracts made between residents of such state and to be wholly performed in such state.

If this letter agreement correctly sets forth our agreement, please execute the duplicate copy of this letter agreement enclosed for that purpose, and deliver it to us, at which time this letter agreement shall serve as a binding and enforceable agreement between us.

Very truly yours,
VENATOR GROUP, INC.

By:/s/ Dennis M. Lee

Senior Vice President

Agreed:

/s/ John E. DeWolf III
- -----------------------------
John E. DeWolf III

Witnessed:

/s/ Joanne Giallanza
- -----------------------------
February 10, 2000

EXHIBIT A

January _____________, 2000

Board of Directors
Venator Group, Inc.
233 Broadway
New York, NY 10279

Gentlemen and Ladies:

I hereby resign my position as Senior Vice President - Real Estate of Venator Group, Inc., and from any other position as an officer or director that I may hold with Venator Group, Inc. or with any subsidiary or affiliate thereof, effective as of January 29, 2000. I understand that my employment with the Company will continue through February 29, 2000.

Yours truly,

CONSULTING AGREEMENT

This Consulting Agreement, dated as of March 1, 2000, by and between Venator Group, Inc., a New York corporation (the "Company"), with an address at 233 Broadway, New York, New York 10279, and John E. DeWolf III (the "Consultant").

In consideration of the premises and the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Consulting Services. The Company hereby retains the Consultant to provide real estate consulting services on the General Projects and the Philadelphia Project described in Schedule A hereto (the "Services"). In that regard, Consultant shall provide such specific Services not inconsistent with the description set forth in Schedule A as may, from time to time, be requested by the Chief Executive Officer of the Company.

2. Term. The term of this agreement shall commence on March 1, 2000 and shall continue through June 30, 2000, unless sooner terminated as provided in Section 3 hereof.

3. Termination.

(a) Subject to the following, this Agreement shall terminate automatically on June 30, 2000, and the Company shall have no further obligation hereunder from and after such date except as otherwise set forth herein.

(b) The Company may terminate this agreement immediately upon written notice to the Consultant upon the occurrence of any of the events identified in subsections (i) or (ii) below:

(i) the unreasonably willful failure of the Consultant substantially to perform his duties hereunder, or

(ii) the willful engagement by the Consultant in conduct which is, in the sole opinion of the Chief Executive Officer of the Company, in any way adverse to the Company, its subsidiaries, or affiliates, including, but not limited to engaging in acts proscribed by Section 9 hereof.

(c) This agreement will automatically terminate in the event of the death or disability of the Consultant.

(d) The Consultant may terminate this agreement at any time upon 30 days prior written notice to the Company.

4. Consulting Fee.

(a) The Company shall pay to the Consultant the fee of $40,000 per month as payment for the Services the Consultant is to provide pursuant to this agreement. Such fee shall be payable within five business days after the last day of each month. No federal or state tax deductions shall be withheld from such fee.

(b) In addition to the fees payable pursuant to the provisions of Section 4(a), the Company shall pay to the Consultant the additional amount of $140,000 if, on or before June 30, 2000, the Company has either closed on, or executed a binding contract for, the sale of the property described in Schedule A under the heading "Philadelphia Project" for an amount no less than the sale price and the nonrefundable deposit set out in such schedule. Payment, if any, to the Consultant under this Section 4(b) shall be payable within 5 business days of the closing date of such project, but no payment shall be made to the Consultant if the closing on such property occurs after July 29, 2000.

(c) Payment for a portion of any period will be prorated.

5. Reimbursement of Expenses. Upon receipt of appropriate documentation, the Company shall promptly reimburse Consultant for all travel and other business expenses incurred by him for travel undertaken at the request of the Company in the performance of the Services hereunder, subject to the Company's travel and reimbursement policies applicable to its management employees.

6. Independent Contractor Relationship. The relationship between the Company and Consultant is an independent contractor relationship and nothing herein shall create an employer-employee relationship between the Company and Consultant. Consultant shall have no authority to act on behalf of the Company or to obligate the Company to any third party in any way except as expressly authorized in writing by a duly authorized officer of the Company.

7. Intellectual Property Ownership. All materials and any inventions (whether or not patentable), works of authorship, programming (including but not limited to source code), trade secrets, ideas, concepts and trade or service marks (collectively, "inventions"), created, conceived, or prepared by or furnished to Consultant in the performance of the Services hereunder, shall belong exclusively to the Company. This agreement shall be deemed a transfer of any and all rights including copyright, trademark and patent rights, and any other intellectual property rights with respect to such inventions. Consultant agrees to execute any documents

required by the Company to perfect its ownership rights to any such rights. In addition, upon request, Consultant shall turn over to the Company all originals (including source code) and all copies of any such materials and inventions in Consultant's possession. Consultant hereby waives any and all rights to any material or inventions generated pursuant to this agreement or conceived or developed in the performance of the Services hereunder. Consultant agrees that the Company may make any use of such material and inventions, whether foreseeable or unforeseeable at the time of execution of this agreement.

8. Compliance with Law. Consultant shall comply with all applicable federal, state and local laws, ordinances, regulations and codes in the performance of the Services hereunder, including the procurement of permits and certificates where required. Consultant shall indemnify and hold the Company harmless from and against any loss, damages or expense arising from his failure to so comply.

9. Confidential Information and Competition.

(a) Without the prior written consent of the Chief Executive Officer of the Company, Consultant will not disclose (except to the extent necessary for the proper performance of the Services) or use for the Consultant's personal benefit any information acquired during the course of providing the Services hereunder respecting the Company or any of its subsidiaries or affiliates, including, but not limited to, trade secrets, real estate strategies, or information designated by the Company as confidential. Any documents, reports, working papers, programs, or other such items, whether written or recorded on magnetic tape, diskette, or any other medium prepared by Consultant in connection with the performance of the Services, shall be the exclusive property of the Company, and Consultant acknowledges and agrees that all tangible and intangible information revealed, obtained, or developed hereunder shall be considered confidential or proprietary information which shall not be disclosed to any third party, without the prior written consent of the Company.

(b) The Consultant shall not, without the prior written consent of the Chief Executive Officer of the Company, engage in Competition during the term of this agreement. As used herein, "Competition" shall mean the (i) participating, directly or indirectly, as an individual proprietor, stockholder, officer, employee, director, joint venturer, investor, lender, or in any capacity whatsoever (within the United States of America, or in any country where the Company, including its subsidiaries and affiliates, does business) in (A) a business in competition with the retail, catalog, or on-line sale of athletic footwear, athletic apparel and sporting goods conducted by the Company and its subsidiaries and affiliates (the "Athletic Business"), or (B) a business that in the prior fiscal year supplied product for the Athletic Business to the Company or any of its subsidiaries or affiliates having a value of $20 million or

more at cost to the Company or any of its subsidiaries or affiliates; provided, however, that such participation shall not include (X) the mere ownership of not more than 1 percent of the total outstanding stock of a publicly held company; (Y) the performance of services for any enterprise to the extent such services are not performed, directly or indirectly, for a business in competition with the Athletic Business or for a business which supplies product to the Company or its subsidiaries or affiliates for the Athletic Business; or (Z) any activity engaged in with the prior written approval of the Chief Executive Officer of the Company; or (ii) intentional recruiting, soliciting or inducing, of any employee or employees of the Company or its subsidiaries or affiliates to terminate their employment with, or otherwise cease their relationship with the Company or its subsidiaries or affiliates where such employee or employees do in fact so terminate their employment. If any restriction set forth with regard to Competition is found by any court of competent jurisdiction or an arbitrator to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend over the maximum period of time, range of activities, or geographic area as to which it may be enforceable.

(c) The Consultant agrees that any breach of the terms of Sections 9(a) or 9(b) would result in irreparable injury and damage to the Company for which the Company would have no adequate remedy at law; the Consultant therefore agrees that in the event of a breach or threatened breach by the Consultant of the provisions of Sections 9(a) or 9(b), the Company shall be entitled to an immediate injunction and restraining order to prevent such breach or threatened breach or continued breach by the Consultant. The terms of this paragraph shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach hereof, including but not limited to the recovery of damages from the Consultant and the termination of this agreement pursuant to Section 3(b)(ii) hereof.

10. Notices. Any notice to either party hereunder shall be in writing, and shall be deemed to be sufficiently given to or served on such party, for all purposes, if the same shall be personally delivered to such party, or sent to such party by certified mail, postage prepaid, at, in the case of the Company, the address of such party first given above and, in the case of the Consultant, his principal residence address as shown in the records of the Company. Notice to the Company shall be addressed to the General Counsel. Either party hereto may change the address to which notices are to be sent to such party hereunder by written notice of such new address given to the other party hereto. Notices shall be deemed given when received if delivered personally or three days after mailing if mailed as aforesaid.

11. Applicable Law. This agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to its principles of conflicts of laws.

12. Arbitration. Any controversy or claim arising out of or relating to this agreement, or the breach thereof, shall be settled by arbitration in the City of New York, in accordance with the rules of the American Arbitration Association (the "AAA"). The decision of the arbitrator(s) shall be final and binding on the parties hereto, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The costs assessed by the AAA for arbitration shall be borne equally by both parties.

13. Interpretation. If any provision of this agreement shall be declared invalid or unenforceable, the remainder of this agreement shall not be affected thereby, but rather is to be enforced to the greatest extent permitted by law. Headings in this agreement are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

14. Miscellaneous.

(a) Consultant shall not use the name of the Company or any of its subsidiaries or affiliates in any sales or marketing publication or advertisement without the prior written consent of the Company.

(b) Consultant shall not assign or transfer his interests or obligations under this agreement without the prior written consent of the Company.

(c) This agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and may not be amended or modified except in writing, signed by both parties.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first above written.

VENATOR GROUP, INC.

By:
Senior Vice President

By:
John E. DeWolf III

SCHEDULE A

The Services shall consist of real estate consulting services with respect to the projects identified by the Company as follows:

General Projects

- - leasing and designing additional office space at 34th Street, New York, New York;

- - relocating the European real estate office from London, England, to Amsterdam, the Netherlands;

- - negotiating with the landlord for a buyout of the tenant interest in the lease on property located at Fulton Street, New York, and mitigating the loss with regard to the claim by the landlord for the alleged failure to operate the Foot Locker location at Jersey Gardens, New Jersey.

Philadelphia Project

- - the sale of property located at 1026-1044 Market Street, Philadelphia, Pennsylvania for a sale price of at least $7 million and a nonrefundable deposit in excess of $200,000.

EXHIBIT 10.23

SENIOR EXECUTIVE EMPLOYMENT AGREEMENT

AGREEMENT made as of the day of between Venator Group, Inc. (the "Company"), a New York corporation with its principal office located in New York, New York, and ("Executive").

W I T N E S S E T H:

WHEREAS, the Company believes that the establishment and maintenance of a sound and vital management of the Company is essential to the protection and enhancement of the interests of the Company and its shareholders;

WHEREAS, the Company wishes to provide for the continued employment of the Executive with the Control Group, and the Executive is willing to commit himself to continue to serve the Company, on the terms and conditions herein provided; and

WHEREAS, this Agreement supersedes any employment agreement, severance plan, policy and/or practice of the Company in effect on the date hereof for the Executive.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Definitions. The following terms shall have the meanings set forth in this section as follows:

(a) "Affiliate" shall mean the Company and any entity affiliated with the Company within the meaning of Code Section 414(b) with respect to a controlled group of corporations, Code Section 414(c) with respect to trades or businesses under common control with the Company, Code Section 414(m) with respect to affiliated service groups and any other entity required to be aggregated with the Company under Section 414(o) of the Code. No entity shall be treated as an Affiliate for any period during which it is not part of the controlled group, under common control or otherwise required to be aggregated under Code Section 414.

(b) "Beneficiary" shall mean the individual designated by the Executive, on a form acceptable by the Committee, to receive benefits payable under this Agreement in the event of the Executive's death. If no Beneficiary is designated, the Executive's Beneficiary shall be his spouse, or if the Executive is not survived by a spouse, the Executive's estate.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Bonus" shall mean an amount equal to the target bonus expected to be earned by the Executive under the Company's Annual Incentive Compensation Plan or such other annual bonus plan or program that may then be applicable to the Executive in a fiscal year, if the applicable target performance goal is satisfied.

(e) "Cause" shall mean (with regard to the Executive's termination of employment with the Control Group): (i) the refusal or willful failure by the Executive to substantially perform his duties, (ii) with regard to the Control Group or any of their assets or businesses, the Executive's dishonesty, willful misconduct, misappropriation, breach of fiduciary duty or fraud, (iii) the willful breach by the Executive of any material provision of this Agreement, which breach is not cured within ten (10) business days from the date of the Company's notice of the occurrence of such breach to the Executive, or (iv) the Executive's conviction of a felony (other than a traffic violation) or any other crime involving, in the sole discretion of the Committee, moral turpitude.

(f) "Change in Control" shall have the meaning set forth in Appendix A attached hereto.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended and as hereafter amended from time to time.

(h) "Committee" shall mean the Compensation Committee of the Board or an administrative committee appointed by the Compensation Committee.

(i) "Competition" shall mean the (i) participating, directly or indirectly, as an individual proprietor, stockholder, officer, employee, director, joint venturer, investor, lender, or in any capacity whatsoever (within the United States of America, or in any country where any of the Executive's former employing members of the Control Group does business) in (A) a business in competition with the retail, catalog, or on-line sale of athletic footwear, athletic apparel and sporting goods conducted by the Control Group (the "Athletic Business"), or (B) a business that in the prior fiscal year supplied product to the Control Group for the Athletic Business having a value of $20 million or more at cost to the Company or any of its subsidiaries or affiliates; provided, however, that such participation shall not include (X) the mere ownership of not more than 1 percent of the total outstanding stock of a publicly held company; (Y) the performance of services for any enterprise to the extent such services are not performed, directly or indirectly, for a business in competition with the Athletic Business or for a business which supplies product to the Control Group for

the Athletic Business; or (Z) any activity engaged in with the prior written approval of the Chief Executive Officer of the Company; or (ii) intentional recruiting, soliciting or inducing, of any employee or employees of the Control Group to terminate their employment with, or otherwise cease their relationship with the former employing members of the Control Group where such employee or employees do in fact so terminate their employment.

(j) "Control Group" shall mean the Company and its Affiliates.

(k) "Good Reason" shall mean (with respect to an Executive's termination of employment with the Control Group):

(i) Prior to a Change in Control, a reduction in the Executive's rate of base salary as payable from time to time, other than a reduction that occurs in connection with, and in the same percentage as, an across-the-board reduction over any three-year period in the base salaries of all executives of the Company of a similar level and where the reduction is less than 20 percent of the Executive's base salary measured from the beginning of such three-year period;

(ii) On or after a Change in Control, (A) any reduction in the Executive's rate of base salary as payable from time to time or (B) a failure of the Company to continue in effect the benefits applicable to, or the Company's reduction of the benefits applicable to, the Executive under any benefit plan or arrangement (including without limitation, any pension, life insurance, health or disability plan) in which the Executive participates as of the date of the Change in Control without implementation of a substitute plan(s) providing materially similar benefits in the aggregate to those discontinued or reduced, except for a discontinuance of, or reduction under, any such plan or arrangement that is legally required, and provided that in either such event the Company provides similar benefits (or the economic effect thereof) to the Executive in any manner determined by the Company;

(iii) At any time, (A) any material demotion of the Executive or any material reduction in the Executive's authority or responsibility, except in each case in connection with the termination of the Executive's employment for Cause or disability or as a result of the Executive's death, or temporarily as a result of the Executive's illness or other absence; (B) a reduction in the Executive's annual bonus classification level other than in connection with a redesign of the applicable bonus plan that affects all employees at the Executive's bonus level; or (C) the failure of any successor to the Company to assume in writing the obligations hereunder.

(l) "Non-Competition Period" shall mean (i) the period the Executive is employed by the Control Group and (ii) at any time prior to a Change in Control, the one (1) year period commencing on the Termination Date if the Executive's employment is terminated (A) by the Company for any reason (B) by the Executive for any reason, or (C) by reason of the Company's decision not to extend the term of this Agreement as provided in Section 2 hereof.

(m) "Salary" shall mean an Executive's base cash compensation rate for services paid to the Executive by the Company or an Affiliate at the time of his termination of employment from the Control Group. Salary shall not include commissions, bonuses, overtime pay, incentive compensation, benefits paid under any qualified plan, any group medical, dental or other welfare benefit plan, noncash compensation or any other additional compensation but shall include amounts reduced pursuant to an Executive's salary reduction agreement under Sections 125 or 401(k) of the Code (if any) or a nonqualified elective deferred compensation arrangement to the extent that in each such case the reduction is to base salary.

(n) "Severance Benefit" shall mean (i) in the case of the Executive's termination of employment with the Control Group that does not occur within the 24 month period following a Change in Control and such termination is a termination of employment by the Company without Cause or by the Executive for Good Reason, two weeks' Salary plus 1/26 of the Bonus multiplied by the Executive's Years of Service; provided, however, that the Severance Benefit shall be no less than 52 weeks' Salary; or (ii) in the case of an Executive's termination of employment with the Control Group that occurs within the 24 month period following a Change in Control and such termination is a termination of employment by the Company without Cause or by the Executive for Good Reason, two weeks' Salary plus 1/26 of the Bonus multiplied by the Executive's Years of Service; provided, however, that the Severance Benefit shall be no less than the Bonus multiplied by two plus 104 weeks' Salary.

(o) "Severance Period" shall mean (i) in the case of the Executive's termination of employment that does not occur within the 24 month period following a Change in Control and such termination is a termination of employment by the Company without Cause or by the Executive for Good Reason, two weeks' multiplied by the Executive's Years of Service, with a minimum of 52 weeks; or (ii) in the case of an Executive's termination of employment within the 24 month period following a Change in Control and such termination is a termination of employment by the Company without Cause or by the Executive for Good Reason, two weeks multiplied by the Executive's Years of Service, with a minimum of 104 weeks.

(p) "Termination Date" shall mean in the case of the Executive's death, the date of death, or in all other cases, the date specified in the Notice of Termination; provided, however, that if the Executive's employment is terminated by the Company due to disability as provided in Section 7(b), the date specified in the Notice of Termination shall be at least thirty (30) days from the date the Notice of Termination is given to the Executive.

(q) "Year of Service" shall mean each 12 consecutive month period commencing on the Executive's date of hire by the Company or an Affiliate and each anniversary thereof in which the Executive is paid by the Company or an Affiliate for the performance of full-time services as an Executive. For purposes of this section, full-time services shall mean that the Employee is employed for at least 30 hours per week. A Year of Service shall include any period during which an Employee is not working due to disability, leave of absence or layoff so long as he is being paid by the Company or an Affiliate (other than through any employee benefit plan). A Year of Service also shall include service in any branch of the armed forces of the United States by any person who is an Executive on the date such service commenced, but only to the extent required by applicable law.

2. Term. The initial term of this Agreement shall commence on and shall end on December 31, 2001, unless further extended or sooner terminated as hereinafter provided. The term shall be automatically renewed for additional one-year periods unless the Company notifies the Executive prior to December 1, 2001, with regard to the initial term, and any December 1 of any year thereafter, with regard to renewal terms, that the term shall not be renewed. In no event, however, shall the term of the Executive's employment extend beyond the date of the Executive's actual retirement under a retirement plan of the Company. Notwithstanding anything in this Agreement to the contrary, if the Company becomes obligated to make any payment to the Executive pursuant to the terms hereof at or prior to the expiration of this Agreement, then this Agreement shall remain in effect until all of the Company's obligations hereunder are fulfilled.

3. Position and Duties. The Executive shall serve as of the Company and shall have such responsibilities, duties and authority as he may have as of the effective date of this Agreement (or any position to which he may be promoted after the effective date of this Agreement) and as may from time to time be assigned to the Executive by the Chief Executive Officer of the Company that are consistent with such responsibilities, duties and authority. The Executive shall devote substantially all of his working time and efforts to the business and affairs of the Company and its Affiliates.

4. Place of Performance. In connection with the Executive's employment by the Company, the Executive shall be based in , except for required travel on the Company's business.

5. Compensation and Related Matters

(a) Salary. During the period of the Executive's employment hereunder, the Company or an Affiliate shall pay to the Executive a salary at a rate not less than the rate in effect as of the effective date of this Agreement or such higher rate as may from time to time be determined by the Company, such salary to be paid in accordance with the Company's normal payroll practices.

(b) Expenses. During the term of the Executive's employment hereunder, the Executive shall be entitled to receive prompt reimbursement for all reasonable and customary expenses incurred by the Executive in performing services hereunder, including all expenses of travel and living expenses while away from home on business or at the request of and in the service of the Company or an Affiliate, provided that such expenses are incurred and accounted for in accordance with the polices and procedures established by the Company.

(c) Other Benefits. The Company shall maintain in full force and effect, and the Executive shall be entitled to continue to participate in, all of the employee benefit plans and arrangements in effect on the date hereof in which the Executive participates or plans or arrangements providing the Executive with at least equivalent benefits thereunder (including without limitation each retirement plan, supplemental and excess retirement plans, annual and long-term incentive compensation plans, stock option and purchase plans, group life insurance and accident plan, medical and dental insurance plans, and disability plan), and the Company shall not make any changes in such plans or arrangements that would adversely affect the Executive's rights or benefits thereunder; provided, however, that such a change may be made, including termination of such plans or arrangements, to the extent permitted by the respective plan or arrangement, if it occurs pursuant to a program applicable to all comparably situated executives of the Company and does not result in a proportionately greater reduction in the rights of or benefits to the Executive as compared with any other comparably situated executive of the Company. The Executive shall be entitled to participate in or receive benefits under any employee benefit plan or arrangement made available by the Company in the future to its comparably situated executives and key management employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. Nothing paid to the Executive under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of the salary payable to the Executive pursuant to Section 5(a). Any payments or benefits payable to the Executive hereunder in respect of any calendar year during

which the Executive is employed by the Company for less than the entire year shall, unless otherwise provided in the applicable plan or arrangement, be prorated in accordance with the number of days in such calendar year during which he is so employed.

(d) Vacations. The Executive shall be entitled to no less than the number of vacation days in each calendar year that is determined in accordance with the Company's vacation policy as in effect on the date hereof. The Executive shall also be entitled to all paid holidays and personal days given by the Company to its executives.

6. Offices. Subject to Sections 3 and 4, the Executive agrees to serve without additional compensation, if elected or appointed thereto, as a director of the Company and any of its Affiliates and in one or more executive offices of any of the Company's Affiliates, provided that the Executive is indemnified for serving in any and all such capacities on a basis no less favorable than is currently provided by the Company to any other director of the Company or any of its Affiliates.

7. Termination. The Executive's employment hereunder may be terminated without any breach of this Agreement only upon the following circumstances:

(a) Death. The Executive's employment hereunder shall automatically terminate upon his death.

(b) Disability. If, as a result of the Executive's incapacity due to physical or mental illness as determined by the Company in its sole discretion, the Executive shall have been absent from his duties hereunder on a full-time basis for a period of six consecutive months, and within 30 days after written Notice of Termination is given (which may occur before or after the end of such six month period) shall not have returned to the performance of his duties hereunder on a full-time basis, the Company may immediately terminate the Executive's employment hereunder.

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause by, at any time at its election within six months after the Company shall obtain knowledge of the grounds for termination, giving the Executive notice of its intention to terminate the Executive for cause and stating the termination date and the grounds for termination.

(d) Good Reason. The Executive may terminate his employment hereunder for Good Reason upon 30 days' prior written notice to the Company; provided, however, that prior to a Change in Control, if the Company corrects the matter that has given rise to the Good Reason event, and makes the Executive whole for any loss to the Executive resulting from such Good Reason event, the Executive may not so terminate his employment.

(e) Without Cause. The Company may terminate the Executive's employment hereunder without Cause upon 30 days' prior written notice to the Executive.

(f) Without Good Reason. The Executive may terminate his employment hereunder without Good Reason upon 30 days' prior written notice to the Company.

Any termination of the Executive's employment by the Company or by the Executive (other than termination pursuant to Section 7(a)) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 19. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

8. Benefits Upon Termination.

(a) In the event the Executive's employment with the Control Group is terminated by his death, the Company shall pay any amounts due to the Executive under Section 5 through the date of his death in accordance with Section 13.

(b) In the event the Executive's employment with the Control Group is terminated under Section 7(b), the Company shall pay any amounts due to the Executive under Section 5 through the date of his termination and shall have no other obligation to the Executive or his dependents other than amounts due, if any, under the Company's long-term disability plan, and any benefits offered by the Company under its then policy to employees who become disabled while employed by the Company.

(c) In the event Executive's employment with the Control Group is terminated for Cause, the Company shall pay any amounts due to the Executive under Section 5 through the Termination Date and shall have no other obligation to the Executive or his dependents other than any amounts, if any, due to Executive under its then existing policies to employees whose employment is terminated for Cause or under the specific terms of any welfare, pension, fringe benefit or incentive plan.

Other than as provided in the preceding sentence, in the event the Executive's employment is terminated for Cause, he shall not be entitled to the continuance of benefits during the Severance Period provided for in Section 8(g).

(d) In the event the Executive's employment with the Control Group is terminated by the Company without Cause, or the Executive terminates employment with the Control Group within 60 days after the occurrence of a Good Reason event with regard to the Executive, or the Company provides the Executive with the notice provided for in Section 2 that the term of this Agreement shall not be extended beyond its then-current termination date (other than in connection with a program applicable to all similarly situated executives by which the Company enters into a new employment or severance agreement with Executive to become effective upon the termination of this Agreement and providing benefits to Executive substantially similar to, or better than, those provided herein), the Company shall pay any amounts due to the Executive under Section 5 through the date of his termination and shall pay the Executive a Severance Benefit as set forth below.

(i) The Executive shall receive 50 percent of his Severance Benefit in the form of a lump sum cash payment as soon as administratively feasible following his Termination Date, provided, however, that interest shall be payable beginning on the tenth day following the Termination Date at the prime rate of interest as stated in The Wall Street Journal.

(ii) The Executive shall receive the remaining 50 percent of his Severance Benefit in the form of a lump sum cash payment as soon as administratively feasible following the one year anniversary of the Executive's Termination Date, subject to Section 8(e), provided, however, that interest shall be payable beginning on the tenth day following the Termination Date at the prime rate of interest as stated in The Wall Street Journal. Notwithstanding the foregoing, if a Change in Control occurs prior to the Executive's receipt of the remaining 50 percent of his Severance Benefit, the Executive shall receive such remaining 50 percent within 10 days following the Change in Control (and, if not paid within such 10 day period, with interest payable beginning on the tenth day following the Change in Control at the prime rate of interest as stated in The Wall Street Journal).

(e) The Executive shall only be entitled to the portion of his Severance Benefit described in Section 8(d)(ii) if the Executive has not engaged in Competition during the one year period following his Termination Date and has not violated the provisions of Section 9(b). The Executive shall forfeit the portion of the Severance Benefit described in 8(d)(ii) in the event the Executive engages in Competition during such period or violates the provisions of Section 9(b).

(f) Notwithstanding anything to the contrary contained herein, if, within 24 months following a Change in Control, the Executive's employment with the Control Group is terminated without Cause or if the Executive terminates employment with the Control Group within sixty (60) days after the occurrence of a Good Reason event with regard to the Executive, (i) the Executive shall receive 100 percent of his Severance Benefit in the form of a lump sum cash payment within 10 days following his Termination Date (and, if not paid within such 10 day period, with interest payable beginning on the tenth day following the Termination Date at the prime rate of interest as stated in The Wall Street Journal), and (ii) the restriction on Competition contained in Section 9(a) shall not apply.

(g) Except as otherwise provided in Section 8(c), the Executive shall continue, to the extent permitted under legal and underwriting requirements (if any), to participate during his Severance Period in any group medical, dental or life insurance plan he participated in prior to his Termination Date, under substantially similar terms and conditions as an active Employee; provided that participation in such group medical, dental and life insurance benefits shall correspondingly cease at such time as the Executive becomes eligible for a future employer's medical, dental and/or life insurance coverage (or would become eligible if the Executive did not waive coverage) or violates the provisions of Sections 9(a) or 9(b). Notwithstanding the foregoing, the Executive may not continue to participate in such plans on a pre-tax or tax-favored basis. Notwithstanding anything else herein, the Executive shall not be entitled to any benefits during the Severance Period other than the benefits provided in Section 8 and, without limiting the generality of the foregoing, the Executive specifically shall not be entitled to continue to participate in any group disability or voluntary accidental death or dismemberment insurance plan he participated in prior to his Termination Date. The Executive's entitlement to elect continuation coverage under the Company's group health plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), shall commence on the earlier of the date participation in such plans ceases or following the expiration of the Severance Period. Without limiting the generality of the foregoing, the Executive shall not accrue additional benefits under any pension plan of the Company or an Affiliate (whether or not qualified under Section 401(a) of the Code) during the Severance Period, provided, however, that to the extent provided for under any applicable plan, the amount of any Severance Benefit may be included in the Executive's earnings for purposes of calculating the Executive's benefit under the Venator Group Retirement Plan, the Venator Group Excess Cash Balance Plan, and the Venator Group 401(k) Plan.

(h) In the event of the Executive's death after becoming eligible for the portion of the Severance Benefit described in Section 8(d)(i) and prior to payment of such amount, such portion of the Severance Benefit shall be paid to the Executive's Beneficiary. In addition to the foregoing, in the event of the Executive's death prior to payment of the portion of the Severance Benefit described in Section 8(d)(ii), such amount shall be paid to the Executive's Beneficiary, but only to the extent that the Executive satisfied the provisions set forth in Sections 9(a) and 9(b) for the period following the Executive's Termination Date and prior to his death.

(i) Notwithstanding anything else herein, to the extent the Executive would be subject to the excise tax under Section 4999 of the Code on the amounts in Sections 8(d)(i) and (ii) and such other amounts or benefits he received from the Company and its Affiliates required to be included in the calculation of parachute payments for purposes of Sections 280G and 4999 of the Code, the amounts provided under this Agreement shall be automatically reduced to an amount one dollar less than that which, when combined with such other amounts and benefits required to be so included, would subject the Executive to the excise tax under Section 4999 of the Code if, and only if, the reduced amount received by the Executive on a net after-tax basis after taking into account federal, state and local income and social security taxes at the maximum marginal rates would be greater than the unreduced amount to be received by the Executive on a net after-tax basis after taking into account federal, state and local income and social security taxes at the maximum marginal rates minus the excise tax payable under Section 4999 of the Code on such amount and the other amounts and benefits received by the Executive and required to be included in the calculation of a parachute payment for purposes of Sections 280G and 4999 of the Code.

9. Non-Competition and Confidentiality.

(a) (i) The Executive agrees that he shall not engage in Competition during the Non-Competition Period, subject to the Company's option to waive all or any portion of the Non-Competition Period, as more specifically provided for in the following paragraph.

(ii) As additional consideration for the covenant not to compete during the Non-Competition Period described above, the Company shall pay the Executive, on a monthly basis, the sum of 25 percent of the Executive's monthly Salary, less the amount of the Executive's "Monthly Severance Benefit," if any. This additional consideration shall be payable for the one (1) year period commencing on the Termination Date and shall be payable on the first day of each month. For purposes of this provision, the "Monthly Severance Benefit" shall be equal to the Severance Benefit divided by the number of months in the Severance Period. The Company has the option, for any reason, to elect to waive all or any portion of the

one (1) year period of Non-Competition commencing on the Termination Date, by giving the Executive written notice of such election not less than thirty (30) days following the Termination Date. In that event, the Company shall not be obligated to pay the Executive under this paragraph for any months as to which the covenant not to compete has been waived. The Company may discontinue payments being made pursuant to this paragraph at any time during the Non-Competition Period that (i) Executive is engaged in full-time employment that, in the Company's opinion, does not violate the provisions of Section 9(a)(i) hereof, or (ii) Executive violates the provisions of Section 9(a)(i) hereof.

(b) The Executive shall not at any time during the term of this Agreement, or thereafter, communicate or disclose to any unauthorized person, or use for the Executive's own account, without the prior written consent of the Chief Executive Officer of the Company, nonpublic information of any kind concerning the Company or any of its subsidiaries or affiliates, including, but not limited to, nonpublic information concerning finances, financial plans, accounting methods, strategic plans, operations, personnel, organizational structure, methods of distribution, suppliers, customers, client relationships, marketing strategies, real estate strategies or the like. In the event of the termination of Executive's employment, Executive shall, on or before the Termination Date, return all Confidential Information in his possession, in whatever form, to the Company. It is understood, however, that the obligations set forth in this paragraph shall not apply to the extent that the aforesaid matters (a) are disclosed in circumstances in which the Executive is legally required to do so or (b) become generally known to and available for use by the public other than by the Executive's wrongful act or omission.

(c) The Executive agrees that any breach of the terms of Sections 9(a) or 9(b) would result in irreparable injury and damage to the Company for which the Company would have no adequate remedy at law; the Executive therefore agrees that in the event of a breach or threatened breach by the Executive of the provisions of Sections 9(a) or 9(b), the Company shall be entitled to an immediate injunction and restraining order to prevent such breach or threatened breach or continued breach by the Executive, including any and all persons and entities acting for or with the Executive, without having to prove damages, and to all costs and expenses, including reasonable attorneys' fees and costs, in addition to any other remedies to which the Company may be entitled at law or in equity. The terms of this paragraph shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach hereof, including but not limited to the recovery of damages from the Executive. The Executive and the Company further agree that the provisions of the covenant not to compete are reasonable and that the Company would not have entered into this Agreement but for the inclusion of such covenant herein. If any provision of the covenants set forth in Section 9 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or

over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(d) The provisions of Section 9 shall survive any termination of this Agreement and the existence of any claim or cause of action by the Executive against the Control Group, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements of Section 9.

10. No Duty to Mitigate/Set-off. The Company agrees that if the Executive's employment with the Control Group is terminated during the term of this Agreement, the Executive shall not be required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Agreement. Further, except to the extent provided for in Section 8(d)(ii), the amount of the Severance Benefit provided for in this Agreement shall not be reduced by any compensation earned by the Executive or benefit provided to the Executive as the result of employment by another employer or otherwise. Except as otherwise provided herein, the Company's obligations to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Executive. The Executive shall retain any and all rights under all pension plans, welfare plans, equity plans and other plans, including other severance plans, under which the Executive would otherwise be entitled to benefits.

11. Withholding. The Company 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 pursuant to this Agreement. In lieu thereof, the Company shall have the right to withhold the amount of such taxes from any other sums due or to become due from the Company or an Affiliate to the Executive upon such terms and conditions as the Committee may prescribe.

12. Release. In consideration of the Executive's entitlement hereunder to a Severance Benefit which exceeds the severance benefit provided for under the Company's standard severance program and as a condition of receiving any Severance Benefit hereunder with regard to a termination of employment occurring prior to a Change in Control, the Executive shall be required to provide the Company with a release of all claims of the Executive (except with regard to claims for payment of benefits specifically payable or providable hereunder which have not been paid as of the effective date of the release, claims for vested accrued benefits or claims under COBRA) of any kind whatsoever against the Control Group, its past or present

officers, directors and employees, known or unknown, as of the date of the release. The release shall be in such form as may reasonably be specified by the Company.

13. Successors; Binding Agreement. In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree in writing to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's Beneficiary, or the executors, personal representatives or administrators of the Executive's estate.

14. Termination of Severance Agreement. The severance agreement entered into between the Company and the Executive dated as of May 5, 1999 is hereby terminated as of December 31, 1999 without any further obligation of the parties thereto.

15. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. All references to sections of the Code or any other law shall be deemed also to refer to any successor provisions to such sections and laws.

16. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

17. Severability. If any provisions of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof which shall remain in full force and effect.

18. Arbitration. Any dispute or controversy arising under or in connection with this Agreement or the breach thereof, other than injunctive relief pursuant to Section 9, shall be settled by arbitration, conducted before a panel of three arbitrators in New York, New York, or in such other city in which the Executive is then located, in accordance with the rules of the American Arbitration Association then in effect. The determination of the arbitrators, which shall be based upon a de novo interpretation of this Agreement, shall be final and binding and judgment may be entered on the arbitrators' award in any court having jurisdiction. The costs assessed by the American Arbitration Association for arbitration shall be borne by the Company.

19. Notice. Any notice to either party hereunder shall be in writing, and shall be deemed to be sufficiently given to or served on such party, for all purposes, if the same shall be given personally delivered to such party, or sent to such party by registered mail, postage prepaid, addressed as follows:

If to the Company: Venator Group, Inc.
233 Broadway
New York, NY 10279
Attn: President

If to the Executive:

Either party may change the address to which notices are to be sent to such party hereunder by written notice of such new address given to the other party hereto. Notices shall be deemed given when received if delivered personally or three days after mailing if mailed as aforesaid.

20. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York without regard to its conflicts of laws principles. For purposes of Section 9, the Executive consents to the jurisdiction of state and federal courts in New York County.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed and the Executive's hand has hereunto been set as of the date first set forth above.

VENATOR GROUP, INC.

By:

APPENDIX A

Change in Control

A Change in Control shall mean any 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 Securities Exchange Act of 1934 (a "Person") (other than the Company or its Affiliates) for shares of common stock of the Company 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 Securities Exchange Act of 1934), 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 Securities Exchange Act of 1934), 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 this Agreement; 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 shareholders of the Company 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 stockholders 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.

EXHIBIT 10.24

EXECUTIVE EMPLOYMENT AGREEMENT

AGREEMENT made this ____________ day of ___________________ between Venator Group, Inc. (the "Company"), a New York corporation with its principal office located in New York, New York, and _________________ (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company believes that the establishment and maintenance of a sound and vital management of the Company is essential to the protection and enhancement of the interests of the Company and its shareholders;

WHEREAS, the Company wishes to provide for the continued employment of the Executive with the Control Group, and the Executive is willing to commit himself to continue to serve the Company, on the terms and conditions herein provided; and

WHEREAS, this Agreement supersedes any employment agreement, severance plan, policy and/or practice of the Company in effect on the date hereof for the Executive.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto hereby agree as follows:

2. Definitions. The following terms shall have the meanings set forth in this section as follows:

(a) "Affiliate" shall mean the Company and any entity affiliated with the Company within the meaning of Code Section 414(b) with respect to a controlled group of corporations, Code Section 414(c) with respect to trades or businesses under common control with the Company, Code Section 414(m) with respect to affiliated service groups and any other entity required to be aggregated with the Company under Section 414(o) of the Code. No entity shall be treated as an Affiliate for any period during which it is not part of the controlled group, under common control or otherwise required to be aggregated under Code Section 414.

(b) "Beneficiary" shall mean the individual designated by the Executive, on a form acceptable by the Committee, to receive benefits payable under this Agreement in the event of the Executive's death. If no Beneficiary is designated, the Executive's Beneficiary shall be his spouse, or if the Executive is not survived by a spouse, the Executive's estate.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Bonus" shall mean an amount equal to the target bonus expected to be earned by the Executive under the Company's Annual Incentive Compensation Plan or such other annual bonus plan or program that may then be applicable to the Executive in a fiscal year, if the applicable target performance goal is satisfied.

(e) "Cause" shall mean (with regard to the Executive's termination of employment with the Control Group): (i) the refusal or willful failure by the Executive to substantially perform his duties, (ii) with regard to the Control Group or any of their assets or businesses, the Executive's dishonesty, willful misconduct, misappropriation, breach of fiduciary duty or fraud, (iii) the willful breach by the Executive of any material provision of this Agreement, which breach is not cured within ten (10) business days from the date of the Company's notice of the occurrence of such breach to the Executive, or (iv) the Executive's conviction of a felony (other than a traffic violation) or any other crime involving, in the sole discretion of the Committee, moral turpitude.

(f) "Change in Control" shall have the meaning set forth in Appendix A attached hereto.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended and as hereafter amended from time to time.

(h) "Committee" shall mean the Compensation Committee of the Board or an administrative committee appointed by the Compensation Committee.

(i) "Competition" shall mean the (i) participating, directly or indirectly, as an individual proprietor, stockholder, officer, employee, director, joint venturer, investor, lender, or in any capacity whatsoever (within the United States of America, or in any country where any of the Executive's former employing members of the Control Group does business) in (A) a business in competition with the retail, catalog, or on-line sale of athletic footwear, athletic apparel and sporting goods conducted by the Control Group (the "Athletic Business"), or (B) a business that in the prior fiscal year supplied product to the Control Group for the Athletic Business having a value of $20 million or more at cost to the Company or any of its subsidiaries or affiliates; provided, however, that such participation shall not include (X) the mere ownership of not more than 1 percent of the total outstanding stock of a publicly held company; (Y) the performance of services for any enterprise to the extent such services are not performed, directly or indirectly, for a business in competition with the Athletic Business or for a business which supplies product to the Control Group for the Athletic Business; or (Z) any activity engaged in with the prior written approval of

the Chief Executive Officer of the Company; or (ii) intentional recruiting, soliciting or inducing, of any employee or employees of the Control Group to terminate their employment with, or otherwise cease their relationship with the former employing members of the Control Group where such employee or employees do in fact so terminate their employment.

(j) "Control Group" shall mean the Company and its Affiliates.

(k) "Good Reason" shall mean (with respect to an Executive's termination of employment with the Control Group):

(i) Prior to a Change in Control, a reduction in the Executive's rate of base salary as payable from time to time, other than a reduction that occurs in connection with, and in the same percentage as, an across-the-board reduction over any three-year period in the base salaries of all executives of the Company of a similar level and where the reduction is less than 20 percent of the Executive's base salary measured from the beginning of such three-year period;

(ii) On or after a Change in Control, (A) any reduction in the Executive's rate of base salary as payable from time to time or (B) a failure of the Company to continue in effect the benefits applicable to, or the Company's reduction of the benefits applicable to, the Executive under any benefit plan or arrangement (including without limitation, any pension, life insurance, health or disability plan) in which the Executive participates as of the date of the Change in Control without implementation of a substitute plan(s) providing materially similar benefits in the aggregate to those discontinued or reduced, except for a discontinuance of, or reduction under, any such plan or arrangement that is legally required, and provided that in either such event the Company provides similar benefits (or the economic effect thereof) to the Executive in any manner determined by the Company;

(iii) At any time, (A) any material demotion of the Executive or any material reduction in the Executive's authority or responsibility, except in each case in connection with the termination of the Executive's employment for Cause or disability or as a result of the Executive's death, or temporarily as a result of the Executive's illness or other absence; (B) a reduction in the Executive's annual bonus classification level other than in connection with a redesign of the applicable bonus plan that affects all employees at the Executive's bonus level; or (C) the failure of any successor to the Company to assume in writing the obligations hereunder.

(l) "Non-Competition Period" shall mean (i) the period the Executive is employed by the Control Group and (ii) at any time prior to a Change in Control, the one (1) year period commencing on the Termination Date if the Executive's employment is terminated (A) by the Company for any reason (B) by the

Executive for any reason, or (C) by reason of the Company's decision not to extend the term of this Agreement as provided in Section 2 hereof.

(m) "Salary" shall mean an Executive's base cash compensation rate for services paid to the Executive by the Company or an Affiliate at the time of his termination of employment from the Control Group. Salary shall not include commissions, bonuses, overtime pay, incentive compensation, benefits paid under any qualified plan, any group medical, dental or other welfare benefit plan, noncash compensation or any other additional compensation but shall include amounts reduced pursuant to an Executive's salary reduction agreement under Sections 125 or 401(k) of the Code (if any) or a nonqualified elective deferred compensation arrangement to the extent that in each such case the reduction is to base salary.

(n) "Severance Benefit" shall mean (i) in the case of the Executive's termination of employment with the Control Group that does not occur within the 24 month period following a Change in Control and such termination is a termination of employment by the Company without Cause or by the Executive for Good Reason, two weeks' Salary plus 1/26 of the Bonus multiplied by the Executive's Years of Service; provided, however, that the Severance Benefit shall be no less than 39 weeks' Salary; or (ii) in the case of an Executive's termination of employment with the Control Group that occurs within the 24 month period following a Change in Control and such termination is a termination of employment by the Company without Cause or by the Executive for Good Reason, two weeks' Salary plus 1/26 of the Bonus multiplied by the Executive's Years of Service; provided, however, that the Severance Benefit shall be no less than the Bonus plus 52 weeks' Salary.

(o) "Severance Period" shall mean (i) in the case of the Executive's termination of employment that does not occur within the 24 month period following a Change in Control and such termination is a termination of employment by the Company without Cause or by the Executive for Good Reason, two weeks' multiplied by the Executive's Years of Service, with a minimum of 26 weeks; or (ii) in the case of an Executive's termination of employment within the 24 month period following a Change in Control and such termination is a termination of employment by the Company without Cause or by the Executive for Good Reason, two weeks multiplied by the Executive's Years of Service, with a minimum of 52 weeks.

(p) "Termination Date" shall mean in the case of the Executive's death, the date of death, or in all other cases, the date specified in the Notice of Termination; provided, however, that if the Executive's employment is terminated by the Company due to disability as provided in Section 7(b), the date specified in the Notice of Termination shall be at least thirty (30) days from the date the Notice of Termination is given to the Executive.

(q) "Year of Service" shall mean each 12 consecutive month period commencing on the Executive's date of hire by the Company or an Affiliate and each anniversary thereof in which the Executive is paid by the Company or an Affiliate for the performance of full-time services as an Executive. For purposes of this section, full-time services shall mean that the Employee is employed for at least 30 hours per week. A Year of Service shall include any period during which an Employee is not working due to disability, leave of absence or layoff so long as he is being paid by the Company or an Affiliate (other than through any employee benefit plan). A Year of Service also shall include service in any branch of the armed forces of the United States by any person who is an Executive on the date such service commenced, but only to the extent required by applicable law.

2. Term. The initial term of this Agreement shall commence on _________________ and shall end on December 31, 2001, unless further extended or sooner terminated as hereinafter provided. The term shall be automatically renewed for additional one-year periods unless the Company notifies the Executive prior to December 1, 2001, with regard to the initial term, and any December 1 of any year thereafter, with regard to renewal terms, that the term shall not be renewed. In no event, however, shall the term of the Executive's employment extend beyond the date of the Executive's actual retirement under a retirement plan of the Company. Notwithstanding anything in this Agreement to the contrary, if the Company becomes obligated to make any payment to the Executive pursuant to the terms hereof at or prior to the expiration of this Agreement, then this Agreement shall remain in effect until all of the Company's obligations hereunder are fulfilled.

3. Position and Duties. The Executive shall serve as _______________ of the Company and shall have such responsibilities, duties and authority as he may have as of the effective date of this Agreement (or any position to which he may be promoted after the effective date of this Agreement) and as may from time to time be assigned to the Executive by the Company that are consistent with such responsibilities, duties and authority. The Executive shall devote substantially all of his working time and efforts to the business and affairs of the Company and its Affiliates.

4. Place of Performance. In connection with the Executive's employment by the Company, the Executive shall be based in _________________, except for required travel on the Company's business.

5. Compensation and Related Matters

(a) Salary. During the period of the Executive's employment hereunder, the Company or an Affiliate shall pay to the Executive a salary at a rate not less than the rate in effect as of the effective date of this Agreement or such higher

rate as may from time to time be determined by the Company, such salary to be paid in accordance with the Company's normal payroll practices.

(b) Expenses. During the term of the Executive's employment hereunder, the Executive shall be entitled to receive prompt reimbursement for all reasonable and customary expenses incurred by the Executive in performing services hereunder, including all expenses of travel and living expenses while away from home on business or at the request of and in the service of the Company or an Affiliate, provided that such expenses are incurred and accounted for in accordance with the polices and procedures established by the Company.

(c) Other Benefits. The Company shall maintain in full force and effect, and the Executive shall be entitled to continue to participate in, all of the employee benefit plans and arrangements in effect on the date hereof in which the Executive participates or plans or arrangements providing the Executive with at least equivalent benefits thereunder (including without limitation each retirement plan, excess retirement plans, annual incentive compensation plans, stock option and purchase plans, group life insurance and accident plan, medical and dental insurance plans, and disability plan), and the Company shall not make any changes in such plans or arrangements that would adversely affect the Executive's rights or benefits thereunder; provided, however, that such a change may be made, including termination of such plans or arrangements, to the extent permitted by the respective plan or arrangement, if it occurs pursuant to a program applicable to all comparably situated executives of the Company and does not result in a proportionately greater reduction in the rights of or benefits to the Executive as compared with any other comparably situated executive of the Company. The Executive shall be entitled to participate in or receive benefits under any employee benefit plan or arrangement made available by the Company in the future to its comparably situated executives and key management employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. Nothing paid to the Executive under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of the salary payable to the Executive pursuant to Section 5(a). Any payments or benefits payable to the Executive hereunder in respect of any calendar year during which the Executive is employed by the Company for less than the entire year shall, unless otherwise provided in the applicable plan or arrangement, be prorated in accordance with the number of days in such calendar year during which he is so employed.

(d) Vacations. The Executive shall be entitled to no less than the number of vacation days in each calendar year that is determined in accordance with the Company's vacation policy as in effect on the date hereof. The Executive shall also be entitled to all paid holidays and personal days given by the Company to its executives.

6. Offices. Subject to Sections 3 and 4, the Executive agrees to serve without additional compensation, if elected or appointed thereto, as a director of the Company and any of its Affiliates and in one or more executive offices of any of the Company's Affiliates, provided that the Executive is indemnified for serving in any and all such capacities on a basis no less favorable than is currently provided by the Company to any other director of the Company or any of its Affiliates.

7. Termination. The Executive's employment hereunder may be terminated without any breach of this Agreement only upon the following circumstances:

(a) Death. The Executive's employment hereunder shall automatically terminate upon his death.

(b) Disability. If, as a result of the Executive's incapacity due to physical or mental illness as determined by the Company in its sole discretion, the Executive shall have been absent from his duties hereunder on a full-time basis for a period of six consecutive months, and within 30 days after written Notice of Termination is given (which may occur before or after the end of such six month period) shall not have returned to the performance of his duties hereunder on a full-time basis, the Company may immediately terminate the Executive's employment hereunder.

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause by, at any time at its election within six months after the Company shall obtain knowledge of the grounds for termination, giving the Executive notice of its intention to terminate the Executive for cause and stating the termination date and the grounds for termination.

(d) Good Reason. The Executive may terminate his employment hereunder for Good Reason upon 30 days' prior written notice to the Company; provided, however, that prior to a Change in Control, if the Company corrects the matter that has given rise to the Good Reason event, and makes the Executive whole for any loss to the Executive resulting from such Good Reason event, the Executive may not so terminate his employment.

(e) Without Cause. The Company may terminate the Executive's employment hereunder without Cause upon 30 days' prior written notice to the Executive.

(f) Without Good Reason. The Executive may terminate his employment hereunder without Good Reason upon 30 days' prior written notice to the Company.

Any termination of the Executive's employment by the Company or by the Executive (other than termination pursuant to Section 7(a)) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 19. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

8. Benefits Upon Termination.

(a) In the event the Executive's employment with the Control Group is terminated by his death, the Company shall pay any amounts due to the Executive under Section 5 through the date of his death in accordance with Section 13.

(b) In the event the Executive's employment with the Control Group is terminated under Section 7(b), the Company shall pay any amounts due to the Executive under Section 5 through the Termination Date and shall have no other obligation to the Executive or his dependents other than amounts due, if any, under the Company's long-term disability plan, and any benefits offered by the Company under its then policy to employees who become disabled while employed by the Company.

(c) In the event Executive's employment with the Control Group is terminated for Cause, the Company shall pay any amounts due to the Executive under Section 5 through the Termination Date and shall have no other obligation to the Executive or his dependents other than any amounts, if any, due to Executive under its then existing policies to employees whose employment is terminated for Cause or under the specific terms of any welfare, pension, fringe benefit or incentive plan. Other than as provided in the preceding sentence, in the event the Executive's employment is terminated for Cause, he shall not be entitled to the continuance of benefits during the Severance Period provided for in Section 9(g).

(d) In the event the Executive's employment with the Control Group is terminated by the Company without Cause, or the Executive terminates employment with the Control Group within 60 days after the occurrence of a Good Reason event with regard to the Executive, or the Company provides the Executive with the notice provided for in Section 2 that the term of this Agreement shall not be extended beyond its then-current termination date (other than in connection with a program applicable to all similarly situated executives by which the Company enters into a new employment or severance agreement with Executive to become effective upon the termination of this Agreement and providing benefits to Executive substantially similar to, or better than, those provided herein), the Company shall pay

any amounts due to the Executive under Section 5 through the date of his termination and shall pay the Executive a Severance Benefit as set forth below.

(i) The Executive shall receive 50 percent of his Severance Benefit in the form of a lump sum cash payment as soon as administratively feasible following his Termination Date, provided, however, that interest shall be payable beginning on the tenth day following the Termination Date at the prime rate of interest as stated in The Wall Street Journal.

(ii) The Executive shall receive the remaining 50 percent of his Severance Benefit in the form of a lump sum cash payment as soon as administratively feasible 90 days following the Executive's Termination Date, subject to Section 8(e), provided, however, that interest shall be payable beginning on the tenth day following the Termination Date at the prime rate of interest as stated in The Wall Street Journal. Notwithstanding the foregoing, if a Change in Control occurs prior to the Executive's receipt of the remaining 50 percent of his Severance Benefit, the Executive shall receive such remaining 50 percent within 10 days following the Change in Control (and, if not paid within such 10 day period, with interest payable beginning on the tenth day following the Change in Control at the prime rate of interest as stated in The Wall Street Journal).

(e) The Executive shall only be entitled to the portion of his Severance Benefit described in Section 8(d)(ii) if the Executive has not engaged in Competition during the 90- day period following his Termination Date and has not violated the provisions of Section 9(b). The Executive shall forfeit the portion of the Severance Benefit described in 8(d)(ii) in the event the Executive engages in Competition during such period or violates the provisions of Section 9(b).

(f) Notwithstanding anything to the contrary contained herein, if, within 24 months following a Change in Control, the Executive's employment with the Control Group is terminated without Cause or if the Executive terminates employment with the Control Group within sixty (60) days after the occurrence of a Good Reason event with regard to the Executive, (i) the Executive shall receive 100 percent of his Severance Benefit in the form of a lump sum cash payment within 10 days following his Termination Date (and, if not paid within such 10 day period, with interest payable beginning on the tenth day following the Termination Date at the prime rate of interest as stated in The Wall Street Journal), and (ii) the restriction on Competition contained in Section 9(a) shall not apply.

(g) Except as otherwise provided in Section 8(c), the Executive shall continue, to the extent permitted under legal and underwriting requirements (if any), to participate during his Severance Period in any group medical, dental or life insurance plan he participated in prior to his Termination Date, under substantially

similar terms and conditions as an active Employee; provided that participation in such group medical, dental and life insurance benefits shall correspondingly cease at such time as the Executive becomes eligible for a future employer's medical, dental and/or life insurance coverage (or would become eligible if the Executive did not waive coverage) or violates the provisions of Section 9(a). Notwithstanding the foregoing, the Executive may not continue to participate in such plans on a pre-tax or tax-favored basis. Notwithstanding anything else herein, the Executive shall not be entitled to any benefits during the Severance Period other than the benefits provided in Section 8 and, without limiting the generality of the foregoing, the Executive specifically shall not be entitled to continue to participate in any group disability or voluntary accidental death or dismemberment insurance plan he participated in prior to his Termination Date. The Executive's entitlement to elect continuation coverage under the Company's group health plans pursuant to the Consolidated Omnibus Reconciliation Act of 1985, as amended ("COBRA"), shall commence on the earlier of the date participation in such plans ceases or following the expiration of the Severance Period. Without limiting the generality of the foregoing, the Executive shall not accrue additional benefits under any pension plan of the Company or an Affiliate (whether or not qualified under Section 401(a) of the Code) during the Severance Period, provided, however, that to the extent provided for under any applicable plan, the amount of any Severance Benefit may be included in the Executive's earnings for purposes of calculating the Executive's benefit under the Venator Group Retirement Plan, the Venator Group Excess Cash Balance Plan, and the Venator Group 401(k) Plan.

(h) In the event of the Executive's death after becoming eligible for the portion of the Severance Benefit described in Section 8(d)(i) and prior to payment of such amount, such portion of the Severance Benefit shall be paid to the Executive's Beneficiary. In addition to the foregoing, in the event of the Executive's death prior to payment of the portion of the Severance Benefit described in Section 8(d)(ii), such amount shall be paid to the Executive's Beneficiary, but only to the extent that the Executive satisfied the provisions set forth in Section 9(a) for the period following the Executive's Termination Date and prior to his death.

(i) Notwithstanding anything else herein, to the extent the Executive would be subject to the excise tax under Section 4999 of the Code on the amounts in Sections 8(d)(i) and (ii) and such other amounts or benefits he received from the Company and its Affiliates required to be included in the calculation of parachute payments for purposes of Sections 280G and 4999 of the Code, the amounts provided under this Agreement shall be automatically reduced to an amount one dollar less than that which, when combined with such other amounts and benefits required to be so included, would subject the Executive to the excise tax under Section 4999 of the Code if, and only if, the reduced amount received by the Executive on a

net after-tax basis after taking into account federal, state and local income and social security taxes at the maximum marginal rates would be greater than the unreduced amount to be received by the Executive on a net after-tax basis after taking into account federal, state and local income and social security taxes at the maximum marginal rates minus the excise tax payable under Section 4999 of the Code on such amount and the other amounts and benefits received by the Executive and required to be included in the calculation of a parachute payment for purposes of Sections 280G and 4999 of the Code.

9. Non-Competition and Confidentiality.

(a) (i) During the period the Executive is employed by the Control Group, the Executive agrees that he shall not engage in Competition. Beginning January 1, 2001, the Executive agrees that he shall not engage in Competition during the Non-Competition Period, subject to the Company's option to waive all or any portion of the Non-Competition Period, as more specifically provided for in the following paragraph.

(ii) As additional consideration for the covenant not to compete during the Non-Competition Period described above, the Company shall pay the Executive, on a monthly basis, the sum of 25 percent of the Executive's monthly Salary, less the amount of the Executive's "Monthly Severance Benefit," if any. This additional consideration shall be payable for the one (1) year period commencing on the Termination Date and shall be payable on the first day of each month. For purposes of this provision, the "Monthly Severance Benefit" shall be equal to the Severance Benefit divided by the number of months in the Severance Period. The Company has the option, for any reason, to elect to waive all or any portion of the one (1) year period of Non-Competition commencing on the Termination Date, by giving the Executive written notice of such election not less than thirty (30) days following the Termination Date. In that event, the Company shall not be obligated to pay the Executive under this paragraph for any months as to which the covenant not to compete has been waived. The Company may discontinue payments being made pursuant to this paragraph at any time during the Non-Competition Period that (i) Executive is engaged in full-time employment that, in the Company's opinion, does not violate the provisions of Section 9(a)(i) hereof, or (ii) Executive violates the provisions of Section 9(a)(i) hereof.

(b) The Executive shall not at any time during the term of this Agreement, or thereafter, communicate or disclose to any unauthorized person, or use for the Executive's own account, without the prior written consent of the Chief Executive Officer of the Company, nonpublic information of any kind concerning the Company or any of its subsidiaries or affiliates, including, but not limited to,

nonpublic information concerning finances, financial plans, accounting methods, strategic plans, operations, personnel, organizational structure, methods of distribution, suppliers, customers, client relationships, marketing strategies, real estate strategies or the like. In the event of the termination of Executive's employment, Executive shall, on or before the Termination Date, return all Confidential Information in his possession, in whatever form, to the Company. It is understood, however, that the obligations set forth in this paragraph shall not apply to the extent that the aforesaid matters (a) are disclosed in circumstances in which the Executive is legally required to do so or (b) become generally known to and available for use by the public other than by the Executive's wrongful act or omission.

(c) The Executive agrees that any breach of the terms of Sections 9(a) or 9(b) would result in irreparable injury and damage to the Company for which the Company would have no adequate remedy at law; the Executive therefore agrees that in the event of a breach or threatened breach by the Executive of the provisions of Sections 9(a) or 9(b), the Company shall be entitled to an immediate injunction and restraining order to prevent such breach or threatened breach or continued breach by the Executive, including any and all persons and entities acting for or with the Executive, without having to prove damages, and to all costs and expenses, including reasonable attorneys' fees and costs, in addition to any other remedies to which the Company may be entitled at law or in equity. The terms of this paragraph shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach hereof, including but not limited to the recovery of damages from the Executive. The Executive and the Company further agree that the provisions of the covenant not to compete are reasonable and that the Company would not have entered into this Agreement but for the inclusion of such covenant herein. If any provision of the covenants set forth in Section 9 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(d) The provisions of Section 9 shall survive any termination of this Agreement and the existence of any claim or cause of action by the Executive against the Control Group, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements of Section 9.

10. No Duty to Mitigate/Set-off. The Company agrees that if the Executive's employment with the Control Group is terminated during the term of this Agreement, the Executive shall not be required to seek other employment or to

attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Agreement. Further, except to the extent provided for in Section 8(d)(ii), the amount of the Severance Benefit provided for in this Agreement shall not be reduced by any compensation earned by the Executive or benefit provided to the Executive as the result of employment by another employer or otherwise. Except as otherwise provided herein, the Company's obligations to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Executive. The Executive shall retain any and all rights under all pension plans, welfare plans, equity plans and other plans, including other severance plans, under which the Executive would otherwise be entitled to benefits.

11. Withholding. The Company 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 pursuant to this Agreement. In lieu thereof, the Company shall have the right to withhold the amount of such taxes from any other sums due or to become due from the Company or an Affiliate to the Executive upon such terms and conditions as the Committee may prescribe.

12. Release. In consideration of the Executive's entitlement hereunder to a Severance Benefit which exceeds the severance benefit provided for under the Company's standard severance program and as a condition of receiving any Severance Benefit hereunder with regard to a termination of employment occurring prior to a Change in Control, the Executive shall be required to provide the Company with a release of all claims of the Executive (except with regard to claims for payment of benefits specifically payable or providable hereunder which have not been paid as of the effective date of the release, claims for vested accrued benefits or claims under COBRA) of any kind whatsoever against the Control Group, its past or present officers, directors and employees, known or unknown, as of the date of the release. The release shall be in such form as may reasonably be specified by the Company.

13. Successors; Binding Agreement. In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree in writing to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount

would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's Beneficiary, or the executors, personal representatives or administrators of the Executive's estate.

14. Termination of Severance Agreement. The Executive Severance Benefit Agreement entered into between the Company and the Executive dated as of May 11, 1999 is hereby terminated as of December 31, 1999 without any further obligation of the parties thereto.

15. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. All references to sections of the Code or any other law shall be deemed also to refer to any successor provisions to such sections and laws.

16. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

17. Severability. If any provisions of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof which shall remain in full force and effect.

18. Arbitration. Any dispute or controversy arising under or in connection with this Agreement or the breach thereof, other than injunctive relief pursuant to Section 9, shall be settled by arbitration, conducted before a panel of three arbitrators in New York, New York, or in such other city in which the Executive is then located, in accordance with the rules of the American Arbitration Association then in effect. The determination of the arbitrators, which shall be based upon a de novo interpretation of this Agreement, shall be final and binding and judgment may be entered on the arbitrators' award in any court having jurisdiction. The costs assessed by the American Arbitration Association for arbitration shall be borne by the Company.

19. Notice. Any notice to either party hereunder shall be in writing, and shall be deemed to be sufficiently given to or served on such party, for all purposes, if the same shall be given personally delivered to such party, or sent to such party by registered mail, postage prepaid, addressed as follows:

If to the Company: Venator Group, Inc.
233 Broadway
New York, NY 10279
Attn: General Counsel

If to the Executive:

Either party may change the address to which notices are to be sent to such party hereunder by written notice of such new address given to the other party hereto. Notices shall be deemed given when received if delivered personally or three days after mailing if mailed as aforesaid.

20. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York without regard to its conflicts of laws principles. For purposes of Section 9, the Executive consents to the jurisdiction of state and federal courts in New York County.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed and the Executive's hand has hereunto been set as of the date first set forth above.

VENATOR GROUP, INC.

By:

APPENDIX A

Change in Control

A Change in Control shall mean any 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 Securities Exchange Act of 1934 (a "Person") (other than the Company or its Affiliates) for shares of common stock of the Company 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 Securities Exchange Act of 1934), 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 Securities Exchange Act of 1934), 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 this Agreement; 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 shareholders of the Company 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 stockholders 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.

EXHIBIT 10.34

December 21, 1999

____
Venator Group, Inc.
233 Broadway
New York, NY 10279

Re: Severance Agreement

Dear ______________:

In accordance with Section 2 of the agreement entered into between you and Venator Group, Inc. (the "Company") dated as of ___________,1999 (the "Agreement"), this is to advise you that the Compensation Committee of the Board of Directors of the Company has elected not to renew the term of the Agreement. Therefore, the Agreement will expire on December 31, 2000 in accordance with its terms, unless sooner terminated by agreement of the parties.

Sincerely,

/s/ Dennis M. Lee

Dennis M. Lee
Senior Vice President
Human Resources

EXHIBIT 10.35

SPECIAL REAL ESTATE BONUS

Special bonus plan with regard to the disposal and/or conversion of the Kinney and Footquarters portfolio. Program applicable to all members of the Real Estate Department, with the payouts being based on individual levels in the organization.

EXHIBIT 12

VENATOR GROUP, INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Unaudited)
($ in millions)

	Fiscal Years Ended				
	Jan. 29, 2000	Jan. 30, 1999	Jan. 31, 1998	Jan. 25, 1997	Jan. 27, 1996
NET EARNINGS					
Income from continuing operations	$ 17	$ 3	$ 213	$ 209	$ 29
Income tax expense (benefit)	11	(42)	120	139	34
Interest expense, excluding capitalized interest	65	57	41	53	91
Portion of rents deemed representative of the interest factor (1/3)	190	180	163	162	157
	$ 283	$ 198	$ 537	$ 563	$ 311
FIXED CHARGES					
Gross interest expense	67	64	41	53	91
Portion of rents deemed representative of the interest factor (1/3)	190	180	163	162	157
	$ 257	$ 244	$ 204	$ 215	$ 248
RATIO OF EARNINGS TO FIXED CHARGES	1.1	0.8	2.6	2.6	1.3

Earnings were not adequate to cover fixed charges by $46 million for the fiscal year ended January 30, 1999.

VENATOR
GROUP

FOCUSED & FORWARD

Annual Report 1999

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[SHOE GRAPHIC]

Focused & Forward

It takes a sharp focus to succeed in the competitive world of specialty retailing. At Venator Group we are creating a results-driven organization that balances strategic growth, superior merchandising and thoughtful expense management with a common set of values that each business can embrace to drive future growth. These values commit us to: 1) deliver on our commitments to our shareholders; 2) provide the customer the most wanted product and services first; 3) insist on superior execution in every aspect of our performance; 4) approach every transaction with integrity; 5) create a sustainable competitive advantage by valuing organizational development and 6) develop strong relationships with our manufacturers.

By adhering to these values, we emerge at the start of the new millennium a highly focused athletic organization, competitively positioned to improve our profitability and extend our global reach as the world's leading retailer of athletic footwear and apparel.

A MESSAGE TO OUR SHAREHOLDERS

A YEAR AGO WE TOLD YOU THAT WE WERE POSITIONED TO WIN. AND, WHILE THE RACE CONTINUES, YOU CAN BE ASSURED THAT WE ARE VISIBLY AHEAD OF OUR COMPETITORS - LEVERAGING OUR STRENGTH AND SIZE - GAINING SIGNIFICANT MARKET SHARE INCREASES.

[LADY FOOT LOCKER GRAPHIC]

[FOOT LOCKER GRAPHIC]

The start of the millennium finds Venator Group strongly positioned for the future. We are now providing our customers with merchandise alternatives that create real excitement in our stores. As a result, for the first time in several years our athletic stores are gaining market share at accelerated rates and profitability, even in the face of a challenging athletic retail environment.

Our Company is clearly a focused athletic retailer. But beyond meeting our customers' expectations, we are also leveraging our leadership position to take advantage of opportunities and to create shareholder value.

POSITIONING FOR 2000

Despite a difficult athletic retailing environment, our business improved significantly during the second half of last year as new merchandising initiatives began to have a positive impact on our businesses. At the same time, we also disposed of non-performing assets enabling us to move forward and focus intensely on our athletic formats and generate higher profits. In positioning the Company for 2000, we

- - re-energized the athletic footwear and apparel business generating a 2.8% increase in comparable-store sales for the year. This reflected a 5.5% increase in the third quarter and a 6.9% increase in the fourth, a level the Company has not achieved since 1996;

- - significantly strengthened the financial position of the Company by reducing debt, net-of-cash, by $247 million. This gives us increased flexibility to take advantage of future opportunities in the changing market;

- - enhanced controls over merchandise receipts, improving aging and reducing inventories 4% to $739 million, or 3% per selling square foot;

- - lowered the expense structure of the Company 240 basis points, or $88 million, to 23.2% of sales;

- - opened a new highly effective fulfillment center in Europe and consolidated our North American athletic distribution facilities;

- - increased sales of Footlocker.com, our direct-to-customer business, by 21.9% to $195 million. This included $12 million of Internet-only sales - the highest results in our industry;

- - generated over $280 million in net proceeds by selling Afterthoughts and the Colorado Group in Australia;

- - finalized the planned disposal of eight non-core businesses and the closing of 358 under-performing stores; and

- - improved the operating results of the ongoing Northern Group by $21 million and strengthened its merchandising capabilities.

At Venator Group we are also working to create a culture that is more efficient and cost-effective in everything we do. Over the past year, our Profit Improvement Team, charged with

improving productivity throughout the Company, effected substantial reductions in both corporate and divisional overhead and expenses. Venator Group associates submitted more than 5,000 productivity-improvement ideas, generating more than $75 million in annualized savings.

POSITIONED TO CAPITALIZE ON THE FUTURE

The athletic footwear and apparel business represents a compelling opportunity for Venator Group. Since 1995, we have invested more than $1 billion to differentiate ourselves in the consumer's mind and improve our competitiveness. This process affected virtually every aspect of our business: our retail stores, information systems, logistics and distribution, product sourcing and direct-to-customer operations.

Today, 2,372, or 50%, of our stores are less than five years old. Productivity is up. Worldwide, comparable-store sales for stores opened or remodeled during the past 12 months were up 44% for Foot Locker, 10% for Lady Foot Locker, 11% for Kids Foot Locker and 27% for Champs Sports.

We spent $149 million since 1997 to redesign the architecture of our information systems for the development of an integrated global retailing approach that drives sales, improves margins and increases inventory turns more effectively.

We implemented Merchandise 2000, an integrated, standardized system that improves allocations by store and moves product into stores faster. This has allowed us, quite simply, to sell more shoes and apparel in every store - significantly improving our sales productivity.

In the area of logistics and distribution, we reduced our global warehousing operations from 14 to 4 facilities to improve product flow to our stores and emphasize speed, efficiency and cost-effectiveness.

We also enhanced our own product development and merchandise sourcing capabilities. We now control the design, manufacture and import of quality merchandise for sale under our proprietary labels. While branded goods will continue to be the most important part of our athletic business, the ability to produce proprietary products at attractive prices supplements our offerings and gives us a significant competitive edge.

We launched Footlocker.com, our Internet business that we plan to integrate fully with our retail stores and catalog operations. At the same time, this enables us to leverage the Foot Locker name, one of the most powerful athletic brands in the world.

Our 1997 acquisition of Eastbay, which operates multiple athletic catalogs, provides our e-commerce sites access to an established and integrated fulfillment and distribution system. This lets us offer consumers the world's largest guaranteed in-stock selection of athletic merchandise on the Internet, while providing the added convenience of having 3,186 domestic athletic stores offering superior customer service.

POSITIONED WITH A TALENTED TEAM

I am very excited about our success in strengthening key management positions throughout the organization, in particular with the recent appointment of Matt Serra as President and Chief Operating Officer of the Corporation and a member of the Board of Directors. Matt's new role gives him direct responsibility for the athletic retail business. Given the recent success of the Foot Locker Group, we expect his influence and leadership to drive productivity and sales improvements throughout the athletic organization.

We now have a strong and seasoned retail management team in place: Tim Finn, who

[KIDS FOOT LOCKER GRAPHIC]   [RUNNER GRAPHIC]

[SHOE GRAPHIC]

drove growth in the United States last year, heads Foot Locker domestically; Larry Remington, a veteran retailer, runs the recently combined Lady and Kids Foot Locker organization; Simon Rider continues to manage our dynamic Foot Locker Europe business, which, in 1999, achieved a record-breaking performance; and Rick Mina has been given the challenge of returning Champs Sports to its historical profitability. All of these executives are seasoned athletic retailers with extensive merchandising expertise who, under Matt Serra's leadership, will continue to differentiate Venator Group.

We also appointed chief operating officers for each of the athletic formats. They will focus on executing the various aspects of our businesses that often go unnoticed but are essential elements to increased profitability. Having senior operating executives partnering with the merchant heads of businesses has already proven to be a winning organizational combination.

At the Northern Group we appointed Jim Harrington, who was instrumental in turning around the Australian operations, to lead the Northern Group back to its historical profit levels. We also appointed a new head merchant, Linda Knapp, to work with Jim to re-energize our merchandising thrust, focusing on value price points more closely tailored to our target customers. Linda brings energy, experience and leadership that are already having noticeable impact.

POSITIONED FOR GROWTH - THE YEAR 2000

We outperformed the athletic retail market last year and our goal is to do so again. Our mission moving forward is to increase both profitability and value to our shareholders. The following priorities for 2000 will help us achieve these goals:

1. Generate market share increases through increased sales productivity by driving our merchandising advantage.

FINANCIAL HIGHLIGHTS

Millions, except per share amounts	1999	1998
Sales(1)		
Global Athletic Group	$ 3,785	$ 3,689
Northern Group	391	402
Total	$ 4,176	$ 4,091
Operating profit(1)		
Global Athletic Group	$ 112	$ 25
Northern Group	8	(13)
Total	$ 120	$ 12
Income from continuing operations	$ 17	$ 3
Diluted earnings per share from continuing operations	$ 0.13	$ 0.02
Merchandise inventories(1)	$ 739	$ 837
Total assets	$ 2,515	$ 2,876
Debt, net of cash	$ 327	$ 574
Shareholders' equity	$ 1,139	$ 1,038
Number of stores at year end	4,874(2)	6,002

(1) Excludes the operations of the businesses disposed and held for disposal.

(2) Includes 243 stores of businesses held for disposal.

[CHAMPS GRAPHIC]

[PAIR OF SHOES GRAPHIC]

2. Capture international market share opportunities by leveraging our experienced global organization.

3. Develop and expand the potential of our e-commerce business.

4. Competitively position the Northern Group.

We continue to be focused on driving sales through our existing store base domestically, with more targeted assortments, fresh inventories and enhanced proprietary brands that deliver value to our customers. We intend to keep a firm control on inventory and continue to reduce our expense structure. We plan to re-energize our field organizations with an emphasis on improving responsiveness to our customers.

Capital spending is targeted at $100 million in 2000. About half of this total will go towards revitalizing our stores in the United States and expanding our business in Europe. The remaining funds will be devoted to e-commerce development, to a new warehouse management system for our North American athletic distribution center and to the ongoing maintenance of our stores and facilities.

Our objectives with respect to the Northern Group are clear: We plan to maximize its value by returning the division to its historical operating profit level of 8% to 10% of sales within the next 12 to 24 months. We intend to do this by improving its merchandise mix to reflect a superior price/value relationship, increasing its international sourcing capabilities to enhance product margins, and continuing to reduce its expense structure to ensure market competitiveness.

Fiscal 2000 is off to a good start. We enter the new year feeling very excited about our prospects for future growth as our past investments begin to pay off.

High praise is due to our 47,000 associates worldwide. They admirably moved beyond past challenges to devote their best efforts and energies to taking this organization forward. Thanks to their dedication and enthusiasm, we begin 2000 focused on moving ahead successfully.

We are also grateful to our Board of Directors whose support was unwavering in challenging times. Without their encouragement, challenges and wisdom, we would not be in the position we are today.

I want to take this opportunity to acknowledge the special contribution of Roger Farah, who served as Chief Executive Officer from 1994 to August 1999 and as Chairman of the Board until April 12, 2000. His leadership and dedication played a critical role in reshaping this Company. We wish him well in his future endeavors and thank him for his direction and commitment to a very difficult task.

I would also like to extend thanks to Margaret MacKimm, a director since 1977, and John Mackowski, a director since 1986, both of whom are retiring this year. Both have been active directors - Mardie having served for many years as Chairman of the Retirement Investment Committee and Mike as Chairman of the Audit Committee - and their experience and perspective have helped us as we have gone through the difficult process of repositioning ourselves. We have truly valued their involvement and advice.

Finally, I would like to thank our shareholders for their support and patience as we made the difficult decisions to reposition this Company. We are committed to creating value for them.

Venator Group is clearly positioned to take advantage of current opportunities. We are energized. We are focused and we are moving forward. I am confident that the future will be rewarding for our associates and our shareholders alike.

/s/ Dale W. Hilpert
Dale W. Hilpert
Chairman of the Board and
Chief Executive Officer

April 12, 2000

[EASTBAY GRAPHIC]

[NORTHERN GRAPHIC]

[RUNNERS GRAPHIC]

	Format	Number of Stores	New or Remodeled Stores(1)		Average Size (Selling Square Footage)	Total Selling Square Footage (in thousands)
			Number	Percent		
GLOBAL ATHLETIC	Foot Locker	1,514	717	47%	2,300	3,543
GROUP	Lady Foot Locker	690	326	47%	1,300	862
	Kids Foot Locker	403	326	81%	1,400	579
	Foot Locker International	487	270	55%	1,400	708
	Champs Sports	616	216	35%	4,000	2,456
	Footlocker.com/Eastbay	--	--	--	--	--
	Total	3,710(2)	1,855	50%	2,200	8,148
NORTHERN	Northern Reflections	571	238	42%	1,900	1,096
GROUP	Northern Getaway	183	153	84%	1,800	331
	Northern Elements	100	78	78%	1,900	187
	Northern Traditions	67	48	72%	1,700	117
	Total	921(2)	517	56%	1,900	1,731

(1) New or remodeled during last five years

(2) Includes 98 Global Athletic Group stores and 188 Northern Group stores that will close during fiscal 2000 as part of the previously announced accelerated store closing program

A WORLD-CLASS ATHLETIC FOCUS

Focused & Forward...

[SHOES GRAPHIC] [SLAM DUNK GRAPHIC]

[RUNNER GRAPHIC] [CLOTHING GRAPHIC]

Today, people of all ages enjoy wearing athletic footwear and apparel. The growing trend towards more comfortable, casual wear has revolutionized the industry. Whether worn for function or fashion, athletic-inspired products fit all facets of everyday life. As the world's largest athletic specialty retailer, we offer our customers an extensive assortment of athletic footwear and apparel incorporating the latest styles and technologies from infant to adult sizes.

Although the lion's share of our merchandise mix consists of athletic footwear, athletic apparel has played an important role in creating a head-to-toe look that reflects today's casual trends. Through our strong relationships with our vendor partners and our ability to design and manufacture proprietary label products, we provide our customers with athletic merchandise that is often available only at Foot Locker, Lady Foot Locker, Kids Foot Locker, Champs Sports, Eastbay and Footlocker.com.

By creating and executing integrated marketing programs, we are able to distinguish ourselves from the competition and focus on our core customer. The creation of House of Hoops exclusively at Foot Locker reinforced to the 13-19 year old male that Foot Locker is the destination for basketball footwear and apparel, including exclusives such as the Nike Uptempo collection.

Lady Foot Locker focuses on the female consumer by offering her footwear and apparel made especially to fit her wants and needs, including sports accessories such as sports bras. Understanding that the athletic needs of women differ from men, Lady Foot Locker has earned the trust of its female customers by creating an environment where she will find the latest product and expert advice to satisfy her athletic and fitness needs. At Kids Foot Locker, parents will find a complete collection of athletic products specifically for children from infants to ten year olds. For beginner walkers, Kids Foot Locker recommends footwear designed specifically to fit the unique shape of a baby's developing foot, such as the Nike JDI footwear line for first walkers, which is available exclusively at Kids Foot Locker. Champs Sports offers men, women and children an array of sports and lifestyle footwear, apparel, sports equipment and accessories, such as sunglasses and watches. Champs Sports places a greater

FORWARD WITH INNOVATIVE MERCHANDISE

THE INTRODUCTION OF EXCLUSIVE BRANDED MERCHANDISE HAS PLAYED AN INTEGRAL ROLE IN POSITIONING US AS THE DESTINATION FOR NEW, INNOVATIVE, CUTTING-EDGE PRODUCTS. OUR PROPRIETARY LABEL BRANDS SUCH AS FOOT LOCKER BASICS, LADY FOOT LOCKER ACTRA AND CHAMPS SPORTS, IN AN ARRAY OF STYLES AND COLORS, OFFER VERSATILITY AND MEET THE NEEDS OF TODAY'S CONSUMERS.

[INSIDE OF A FOOT LOCKER STORE GRAPHIC]

emphasis on sports apparel and active sportswear for the serious athlete or fashion enthusiast and offers an array of sports-specific footwear, such as baseball and soccer cleats.

In addition to our retail outlets and catalogs, consumers will find an extensive merchandise assortment via our websites (footlocker.com, ladyfootlocker.com, kidsfootlocker.com, champssports.com and eastbay.com). Die-hard football fans or enthusiasts also have access to the world's largest on-line inventory of the National Football League's merchandise via NFLShop.com, which is managed by Footlocker.com. As part of the NFLShop.com, fans can personalize their favorite team's jersey to demonstrate their team spirit and support.

Our Merchandising 2000 (M2K) program provides synchronization of our strategic vision with a working plan and a financial plan in which all buyers, planners and merchandisers follow the same process using integrated systems. We have the ability to provide each store with the optimum product mix and timely promotions for maximum sales. M2K is a quantum leap in how we plan and execute our business by prioritizing our buys within a framework that best meets our objectives and customer demand.

As we move forward, we remain focused and committed to developing new and innovative products that create and reflect current trends in the athletic industry and meet and satisfy the ever-changing wants and needs of our consumers.

[SHOE GRAPHIC]

[INSIDE OF A FOOT LOCKER STORE GRAPHIC]

[SHOE GRAPHIC] [STACK OF CLOTHING GRAPHIC]

OUR MARKET SIZE AFFORDS US THE ABILITY TO LEVERAGE OUR BUYING AND SELLING POWER WITH PREMIER ATHLETIC BRANDS TO CREATE NEW MERCHANDISE OFTEN EXCLUSIVE TO US - AND STIMULATE DEMAND. WE ARE IN A STRONG POSITION TO ATTRACT A BROAD CONSUMER BASE AS EACH ATHLETIC DIVISION TARGETS A SPECIFIC DEMOGRAPHIC GROUP.

FORWARD AS A MARKET LEADER

[RUNNER GRAPHIC]

Today, Venator Group has a compelling leadership position with strong brand name recognition. Foot Locker, Lady Foot Locker, Kids Foot Locker, Champs Sports and our direct-to-customer business, Footlocker.com/Eastbay, currently represent 17 percent of the $14 billion U.S. athletic footwear market. We have more than 3,700 athletic retail stores worldwide that generate nearly $3.8 billion in annualized sales.

We are in a unique position because of our size and distribution capabilities to leverage our buying and selling power with our athletic brands, including Nike, adidas, Reebok, New Balance, Champion and others, and to maximize the benefits of our Pan-European presence, which enables us to be in the forefront of hot new trends. Our cohesive team of merchants and buyers keep a finger on this pulse to identify trends early on and then partner with our athletic brands to launch new products in North America.

Foot Locker, with 2,000 stores worldwide, has been around for 25 years. It has a very loyal core customer, particularly in the basketball and running footwear categories, and they have recognized that Foot Locker is the place to go for the latest in technology. In fact, Foot Locker enjoys a 97% unaided brand recognition among its core 13 to 19 year old customer.

Leveraging the success of the Foot Locker brand, Lady and Kids Foot Locker, with nearly 1,100 stores combined, are the only national specialty store chains that specialize in women's and children's branded athletic footwear and apparel for a variety of sports, including running, basketball, aerobics, soccer, baseball, walking and tennis.

Champs Sports, with 616 stores, is the second largest mall-based sporting goods retailer in North America directly behind Foot Locker. Champs Sports caters to a 12 to 25 year old male sports enthusiast by providing the latest in authentic sports-oriented lifestyle footwear, a variety of sports-specific equipment and an extensive assortment of athletic apparel.

Eastbay is our $180 million catalog operation that offers 82,000 stock-keeping units, the world's largest assortment of sports-specific merchandise, including team-specific merchan-

dise for high school students participating in sports such as baseball, basketball and track and field. Eastbay has an active list of more than 12 million households and mails 80 million catalogs a year.

Internet sales represent an enormous growth opportunity for Venator Group. Because of Eastbay, Footlocker.com is particularly well-positioned to meet most challenges that face retailers entering the new age of e-tailing, particularly when it comes to customer order fulfillment and consumer-friendly service.

Our integrated direct-to-customer approach allows Footlocker.com to enter the electronic marketplace with nearly 20 years of direct-marketing experience along with a new 250,000 square foot distribution center. Footlocker.com currently offers more than 14,000 products and its real-time inventory checks enable it to ship 98% of credit-approved orders in 24 hours.

Backed by Eastbay's catalog fulfillment expertise and Footlocker.com's Internet technology, Venator Group is also the exclusive licensee of the NFL's catalog and e-commerce business - a tremendous coup given the NFL's leadership in licensed product sales, which is one of the few licensed products that have performed reasonably well.

Moving forward, Venator Group will continue to reinforce its position in the market as the preeminent athletic footwear and apparel retailer - first in the United States, Europe and Australia.

[SHOE GRAPHIC]
[BASKETBALL PLAYER RUNNING GRAPHIC]

[FEMALE ATHLETE GRAPHIC]

FORWARD AS A GLOBAL PLAYER

BEING GLOBAL IS NOT NEW TO US. WITH MORE THAN 3,700 ATHLETIC STORES IN 14 COUNTRIES, WE ARE THE LARGEST ATHLETIC SPECIALTY RETAILER IN THE WORLD. WE CURRENTLY HAVE 3,186 STORES IN THE UNITED STATES, 289 STORES IN 11 COUNTRIES IN EUROPE, 58 STORES IN AUSTRALIA AND 172 STORES IN CANADA.

[PAIR OF SHOES GRAPHIC]

[SOCCER PLAYER GRAPHIC]

[SOCCER JERSEY GRAPHIC]

Today, the global retail athletic market is estimated to be $135 billion, of which half is concentrated in the United States and Europe. As the world leader in athletic footwear and apparel, Venator Group clearly enjoys an advantage in the international arena.

Based on our sheer size and prominent retail locations around the world, we are in the unique position to understand the cultural differences of our consumers by city, country and continent. Our knowledge, experience and current infrastructure equip us fully for future international growth.

Being global exposes our merchants and buyers to different trends. Their job is to understand and interpret how those trends may influence other countries in which we operate and share this information with our worldwide team. Currently, our international customers want the classic, or "retro" styles in footwear available from all leading manufacturers, but they also enjoy the technology-driven running footwear category that dominates the worldwide marketplace.

Since opening our first Foot Locker store in Great Britain in 1980, we have opened stores in popular, high-traffic areas in Europe, Canada and Australia to ensure our international leadership position. Currently, consumer demand in Europe outstrips that in the United States, producing higher comparable-store sales increases. We intend to grow aggressively in Europe, while the economies are strong and demand is up.

In the fall of 2000, we will open another flagship Foot Locker store outside of the United States on Oxford Street in Lon-

don, one of the most prestigious retail locations in England, if not the world. The new 15,000 square foot store will reflect the design and retail ambience of our successful Foot Locker flagship store opened on 34th Street in New York City in May 1999. We are very excited about the Oxford store opening, which will complement the other 31 stores that we currently operate in England.

Growth in Europe will be facilitated by our new fully automated central distribution center located in Heijen, the Netherlands, which opened in April 1999. The facility, at 200,000 square feet, more than doubles our previous warehousing capacity and utilizes a pick management system that cross docks merchandise and tracks receipt of goods to ensure same-day delivery to stores.

This cost-efficient, speed-to-market approach has revolutionized our warehousing, fulfillment and customer service capabilities in Europe.

During the past three years, we have invested to remodel and upgrade more than three-quarters of our athletic stores throughout Canada to better reflect our current store design and merchandise strategy. Consumer response has been positive, as we have seen very encouraging sales results in 1999 that have continued in early 2000.

In Australia, we have concentrated our efforts on modernizing our stores, increasing the size of our smaller stores, closing underperforming stores and opening new stores in key locations. We have applied the same proven business practices in Australia that have succeeded in the U.S. and follow the same merchandising strategies, including our narrow and deep philosophy. We are optimistic as we move forward in 2000 and are encouraged by the upcoming Summer Olympics, which should have a positive impact on our business.

These efforts, combined with our merchandise initiatives in the United States, provide us with the necessary tools for global expansion.

[GLOBE GRAPHIC]

[OUTSIDE OF A FOOT LOCKER STORE GRAPHIC]

[BOOT GRAPHIC]

[FEMALE ASSOCIATE HOLDING CLOTHING GRAPHIC]

[FEMALE WORKING OUT GRAPHIC]

WE EMBRACE A TEAM PHILOSOPHY. WITH MORE THAN 47,000 TALENTED AND DEDICATED ASSOCIATES WORLDWIDE, WE WORK TOGETHER TO ENSURE OUR LEADERSHIP POSITION IN THIS COMPETITIVE MARKETPLACE. OUR ASSOCIATES THRIVE ON PROVIDING SUPERIOR CUSTOMER SERVICE UNMATCHED IN THE ATHLETIC FOOTWEAR AND APPAREL INDUSTRY.

FORWARD WITH A TALENTED TEAM

[MALE ASSOCIATE HOLDING SHOES GRAPHIC]

At Venator Group, we are working to build a team of talented retailers with the energy and insight to progress towards our mission of winning in the global marketplace. From senior management to store operators we are striving to retain, attract and develop focused and talented associates.

We are working hard to improve performance, ensure accountability and strengthen the team of our 47,000 worldwide employees. We are implementing a common set of practices and benchmarks, company-wide, to ensure efficiency and consistency throughout the organization. We are measuring and rewarding our associates against those benchmarks through an annual appraisal process. We are also facilitating management and leadership growth with our executive-development review program.

We will continue to invest in systems and processes to improve productivity throughout the Company. Since 1997, we have invested over $130 million in streamlining our merchandising and back office operations. We have re-trained our associates to work smarter and more efficiently.

A new Sales and Management Development Program is designed to drive sales by focusing on customer service, store operations and effective interpersonal and communication skills. Through various modules, the Program provides hands-on training for every store associate, from part-timer to manager.

Since enlightened customer service is key to maximizing sales, store operations have been charged specifically with re-energizing the sales support staff and bringing them back to the premium level we enjoyed in the past. We want our customers to rely on our store associates' expertise to help select the right products to give them optimum performance. Our store associ-

ates - many of whom are athletes who know and understand men's, women's and children's athletic needs - are being trained to bring a personal perspective to their work.

Store associates are also trained to Sell What is Available Today, known familiarly as our S.W.A.T. program. The idea behind S.W.A.T. is to ensure that we satisfy customers' needs by offering items of similar characteristics and benefits. If we can't satisfy them with an alternative, we let them know that out-of-stock items can be purchased through Footlocker.com, with delivery promised within 72 hours. In 1999, the S.W.A.T. approach enabled us to sell an additional 300,000 pairs of shoes.

The energy of all members of our staff and their ability to work together has propelled all of us to win in this competitive environment. Their passion for excellence and their willingness to define and meet new standards of excellence have built a strong foundation for which we can be proud. Going forward, our objective will be to continue to develop and enhance our team by attracting equally dynamic and talented individuals to assure our success.

[FEMALE ASSOCIATE GRAPHIC]
[SHOES GRAPHIC]
[MALE ASSOCIATE CARRYING SHOE BOXES GRAPHIC]

Last year, for the first time, we witnessed and experienced a reduction in retail square footage in the U.S. athletic industry. Many athletic retailers, including Venator Group, closed under-performing stores, because the market had become over-stored from several years of rapid expansion. This created a highly competitive environment.

Additionally, overall growth in the U.S. footwear market was flat, as industry unit sales actually declined from their peak in 1996. However, during this period, the industry experienced growth in the high-end, or marquee, footwear category, an area in which Venator Group led the industry. This had a stabilizing effect on industry average prices. In the second half of 1999, Venator Group began to generate significant same-store sales gains, fueled by strong sales of marquee shoes. This resulted in Venator Group outperforming the industry and increasing its market share.

What has emerged from this industry contraction, as well as from our own merchandising initiatives, is a resurgence of sales in the athletic footwear and apparel categories.

Today, Venator Group is a more focused Company. We have repositioned ourselves to grow the business, with the objective of increasing market share through increased productivity at our retail stores, as well as through our catalog and Internet businesses.

Success in this highly competitive market demands continuous improvement in cost structure and efficiencies. Our goal is to be lean and financially strong to capitalize on improving athletic trends.

Significant opportunities exist in the global market, which is expected to reach $150 billion by the year 2001. At Venator Group, we have taken the necessary steps to maximize our investment in the athletic industry.

FORWARD IN A COMPETITIVE MARKET

[BOTTOM OF SHOE GRAPHIC]

THE UNITED STATES SPORTING GOODS MARKET REPRESENTS A $67 BILLION INDUSTRY, OF WHICH $35 BILLION IS APPAREL, $19 BILLION IS EQUIPMENT AND $14 BILLION IS FOOTWEAR. VENATOR GROUP ENJOYS A 17% SHARE OF THE U.S. ATHLETIC FOOTWEAR MARKET, FAR GREATER THAN OUR NEAREST MALL-BASED COMPETITOR.

U.S. ATHLETIC RETAIL
SQUARE FOOTAGE
(millions)

[BAR CHART]

94	34.7
95	39.9
96	45.1
97	49.6
98	54.6
99	51.3

U.S. ATHLETIC
SPORTING GOODS MARKET

[PIE CHART]

52%	Apparel
20%	Footwear
28%	Equipment
5%	Venator Group

U.S. ATHLETIC
FOOTWEAR MARKET

[PIE CHART]

17%	Venator Group
9%	Mall-based specialty stores
13%	Off-mall/ Superstores

61% Discount:
Department Stores/Other

SALES
($ billions)

94	$4.5
95	$4.4
96	$4.5
97	$4.6
98	$4.6
99	$4.6

INCOME FROM CONTINUING OPERATIONS
($ millions)

94	$23
95	$29
96	$209
97	$213
98	$3
99	$17

DEBT, NET OF CASH
($ millions)

94	$1,104
95	$597
96	$322
97	$446
98	$574
99	$327

CAPITAL EXPENDITURES
($ millions)

94	$116
95	$70
96	$86
97	$249
98	$549
99	$158

FINANCIAL REPORT

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Venator Group, Inc., through its subsidiaries (Venator Group, Inc. and its subsidiaries being hereafter referred to as the "Company" or "Venator Group") operates in two reportable business segments, the Global Athletic Group and the Northern Group. The Global Athletic Group is one of the largest athletic footwear and apparel retailers in the world, whose formats include Foot Locker, Lady Foot Locker, Kids Foot Locker and Champs Sports. The Global Athletic Group also includes the Company's Footlocker.com subsidiary, which sells, through its affiliates, to customers through catalogs and Internet websites. The Northern Group consists of four apparel formats: Northern Reflections, Northern Traditions, Northern Getaway and Northern Elements.

The following table summarizes sales by segment, after reclassification for businesses disposed and held for disposal. The disposed and held for disposal category represents all business formats sold, closed or held for disposal other than discontinued business segments, and is therefore included in continuing operations.

(in millions)	1999	1998	1997
Global Athletic Group:			
Retail Stores	$3,590	$3,529	$3,547
Direct to Customers	195	160	141
	3,785	3,689	3,688
Northern Group	391	402	449
Disposed and held for disposal	471	464	475
	$4,647	$4,555	$4,612

SALES

Sales of $4,647 million in 1999 increased 2.0 percent from sales of $4,555 million in 1998, reflecting an increase of 2.1 percent in comparable-store sales. Excluding sales from businesses disposed and held for disposal and the effect of foreign currency fluctuations, 1999 sales increased by 2.4 percent as compared with 1998.

Sales of $4,555 million in 1998 decreased 1.2 percent from sales of $4,612 million in 1997, reflecting the impact of 294 additional stores offset by a comparable-store sales decline of 5.5 percent. The impact of foreign currency fluctuations and businesses disposed and held for disposal did not have a significant impact on sales in 1998.

The 1997 reporting year included 53 weeks compared with 52 weeks in the 1998 and 1999 reporting years. The impact on sales and operating results of the additional week was not significant to 1997.

Operating results reflect income (loss) from continuing operations before income taxes, excluding corporate expense, corporate gains on real estate and net interest expense. The following table summarizes operating profit (loss) by segment, after reclassification for business formats disposed and held for disposal, reconciled to income (loss) from continuing operations before income taxes.

(in millions)	1999	1998	1997
Global Athletic Group:			
Retail Stores	$ 109	$ 23	$ 381
Direct to Customers	3	2	(1)
	112	25	380
Northern Group	8	(13)	40
Operating profit from ongoing operations	120	12	420
Disposed and held for disposal (1)	(35)	(18)	(2)
Restructuring charges (2)	(134)	--	--
Gains on sales of businesses (3)	177	19	--
Total operating profit	128	13	418
Corporate expense, net (2)	43	8	50
Interest expense, net	57	44	35
Income (loss) from continuing operations before income taxes	$ 28	$ (39)	$ 333

(1) Includes the operating results of Afterthoughts, The San Francisco Music Box Company, Foot Locker Outlets, Colorado, Team Edition, Going to the Game!, Randy River Canada, Weekend Edition, Garden Centers, Burger King franchises, Foot Locker Asia, Northern Getaway U.S. and Northern Elements U.S.

(2) 1999 restructuring charges of $134 million included in operating expenses and $21 million included in corporate expense reflect the disposition of non-core businesses, an accelerated store closing program, headcount reduction, and the closure of a distribution center.

(3) 1999 reflects the sale of Afterthoughts ($164 million) and Colorado in Australia ($13 million). 1998 reflects the sale of Garden Centers.

RESULTS OF OPERATIONS

GROSS MARGIN

Gross margin, as a percentage of sales, of 27.2 percent in 1999 improved slightly compared with 26.8 percent in 1998. The improvement reflects reduced markdown activity in 1999, offset by increased occupancy costs and inventory markdowns of $11 million associated with the Company's 1999 restructuring plan to exit non-core businesses. Excluding the inventory markdowns of $11 million, gross margin would have been 27.5 percent in 1999. Gross margin declined to 26.8 percent in 1998 compared with 32.2 percent in 1997 primarily reflecting aggressive markdown activity in order to clear excess or slow-selling inventory.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses ("SG&A") declined by $88 million in 1999 to 23.2 percent, as a percentage of sales, compared with 25.6 percent in 1998. This improvement reflects the Company's successful cost-cutting initiatives at both the corporate and divisional levels. SG&A included asset impairment charges in 1999 and 1998 of $13 million and $33 million, before-tax, respectively, or $8 million and $20 million, after-tax, respectively; the 1997 charge was not significant. SG&A increased by $158 million in 1998 compared with 1997 primarily attributable to the incremental costs related to additional stores. In addition, a total reduction of $11 million, $3 million and $22 million in the 1991 restructuring reserve and the 1993 repositioning reserve was recorded in SG&A in 1999, 1998 and 1997, respectively. These adjustments primarily reflect sublease and other income related to leased and owned properties.

Corporate expense, excluding $21 million of restructuring charges in 1999, totaled $68 million, $90 million and $62 million for 1999, 1998 and 1997, respectively. The decline in 1999 compared with 1998 reflects corporate cost savings achieved by the Company this year primarily related to payroll costs. The 1998 increase compared with 1997 included $16 million for the installation of the Company's comprehensive information computer system ("ECLIPSE"), Y2K costs of $3 million and costs associated with reducing the size of the corporate office of $3 million.

DEPRECIATION AND AMORTIZATION

As a result of the Company's capital expenditure program in 1998, depreciation and amortization increased by $30 million in both 1999 and in 1998, or by 19.7 percent and 24.6 percent respectively, compared with the prior year.

OTHER INCOME

In 1999, the Company recorded a gain of $164 million from the sale of the assets of its Afterthoughts retail chain. In connection with the public offering of 100 percent of its holding in Colorado Group, Ltd., the Company recorded a gain of $13 million to continuing operations in 1999 related to the Australian athletic format. In 1998, other income included a $19 million gain on sale of the Garden Centers nursery business.

Corporate real estate gains of $46 million, $82 million and $12 million in 1999, 1998 and 1997, respectively, are also included in other income. In 1998, the Company sold its corporate headquarters and leased back a portion of the building through 2008, recognizing a gain of $73 million. In 1999, the Company terminated the lease related to the leased-back portion and sold the associated furniture and fixtures for a net gain of $17 million.

OPERATING RESULTS

Operating profit increased by $115 million to $128 million in 1999 and declined to $13 million in 1998 from $418 million in 1997. Excluding operating results from businesses disposed and held for disposal and the associated restructuring charges and gains on sales, operating profit was $120 million, $12 million and $420 million in 1999, 1998 and 1997, respectively. The increase in operating profit in 1999 primarily reflects the Company's cost-cutting initiatives related to operating expenses, as well as the improvement in gross margin. The decline in 1998 resulted from decreases in gross margin, primarily in the Global Athletic Group.

INTEREST EXPENSE, NET

($ in millions)	1999	1998	1997
Interest expense	$ 65	$ 57	$ 41
Interest income	$ (8)	$ (13)	$ (6)
Interest expense, net of interest income	$ 57	$ 44	$ 35
Weighted-average interest rate (excluding facility fees):			
Short-term debt	7.7%	6.2%	6.3%
Long-term debt	7.6%	7.7%	8.0%
Total debt	7.7%	7.1%	7.9%
Short-term debt outstanding during the year:			
High	$ 354	$ 695	$ 207
Weighted-average	$ 239	$ 291	$ 22

Interest expense increased by 14.0 percent in 1999 reflecting higher effective interest rates and fees on short-term borrowings, partially offset by lower levels of average short-term borrowings during 1999. Interest income of $8 million in 1999 included $5 million related to tax refunds, compared with $13 million in 1998, $7 million of which related to a franchise tax settlement. On March 19, 1999, the Company amended its revolving credit agreement by reducing the facility from $500 million to $400 million, with a further reduction to $300 million effective February 15, 2000.

Interest expense, net of interest income, increased by 25.7 percent in 1998 as a result of increased borrowings under the Company's revolving credit facility, which was partially offset by the increase in interest income of $7 million.

INCOME TAXES

The 1999 effective tax rate was 39.0 percent compared with (107.7) percent in 1998 and 36.0 percent in 1997. The change in the 1998 effective tax rate primarily reflected the impact of utilizing available foreign tax credits as a result of the sale of various businesses and assets, offset by the impact of non-deductible items, such as goodwill amortization, and a one-time gain on the surrender of company-owned life insurance policies.

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OPERATIONS DISPOSED AND HELD FOR DISPOSAL

Operations disposed and held for disposal represents those businesses sold, closed, or held for disposal other than the discontinued segments and are therefore included in continuing operations.

1999 RESTRUCTURING

In 1999, the Company embarked on a major restructuring program. In the second quarter, the Company approved a restructuring plan to sell or liquidate eight non-core businesses: The San Francisco Music Box Company, Randy River Canada, Foot Locker Outlets, Colorado, Team Edition, Going to the Game!, Weekend Edition and Burger King franchises. In the fourth quarter, the Company announced a further restructuring program. The program included plans to close all Foot Locker stores in Asia as well as 358 under-performing stores in the United States and Canada, representing 150 Global Athletic Group stores and 208 Northern Group stores, which includes the disposal of the Northern Getaway and Northern Elements formats in the United States. Operating losses of $16 million were recorded in 1999 for under-performing stores of ongoing formats, which were included in the accelerated store closing program. In connection with the disposition of several of its non-core businesses, the Company reduced sales support and corporate staff by over 30 percent, reduced divisional staff and consolidated Kids and Lady Foot Locker's management and staff into one organization. In addition, the Company plans to close the Champs Sports distribution center in Maumelle, Arkansas and to consolidate its operation with the Foot Locker facility located in Junction City, Kansas. Total restructuring charges of $155 million before-tax were recorded in 1999 representing estimated cash outlays for lease obligations ($60 million), severance and personnel costs associated with eliminating 3,700 positions ($23 million), and other disposition costs ($11 million). Non-cash charges included asset impairments ($50 million) and inventory write-downs included in cost of sales ($11 million).

1999 DISPOSITIONS

The Company also completed the sale of its Afterthoughts retail chain and the public offering of its holding in Colorado Group, Ltd. in Australia in 1999 for proceeds of approximately $250 million and $55 million, respectively.

1998 AND 1997 DISPOSITIONS

During 1998, the Company sold its Garden Center nursery business and closed its Randy River stores in the United States and its Ashbrooks stores in Canada as part of its continuing program to exit under-performing businesses.
In 1997, the Company disposed of its Foot Locker operations in Hong Kong.

DISCONTINUED OPERATIONS

In September 1998, the Company discontinued both its Specialty Footwear and International General Merchandise segments. The Company recorded a net charge to earnings in 1998 of $234 million before-tax, or $155 million after-tax, for the loss on disposal of the Specialty Footwear segment. Major components of the net charge included estimated outlays for lease liabilities and other occupancy costs ($93 million), operating losses and other expenses during the shutdown period ($61 million), and severance and personnel costs ($14 million). Non-cash charges included asset and inventory write-downs ($66 million). Disposition activity reduced the reserve by $48 million and $113 million in 1999 and 1998, respectively. The Company further reduced the reserve in 1999 by an adjustment of $45 million before-tax, which primarily related to favorable results from lease buy-outs and real estate dispositions compared with original estimates. On October 22, 1998, the Company completed the sale of the general merchandise operations in Germany for gross proceeds of $563 million and recorded a net gain on the disposal of the International General Merchandise segment of $174 million before-tax, or $39 million after-tax. In a management buy-out on December 1, 1999, the Company sold 85 of its Bargain! Shop stores for gross proceeds of $17 million, completing the disposal of the segment, and recorded a reduction to the reserve of $13 million before-tax, reflecting disposition results more favorable than anticipated.

In 1997, the Company discontinued the Domestic General Merchandise segment and recorded a charge for the disposal of $310 million before-tax, or $195 million after-tax. The charge included outlays for real estate disposition costs ($101 million), liquidation expenses and other shutdown costs ($91 million), and severance and other personnel related costs ($72 million). Non-cash charges reflected asset write-downs ($46 million). In 1998, the Company recorded income from discontinued operations of $4 million before-tax related to better than expected gains from real estate dispositions. Net disposition activity for 1999, 1998 and 1997 was approximately $33 million, $51 million and $220 million, respectively. In the fourth quarter of 1999, the Company recorded an additional charge of $21 million before-tax, or $13 million after-tax, for the loss on disposal of the Domestic General Merchandise segment. The charge primarily reflected an adjustment for estimated lease costs related to excess space in former general merchandise locations, which have limited commercial use, contrary to what was originally anticipated.

The remaining reserve balance of $61 million at January 29, 2000 for all discontinued segments consists principally of lease liabilities and occupancy costs over future years.

STORE COUNT

The following table summarizes store count by segment, after reclassification for businesses disposed and held for disposal. During 1999, the Company remodeled or relocated 197 stores, excluding businesses disposed and held for disposal. 262 stores included in the 358 accelerated store-closing program related to ongoing formats and are included in the Global Athletic Group and the Northern Group. Of the 358 under-performing stores, 72 were closed in the fourth quarter of 1999 and the remaining 286 stores are expected to close in 2000.

	1998	OPENED	CLOSED	1999
Global Athletic Group	3,830	147	284	3,693
Northern Group	845	13	22	836
Disposed and held for disposal	1,327	114	1,096	345
Total	6,002	274	1,402	4,874

SEGMENTS

GLOBAL ATHLETIC GROUP

The Global Athletic Group, the Company's largest segment, operates via retail stores and directly to customers. The retail formats include the Foot Locker businesses: Foot Locker, Lady Foot Locker, and Kids Foot Locker, as well as Champs Sports. The Foot Locker formats are located in North America, Europe and Australia. Champs Sports operates in the United States and Canada. The Company also operates Footlocker.com, which sells, through its affiliates, directly to customers through catalogs and its Internet websites. Eastbay, one of its affiliates, is the largest direct marketer of athletic footwear, apparel and equipment in the United States, and provides the Company's six full-service e-commerce sites access to an integrated fulfillment and distribution system. Included in the Global Athletic Group's businesses disposed and held for disposal are the Foot Locker Outlets, Colorado, Team Edition, Going to the Game! and Foot Locker Asia.

The results of the Global Athletic Group segment are as follows:

($ in millions)	1999	1998	1997
SALES			
Retail Stores	$ 3,590	$ 3,529	$ 3,547
Direct to Customers	195	160	141
Disposed and held for disposal	115	64	61
Total sales	$ 3,900	$ 3,753	$ 3,749
OPERATING PROFIT (LOSS)			
Retail Stores	$ 109	$ 23	$ 381
Direct to Customers	3	2	(1)
Disposed and held for disposal	(37)	(13)	(5)
Restructuring charges	(71)	--	--
Gains on sales of businesses	13	--	--
Total operating profit	$ 17	$ 12	$ 375
Sales as a percentage of consolidated total	84%	82%	81%
Number of stores at year end	3,710	3,925	3,625
Selling square footage (in millions)	8.15	8.41	6.36

The Global Athletic Group's sales of $3,900 million in 1999 increased 3.9 percent from $3,753 million in 1998, reflecting a comparable-store sales increase of 2.4 percent. In 1998, sales of $3,753 million reflected 300 additional stores, offset by a comparable-store sales decline of 6.1 percent, compared with $3,749 million in 1997.

Operating profit of $17 million in 1999 increased by 41.7 percent from $12 million in 1998. The increase primarily reflected the improved operating performance of the ongoing retail formats and the gain on sale of Colorado in Australia, offset by the operating losses of businesses disposed and held for disposal and the associated restructuring charges. Operating profit in 1998 was $12 million compared with $375 million in 1997. The decline was primarily a result of lower gross margins due to significantly higher markdowns.

RETAIL STORES

Sales of $3,590 million from ongoing retail store formats in 1999 increased 1.7 percent in 1999, compared with $3,529 million in 1998, reflecting a comparable-store sales increase of 1.4 percent. The increase was primarily attributable to improved sales performance at remodeled and relocated stores. In 1998, sales were essentially flat compared with 1997 as the impact of the 295 increase in store base was offset by a comparable-store sales decline of 7.1 percent. This decline was primarily attributable to a major fashion shift away from high-end athletic footwear, as well as soft branded and licensed apparel sales.

The Company reported operating profit from ongoing retail store formats of $109 million in 1999, compared with $23 million in 1998. The increase reflects the improved sales performance and reduced markdown activity in 1999, particularly in the Foot Locker format in the United States and Europe, offset, in part, by increased occupancy costs and depreciation in all formats. Operating profit in 1998 from ongoing retail store formats declined to $23 million from $381 million in 1997 as a result of lower gross margins due to significantly higher markdowns. Oversupplied inventory and a shift in customer preferences from higher priced footwear, particularly basketball footwear, to lower price point product necessitated the higher than normal markdowns. Asset impairment charges of $8 million, $19 million and $1 million before-tax were included in operating profit in 1999, 1998 and 1997, respectively.

DIRECT TO CUSTOMERS

Direct to Customers sales increased by 21.9 percent to $195 million in 1999 from $160 million in 1998. Catalog sales increased 15.8 percent to $183 million in 1999 compared with the prior year. Internet sales, excluding freight, of $12 million in 1999 increased by $10 million compared with 1998. The increase in Direct to Customers sales of 13.5 percent in 1998 to $160 million compared with $141 million in 1997 was driven by the catalog business.

Excluding Internet costs of approximately $4 million in 1999, operating

profit would have increased to $7 million from $2 million in 1998. Management expects significant growth in its integrated Internet and catalog Footlocker.com business in future years, which will be further strengthened by the Company's partnership with the National Football League.

NORTHERN GROUP

($ in millions)	1999	1998	1997
SALES			
Sales	$ 391	$ 402	$449
Disposed and held for disposal	16	13	6
Total sales	$ 407	$ 415	$455
OPERATING PROFIT (LOSS)			
Operating profit (loss) from ongoing operations	$ 8	$ (13)	$ 40
Disposed and held for disposal	(12)	(13)	--
Restructuring charges	(59)	--	--
Total operating profit (loss)	$ (63)	$ (26)	$ 40
Sales as a percentage of consolidated total	9%	9%	10%
Number of stores at year end	921	940	827
Selling square footage (in millions)	1.73	1.66	1.34

The Northern Group consists of four formats: Northern Reflections, Northern Traditions, Northern Getaway and Northern Elements. These stores sell specialty apparel in Canada and the United States, specializing in a range of casual and career apparel for women and casual apparel for men and children. The disposed and held for disposal category reflects the Northern Getaway and Northern Elements formats in the United States. Of the total 921 stores at year end, 501 stores are in the United States and 420 stores are in Canada.

The Northern Group sales of $407 million in 1999 decreased 1.9 percent from 1998 and 5.4 percent on a comparable-store basis. Excluding the impact of foreign currency fluctuations and businesses disposed and held for disposal, sales declined by 3.5 percent. In 1998, sales of $415 million decreased 8.8 percent from 1997 and 11.0 percent on a comparable-store basis. Excluding the impact of foreign currency fluctuations, sales decreased by 5.4 percent.

The operating loss of $63 million in 1999 compared with $26 million in 1998 reflects the impact of closing the under-performing Northern Getaway and Northern Elements formats in the United States as well as restructuring charges associated with an accelerated store closing program and reduction in headcount. Excluding businesses disposed and held for disposal and the associated restructuring charges, the Northern Group reported an operating profit of $8 million in 1999, compared with an operating loss of $13 million in 1998. Operations in 1998 resulted in a loss of $26 million compared with a profit of $40 million in 1997, which primarily reflected increased markdown activity and an asset impairment charge of $7 million before-tax, or $4 million after-tax in 1998.

ALL OTHER BUSINESSES

All business formats captured in the "All Other" category have been disposed or are held for disposal. They include Afterthoughts, The San Francisco Music Box Company, Burger King franchises, Weekend Edition, Garden Centers and Ashbrooks.

($ in millions)	1999	1998	1997
SALES			
Sales of disposed and held for disposal	$ 340	$ 387	$ 408
OPERATING PROFIT (LOSS)			
Disposed and held for disposal	$ 14	$ 8	$ 3
Restructuring charges	(4)	--	--
Gains on sales of businesses	164	19	--
Total operating profit	$ 174	$ 27	$ 3
Sales as a percentage of consolidated total	7%	9%	9%
Number of stores at year end	243	1,137	1,256
Selling square footage (in millions)	0.25	1.00	1.22

On December 1, 1999, the Company completed the sale of the assets of its Afterthoughts retail chain and recorded a pre-tax gain of $164 million. In connection with the 1999 restructuring program, total charges of $4 million were recorded for the disposition of Weekend Edition and Randy River in Canada. On December 24, 1999, the Company completed the sale of 49 of its 87 Weekend Edition stores and on February 27, 2000, substantially all of the Randy River Canada stores were sold. The divestitures of The San Francisco Music Box Company and the Burger King franchises are expected to be complete in 2000.

The operating profit in 1998 included a $19 million gain on the sale of the Garden Centers nursery business.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW

The Company's primary sources of cash have been from operations, borrowings under the revolving credit agreement and proceeds from the sale of non-strategic assets. The Company generally finances real estate with operating leases. The principal use of cash has been to finance inventory requirements, which are generally at their peak during the third and fourth quarters; capital expenditures related to store openings, store remodeling and management information systems; and to fund other general working capital requirements.

Operating activities of continuing operations provided $84 million of cash in 1999, compared with cash used in operations of $11 million in 1998. These amounts reflect the income (loss) from continuing operations, adjusted for non-cash items and working capital changes. The decline in merchandise inventories and accounts payable primarily reflects the Company's improved inventory management in 1999. Also, additional inventory purchases were made in 1998 related to the opening of new larger-size athletic formats. Merchandise inventories, excluding businesses disposed and held for disposal, of $739 million at January 29, 2000 declined by $29 million, or 3.8 percent, from $768 million at January 30, 1999.

Cash used in operations was $11 million in 1998 compared with cash provided by operations of $149 million in 1997. This change reflects the $210 million decline in income from continuing operations in 1998 compared with 1997.

Investing activities of continuing operations contributed $149 million of cash in 1999, compared with cash used of $405 million in investing activities in

1998. The Company received gross proceeds of approximately $250 million related to the sale of the assets of its Afterthoughts retail chain. The public offering of the Company's holding in Colorado Group, Ltd., its Australian athletic and specialty footwear format, generated proceeds of $55 million. Total gross proceeds were approximately $75 million, which included the repayment of a $20 million intercompany loan. Net proceeds related to continuing operations amounted to approximately $21 million. Capital expenditures of $158 million for 1999 included expenditures for over 500 remodeled and new stores, management information systems, logistics and other support facilities, as compared with $549 million for the prior year. Proceeds from real estate disposition activities amounted to $36 million in 1999, which reflected the sale of 15 properties, and the termination of the leased-back portion of the Company's corporate headquarters, which was sold in 1998 for proceeds of approximately $138 million. In 1998, cash used for the acquisition of Athletic Fitters of $29 million was partially offset by $22 million cash proceeds received from the sale of the Garden Centers nursery business.

Cash used in investing activities of continuing operations in 1998 totaled $405 million compared with $377 million in 1997. Cash generated in 1998 primarily includes the proceeds on the sale of the Company's corporate headquarters of approximately $138 million. The cash used in investing activities in 1998 primarily reflects capital expenditures of $549 million, a $300 million increase compared with 1997. The Company's capital expenditures program concentrated on new store openings and remodeling of existing facilities, particularly in the Global Athletic and Northern Groups, which opened in excess of 600 stores. Also included in capital expenditures was the cost of the Company's new comprehensive information systems totaling $70 million and $61 million for 1998 and 1997, respectively. Investing activities in 1997 included the acquisition of Eastbay for a purchase price of approximately $140 million.

Financing activities of continuing operations utilized cash of $282 million in 1999, which primarily reflected the Company's reduction in short-term and long-term debt, compared with a $250 million increase in short-term borrowings in 1998. Outstanding borrowings under the Company's revolving credit agreement were $71 million and $250 million at January 29, 2000 and January 30, 1999, respectively, and have been classified as short-term debt. The Company used the proceeds of asset sales in 1999 to purchase $100 million of the 7 percent debentures, which are due in June 2000, at various dates throughout January 2000. Total debt, net of cash, of $327 million at January 29, 2000 decreased by $247 million in 1999 from $574 million at January 30, 1999.

Cash provided by financing activities increased by $238 million in 1998 compared with 1997, which reflects the short-term debt borrowings of $250 million in 1998.

Discontinued operations provided net cash of $24 million in 1999. The results of the real estate activity and other asset dispositions related to the Specialty Footwear and International General Merchandise segments more than offset the expenses charged to those discontinued reserves, as well as the Domestic General Merchandise reserve, in 1999. Net proceeds related to discontinued operations included the sale of the Australian specialty footwear format and The Bargain! Shop Canadian general merchandise format in 1999 for $34 million and $17 million, respectively.

Net cash provided by discontinued operations in 1998 represents the net proceeds from the sale of the German general merchandise operations of $495 million before-tax ($360 million after-tax) offset by the discontinuance of the Specialty Footwear segment, as well as further utilization of the Domestic General Merchandise reserve. The discontinuance of the Domestic General Merchandise segment in 1997 did not require a net outlay of cash, as the proceeds from the sales of inventories exceeded payments required.

CAPITAL STRUCTURE

The Company reduced long-term and short-term debt by approximately $100 million and $180 million, respectively, in 1999 compared with 1998. Management believes current domestic and international credit facilities and cash provided by operations will be adequate to finance its working capital requirements and support the development of its short-term and long-term strategies. Planned capital expenditures for 2000 are approximately $100 million, of which $56 million relates to new store openings and modernizations of existing stores, $22 million relates to the development of management information systems and $22 million relates to distribution centers and other support facilities.

On March 19, 1999, the Company amended its revolving credit agreement by reducing the facility from $500 million to $400 million. In accordance with the terms of the amended agreement, the facility was reduced to $350 million on December 1, 1999 as a result of the sale of Afterthoughts, and, as required by the revolving credit agreement was further reduced to $300 million on February 15, 2000. The Company is required to satisfy certain financial and operating covenants under the terms of the amended agreement, which include: maximum ratio of total debt to earnings before interest, taxes, depreciation and amortization, minimum fixed charge coverage ratio, minimum tangible net worth and limits on capital expenditures. In addition, the Company funded the repayment of the $200 million 7 percent debentures, which are due in June 2000, by February 15, 2000, as required. As of March 28, 2000, the Company had purchased $110 million of the debentures and the funds to repay the remaining balance were held in escrow. This facility is unsecured relating to the Company's inventory; however, it does include collateralization of certain properties as defined in the agreement. The agreement also restricts consolidations or mergers with third parties, investments and acquisitions, payment of dividends on common stock and repurchases of common stock, and requires borrowings under the agreement to be reduced to not more than $50 million for a period of at least 15 consecutive days during the fourth quarter of each year. The Company was in compliance with all covenants.

For purposes of calculating debt to total capitalization, the Company includes the present value of operating lease commitments. These commitments are the primary financing vehicle used to fund store expansion. The following table sets forth the components of the Company's capitalization, both with and without the present value of operating leases:

($ in millions)	1999	1998
Debt and capital lease obligations, net of cash (1)	$ 327	$ 574
Present value of operating leases	1,672	1,829
Total debt (1)	1,999	2,403
Shareholders' equity	1,139	1,038

Total capitalization	$3,138	$3,441
Net debt capitalization percent (1)	63.7%	69.8%
Net debt capitalization percent without operating leases (1)	22.3%	35.6%

(1) Represents total debt, net of cash and cash equivalents.

The Company's debt to capitalization ratio improved significantly in 1999. Total debt (including the present value of operating leases), net of cash, was reduced by $404 million in 1999 as a result of improved inventory management and focused capital expenditure and store opening programs in addition to proceeds from the sale of non-core assets. Shareholders' equity increased by $101 million pri-

marily related to comprehensive income of $93 million, including net income of $48 million and the $41 million change in the minimum pension liability adjustment. The funded status of the Company's U.S. qualified retirement plan changed from underfunded to overfunded in 1999, due to a change in the assumed discount rate used to measure the projected benefit obligation, and an increase in plan assets as a result of positive investment performance. Management's objective is to further reduce its ratio of debt to capitalization.

Standard & Poor's and Moody's Investors Service lowered the Company's credit ratings in early 1999 to BB and Ba3, respectively. This change increased the Company's subsequent cost of borrowings.

CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

In 1999, the Company adopted a preferred method for calculating the market-related value of its U.S. pension plan assets used in determining annual pension expense. As compared with the previous accounting method, current year's pension expense was reduced by approximately $5 million (before-tax) or $0.02 per diluted share. The Company recorded income of approximately $14 million (before-tax) or $0.06 per diluted share representing the cumulative effect of this change on prior years.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), which establishes accounting and reporting standards for derivative instruments and hedging activities. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB No. 133, an Amendment of FASB Statement No. 133," which defers the implementation of SFAS No. 133 by one year. The Company will adopt SFAS No. 133 in 2001 and is in the process of evaluating its impact on the consolidated financial statements.

SEASONALITY

The Company's businesses are seasonal in nature. Historically, the greatest proportion of sales and net income is generated in the fourth quarter and the lowest proportions of sales and net income are generated in the first and second quarters, reflecting seasonal buying patterns. As a result of these seasonal sales patterns, inventory generally increases in the third quarter in anticipation of increased fourth quarter sales.

YEAR 2000 DISCLOSURE

During 1997, the Company instituted a plan to assess its state of readiness for Y2K and to ascertain the level of compliance of material third parties.

The remediation of all information technology applications considered critical to the Company's business operations, which were not Y2K compliant, was successfully completed in the third quarter of 1999. To date, the Company has experienced no major interruptions in its business operations as a result of the date change. The total direct cost to remediate the Y2K issue of approximately $5 million ($2 million in 1999) was expensed as incurred and funded through operating cash flows.

The Company has contingency plans in place for those areas that might be affected by Y2K. If any business interruption occurs in the future, and it is promptly corrected, management expects it would not significantly impact the Company's results of operations or financial position. However, some business disruptions may occur even with defensive contingency plans.

IMPACT OF THE EUROPEAN MONETARY UNION

The European Union is comprised of fifteen member states, eleven of which adopted a common currency, the "euro," effective January 1, 1999. From that date until January 1, 2002, the transition period, the national currencies will remain legal tender in the participating countries as denominations of the euro. Monetary, capital, foreign exchange and interbank markets have converted to the euro, and non-cash transactions are possible in euros. On January 1, 2002, euro bank notes and coins will be issued and the former national currencies will be withdrawn from circulation no later than July 1, 2002.

The Company has reviewed the impact of the euro conversion on its information systems, accounting systems, vendor payments and human resources. Modifications required to be made to the point of sale hardware and software are expected to be completed throughout 2000 and 2001.

The adoption of a single European currency will lead to greater product pricing transparency and a more competitive environment. The Company will display the euro equivalent price of merchandise as a customer service during the transition period, as will many retailers, until the official euro conversion in 2002. The euro conversion is not expected to have a significant effect on the Company's results of operations or financial condition.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This report, including the message to our shareholders and 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 Company expects or anticipates will or may occur in the future, including such things as future capital expenditures, strategic plans, expansion, growth of the Company's business and operations, Y2K and euro related actions and other such matters are forward-looking statements. These forward-looking statements are based on many assumptions and factors including effects of currency fluctuations, consumer preferences and economic conditions worldwide and the ability of the Company to

implement, in a timely manner, the programs and actions related to the Y2K and euro issues. Any changes in such assumptions or factors could produce significantly different results.

MANAGEMENT'S REPORT

The integrity and objectivity of the financial statements and other financial information presented in this annual report are the responsibility of the management of the Company. The financial statements have been prepared in conformity with generally accepted accounting principles and include, when necessary, amounts based on the best estimates and judgments of management.

The Company maintains a system of internal controls designed to provide reasonable assurance, at appropriate cost, that assets are safeguarded, transactions are executed in accordance with management's authorization, and the accounting records provide a reliable basis for the preparation of the financial statements. The system of internal accounting controls is continually reviewed by management and improved and modified as necessary in response to changing business conditions. The Company also maintains an internal audit function for evaluating and formally reporting on the adequacy and effectiveness of internal accounting controls, policies and procedures.

The Company's financial statements have been audited by KPMG LLP, the Company's independent auditors, whose report expresses their opinion with respect to the fairness of the presentation of the statements.

The Audit Committee of the Board of Directors, which is comprised solely of directors who are not officers or employees of the Company, meet regularly with the Company's management, internal auditors, legal counsel and KPMG LLP to review the activities of each group and to satisfy itself that each is properly discharging its responsibility. In addition, the Audit Committee meets on a periodic basis with KPMG LLP, without management's presence, to discuss the audit of the financial statements as well as other auditing and financial reporting matters. The Company's internal auditors and independent auditors have direct access to the Audit Committee.

/s/ Dale W. Hilpert,

Dale W. Hilpert,
Chairman of the Board and Chief Executive Officer

/s/ Matthew D. Serra,

Matthew D. Serra,
President and Chief Operating Officer

/s/ Bruce L. Hartman,

Bruce L. Hartman,
Senior Vice President and Chief Financial Officer

April 12, 2000

INDEPENDENT AUDITORS' REPORT

KPMG

To the Board of Directors and Shareholders of
Venator Group, Inc.

We have audited the accompanying consolidated balance sheets of Venator Group, Inc. and subsidiaries as of January 29, 2000 and January 30, 1999 and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the years in the three-year period ended January 29, 2000. These consolidated financial statements are the responsibility of Venator Group, Inc. management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Venator Group, Inc. and subsidiaries as of January 29, 2000 and January 30, 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended January 29, 2000 in conformity with generally accepted accounting principles.

As discussed in note 20 to the consolidated financial statements, the Company changed its method of calculating the market-related value of its U.S. pension plan assets in 1999.

/s/ KPMG LLP

New York, NY

March 8, 2000

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)	1999	1998	1997
SALES	$ 4,647	$ 4,555	$ 4,612
COSTS AND EXPENSES			
Cost of sales	3,381	3,333	3,127
Selling, general and administrative expenses	1,078	1,166	1,008
Depreciation and amortization	182	152	122
Restructuring charge	144	--	--
Interest expense, net	57	44	35
	4,842	4,695	4,292
Other income	(223)	(101)	(13)
	4,619	4,594	4,279
Income (loss) from continuing operations before income taxes	28	(39)	333
Income tax expense (benefit)	11	(42)	120
INCOME FROM CONTINUING OPERATIONS	$ 17	$ 3	$ 213
Loss from discontinued operations, net of income tax benefit of $(14) and $(13), respectively	--	(26)	(28)
Income (loss) on disposal of discontinued operations, net of income tax expense (benefit) of $14, $57 and $(115), respectively	23	(113)	(195)
Cumulative effect of accounting change, net of income tax expense of $6	8	--	--
NET INCOME (LOSS)	$ 48	$ (136)	$ (10)
Basic earnings per share:			
Income from continuing operations	$ 0.13	$ 0.02	$ 1.58
Income (loss) from discontinued operations	0.16	(1.02)	(1.66)
Cumulative effect of accounting change	0.06	--	--
Net income (loss)	$ 0.35	$ (1.00)	$ (0.08)
Diluted earnings per share:			
Income from continuing operations	$ 0.13	$ 0.02	$ 1.57
Income (loss) from discontinued operations	0.16	(1.02)	(1.64)
Cumulative effect of accounting change	0.06	--	--
Net income (loss)	$ 0.35	$ (1.00)	$ (0.07)

See Accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)	1999	1998	1997
NET INCOME (LOSS)	$ 48	$ (136)	$ (10)
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustment:			
Translation adjustment arising during the period, net of deferred tax (expense) benefit of $(3), $(26) and $33, respectively	4	39	(56)
Less: reclassification adjustment for net gain included in net loss on disposal of discontinued operations, net of deferred tax expense of $149	--	(149)	--
Net foreign currency translation adjustment	4	(110)	(56)
Minimum pension liability adjustment, net of deferred tax (expense) benefit of $(26), $(2) and $5, respectively	41	2	(8)
COMPREHENSIVE INCOME (LOSS)	$ 93	$ (244)	$ (74)

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

(in millions)	1999	1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 162	$ 193
Merchandise inventories	739	837
Assets held for disposal	61	--
Net assets of discontinued operations	13	97
Other current assets	114	148
	1,089	1,275
PROPERTY AND EQUIPMENT, NET	809	974
DEFERRED TAXES	317	358
GOODWILL, NET	151	171
OTHER ASSETS	149	98
	$2,515	$2,876
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term debt	$ 71	$ 250
Accounts payable	233	245
Accrued liabilities	254	285
Current portion of repositioning and restructuring reserves	88	11
Current portion of reserve for discontinued operations	25	167
Current portion of long-term debt and obligations under capital leases	106	6
	777	964
LONG-TERM DEBT AND OBLIGATIONS UNDER CAPITAL LEASES	312	511
OTHER LIABILITIES	287	363
SHAREHOLDERS' EQUITY	1,139	1,038
	$2,515	$2,876

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(shares in thousands, amounts in millions)	1999		1998		1997	
	Shares	Amount	Shares	Amount	Shares	Amount
COMMON STOCK AND PAID-IN CAPITAL						
Par value $.01 per share, 500 million shares authorized						
Issued at beginning of year	135,654	$ 328	134,986	$ 317	134,047	$ 299
Issued under restricted stock option plan	1,255	1	60	--	--	--
Issued under director and employee stock plans, net of related tax benefit	633	5	608	11	939	18
Issued at end of year	137,542	334	135,654	328	134,986	317
Common stock in treasury at beginning of year	(19)	--	(10)	--	--	--
Reissued under employee stock plans	104	--	--	--	--	--
Forfeitures of restricted stock	(185)	(1)	--	--	--	--
Acquired at cost	--	--	--	--	(10)	--
Exchange of options	--	--	(9)	--	--	--
Common stock in treasury at end of year	(100)	(1)	(19)	--	(10)	--
Amortization of stock issued under restricted stock option plan		3		--		--
Common stock outstanding and paid-in capital at end of year	137,442	336	135,635	328	134,976	317
RETAINED EARNINGS						
Balance at beginning of year		897		1,033		1,050
Net income (loss)		48		(136)		(10)
Change in subsidiaries' year end		--		--		(7)
Balance at end of year		945		897		1,033
SHAREHOLDERS' EQUITY BEFORE ADJUSTMENTS		1,281		1,225		1,350
ACCUMULATED OTHER COMPREHENSIVE LOSS						
Foreign Currency Translation Adjustment						
Balance at beginning of year		(144)		(34)		22
Aggregate translation adjustment, net of deferred tax benefit		4		(110)		(56)
Balance at end of year		(140)		(144)		(34)
Minimum Pension Liability Adjustment						
Balance at beginning of year		(43)		(45)		(37)
Change during year, net of deferred tax benefit (expense)		41		2		(8)
Balance at end of year		(2)		(43)		(45)
TOTAL ACCUMULATED OTHER COMPREHENSIVE LOSS		(142)		(187)		(79)
TOTAL SHAREHOLDERS' EQUITY		$ 1,139		$ 1,038		$ 1,271

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	1999	1998	1997
FROM OPERATING ACTIVITIES			
Net income (loss)	$ 48	$(136)	$ (10)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities of continuing operations:			
Restructuring charge	144	--	--
(Income) loss on disposal of discontinued operations, net of tax	(23)	113	195
Loss from discontinued operations, net of tax	--	26	28
Cumulative effect of accounting change, net of tax	(8)	--	--
Depreciation and amortization	182	152	122
Impairment of long-lived assets	13	33	1
Restricted stock compensation expense	3	--	--
Gains on sales of real estate	(46)	(82)	(12)
Gains on sales of assets and investments	(177)	(19)	--
Deferred income taxes	(13)	30	10
Change in assets and liabilities, net of acquisitions and dispositions:			
Merchandise inventories	30	(78)	(111)
Accounts payable and other accruals	(48)	16	67
1993 repositioning and 1991 restructuring reserves	(12)	(16)	(47)
Income taxes payable	(12)	(27)	(103)
Other, net	3	(23)	9
Net cash provided by (used in) operating activities of continuing operations	84	(11)	149
FROM INVESTING ACTIVITIES			
Proceeds from sales of assets and investments	271	22	--
Proceeds from sales of real estate	36	151	20
Capital expenditures	(158)	(549)	(249)
Payments for businesses acquired, net of cash acquired	--	(29)	(148)
Net cash provided by (used in) investing activities of continuing operations	149	(405)	(377)
FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term debt	(179)	250	--
Reduction in long-term debt	(101)	(15)	(10)
Reduction in capital lease obligations	(7)	(3)	(2)
Issuance of common stock	5	10	16
Net cash provided by (used in) financing activities of continuing operations	(282)	242	4
NET CASH FROM DISCONTINUED OPERATIONS	24	288	107
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	(6)	(2)	1
NET CHANGE IN CASH AND CASH EQUIVALENTS	(31)	112	(116)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	193	81	197
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 162	$ 193	$ 81
CASH PAID DURING THE YEAR:			
Interest	$ 66	$ 60	$ 41
Income taxes	$ 22	$ 16	$ 51

See Accompanying Notes to Consolidated Financial Statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Venator Group, Inc. and its domestic and international subsidiaries (the "Company"), all of which are wholly owned. All significant intercompany amounts have been eliminated. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period. Actual results are not expected to differ significantly from those estimates.

REPORTING YEAR

The reporting period for the Company and its subsidiaries is the Saturday closest to the last day in January, representing the 52 weeks ended January 29, 2000 and January 30, 1999. Previously, the reporting period ended on the last Saturday in January. The 1997 reporting year represents the 53 weeks ended January 31, 1998. References to years in this annual report relate to fiscal years rather than calendar years.

In 1997, the Company changed the reporting period for its Foot Locker Europe operations from a calendar year ending December 31, to the 53-week period ended on the last Saturday in January. The results of operations for the period from January 1 through January 31, 1998 were charged to retained earnings for the reporting year ended January 31, 1998 in order to report only 12 months' operating results.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

MERCHANDISE INVENTORIES

Merchandise inventories are valued at the lower of cost or market using the retail method. Cost is determined on the last-in, first-out (LIFO) basis for most domestic inventories and on the first-in, first-out (FIFO) basis for international inventories.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Significant additions and improvements to property and equipment are capitalized. Maintenance and repairs are charged to current operations as incurred. Major renewals or replacements that substantially extend the useful life of an asset are capitalized and depreciated.

CAPITALIZED SOFTWARE

Capitalized software reflects certain costs related to software developed for internal use that are capitalized and amortized, after substantial completion of the project, on a straight-line basis over periods not exceeding 8 years. Capitalized software, net of accumulated amortization, is included in property and equipment and was $23.2 million at January 29, 2000 and $7.7 million at January 30, 1999.

DEPRECIATION AND AMORTIZATION

Owned property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets: 25 to 45 years for buildings and 3 to 10 years for furniture, fixtures and equipment. Property and equipment under capital leases and improvements to leased premises are generally amortized on a straight-line basis over the shorter of the estimated useful life of the asset or the remaining lease term.

GOODWILL

Goodwill represents the excess purchase price over the fair value of assets acquired and is amortized on a straight-line basis over periods not exceeding 40 years. Goodwill arising from acquisitions made since 1995 is amortized over periods not exceeding 20 years. Recoverability of goodwill is evaluated based upon estimated future profitability and cash flows. Accumulated amortization amounted to $58.7 million and $50.2 million at January 29, 2000 and January 30, 1999, respectively.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used by the Company to manage its interest rate and international currency exposures. The Company does not hold derivative financial instruments for trading or speculative purposes. For interest rate swap agreements, the interest rate differential to be paid or received under the agreement is recognized over the life of the swap agreement and is included as an adjustment to interest expense. The carrying amount of each interest rate swap is reflected in the Consolidated Balance Sheets as a current receivable or payable as appropriate. For forward foreign exchange contracts, gains and losses designated as hedges of inventory purchases are deferred and included in the cost of inventory.

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments and hedging activities. In June

1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133, an Amendment of FASB Statement No. 133," which defers the implementation of SFAS No. 133 by one year. The Company will adopt SFAS No. 133 in 2001 and is in the process of evaluating its impact on the consolidated financial statements.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. The carrying value of cash and cash equivalents, other current receivables and short-term debt approximate fair value due to the short-term maturities of these assets and liabilities. Quoted market prices of the same or similar instruments are used to determine fair value of long-term debt, interest rate swaps and forward foreign exchange contracts. Discounted cash flows are used to determine the fair value of long-term receivables and mortgages if quoted market prices on these instruments are unavailable.

RECOVERABILITY OF LONG-LIVED ASSETS

In accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," an impairment loss is recognized whenever events or changes in circumstances indicate that the carrying amounts of long-lived tangible and intangible assets may not be recoverable. Assets are grouped and evaluated at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The Company has identified this lowest level to be principally individual stores. The Company considers historical performance and future estimated results in its evaluation of potential impairment and then compares the carrying amount of the asset to the estimated future cash flows expected to result from the use of the asset. If the carrying amount of the asset exceeds estimated expected undiscounted future cash flows, the Company measures the amount of the impairment by comparing the carrying amount of the asset to its fair value. The estimation of fair value is generally measured by discounting expected future cash flows at the rate the Company utilizes to evaluate potential investments. The Company estimates fair value based on the best information available using estimates, judgments and projections as considered necessary.

STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation by applying Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25") as permitted by SFAS No. 123, "Accounting for Stock-Based Compensation." In accordance with APB No. 25, compensation expense is not recorded for options granted if the option price is not less than the quoted market price at the date of grant. Compensation expense is also not recorded for employee purchases of stock under the 1994 Stock Purchase Plan since the plan is non-compensatory as defined in APB No. 25.

INCOME TAXES

The Company determines its deferred tax provision under the liability method, whereby deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using presently enacted tax rates. Deferred tax assets are recognized for tax credit and net operating loss carryforwards, reduced by a valuation allowance, which is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Provision for U.S. income taxes on undistributed earnings of foreign subsidiaries is made only on those amounts in excess of the funds considered to be permanently reinvested.

STORE PRE-OPENING AND CLOSING COSTS

Store pre-opening costs are charged to expense as incurred. In the event a store is closed before its lease has expired, the estimated post-closing lease obligation, less sublease rental income, is provided for when a decision to close the store is made.

ADVERTISING COSTS

Advertising and sales promotion costs are expensed at the time the advertising or promotion takes place. Advertising costs as a component of selling, general and administrative expenses were $79.8 million in 1999, $94.2 million in 1998 and $81.0 million in 1997.

FOREIGN CURRENCY TRANSLATION

The functional currency of the Company's international operations is the applicable local currency. The translation of the applicable foreign currency into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using the weighted-average rates of exchange prevailing during the year. The unearned gains and losses resulting from such translation are included as a separate component of accumulated other comprehensive loss within shareholders' equity.

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, restricted stock awards and other convertible securities. A reconciliation of weighted-average common shares outstanding to weighted-average common shares outstanding assuming dilution follows:

(in millions)	1999	1998	1997
Weighted-average common shares outstanding	137.2	135.4	134.6
Incremental common shares issuable	1.0	.5	1.2
Weighted-average common shares outstanding assuming dilution	138.2	135.9	135.8

Options to purchase 7.3 million shares of common stock with an exercise price greater than the average market price were outstanding at January 29, 2000, but were not included in the computation of diluted earnings per share.

RECLASSIFICATIONS

Certain balances in prior fiscal years have been reclassified to conform to the presentation adopted in the current fiscal year. The inventory, fixed assets and other long-lived assets of all businesses to be exited have been reclassified as assets held for disposal in the Consolidated Balance Sheet as of January 29, 2000.

2. 1999 RESTRUCTURING

Total restructuring charges of $155 million before-tax were recorded for the Company's 1999 restructuring program. Inventory markdowns of $11 million were included in cost of sales while the remaining $144 million restructuring charge was included in operating expenses.

During the second quarter of 1999, the Company approved a restructuring plan to sell or liquidate eight non-core businesses: The San Francisco Music Box Company, Randy River Canada, Foot Locker Outlets, Colorado, Team Edition, Going to the Game!, Weekend Edition and Burger King franchises. Restructuring charges of $64 million pre-tax ($39 million after-tax) were recorded in the second quarter. Major components of the charge included leasehold and real estate disposition costs ($24 million), fixed asset and other asset impairments ($19 million), inventory markdowns ($12 million) and other exit costs ($9 million). The inventory markdowns of $12 million were included in cost of sales while the remaining $52 million restructuring charge was included in operating expenses. The Company recorded an additional charge in the third quarter of approximately $3 million before-tax ($2 million after-tax) primarily related to Weekend Edition fixed assets and real estate disposition costs. On December 24, 1999, the Company completed the sale of 49 of its 87 Weekend Edition stores. The initial plan assumed the partial sale and partial liquidation of the Foot Locker Outlets format. As the partial sale could not be completed, 39 of the 81 stores were redeployed to the Foot Locker format, and the Company recorded a pre-tax reduction of $4 million to the reserve in the fourth quarter, primarily related to real estate disposition costs for the Foot Locker Outlets. Favorable results from the Colorado liquidation, which was completed in December 1999, and real estate disposition activity resulted in reductions in both inventory markdowns and real estate costs of $1 million in the fourth quarter, which were offset by additional fixed asset write-offs of approximately $1 million. In addition, the Company recorded a pre-tax charge of approximately $1 million in the fourth quarter related to the pending sale of substantially all of its Randy River Canada stores, effective February 27, 2000. The remaining businesses will be liquidated or sold and all dispositions are expected to be completed in 2000. The $24 million reserve balance at January 29, 2000 primarily reflects estimated lease costs, and will be substantially utilized within twelve months.

On January 25, 2000, the Company announced a further restructuring plan and recorded a charge of $92 million before-tax, or $56 million after-tax, in the fourth quarter of 1999. The components of the charge included an accelerated store closing program ($62 million), the closure of the Foot Locker stores in Asia ($6 million), headcount reduction ($17 million) and a distribution center shutdown ($7 million).

The Company plans to close 358 under-performing stores in the United States and Canada including 150 Global Athletic Group stores and 208 Northern Group stores, which includes the disposal of the entire Northern Getaway and Northern Elements formats in the United States. During the fourth quarter 72 stores were closed and the remaining 286 stores are expected to close in 2000. The total charge related to the closed store restructuring program of $62 million included fixed asset impairments of $24 million. The reserve balance of $38 million at January 29, 2000 represents leasehold and real estate disposition costs of $37 million and $1 million in severance costs to eliminate approximately 3,100 store positions. The Company recorded an additional restructuring charge of approximately $6 million in the fourth quarter associated with management's decision to close the Foot Locker stores in Asia, which included fixed asset impairments of $3 million. The reserve remaining of $3 million at January 29, 2000 reflects real estate disposition costs, severance and inventory markdowns.

In connection with the disposition of several of its non-core businesses, the Company reduced sales support and corporate staff by over 30 percent, reduced divisional staff and consolidated the management of Kids Foot Locker and Lady Foot Locker into one organization. Approximately 400 positions were eliminated at a total cost of $17 million, $3 million of which was spent in 1999, and $14 million of which will be utilized in 2000. In addition, the Company plans to close its Champs Sports distribution center in Maumelle, Arkansas and to consolidate its operations with the Foot Locker facility located in Junction City, Kansas. The charge of $7 million included fixed asset impairments of $2 million. The reserve remaining of $5 million at January 29, 2000 includes severance costs to eliminate approximately 200 positions of $1 million and $4 million, related primarily to estimated lease costs in 2000.

Included in the consolidated results of operations are sales of $402 million and operating losses of $61 million in 1999 for the above non-core businesses and under-performing stores.

Inventory, fixed assets and other long-lived assets of all businesses to be exited have been valued at the lower of cost or net realizable value. These assets, totaling $61 million, have been reclassified as assets held for disposal in the Consolidated Balance Sheet as of January 29, 2000.

3. OTHER INCOME

On December 1, 1999, the Company completed the sale of the assets of its Afterthoughts retail chain for gross proceeds of $250 million. The Company recorded a gain of $164 million before-tax, or $100 million after-tax, from the sale. On December 6, 1999, the Company completed the public offering of 100 percent of its holding in Colorado Group, Ltd., its Australian athletic and specialty footwear format, for proceeds of $55 million. Gross proceeds of approximately $75 million included the repayment of a $20 million intercompany loan. The Company recorded a pre-tax gain of $13 million to continuing operations related to its Colorado athletic format. Included in the consolidated results of operations are sales of $184 million and operating profit of $10 million in 1999 for Afterthoughts and Colorado.

On December 4, 1998, the Company completed the sale of its corporate headquarters building in New York for gross proceeds of approximately $138

million and leased back a portion of the building. Other income in 1998 included a $73 million gain recognized on the building sale, $29 million was deferred at January 30, 1999 related to the leased back portion. On January 25, 2000, the Company signed a definitive agreement to vacate the leased-back portion, terminate the lease, and sell the associated furniture and fixtures. In connection with the lease termination, the deferred gain of $29 million was accelerated and the Company recognized a net gain of $17 million in 1999.

In addition, the sale of other corporate properties contributed gross proceeds of $41 million, $13 million and $20 million in 1999, 1998 and 1997, respectively, generating real estate gains of $29 million,$9 million and $12 million. In 1998, other income also includes the $19 million gain on sale of the Garden Centers nursery business for proceeds of $22 million.

4. ACQUISITIONS

On February 26, 1998, the Company acquired 94 stores from Athletic Fitters, Inc., a Minneapolis-based company, for a cash price of approximately $29 million. This acquisition was accounted for as a purchase and the resulting intangible assets of approximately $12 million are amortized using the straight-line method over 10 years.

On January 30, 1997, the Company acquired Eastbay, Inc. ("Eastbay") for $140 million in a transaction accounted for as a purchase. The Company's consolidated results of operations include those of Eastbay beginning with the date the acquisition was consummated. The excess of cost over net assets acquired of approximately $107 million is amortized using the straight-line method over 20 years.

On August 18, 1997, the Company acquired the assets of Koenig Sporting Goods, Inc. for approximately $8 million in cash in a transaction that was accounted for as a purchase. The Company has successfully converted 21 stores into the Champs Sports format.

5. IMPAIRMENT OF LONG-LIVED ASSETS

In 1999, the Company recorded a non-cash pre-tax asset impairment charge of approximately $50 million associated with its restructuring program, which represented impairment of goodwill of $5 million and other long-lived assets such as properties, store fixtures and leasehold improvements of $45 million. The impairment loss was included in the $144 million restructuring charge recorded in 1999. Of the total impairment loss recognized, $28 million related to the Global Athletic Group and $19 million related to the Northern Group. Corporate assets and formats included in the "All Other" category were impaired by $2 million and $1 million, respectively.

In addition, the Company recorded a non-cash pre-tax charge of approximately $8 million in 1999 in selling, general and administrative expenses, which represented impairment of long-lived assets such as properties, store fixtures and leasehold improvements related to the Global Athletic Group. Corporate expense also included $5 million in 1999 and 1998 related to the impairment of capitalized software.

In 1998, the Company recorded a non-cash pre-tax charge of $28 million in selling, general and administrative expenses, which represented impairment of long-lived assets such as properties, store fixtures and leasehold improvements. Of the total impairment loss recognized, $19 million related to the Global Athletic Group, $7 million related to the Northern Group and formats included in the "All Other" category were impaired by $2 million. Pre-tax impairment was $1 million for 1997 continuing operations.

6. DISCONTINUED OPERATIONS

On September 22, 1998, the Company announced that it was exiting its International General Merchandise segment. The sale of its general merchandise business in Germany was completed on October 22, 1998 for $563 million and the Company recorded a net gain on the disposal of the International General Merchandise segment of $174 million before-tax, or $39 million after-tax. On December 1, 1999, the Company sold 85 of The Bargain! Shop stores for proceeds of $17 million and the remaining stores were liquidated by January 29, 2000. The Company recorded a reduction to the reserve of $13 million before-tax, or $7 million after-tax, in the fourth quarter of 1999, which reflected better than anticipated results in The Bargain! Shop disposition. The reserve balance at January 29, 2000 of $10 million is required primarily to satisfy lease obligations over the next few years.

On September 16, 1998, the Company announced that it was exiting its Specialty Footwear segment including 467 Kinney Shoe stores and 103 Footquarters stores. Approximately 66 of these locations have been converted to the Lady Foot Locker and Kids Foot Locker formats and the remaining stores were closed in 1999. The Company recorded a net charge to earnings of $234 million before-tax, or $155 million after-tax, in 1998 for the loss on disposal of the segment. In the second and fourth quarters of 1999, respectively, the Company recorded reductions to the reserve of $17 million and $28 million before-tax, or $10 million and $19 million after-tax, which principally related to favorable results from lease buy-outs and real estate dispositions compared to original estimates. The reserve balance of $28 million at January 29, 2000 primarily reflects real estate and other disposition costs, $12 million of which is expected to be utilized within twelve months and the remaining $16 million thereafter.

In 1997, the Company exited its 400 store Domestic General Merchandise segment and recorded a loss on disposal of discontinued operations of $310 million before-tax, or $195 million after-tax. The Company has converted many of the prime locations into 131 stores including Foot Locker, Champs Sports, and other athletic or specialty formats. As a result of gains from the planned disposition of leased and owned stores in prime real estate locations of $34 million, and other actual experience better than anticipated, the Company reduced the reserve by $4 million before-tax, or $3 million after-tax in 1998. In the fourth quarter of 1999, the Company recorded an additional charge of $21 million before-tax, or $13 million after-tax. This charge reflected leasehold obligations of $17 million principally for estimated lease costs related to excess space in former general merchandise locations, which have limited commercial use contrary to what was originally anticipated, and $4 million primarily related to legal liabilities. The reserve remaining at January 29, 2000 of $23 million is included in current liabilities ($9 million) and other liabilities ($14 million).

Disposition activity related to the reserve for discontinued operations is presented by segment below:

INTERNATIONAL GENERAL MERCHANDISE

(in millions)	1998 (INCOME)	1998 CHARGE/ PROCEEDS	1998 NET BALANCE	1999 (INCOME)	1999 CHARGE/ PAYMENTS	1999 NET BALANCE
Sale of German Operations	$ (214)	$ 214	$ --	$ --	$ --	$ --
The Bargain! Shop	40	1	41	(13)	(18)	10
Total	$ (174)	$ 215	$ 41	$ (13)	$ (18)	$ 10

SPECIALTY FOOTWEAR

(in millions)	1998 CHARGE/ (INCOME)	1998 NET PAYMENTS	1998 BALANCE	1999 CHARGE/ (INCOME)	1999 NET PAYMENTS	1999 BALANCE
Lease liabilities	$ 93	$ (17)	$ 76	$ (34)	$ (27)	$ 15
Operating losses & other costs	61	(35)	26	(5)	(8)	13
Inventory liquidation	33	(31)	2	--	(2)	--
Fixed asset write-offs	33	(22)	11	(2)	(9)	--
Severance & personnel	14	(8)	6	(4)	(2)	--
Total	$ 234	$ (113)	$ 121	$ (45)	$ (48)	$ 28

DOMESTIC GENERAL MERCHANDISE

(in millions)	1997 CHARGE/ (INCOME)	1997 NET PAYMENTS	1997 BALANCE	1998 CHARGE/ (INCOME)	1998 NET PAYMENTS	1998 BALANCE	1999 CHARGE/ (INCOME)	1999 NET PAYMENTS	1999 BALANCE
Lease liabilities	$ 101	$ (36)	$ 65	$ (26)	$ (18)	$ 21	$ 18	$ (23)	$ 16
Severance & personnel	72	(59)	13	(10)	(3)	--	--	--	--
Fixed asset write-offs	46	(49)	(3)	4	(1)	--	--	--	--
Inventory liquidation & other costs	91	(76)	15	28	(29)	14	3	(10)	7
Total	$ 310	$ (220)	$ 90	$ (4)	$ (51)	$ 35	$ 21	$ (33)	$ 23

The results of operations and assets and liabilities for the International General Merchandise segment, the Specialty Footwear segment and the Domestic General Merchandise segment have been classified as discontinued operations for all periods presented in the Consolidated Statements of Operations and Consolidated Balance Sheets. Sales, net income (loss) from discontinued operations and interest expense allocations based on intercompany debt balances for fiscal years 1998 and 1997 through the respective date of discontinuance of each segment are presented below.

(in millions)	INTERNATIONAL GENERAL MERCHANDISE	SPECIALTY FOOTWEAR	DOMESTIC GENERAL MERCHANDISE	TOTAL
1998				
Sales	$ 842	301	--	$ 1,143
Net loss	$ (9)	(17)	--	$ (26)
Interest expense allocation	$ --	5	--	$ 5
1997				
Sales	$ 1,479	533	427	$ 2,439
Net income (loss)	$ 8	(8)	(28)	$ (28)
Interest expense allocation	$ --	6	8	$ 14

Presented below is a summary of the net assets of discontinued operations at January 29, 2000 and January 30, 1999. Assets consist primarily of inventory, fixed assets, and deferred tax assets and liabilities reflect accounts payable and other accrued liabilities.

INTERNATIONAL GENERAL	SPECIALTY	DOMESTIC GENERAL

(in millions)	MERCHANDISE	FOOTWEAR	MERCHANDISE	TOTAL
1999				
Assets	$ 5	5	12	$ 22
Liabilities	2	2	5	9
Net assets of discontinued operations	$ 3	3	7	$ 13
1998				
Assets	$ 47	63	23	$ 133
Liabilities	11	17	8	36
Net assets of discontinued operations	$ 36	46	15	$ 97

7. SEGMENT INFORMATION

The Company has determined that its reportable segments are those that are based on its method of internal reporting, which disaggregates its business by product category. The Company's reportable segments are the Global Athletic Group and the Northern Group. The Global Athletic Group sells branded athletic footwear and apparel through its various retail stores and also directly to customers via catalogs and the Internet. The Northern Group specializes in casual and career apparel for women, and casual apparel for men and children. The Afterthoughts jewelry format and The San Francisco Music Box Company, among others, are included in the "All Other" category. All formats presented as "All Other" were either disposed or held for disposal as of January 29, 2000.

SALES

(in millions)	1999	1998	1997
Global Athletic Group:			
Retail Stores	$3,705	$3,593	$3,608
Direct to Customers	195	160	141
	3,900	3,753	3,749
Northern Group	407	415	455
All Other *	340	387	408
Total sales	$4,647	$4,555	$4,612

The accounting policies of the segments are the same as those described in the "Summary of Significant Accounting Policies." There are no intersegment sales. The Company evaluates performance based on several factors, of which the primary financial measure is operating results. Operating results reflect earnings before corporate expense, corporate gains on sales of real estate, interest and income taxes.

OPERATING RESULTS

(in millions)	1999	1998	1997
Global Athletic Group:			
Retail Stores (1)	$ 14	$ 10	$ 376
Direct to Customers	3	2	(1)
	17	12	375
Northern Group (2)	(63)	(26)	40
All Other (3) *	174	27	3
Operating profit	128	13	418
Corporate expense, net (4)	43	8	50
Interest expense, net	57	44	35
Income (loss) from continuing operations before income taxes	$ 28	$ (39)	$ 333

(1) Includes restructuring charges of $71 million in 1999 ($11 million recorded in cost of sales), offset by Colorado gain of $13 million.

(2) Includes restructuring charges of $59 million in 1999.

(3) 1999 includes Afterthoughts gain of $164 million, offset by restructuring charges of $4 million. 1998 includes Garden Centers gain of $19 million.

(4) 1999 includes restructuring charges of $21 million.

	DEPRECIATION AND AMORTIZATION			CAPITAL EXPENDITURES			TOTAL ASSETS		
(in millions)	1999	1998	1997	1999	1998	1997	1999	1998	1997
Global Athletic Group:									
Retail Stores	$118	$ 95	$ 74	$103	$403	$ 132	$1,438	$1,719	$1,166
Direct to Customers	7	7	7	2	2	6	159	155	152
	125	102	81	105	405	138	1,597	1,874	1,318
Northern Group	14	13	10	6	37	23	278	297	250
All Other *	10	12	12	12	28	14	67	135	142
Corporate	33	25	19	35	79	74	560	473	484
Discontinued operations, net							13	97	604
Total Company	$182	$152	$122	$158	$549	$ 249	$2,515	$2,876	$2,798

* All formats presented as "All Other" were either disposed or held for disposal at January 29, 2000.

Sales and long-lived asset information by geographic area as of and for the fiscal years ended January 29, 2000, January 30, 1999 and January 31, 1998 are presented below. Sales are attributed to the country in which the sales originate, which is where the legal subsidiary is domiciled. Long-lived assets reflect property and equipment. No individual country included in the Other International category is significant.

SALES

(in millions)	1999	1998	1997
United States	$3,860	$3,811	$3,857
Canada	378	404	456
Other International	409	340	299
Total sales	$4,647	$4,555	$4,612

LONG-LIVED ASSETS

(in millions)	1999	1998	1997
United States	$ 706	$ 860	$ 540
Canada	47	52	46
Other International	56	62	39
Total long-lived assets	$ 809	$ 974	$ 625

8. 1993 REPOSITIONING AND 1991 RESTRUCTURING RESERVES

The Company recorded charges of $558 million in 1993 and $390 million in 1991 to reflect the anticipated costs to sell or close under-performing specialty and general merchandise stores in the United States and Canada. Under the 1993 repositioning program, approximately 970 stores were identified for closing. Approximately 900 stores were closed under the 1991 restructuring program.

Included in operating results are adjustments of $11 million and $3 million for 1999 and 1998, respectively, which primarily reflect sublease and other income relating to owned and leased properties. The remaining reserve balance of $9 million at January 29, 2000 is expected to be required to satisfy future lease obligations and cancellations of $6 million and facilities-related costs of $3 million.

The activity in the reserves was as follows:

(in millions)	1999	1998
Balance at beginning of year	$ 21	$ 37
Interest on net present value of lease obligations	2	4
Cash payments	(3)	(17)
Sublease income and revision of estimates	(7)	(3)
Gain on sale of properties	(4)	--
Balance at end of year	$ 9	$ 21

9. MERCHANDISE INVENTORIES

(in millions)	1999	1998
LIFO inventories	$576	$642
FIFO inventories	163	195
Total merchandise inventories	$739	$837
Excess of current cost (FIFO) over stated LIFO cost	$--	$ 1

10. OTHER CURRENT ASSETS

(in millions)	1999	1998
Net receivables	$ 54	$ 98
Operating supplies and prepaid expenses	29	26
Deferred taxes	31	22
Other	--	2
	$114	$148

11. PROPERTY AND EQUIPMENT, NET

(in millions)	1999	1998
LAND	$ 5	$ 5
BUILDINGS:		
Owned	25	38
Leased	3	--
FURNITURE, FIXTURES AND EQUIPMENT:		
Owned	939	1,019
Leased	39	33
	1,011	1,095
Less: accumulated depreciation	(475)	(476)
	536	619
ALTERATIONS TO LEASED AND OWNED BUILDINGS, NET OF ACCUMULATED AMORTIZATION	273	355

	$ 809	$ 974

12. OTHER ASSETS

(in millions)	1999	1998
Lease acquisition costs	$ 60	$ 71
Pension benefits	43	1
Income taxes receivable	14	--
Other	32	26
	$149	$ 98

13. ACCRUED LIABILITIES

(in millions)	1999	1998
Payroll and related costs	$ 52	$ 48
Taxes other than income taxes	30	34
7% debentures purchased, not settled	21	--
Income taxes payable	20	6
Store closings and real estate related costs	16	27
Pension and postretirement benefits	10	40
Deferred taxes	9	--
Other operating costs	96	130
	$254	$285

14. SHORT-TERM DEBT

($ in millions)	1999	1998
Bank loans	$ 71	$250
Weighted-average interest rate on year-end balance	8.36%	5.63%

At January 29, 2000, unused lines of credit under which the Company may borrow funds totaled $270 million, of which domestic credit lines totaled $258 million and international lines totaled $12 million. The domestic credit lines of $258 million in addition to $21 million standby letters of credit existed pursuant to a revolving credit agreement with 13 lending institutions for general corporate purposes. The $12 million international credit lines consisted of overdraft facilities maintained for temporary needs. Unused letter of credit facilities totaled $25 million at January 29, 2000. The Company has additional informal agreements with certain banks in the United States.

On March 19, 1999, the Company amended its revolving credit agreement by reducing the facility from $500 million to $400 million. In accordance with the terms of the amended agreement, the facility was reduced to $350 million on December 1, 1999 as a result of the sale of Afterthoughts and was further reduced to $300 million on February 15, 2000. The Company is required to satisfy certain financial and operating covenants under the terms of the agreement, which include: maximum ratio of total debt to earnings before interest, taxes, depreciation and amortization; minimum fixed charge coverage ratio; minimum tangible net worth; and limits on capital expenditures. In addition, the Company was required to fund the repayment of the $200 million 7 percent debentures, which are due in June 2000, by February 15, 2000. In January and February 2000, respectively, the Company extinguished $100 million and $4 million of the 7 percent debentures and on February 15, 2000, $96 million was placed in escrow to fund the repayment of the balance outstanding at that date. As of March 7, 2000, the Company purchased an additional $5 million of the debentures and reduced the funds held in escrow by the same amount. This facility is unsecured relating to the Company's inventory; however, it does include collateralization of certain properties as defined in the agreement. The agreement also restricts consolidations or mergers with third parties, investments and acquisitions, payment of dividends on common stock and repurchases of common stock, and requires borrowings under the agreement to be reduced to not more than $50 million for a period of at least 15 consecutive days during the fourth quarter of each year. The Company was in compliance with all covenants.

Interest is determined at the time of borrowing based on the banks' base rates, rates paid on certificates of deposit, the London Interbank Offered Rate or other variable rates. Up-front fees paid under the amended agreement are amortized over the life of the facility on a pro-rata basis. In addition, the Company paid quarterly facility fees ranging from 0.50 to 1.25 percent of outstanding borrowings based on the Company's 1999 credit ratings. The facility will expire in April 2002.

15. LONG-TERM DEBT AND OBLIGATIONS UNDER CAPITAL LEASES

Following is a summary of long-term debt and obligations under capital leases:

(in millions)	1999	1998
7.0% debentures payable 2000	$100	$200
8.5% debentures payable 2022	200	200
6.98% medium-term notes payable 2001	50	50
7.0% medium-term notes payable 2002	40	40
Other	--	1
Total long-term debt	390	491
Obligations under capital leases	28	26
	418	517
Less: current portion	106	6
	$312	$511

The Company purchased $100 million of the 7 percent debentures, which are due in June 2000, at various dates throughout January 2000. The transactions were accounted for on a trade date basis and $21 million was settled after the year-end. The aggregate gain on sale related to the early extinguishment of debt did not have a material impact on the Company's Consolidated Statements of Operations. The Company purchased a further $9 million of the 7 percent debentures through March 7, 2000, and set aside funds for the repayment of the remaining balance outstanding.

Maturities of long-term debt and minimum rent payments under capital leases in future periods are:

LONG-TERM CAPITAL

(in millions)	DEBT	LEASES	TOTAL
2000	$100	$ 8	$108
2001	50	5	55
2002	40	3	43
2003	--	1	1
2004	--	--	--
Thereafter	200	14	214
	390	31	421
Less: Imputed interest	--	3	3
Current portion	100	6	106
	$290	$ 22	$312

16. LEASES

The Company is obligated under capital and operating leases for a major portion of its store properties. Some of the store leases contain purchase or renewal options with varying terms and conditions. Management expects that in the normal course of business, expiring leases will generally be renewed or, upon making a decision to relocate, replaced by leases on other premises. Operating lease periods generally range from 5 to 10 years. Certain leases provide for additional rent payments based on a percentage of store sales. The present value of operating leases is discounted using various interest rates ranging from 6 percent to 13 percent.

Rent expense consists of the following:

(in millions)	1999	1998	1997
Rent	$ 571	$ 540	$ 490
Contingent rent based on sales	9	12	19
Sublease income	--	(7)	(11)
Total rent expense	$ 580	$ 545	$ 498

Future minimum lease payments under non-cancelable operating leases are:

(in millions)	
2000	$ 380
2001	346
2002	313
2003	271
2004	232
Thereafter	730
Total operating lease commitments	$2,272
Present value of operating lease commitments	$1,672

17. OTHER LIABILITIES

(in millions)	1999	1998
Other postretirement benefits	$173	$186
Reserve for discontinued operations	36	30
Pension benefits	25	65
Repositioning and restructuring reserves	5	10
Other	48	72
	$287	$363

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FOREIGN EXCHANGE RISK MANAGEMENT

The Company enters into forward foreign exchange and option contracts to reduce the effect of fluctuations in currency exchange rates. Exposures arising from short-term intercompany transactions and inventory purchases are managed through the use of forward and option contracts. Determination of hedge activity is based upon market conditions, magnitude of inventory commitments and perceived risks. All contracts mature within one year. At January 29, 2000 and January 30, 1999, the Company had outstanding foreign exchange contracts with an aggregate notional value of $68 million and $79 million, respectively, for inventory purchases, and $67 million and $52 million, respectively, for intercompany transactions. The carrying values of these contracts did not differ materially from their fair values.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value and estimated fair value of long-term debt was $390 million and $311 million, respectively, at January 29, 2000, and $491 million and $454 million, respectively, at January 30, 1999.

INTEREST RATE RISK MANAGEMENT

Interest rate swaps have been utilized by the Company to minimize its exposure

to interest rate fluctuations. There were no swap agreements in effect at January 29, 2000 or January 30, 1999.

CREDIT RISK

Credit risk of forward foreign exchange contracts and interest rate swaps is considered minimal, as management closely monitors the financial condition of the counter-parties to the contracts, which are financial institutions with credit ratings of A- or higher.

BUSINESS RISK

The retailing business is highly competitive. Price, quality and selection of merchandise, reputation, store location, advertising and customer service are important competitive factors in the Company's business. The Company purchases merchandise and supplies from thousands of vendors worldwide. The Company purchased approximately 54 percent of its 1999 merchandise from one major vendor. The Company considers vendor relations to be satisfactory.

19. INCOME TAXES

Following are the domestic and international components of pre-tax income (loss) from continuing operations:

(in millions)	1999	1998	1997
Domestic	$ (1)	$(19)	$287
International	29	(20)	46
Total pre-tax income (loss)	$ 28	$(39)	$333

The income tax provision (benefit) consists of the following:

(in millions)	1999	1998	1997
CURRENT:			
Federal	$ 15	$ (70)	$ 68
State and local	4	(2)	16
International	5	--	26
Total current tax provision (benefit)	24	(72)	110
DEFERRED:			
Federal	(19)	27	18
State and local	(6)	2	(9)
International	12	1	1
Total deferred tax provision (benefit)	(13)	30	10
Total income tax provision (benefit)	$ 11	$ (42)	$ 120

Provision has been made in the accompanying Consolidated Statements of Operations for additional income taxes applicable to dividends received or expected to be received from international subsidiaries. The amount of unremitted earnings of international subsidiaries, for which no such tax is provided and which is considered to be permanently reinvested in the subsidiaries, totaled $196 million at January 29, 2000.

A reconciliation of the significant differences between the federal statutory income tax rate and the effective income tax rate on pre-tax income (loss) from continuing operations is as follows:

	1999	1998	1997
Federal statutory income tax rate	35.0%	(35.0)%	35.0%
State and local income taxes, net of federal tax benefit	(4.5)	--	4.4
International income taxed at varying rates	14.0	9.3	1.4
Foreign tax credit utilization	(4.4)	(150.7)	0.9
Increase (decrease) in valuation allowance	4.4	17.7	(4.3)
Gain on surrender of company-owned life insurance	--	48.5	--
Goodwill amortization	10.8	7.4	--
Basis differential on disposition of foreign assets	(19.9)	--	--
Other, net	3.6	(4.9)	(1.4)
Effective income tax rate	39.0%	(107.7)%	36.0%

Items that gave rise to significant portions of the deferred tax accounts are as follows:

(in millions)	1999	1998
DEFERRED TAX ASSETS:		
Tax loss/credit carryforwards	$ 197	$ 157
Employee benefits	74	116
Reserve for discontinued operations	76	120
Repositioning and restructuring reserves	37	18
Property and equipment	104	86
Other	5	--
Total deferred tax assets	493	497
Valuation allowance	(133)	(87)

Total deferred tax assets, net	360	410
DEFERRED TAX LIABILITIES:		
Inventories	21	14
Other	--	16
Total deferred tax liabilities	21	30
Net deferred tax asset	$ 339	$ 380
BALANCE SHEET CAPTION REPORTED IN:		
Deferred taxes	$ 317	$ 358
Other current assets	31	22
Accrued liabilities	(9)	--
	$ 339	$ 380

As of January 29, 2000, the Company had a valuation allowance of $133 million to reduce its deferred tax assets to estimated realizable value. The valuation allowance primarily relates to the deferred tax assets arising from state tax loss carryforwards of certain domestic operations, tax loss carryforwards of certain foreign operations, foreign tax credit carryforwards and capital loss carryforwards of the Canadian operations, as well as other discontinued operations. The net change in the total valuation allowance for the year ended January 29, 2000, was principally due to the sale of certain businesses and potential expiration of excess foreign tax credits from prior periods.

Based upon the level of historical taxable income and projections for future taxable income over the periods in which the temporary differences are anticipated to reverse, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the valuation allowances at January 29, 2000. However, the amount of the deferred tax asset considered realizable could be adjusted in the future if estimates of taxable income are revised.

At January 29, 2000, the Company had international operating loss carryforwards of approximately $200 million. Those expiring between 2000 and 2007 are $184 million and those that do not expire are $16 million. The Company has state net operating loss carryforwards with a potential tax benefit of $40 million, which principally relates to the 16 states where the Company does not file a combined return. These loss carryforwards expire between 2000 and 2019. Foreign tax credits of approximately $63 million expiring between 2002 and 2005 are also available to the Company. The Company has U.S. Federal alternative minimum tax credits of approximately $7 million, which do not expire.

20. RETIREMENT PLANS AND OTHER BENEFITS

PENSION AND OTHER POSTRETIREMENT PLANS

The Company has defined benefit pension plans covering most of its employees, which are funded in accordance with the provisions of the laws of the countries where the plans are in effect. Plan assets consist primarily of stocks, bonds and temporary investments. In addition to providing pension benefits, the Company sponsors postretirement medical and life insurance plans, which are available to most of its retired U.S. employees. These plans are contributory and are not funded.

The following tables set forth the plans' changes in benefit obligations and plan assets, funded status and amounts recognized in the Consolidated Balance Sheets:

	PENSION BENEFITS		POSTRETIREMENT BENEFITS	
(in millions)	1999	1998	1999	1998
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year	$ 739	$ 776	$ 75	$ 112
Service cost	7	8	--	--
Interest cost	48	50	5	5
Plan participants' contributions	--	--	5	4
Actuarial (gain) loss	(62)	8	(5)	(35)
Foreign currency translation adjustments	5	(4)	--	--
Benefits paid	(73)	(99)	(13)	(11)
Dispositions	(3)	--	--	--
Curtailment	1	--	--	--
Benefit obligation at end of year	$ 662	$ 739	$ 67	$ 75
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	$ 622	$ 626		
Actual return on plan assets	80	62		
Employer contribution	33	37		
Foreign currency translation adjustments	4	(3)		
Benefits paid	(73)	(100)		
Dispositions	(4)	--		
Fair value of plan assets at end of year	$ 662	$ 622		
FUNDED STATUS				
Funded status	$ --	$(117)	$ (67)	$ (75)
Unrecognized net asset at transition	--	(3)	--	--
Unrecognized prior service cost	7	8	--	--
Unrecognized net (gain) loss	13	87	(114)	(118)
Prepaid asset (accrued liability)	$ 20	$ (25)	$(181)	$(193)

	PENSION BENEFITS		POSTRETIREMENT BENEFITS	
(in millions)	1999	1998	1999	1998
BALANCE SHEET CAPTION REPORTED IN:				
Other assets	$ 43	$ 1	$--	$--
Other liabilities	(25)	(65)	(173)	(186)
Accrued liabilities	(2)	(33)	(8)	(7)
Accumulated other comprehensive income, pre-tax	4	72	--	--
	$ 20	$ (25)	$(181)	$(193)

As of January 29, 2000, the projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $110 million, $107 million and $85 million, respectively. The change in the assumed discount rate used to

measure the projected benefit obligation in 1999 and an increase in plan assets as a result of positive investment performance, changed the funded status of the Company's U.S. qualified retirement plan from underfunded to overfunded. The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $736 million, $714 million and $618 million, respectively, as of January 30, 1999.

In 1999, the Company disposed of the Australian pension plan in connection with the public offering of its holding in Colorado Group and incurred a curtailment loss of $1 million related to disposed formats in Canada. In connection with the sale of its German general merchandise business on October 22, 1998, the Company disposed of its accumulated benefit obligation representing the unfunded German pension plan. The discontinuance of the Specialty Footwear segment had no impact on the accumulated pension and postretirement benefit obligations as of January 30, 1999.

PRINCIPAL ASSUMPTIONS

	PENSION BENEFITS			POSTRETIREMENT BENEFITS		
	1999	1998	1997	1999	1998	1997
Weighted-average discount rate	7.93%	6.71%	7.12%	8.00%	6.75%	7.00%
Weighted-average rate of compensation increase	4.89%	4.71%	4.95%	5.00%	5.00%	5.00%
Weighted-average long-term rate of return on assets	9.87%	9.87%	9.86%			

The components of net benefit expense (income) are:

	PENSION BENEFITS			POSTRETIREMENT BENEFITS		
(in millions)	1999	1998	1997	1999	1998	1997
Service cost	$ 7	$ 8	$ 9	$--	$--	$--
Interest cost	48	50	56	5	5	8
Expected return on plan assets	(57)	(53)	(54)	--	--	--
Amortization of net asset at transition	(1)	(9)	(9)	--	--	--
Amortization of prior service cost	1	3	3	--	--	--
Amortization of net (gain) loss	2	3	6	(9)	(9)	(5)
Curtailment	--	--	8	--	--	--
Net benefit expense (income)	$--	$ 2	$ 19	$ (4)	$ (4)	$ 3

In the fourth quarter of 1999, the Company changed the method for calculating the market-related value of plan assets for the U.S. qualified retirement plan, used in determining the return on plan assets component of net pension expense and the accumulated unrecognized net loss subject to amortization. Under the previous accounting method, equity assets were valued based on a five-year moving average of investment gains and losses. Under the new method, equities are valued based on either a five-year or a three-year moving average of investment gains and losses, whichever value is closer to market value in each plan year. Under both new and previous methods, non-equity assets are valued at market value, and only the accumulated net loss, which exceeds ten percent of the greater of the projected benefit obligation or the market-related value of plan assets is subject to amortization. The Company believes the new method is preferable because it results in calculated plan asset values that more closely approximate fair value, while still mitigating the impact of annual market-value fluctuations. This change resulted in a non-cash benefit in 1999 of approximately $14 million before-tax, or $0.06 per diluted share, representing the cumulative effect of the accounting change related to years prior to 1999. The change was accounted for as if it had occurred at the beginning of the first quarter of 1999. The impact of the change resulted in lower pension expense in 1999 of $4.5 million before-tax, or $0.02 per diluted share as follows; $0.8 million in each of the first and second quarters; $1.8 million in the third quarter and $1.1 million in the fourth quarter. Had this change been applied retroactively, pension expense would have been reduced by approximately $1 million and $2 million in 1998 and 1997, respectively.

In 1998, the amortization period of the domestic plans' unrecognized gains and losses was changed to the average future life expectancy of inactive plan participants, who now comprise the majority of plan participants, resulting in decreases of approximately $4 million and $3 million, respectively, in net pension and net postretirement benefit expense. Previously, the unrecognized gains and losses were amortized over the average future working lifetime of active plan participants.

In 1998, a medical plan dropout assumption for retirees was introduced to the postretirement benefit obligation calculation. For measurement purposes, an 8.4 percent increase in the cost of covered health care benefits was assumed for 1999. The rate was assumed to decline gradually to five percent in 2008 and remain at that level thereafter. A one percent increase in the health care cost trend rate would increase the 1999 accumulated postretirement benefit obligation by $2.8 million and decrease the 1999 income by $0.2 million. A one percent decrease in the health care cost trend rate would decrease the 1999 accumulated postretirement benefit obligation by $2.6 million and increase the 1999 income by $0.2 million.

401(k) PLAN

The Company has a qualified 401(k) savings plan available to full-time employees who meet the plan's eligibility requirements. This savings plan allows eligible employees to contribute up to 15 percent of their compensation on a pre-tax basis. The Company matches 25 percent of the first 4 percent of the employees' contributions with Company stock. Effective January 1, 1998, such matching Company contributions are vested incrementally over 5 years. The charge to operations for the Company's matching contribution was $0.9 million, $1.4 million and $1.3 million in 1999, 1998 and 1997, respectively.

21. STOCK PLANS

Under the Company's 1998 Stock Option and Award Plan (the "1998 Plan"), options to purchase shares of common stock may be granted to officers and key employees at not less than the market price on the date of grant. Under the plan, the Company may grant officers and other key employees, including those at the subsidiary level, stock options, stock appreciation rights (SARs), restricted stock or other stock-based awards. Unless a longer period is established at the time of the option grant, up to one-half of each stock option may be exercised on each of the first two anniversary dates of the date of grant. Generally, for stock options granted beginning in 1996, one-third of each stock option becomes exercisable on each of the first three anniversary dates of the date of grant. The options terminate up to 10 years from the date of grant. The 1998 Plan provides for awards of up to 6,000,000 shares of the Company's common stock. The number of shares reserved for issuance as restricted stock cannot exceed 1,500,000 shares.

In addition, options to purchase shares of common stock remain outstanding under the Company's 1995 and 1986 Stock Option Plans. The 1995 Stock Option and Award Plan (the "1995 Plan") is substantially the same as the 1998 Plan. The number of shares reserved for issuance as restricted stock under the 1995 Plan is also limited to 1,500,000 shares. Options granted under the 1986 Stock Option Plan generally become exercisable in two equal installments on the first and the second anniversaries of the date of grant.

In 1996, the Company established the Directors' Stock Plan (the "Directors' Plan"). Under the Directors' Plan, non-employee directors receive 50 percent of their annual retainer in shares of common stock and may elect to receive up to 100 percent of their retainer in common stock. The maximum number of shares of common stock that may be issued under the Directors' Plan is 250,000 shares.

Under the Company's 1994 Stock Purchase Plan, participating employees may contribute up to 10 percent of their annual compensation to acquire shares of common stock at 85 percent of the lower market price on one of two specified dates in each plan year. Of the 8,000,000 shares of common stock authorized for purchase under the 1994 plan, 803 participating employees purchased 139,657 shares in 1999. To date, a total of 923,918 shares have been purchased under the Stock Purchase Plan.

When common stock is issued under these plans, the proceeds from options exercised or shares purchased are credited to common stock to the extent of the par value of the shares issued and the excess is credited to additional paid-in capital. When treasury common stock is issued, the difference between the average cost of treasury stock used and the proceeds from options exercised or shares awarded or purchased is charged or credited, as appropriate, to either additional paid-in capital or retained earnings. The tax benefits relating to amounts deductible for federal income tax purposes, which are not included in income for financial reporting purposes, have been credited to additional paid-in capital.

The Financial Accounting Standards Board issued SFAS No. 123, which requires disclosure of the impact on earnings per share if the fair value method of accounting for stock-based compensation is applied for companies electing to continue to account for stock-based plans under APB No. 25. Accounting for the Company's grants for stock-based compensation during the three-year period ended January 29, 2000, in accordance with the fair value method provisions of SFAS No. 123 would have resulted in the following:

(in millions, except per share amounts)	1999	1998	1997
Net income (loss):			
As reported	$ 48	$ (136)	$ (10)
Pro forma	$ 43	$ (142)	$ (18)
Basic earnings per share:			
As reported	$ 0.35	$ (1.00)	$ (0.08)
Pro forma	$ 0.31	$ (1.05)	$ (0.13)
Diluted earnings per share:			
As reported	$ 0.35	$ (1.00)	$ (0.07)
Pro forma	$ 0.31	$ (1.05)	$ (0.13)

The fair values of the Company's various stock option and purchase plans were estimated at the grant date using a Black-Scholes option pricing model.

	STOCK OPTION PLANS			STOCK PURCHASE PLAN		
	1999	1998	1997	1999	1998	1997
Weighted-average risk free rate of interest	5.31%	4.57%	6.44%	7.12%	4.62%	5.84%
Expected volatility	45%	35%	30%	29%	29%	25%
Weighted-average expected award life	2 years	2 years	2 years	.7 years	.7 years	.7 years
Dividend yield	--	--	--	--	--	--
Weighted-average fair value	$ 2.14	$ 7.67	$ 7.52	$ 1.10	$ 1.80	$ 6.44

The information set forth in the following table covers options granted under the Company's stock option plans:

(IN THOUSANDS, EXCEPT PRICES PER SHARE)	1999 NUMBER OF SHARES	1999 WEIGHTED-AVERAGE EXERCISE PRICE	1998 NUMBER OF SHARES	1998 WEIGHTED-AVERAGE EXERCISE PRICE	1997 NUMBER OF SHARES	1997 WEIGHTED-AVERAGE EXERCISE PRICE
Options outstanding at beginning of year	8,057	$ 20.93	7,450	$ 21.45	7,376	$ 22.02
Granted	3,739	$ 5.17	2,537	$ 21.89	2,321	$ 21.68
Exercised	--	$ --	260	$ 16.83	565	$ 16.76
Expired or canceled	1,873	$ 20.23	1,670	$ 25.39	1,682	$ 25.84
Options outstanding at end of year	9,923	$ 15.12	8,057	$ 20.93	7,450	$ 21.45
Options exercisable at end of year	4,837	$ 19.95	4,429	$ 20.86	4,466	$ 22.34
Options available for future grant at end of year	2,220		6,131		1,896	

The following table summarizes information about stock options outstanding and exercisable at January 29, 2000:

RANGE OF EXERCISE PRICE (in thousands, except prices per share)	OPTIONS OUTSTANDING SHARES	OPTIONS OUTSTANDING WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	OPTIONS OUTSTANDING WEIGHTED-AVERAGE EXERCISE PRICE	OPTIONS EXERCISABLE SHARES	OPTIONS EXERCISABLE WEIGHTED-AVERAGE EXERCISE PRICE
$ 4.53 to $ 6.97	2,999	9.1	$ 4.86	10	$ 6.19
$ 7.03 to $13.63	1,748	6.7	11.40	985	12.95
$13.94 to $22.19	2,850	6.5	18.68	2,364	18.11
$22.41 to $29.94	2,029	6.5	26.00	1,181	26.54
$30.06 to $34.25	297	0.7	32.09	297	32.09
$ 4.53 to $34.25	9,923	7.2	$15.12	4,837	$19.95

22. RESTRICTED STOCK

The Company awarded 1,255,000 restricted shares of common stock at various dates in 1999 to several of its officers and key employees. In 1998, 60,000 restricted shares of common stock were granted to a key employee and in 1994, 200,000 restricted shares of common stock were granted to an officer of the Company. The market values of the shares at the date of grant amounted to $8.4 million, $0.6 million and $3.3 million, respectively, and are recorded within shareholders' equity. The market values are being amortized as compensation expense over the related vesting periods not exceeding five years. During 1999, 185,000 restricted shares were forfeited. The compensation expense was $2.7 million, $0.3 million, and $0.5 million in 1999, 1998 and 1997, respectively.

23. SHAREHOLDER RIGHTS PLAN

Effective April 14, 1998, simultaneously with the expiration of the then existing rights, the Company issued one right for each outstanding share of common stock. Each right entitles a shareholder to purchase one two-hundredth of a share of Series B Participating Preferred Stock at an exercise price of $100, subject to adjustment. Generally, the rights become exercisable only if a person or group of affiliated or associated persons (i) becomes an "Interested Shareholder" as defined in Section 912 of the New York Business Corporation Law (an "Acquiring Person") or (ii) announces a tender or exchange offer that results in that person or group becoming an Acquiring Person, other than pursuant to an offer for all outstanding shares of the common stock of the Company which the Board of Directors determines not to be inadequate and to otherwise be in the best interests of, the Company and its shareholders. The Company will be able to redeem the rights at $0.01 per right at any time during the period prior to the 10th business day following the date a person or group becomes an Acquiring Person. The plan also has a qualifying offer provision.

Upon exercise of the right, each holder of a right will be entitled to receive common stock (or, in certain circumstances, cash, property or other securities of the Company) having a value equal to two times the exercise price of the right. The rights, which cannot vote and cannot be transferred separately from the shares of common stock to which they are presently attached, expire on April 14, 2008 unless extended prior thereto by the Board, or earlier redeemed or exchanged by the Company.

24. LEGAL PROCEEDINGS

The only legal proceedings pending against the Company or its consolidated subsidiaries consist of ordinary, routine litigation, including administrative proceedings, incident to the businesses of the Company, 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 significant effect on the Company's consolidated financial position, liquidity, or results of operations.

25. COMMITMENTS

In connection with the sale of various businesses, the Company guarantees the payment of lease commitments transferred to third parties pursuant to those sales. The Company is also operating certain stores for which lease agreements are in the process of being negotiated with landlords. Although there is no contractual commitment to make these contingent payments, it is likely that a final contract will be executed. Management believes that the resolution of such contingencies will not significantly affect the Company's consolidated financial position, liquidity, or results of operations.

26. SHAREHOLDER INFORMATION AND MARKET PRICES (UNAUDITED)

Venator Group, Inc. common stock is listed on the New York and Amsterdam stock exchanges as well as on the Lausanne and Elektronische Borse Schweiz (EBS) stock exchanges in Switzerland. In addition, the stock is traded on the Boston, Cincinnati, Chicago, Philadelphia and Pacific stock exchanges. The New York Stock Exchange ticker symbol for the Company's common stock is "Z."

At January 29, 2000, the Company had 34,408 shareholders of record owning 137,442,104 common shares.

Market prices for the Company's common stock were as follows:

	1999		1998	
	High	Low	High	Low
COMMON STOCK QUARTER				
1st Q	11 1/2	3 3/16	27 1/4	21 1/2
2nd Q	12	8 3/8	23 1/4	14 5/16
3rd Q	10 3/4	6 1/2	14 7/16	6 3/4
4th Q	8 3/16	5 7/8	12 9/16	4 1/4

27. QUARTERLY RESULTS (UNAUDITED)

(in millions, except per share amounts)	1st Q	2nd Q	3rd Q	4th Q	Year
SALES					
1999	$ 1,079	1,063	1,178	1,327	4,647
1998	$ 1,058	1,043	1,122	1,332	4,555
GROSS MARGIN (a)					
1999	$ 288	272(d)	330	376(e)	1,266
1998	$ 310	307	282	323	1,222
OPERATING PROFIT (LOSS) (b)					
1999	$ 3	(62)(f)	32(g)	155(h)	128
1998	$ 49	24	(30)	(30)	13
INCOME (LOSS) FROM CONTINUING OPERATIONS					
1999	$ (11)	(40)(f)	8(g)	60(h)	17
1998	$ 8	6	(40)	29	3
NET INCOME (LOSS)					
1999	$ (3)	(30)	8	73	48
1998	$ (5)	(13)	(155)	37	(136)
BASIC EARNINGS PER SHARE:					
1999					
Income (loss) from continuing operations	$ (0.08)	(0.29)	0.06	0.44	0.13
Income from discontinued operations	$ --	0.07	--	0.09	0.16
Cumulative effect of accounting change (c)	$ 0.06	--	--	--	0.06
Net income (loss)	$ (0.02)	(0.22)	0.06	0.53	0.35
1998					
Income (loss) from continuing operations	$ 0.06	0.04	(0.29)	0.21	0.02
Income (loss) from discontinued operations	$ (0.10)	(0.13)	(0.85)	0.06	(1.02)
Net income (loss)	$ (0.04)	(0.09)	(1.14)	0.27	(1.00)
DILUTED EARNINGS PER SHARE:					
1999					
Income (loss) from continuing operations	$ (0.08)	(0.29)	0.06	0.44	0.13
Income from discontinued operations	$ --	0.07	--	0.09	0.16
Cumulative effect of accounting change (c)	$ 0.06	--	--	--	0.06
Net income (loss)	$ (0.02)	(0.22)	0.06	0.53	0.35
1998					
Income (loss) from continuing operations	$ 0.06	0.04	(0.29)	0.21	0.02
Income (loss) from discontinued operations	$ (0.10)	(0.13)	(0.85)	0.06	(1.02)
Net income (loss)	$ (0.04)	(0.09)	(1.14)	0.27	(1.00)

(a) Gross margin represents sales less cost of sales.

(b) Operating profit (loss) represents income (loss) before income taxes, interest expense, corporate expense and corporate gains on real estate.

(c) Reflects change in method for calculating the market-related value of pension plan assets (see note 20). 1999 quarterly information has been restated.

(d) Includes a restructuring charge of $12 million.

(e) Includes a $1 million reduction of the second quarter restructuring charge.

(f) Includes total restructuring charges of $64 million.

(g) Includes total restructuring charges of $3 million.

(h) Includes Afterthoughts gain ($164 million) and Colorado gain ($13 million), offset by total restructuring charges of $88 million, $67 million included in operating results and $21 million included in corporate expense.

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA

The selected financial data below should be read in conjunction with the Consolidated Financial Statements and the notes thereto and other information contained elsewhere in this report. All selected financial data has been restated for discontinued operations, except for return on average investment ("ROI").

($ in millions, except per share amounts)	1999	1998	1997	1996	1995
SUMMARY OF CONTINUING OPERATIONS					
Sales	$ 4,647	4,555	4,612	4,504	4,383
Gross margin	1,266(1)	1,222	1,485	1,484	1,375
Selling, general and administrative expenses	1,078	1,166	1,008	975	1,025
Restructuring charge	144	--	--	--	--
Depreciation and amortization	182	152	122	114	137
Interest expense, net	57	44	35	50	88
Other income	(223)	(101)	(13)	(3)	(18)
Income from continuing operations	17	3	213	209	29
Cumulative effect of accounting change (2)	8	--	--	--	--
Basic earnings per share from continuing operations	0.13	0.02	1.58	1.56	0.22
Basic earnings per share from cumulative effect of accounting change	0.06	--	--	--	--
Diluted earnings per share from continuing operations	0.13	0.02	1.57	1.55	0.21
Diluted earnings per share from cumulative effect of accounting change	0.06	--	--	--	--
Preferred stock dividends declared	--	--	--	1.10	2.20
Weighted-average common shares outstanding (in millions)	137.2	135.4	134.6	133.5	132.9
Weighted-average common shares outstanding assuming dilution (in millions)	138.2	135.9	135.8	134.3	133.5
FINANCIAL CONDITION					
Cash and cash equivalents	$ 162	193	81	197	10
Merchandise inventories	739	837	754	617	663
Property and equipment, net	809	974	625	480	569
Total assets	2,515	2,876	2,798	2,807	2,776
Short-term debt	71	250	--	--	69
Long-term debt and obligations under capital leases	418	517	527	519	538
Total shareholders' equity	1,139	1,038	1,271	1,334	1,229
FINANCIAL RATIOS					
Return on equity (ROE)	1.6%	0.2	16.3	16.3	2.2
Return on average investment (ROI)	3.7%	2.7	8.3	6.9	0.8
Operating profit as a percentage of sales	2.8%	0.3	9.1	10.2	4.5
Income from continuing operations as a percentage of sales	0.4%	0.1	4.6	4.6	0.7
Net debt capitalization percent (3)	63.7%	69.8	61.0	58.3	64.3
Net debt capitalization percent (without present value of operating leases) (3)	22.3%	35.6	26.0	19.4	32.7
Current ratio	1.4	1.3	2.6	3.6	3.6
Capital Expenditures	$ 158	549	249	86	70
Number of stores at year end	4,874	6,002	5,708	5,527	5,763
Total selling square footage at year end (in millions)	10.14	11.07	8.92	8.02	8.25

(1) Includes a restructuring charge of $11 million related to inventory markdowns.

(2) Reflects change in method for calculating the market-related value of pension plan assets (see note 20).

(3) Represents total debt, net of cash and cash equivalents.

BOARD OF DIRECTORS

DALE W. HILPERT

Chairman of the Board and Chief Executive Officer

MATTHEW D. SERRA

President and Chief Operating Officer

J. CARTER BACOT (1),(4), (6)

Retired Chairman of the Board and Chief Executive Officer The Bank of New York Company, Inc. and Chairman of the Board of The Bank of New York (banking services)

PURDY CRAWFORD (1), (2), (5)

Chairman of the Board AT&T Canada (telecommunications)

PHILIP H. GEIER JR. (1), (3)

Chairman of the Board and Chief Executive Officer Interpublic Group of Companies, Inc. (advertising agencies and other marketing communication services)

JAROBIN GILBERT JR. (1), (2),(4)

President and Chief Executive Officer DBSS Group, Inc. (management, planning and trade consulting services)

ALLAN Z. LOREN (1), (2)

Retired Executive Vice President and Chief Information Officer American Express Company (travel and financial services)

MARGARET P. MACKIMM (1), (3), (5)

Former Senior Vice President - Communications Kraft Foods, Inc. (multinational marketer and processor of food products)

JOHN J. MACKOWSKI (1), (2), (5)

Director of various companies

JAMES E. PRESTON (1), (3), (4), (6)

Retired Chairman of the Board and Chief Executive Officer Avon Products, Inc. (manufacture and sale of beauty and related products)

CHRISTOPHER A. SINCLAIR (1), (6)

Chairman of the Board and Chief Executive Officer Caribiner International (business communications)

(1) Member of Executive Committee

(2) Member of Audit Committee

(3) Member of Compensation Committee

(4) Member of Nominating and Organization Committee

(5) Member of Retirement Investment Committee

(6) Member of Acquisitions and Finance Committee

CORPORATE OFFICERS

DALE W. HILPERT

Chairman of the Board and Chief Executive Officer

MATTHEW D. SERRA

President and Chief Operating Officer

SENIOR VICE PRESIDENTS

GARY M. BAHLER

General Counsel and Secretary

JEFFREY L. BERK

Real Estate

S. RONALD GASTON

Chief Information Officer

DENNIS M. LEE

Human Resources

BRUCE L. HARTMAN

Chief Financial Officer

VICE PRESIDENTS

JON D. BARTOL

Information Systems - Technical/Operations

GARY H. BROWN

Real Property

JOHN H. CANNON

Treasurer

PETER M. CUPPS

Corporate Shared Services

JUDITH FISHMAN

Organization and Leadership Development

STEPHEN J. HEINMILLER

Informations Systems - Development

ROBERT W. MCHUGH

Chief Accounting Officer

JURIS PAGRABS

Investor Relations

PATRICIA A. PECK

Human Resources

LAUREN B. PETERS

Planning

RICHARD J. PRICE

Logistics

THOMAS J. SLOVER

Worldwide Sourcing

CORPORATE INFORMATION

CORPORATE HEADQUARTERS
112 West 34th Street
New York, New York 10120
(212)720-3700

TRANSFER AGENT AND REGISTRAR
First Chicago Trust Co., a division of EquiServe
P.O. Box 2500
Jersey City, New Jersey 07303-2500
(800)519-3111

INDEPENDENT AUDITORS
KPMG LLP
345 Park Avenue
New York, New York 10154
(212)758-9700

FORM 10-K
A copy of the Venator Group, Inc. 1999 Annual Report on Form 10-K filed with the Securities and Exchange Commission is available, without charge, by request to the Investor Relations Department at the Corporate Headquarters.

INVESTOR INFORMATION
Investor inquiries should be directed to the Investor Relations Department at (212)720-4600.

WORLD WIDE WEB SITE
Our website at www.venatorgroup.com offers information about our Company, as well as online versions of our Annual Report, SEC reports, quarterly results and press releases.

THE VENATOR GROUP, FOOTLOCKER.COM, FOOT LOCKER, LADY FOOT LOCKER, KIDS FOOT LOCKER, CHAMPS SPORTS, EASTBAY, COLORADO, GOING TO THE GAME, NORTHERN REFLECTIONS, NORTHERN GETAWAY, NORTHERN ELEMENTS, NORTHERN TRADITIONS, AUTHENTIC NORTHERN EXPERIENCE, RANDY RIVER, THE SAN FRANCISCO MUSIC BOX COMPANY, BASICS BY FOOT LOCKER, ACTRA AND O.U.T., OUTDOOR URBAN TERRAIN SERVICE MARKS AND TRADEMARKS ARE OWNED BY VENATOR GROUP, INC. OR ITS AFFILIATES.

[VENATOR GROUP LOGO]

Venator Group, Inc.
112 West 34th Street
New York, NY 10120

EXHIBIT 18

March 8, 2000

Venator Group, Inc.
233 Broadway
New York, NY 10279

Ladies and Gentlemen:

We have audited the consolidated balance sheets of Venator Group, Inc. and subsidiaries (the "Company"), as of January 29, 2000 and January 30, 1999, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended January 29, 2000, and have reported thereon under date of March 8, 2000. The aforementioned consolidated financial statements and our audit report thereon are included in the Company's annual report on Form 10K for the year ended January 29, 2000. As stated in Note 20 to those financial statements, the Company changed its method of calculating the market-related value of pension plan assets used in determining the return on plan assets component of net pension expense and the accumulated unrecognized net loss subject to amortization. The Company states the newly adopted accounting method is preferable in the circumstances because it results in calculated plan asset values that more closely approximate fair value, while still mitigating the impact of annual market-value fluctuations. In accordance with your request, we have reviewed and discussed with the Company officials the circumstances and business judgment and planning upon which the decsion to make this change in the method of accounting was based.

With regard to the aforementioned accounting change, authoritative criteria have not been established for evaluating the preferability of an acceptable method of accounting over another accpetable method. However, for purposes of Venator Group, Inc's compliance with the requirments of the Securities and Exchange Commission, we are furnishing this letter.

Based on our review and discussion, with reliance on management's business judgment and planning, we concur that the newly adopted method of accounting is preferable in the Company's circumstances.

Very truly yours,
/s/KPMG LLP

EXHIBIT 21

VENATOR GROUP, INC. AND SUBSIDIARIES (1)
April 1, 2000

Name	State or Other Jurisdiction of Incorporation
Venator Group, Inc.	New York
Footlocker.com, Inc.	Delaware
Eastbay, Inc.	Wisconsin
Foot Locker Asia, Inc.	Delaware
Foot Locker Asia Limited	Hong Kong
Foot Locker Australia, Inc.	Delaware
Foot Locker Austria GmbH	Austria
Foot Locker Belgium N.V.	Belgium
Foot Locker Denmark ApS	Denmark
Foot Locker China, Inc.	Delaware
Foot Locker Europe B.V.	Netherlands
Foot Locker France S.A.	France
CB Diffusion S.A.	France
Faust S.A.R.L.	France
Florentin Freres-Primaprix S.A.	France
Les Nouveautes du Centre S.A.R.L.	France
Privilege S.A.	France
Foot Locker Germany GmbH	Germany
Foot Locker Italy S.r.l.	Italy
Foot Locker Japan, Inc.	Delaware
Foot Locker Japan K.K.	Japan
Foot Locker Netherlands B.V.	Netherlands
Foot Locker Singapore Pte. Ltd.	Singapore
Foot Locker Spain S.L.	Spain
Foot Locker Sweden Aktiebolag	Sweden
Foot Locker (Thailand) Co., Ltd.	Thailand
Foot Locker U.K. Limited	U.K.
Freedom Sportsline Limited	U.K.
Venator Group Realty Europe Limited	U.K.

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(1) The name of each subsidiary company is indented under the name of its parent company and, unless otherwise noted in a footnote, each such subsidiary company is 100% owned by its parent. Directors' qualifying shares, if any, are deemed to be beneficially owned by a subsidiary's parent company. All subsidiaries wholly owned, directly or indirectly, by Venator Group, Inc. are consolidated with Venator Group, Inc. for accounting and financial reporting purposes.

Name	State or Other Jurisdiction of Incorporation
[VENATOR GROUP, INC. -- (CONT.)]	
Kids Mart, Inc.(2)	Florida
Kids Mart, Inc.	Delaware
Kinney New Zealand Limited	New Zealand
Little Folk Shop Inc.	Delaware
Northern Reflections Inc.	Delaware
Randy River, Inc.	Delaware
The Richman Brothers Company	Ohio
Custom Cut, Inc.	Delaware
RX Place, Inc.	Delaware
The San Francisco Music Box Company	California
Specialty Times, Inc.	Delaware
Team Edition Apparel, Inc.	Florida
Venator Group Administration, Inc.	Delaware
Venator Group Specialty, Inc.	New York
AB Specialty, Inc.	Delaware
Barclay Park and Church Advertising Inc.	Delaware
Checklot Service Center, Inc.	Delaware
Frame Scene, Inc.	Delaware
Herald Square Stationers, Inc.	Delaware
Lamston 37-33/45 Seventy-Fourth Street Corp.	New York
Lamston 69-73/5 Grand Avenue Corp.	New York
Lamston 1279 Third Avenue Corp.	New York
Red Grille of Hawaii, Inc.	Delaware
Red Grille of Louisiana, Inc.	Delaware
Trade Center Realty, Inc.	Delaware
Woolco Fashionwear Corp.	Delaware
Woolco Inc.	Delaware
233 Broadway, Inc.	New York
340 Supply Co.	Pennsylvania
Venator Group Franchises LLC	Delaware
Venator Group Investments LLC	Delaware
Rosedale Accessory Lady, Inc.	Minnesota
Accessory Lady, Inc.	Texas
Atlanta Southlake Accessory Lady, Inc.	Georgia
Beachwood Accessory Lady, Inc.	Ohio
Brea Accessory Lady, Inc.	California

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(2) 1 million shares of Series A Convertible Preferred Stock, par value $.001 per share, pursuant to a Stock Acquisition Agreement dated May 30, 1996.

Name	State or Other Jurisdiction of Incorporation
[VENATOR GROUP, INC. -- (CONT.)]	
[VENATOR GROUP, SPECIALTY, INC. -- (CONT.)]	
[ROSEDALE ACCESSORY LADY, INC. -- (CONT.)]	
Bridgewater Commons Accessory Lady, Inc.	New Jersey
Buckland Hills Accessory Lady, Inc.	Connecticut
Cherry Hill Accessory Lady, Inc.	New Jersey
Chesterfield Accessory Lady, Inc.	Virginia
Chicago Accessory Lady, Inc.	Illinois
Copley Place Accessory Lady, Inc.	Massachusetts
Colonie Center Accessory Lady, Inc.	New York
Crabtree Mall Accessory Lady, Inc.	North Carolina
Dadeland Center Accessory Lady, Inc.	Florida
Delamo Accessory Lady, Inc.	California
Fashion Valley Accessory Lady, Inc.	California
Four Seasons Accessory Lady, Inc.	North Carolina
Fox Valley Accessory Lady, Inc.	Illinois
Garden State Accessory Lady, Inc.	New Jersey
The Gardens Accessory Lady, Inc.	Florida
Glendale Accessory Lady, Inc.	California
Grand Avenue Accessory Lady, Inc.	Wisconsin
Hanes Mall Accessory Lady, Inc.	North Carolina
Hawthorne Center (IL.) Accessory Lady, Inc.	Illinois
Lakeside Accessory Lady, Inc.	Louisiana
Mainplace Accessory Lady, Inc.	California
Mall Del Norte Accessory Lady, Inc.	Texas
McAllen Accessory Lady, Inc.	Texas
Penn Square Accessory Lady, Inc.	Oklahoma
Pentagon City Accessory Lady, Inc.	Virginia
Raceway Accessory Lady, Inc.	New Jersey
Randhurst Accessory Lady, Inc.	Illinois
Regency Square Accessory Lady, Inc.	Florida
Ridgedale Accessory Lady, Inc.	Minnesota
McLean Accessory Lady, Inc.	Virginia
Menlo Park Accessory Lady, Inc.	New Jersey
Montclair Accessory Lady, Inc.	California
Montgomery Accessory Lady, Inc.	Maryland
Northbrook Accessory Lady, Inc.	Illinois
North County Fair Accessory Lady, Inc.	California
Northridge Accessory Lady, Inc.	California
Oakbrook Center Accessory Lady, Inc.	Illinois
The Oaks Accessory Lady, Inc.	California
Orlando Accessory Lady, Inc.	Florida
Paradise Valley Accessory Lady, Inc.	Arizona
Palm Beach Mall Accessory Lady, Inc.	Florida
Paramus Park Accessory Lady, Inc.	New Jersey
The Parks Accessory Lady, Inc.	Texas

Name	State or Other Jurisdiction of Incorporation
[VENATOR GROUP, INC. -- (CONT.)]	
[VENATOR GROUP SPECIALTY, INC. -- (CONT.)]	
[ROSEDALE ACCESSORY LADY, INC. -- (CONT.)]	
Riverside Hackensack Accessory Lady, Inc.	New Jersey
Roosevelt Field Accessory Lady, Inc.	New York
Scottsdale Accessory Lady, Inc.	Arizona
Southdale Accessory Lady, Inc.	Minnesota
St. Louis Galleria Accessory Lady, Inc.	Missouri
Stoneridge Accessory Lady, Inc.	California
Stonestown Accessory Lady, Inc.	California
Sunrise Boulevard (Fla.) Accessory Lady, Inc.	Florida
Sunvalley Accessory Lady, Inc.	California
Towson Accessory Lady, Inc.	Maryland
Tri-County Accessory Lady, Inc.	Ohio
Tysons Corner Accessory Lady, Inc.	Virginia
Valley Fair Accessory Lady, Inc.	California
Willowbrook Accessory Lady, Inc.	New Jersey
Woodman Avenue Accessory Lady, Inc.	California
Venator Group Retail, Inc.	New York
Armel, Inc.	Florida
Armel Acquisition, Inc.	Florida
Champs of Crossgates, Inc.	Florida
Champs of Holyoke, Inc.	Florida
Champs Sporting Goods of Esplanade, Inc.	Florida
Champs Sporting Goods, Inc.	Tennessee
Champs Sport Shops, Inc. of Maryville	Florida
Champs Sport Shops, Inc. of Cutler Ridge	Florida
Champs Sport Shops, Inc. of Broward	Florida
Champs Sport Shops of Daytona, Inc.	Florida
San Del of Jacksonville, Inc.	Florida
Champs Sport Shops, Inc. of 163rd Street	Florida
San Del, Inc. of Atlanta	Florida
Champs Four Seasons, Inc.	North Carolina
Joe Chichelo, Inc.	Florida
Champs Sport Shops, Inc.	Florida
Champs Sport Shops, Inc. of Aventura	Florida
Champs Sporting Goods of N.C., Inc.	North Carolina
Champs Sport Shops, Inc. of Miami International	Florida
Champs Sporting Goods, Inc.	Louisiana
Champs Sport Shops, Inc. of Omni	Florida
Champs Sport Shops, Inc. of Nashville	Florida
Champs Sport Shops, Inc. of Houston	Florida
Champs Sport Shops, Inc. of Fort Lauderdale	Florida
Sneakers Inc. of Greensboro	North Carolina

Name	State or Other Jurisdiction of Incorporation
[VENATOR GROUP, INC. -- (CONT.)]	
[VENATOR GROUP RETAIL, INC. -- (CONT.)]	
[ARMEL, INC. -- (CONT.)]	
[ARMEL ACQUISITION, INC. -- (CONT.)]	
Sneakers Inc. of Knoxville	Tennessee
Sneakers Inc. of Daytona Beach	Florida
Champs of Maryland, Inc.	Florida
Champs of Virginia, Inc.	Florida
SneaKee Feet of Maryland, Inc.	Florida
SneaKee Feet of Montgomery Village, Inc.	Florida
SneaKee Feet of North Carolina, Inc.	Florida
Runner-Up of Orlando, Inc.	Florida
SneaKee Feet of Tampa, Inc.	Florida
SneaKee Feet, Inc.	Florida
Champs of Missouri, Inc.	Missouri
Champs Sport Shops of Maryland, Inc.	Maryland
Champs of Connecticut, Inc.	Connecticut
Champs Sport Shops of Massachusetts, Inc.	Massachusetts
Champs of Georgia, Inc.	Georgia
Champs of New Jersey, Inc.	New Jersey
Champs of Oklahoma, Inc.	Oklahoma
Champs of Tennessee, Inc.	Tennessee
SneaKee Feet of Washington Outlet Mall, Inc.	Florida
Foot Locker Atlantic City LLC	Delaware
Menlo Trading Company	California
Athletic Shoe Factory, Inc.	California
Janess Properties, Inc.	Delaware
Venator Group Corporate Services, Inc.	Delaware
Kinney Trading Corp.	New York
Robby's Sporting Goods, Inc.	Florida
SFMB Specialty Corporation	California
Venator Group Realty Corporation	New York
Venator Group Holdings, Inc.	New York
Retail Company of Germany, Inc.	Delaware
Venator Group Pacific Holdings, Inc.	Delaware
Woolworth Holding S. de R.L. de C.V.	Mexico
Foot Locker de Mexico, S.A. de C.V.	Mexico
Distribuidora Foot Locker S.A. de C.V.	Mexico
Venator Group Canada Inc.	Canada
142739 Canada Limited	Canada
Venator Group Sourcing, Inc.	Delaware

EXHIBIT 23

VENATOR GROUP, INC.

CONSENT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of
Venator Group, Inc.

We consent to the incorporation by reference in the Registration Statements Numbers 33-10783, 33-91888, 33-91886, 33-97832, 333-07215, 333-21131, 333-62425 and 333-33120 on Form S-8 and Numbers 33-43334 and 33-86300 on Form S-3 of Venator Group, Inc. and subsidiaries of our report dated March 8, 2000 relating to the consolidated balance sheets of Venator Group, Inc. and subsidiaries as of January 29, 2000 and January 30, 1999 and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the years in the three-year period ended January 29, 2000, which report appears in the January 29, 2000 Annual Report on Form 10-K of Venator Group, Inc. and subsidiaries.

/s/ KPMG LLP

New York, New York
April 21, 2000

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This schedule contains summary financial information extracted from the Consolidated Statements of Operations for the twelve months ended January 29, 2000 and the Consolidated Balance Sheet as of January 29, 2000 and is qualified in its entirety by reference to such Financial Statements.

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12-MOS
JAN-29-2000
JAN-31-1999
JAN-29-2000
162
0
0
0
739
1,089
0
0
2,515
777
312
0
0
0
1,139
2,515
4,647
4,647
3,381
3,381
182
0
57
28
11
17
23
0
8
48
.35
.35

The amount is reported as EPS Basic and not for EPS Primary.