SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

F O R M 10 - Q

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

For the quarterly period ended May 4, 2002

Commission file no. 1-10299

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

New York	13-3513936
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
112 W. 34th Street, New York, New York	10120
(Address of principal executive offices)	(Zip Code)

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

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

Number of shares of Common Stock outstanding at June 1, 2002: 140,403,482

FOOT LOCKER, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except shares)

	May 4, 2002 (Unaudited)	May 5, 2001 (Unaudited)	February 2, 2002 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	$ 278	$ 29	$ 215
Merchandise inventories	839	786	793
Assets of discontinued operations	3	31	5
Assets held for sale	--	86	--
Other current assets	86	109	102
	1,206	1,041	1,115
Property and equipment, net	626	656	637
Deferred taxes	253	229	251
Goodwill and intangible assets	194	189	191
Assets of business transferred under contractual arrangement (note receivable)	12	--	30
Other assets	74	128	73
	$ 2,365	$ 2,243	$ 2,297
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable	$ 353	$ 279	$ 272
Accrued liabilities	183	187	211
Current portion of repositioning and restructuring reserves	6	11	6
Current portion of reserve for discontinued operations	11	55	16
Liabilities of discontinued operations	5	20	7
Liabilities of businesses held for sale	--	17	--
Current portion of long-term debt and obligations under capital leases	32	54	34
	590	623	546
Long-term debt and obligations under capital leases	365	258	365
Liabilities of business transferred under contractual arrangement	12	--	12
Other liabilities	372	314	382
Shareholders' equity			
Common stock and paid-in capital: 140,428,144; 139,231,072 and 139,980,630 shares, respectively	367	354	363
Retained earnings	817	742	797
Accumulated other comprehensive loss	(158)	(47)	(168)
Less: Treasury stock at cost: 70,220; 214,625 and 70,220 shares, respectively	--	(1)	--
Total shareholders' equity	1,026	1,048	992
	$ 2,365	$ 2,243	$ 2,297

See Accompanying Notes to Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in millions, except per share amounts)

	Thirteen weeks ended	
	May 4, 2002	May 5, 2001
Sales	$ 1,090	$ 1,072
Costs and Expenses		
Cost of sales	770	746
Selling, general and administrative expenses	220	231
Depreciation and amortization	36	38
Interest expense, net	7	4
	1,033	1,019
Income from continuing operations before income taxes	57	53
Income tax expense	19	21
Income from continuing operations	38	32
Income (loss) on disposal of discontinued operations, net of income tax benefit of $- and $5	(18)	5
Net income	$ 20	$ 37
Basic earnings per share:		
Income from continuing operations	$ 0.26	$ 0.23
Income (loss) from discontinued operations	(0.12)	0.04
Net income	$ 0.14	$ 0.27
Weighted-average common shares outstanding	140.1	138.6
Diluted earnings per share:		
Income from continuing operations	$ 0.26	$ 0.23
Income (loss) from discontinued operations	(0.12)	0.04
Net income	$ 0.14	$ 0.27
Weighted-average common shares assuming dilution	150.9	139.7

See Accompanying Notes to Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in millions)

	Thirteen weeks ended	
	May 4, 2002	May 5, 2001
Net income	$ 20	$ 37
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments arising during the period	10	(7)
Change in fair value of derivatives, net of tax of $-	--	1
Comprehensive income	$ 30	$ 31

See Accompanying Notes to Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in millions)

	Thirteen weeks ended	
	May 4, 2002	May 5, 2001
From Operating Activities:		
Net income	$ 20	$ 37
Adjustments to reconcile net income to net cash provided by (used in) operating activities of continuing operations:		
(Income) loss on disposal of discontinued operations, net of tax	18	(5)
Depreciation and amortization	36	38
Deferred income taxes	13	(8)
Change in assets and liabilities:		
Merchandise inventories	(42)	(59)
Accounts payable and other accruals	46	(20)
Other, net	2	(13)
Net cash provided by (used in) operating activities of continuing operations	93	(30)
From Investing Activities:		
Lease acquisition costs	(3)	(4)
Capital expenditures	(25)	(12)
Net cash used in investing activities of continuing operations	(28)	(16)
From Financing Activities:		
Reduction in long-term debt and capital lease obligations	(1)	(2)
Issuance of common stock	3	3
Net cash provided by financing activities of continuing operations	2	1
Net Cash used in Discontinued Operations	(4)	(38)
Effect of exchange rate fluctuations on Cash and Cash Equivalents	--	3
Net change in Cash and Cash Equivalents	63	(80)
Cash and Cash Equivalents at beginning of year	215	109
Cash and Cash Equivalents at end of interim period	$ 278	$ 29
Cash paid during the period:		
Interest	$ --	$ 1
Income taxes	$ 5	$ 6

See Accompanying Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Notes to Consolidated Financial Statements contained in the Registrant's Form 10-K for the year ended February 2, 2002, as filed with the Securities and Exchange Commission (the "SEC") on April 29, 2002. Certain items included in these statements are based on management's estimates. In the opinion of management, all material adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the interim periods have been included. The results for the thirteen weeks ended May 4, 2002 are not necessarily indicative of the results expected for the year.

Goodwill and Intangible Assets

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

The following would have resulted had the provisions of the new standards been applied as of February 4, 2001:

	May 5, 2001
Income from continuing operations (in millions)	
As reported	$ 32
Pro forma	$ 33
Basic earnings per share	
As reported	$ 0.23
Pro forma	$ 0.24
Diluted earnings per share	
As reported	$ 0.23
Pro forma	$ 0.24

There were no material changes in the carrying value of goodwill during the first quarter of 2002. The carrying value of goodwill by operating segment as of May 4, 2002 was as follows:

(in millions)	May 4, 2002
Athletic Stores	$ 55
Direct to Customers	80
Total Goodwill	$135

Finite life intangible assets comprise lease acquisition costs, which are required to secure prime lease locations and other lease rights, primarily in Europe. The weighted-average amortization period as of May 4, 2002 was approximately 12 years. Amortization expense for lease acquisition costs was approximately $2 million for the first quarter of 2002 and 2001. Annual estimated amortization expense is expected to be $8 million for 2002 and approximately $7 million for each of the succeeding four years.

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

Lease Acquisition Costs (in millions)	Gross Carrying Amount	Accumulated Amortization	Net
May 4, 2002	$ 94	$(35)	$ 59
May 5, 2001	$ 81	$(33)	$ 48
February 2, 2002	$ 90	$(34)	$ 56

Impairment or Disposal of Long-Lived Assets

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

Derivative Financial Instruments

In the first quarter of 2001, the Registrant recorded other comprehensive income of approximately $1 million, reflecting the impact of adoption of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." During the quarters ended May 4, 2002 and May 5, 2001, the ineffectiveness related to cash flow hedges and the change in fair value of derivative financial instruments designated as hedges was not material. The Registrant is hedging forecasted transactions for no more than the next twelve months and expects all derivative-related amounts reported in accumulated other comprehensive loss to be reclassified to earnings within twelve months.

During the quarter ended May 4, 2002, the change in fair value of derivative instruments not designated as hedges was not material. During the quarter ended May 5, 2001, the Registrant recorded a loss of approximately $1 million for the change in fair value of derivative instruments not designated as hedges, which was offset by a foreign exchange gain related to the underlying transactions.

Discontinued Operations

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

In the first quarter of 2001, the Registrant recorded a tax benefit of $5 million as a result of the implementation of tax planning strategies related to the discontinuance of the Northern Group.

Net disposition activity of $21 million for the first quarter of 2002 included the $18 million reduction in the carrying value of the net assets and liabilities, real estate disposition activity of $2 million and severance of $1 million. Of the remaining reserve balance of $8 million at May 4, 2002, $3 million is expected to be utilized within twelve months and the remaining $5 million thereafter.

In 1998, the Registrant exited both its International General Merchandise and Specialty Footwear segments. In 1997, the Registrant announced that it was exiting its Domestic General Merchandise segment. The remaining reserve balances totaled $24 million as of May 4, 2002, $8 million of which is expected to be utilized within twelve months. Disposition activity related to the reserves is presented below:

NORTHERN GROUP (in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 5/4/2002
Real estate & lease liabilities	$ 6	$ (2)	$ --	$ 4
Severance & personnel	2	(1)	--	1
Asset impairments	--	(18)	18	--
Other costs	3	--	--	3
Total	$ 11	$(21)	$ 18	$ 8

INTERNATIONAL GENERAL MERCHANDISE (in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 5/4/2002
The Bargain! Shop	$ 6	$(1)	$--	$ 5

SPECIALTY FOOTWEAR (in millions)

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

DOMESTIC GENERAL MERCHANDISE (in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 5/4/2002
Real estate & lease liabilities	$10	$(1)	$--	$ 9
Legal and other costs	2	--	--	2
Total	$12	$(1)	$--	$11

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

(in millions)	NORTHERN GROUP	SPECIALTY FOOTWEAR	DOMESTIC GENERAL MERCHANDISE	TOTAL
5/4/2002				
Assets	$ --	$ 1	$ 2	$ 3
Liabilities	2	1	2	5
Net assets (liabilities) of discontinued operations	$ (2)	$ --	$ --	$ (2)
5/5/2001				
Assets	$ 27	$ 2	$ 2	$ 31
Liabilities	17	1	2	20

Net assets of discontinued operations	$ 10	$ 1	$ --	$ 11
	======	======	======	======
2/2/2002				
Assets	$ 1	$ 2	$ 2	$ 5
Liabilities	3	1	3	7
	------	------	------	------
Net assets (liabilities) of discontinued operations	$ (2)	$ 1	$ (1)	$ (2)
	======	======	======	======

The Northern Group assets and liabilities of discontinued operations primarily comprised the Northern Group stores in the U.S. The assets at May 5, 2001 comprised inventory, fixed assets and other current assets and liabilities comprised accounts payable, restructuring reserves and other accrued liabilities. The assets and liabilities of the Northern Group stores in Canada to be sold were reclassified as "Assets held for sale" ($50 million) and "Liabilities of businesses held for sale" ($13 million) as of May 5, 2001. As previously mentioned, subsequent to the Northern Group Canada transaction, those assets and liabilities have been presented under the balance sheet captions as "Assets of business transferred under contractual arrangement (note receivable)" and "Liabilities of business transferred under contractual arrangement." The net assets of the Specialty Footwear and Domestic General Merchandise segments consist primarily of fixed assets and accrued liabilities.

Restructuring Programs

1999 Restructuring

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

The net assets of The San Francisco Music Box Company and the assets related to the Burger King and Popeye's franchises as of May 5, 2001 have been valued at the lower of cost or net realizable value. These assets, totaling $36 million, and liabilities, totaling $4 million, have been reclassified as "Assets held for sale" and "Liabilities of businesses held for sale", respectively, in the Condensed Consolidated Balance Sheet as of May 5, 2001.

Disposition activity related to the reserves is presented below. The remaining reserve balance at May 4, 2002 totaled $6 million, $5 million of which is expected to be utilized within twelve months.

NON-CORE BUSINESSES
(in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 5/4/2002
Real estate	$ 1	$ --	$ --	$ 1
Other disposition costs	3	--	--	3
Total	$ 4	$ --	$ --	$ 4

CORPORATE OVERHEAD AND LOGISTICS
(in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 5/4/2002
Real estate	$ 1	$ 1	$ --	$ 2

TOTAL RESTRUCTURING RESERVES
(in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 5/4/2002
Real estate	$ 2	$ 1	$--	$ 3
Other disposition costs	3	--	--	3
Total	$ 5	$ 1	$--	$ 6

1993 Repositioning and 1991 Restructuring

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

Earnings Per Share

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

(in millions)	Thirteen weeks ended May 4, 2002	Thirteen weeks ended May 5, 2001
Numerator:		
Income from continuing operations	$ 38	$ 32
Effect of Dilution:		
Convertible debt	1	--
Income from continuing operations assuming dilution	$ 39	$ 32
Denominator:		
Weighted-average common shares outstanding	140.1	138.6
Effect of Dilution:		
Stock options and awards	1.3	1.1
Convertible debt	9.5	--
Weighted-average common shares assuming dilution ..	150.9	139.7

Options to purchase 1.8 million and 3.9 million shares of common stock were not included in the computation for the thirteen weeks ended May 4, 2002 and May 5, 2001, respectively, because the exercise price of the options was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss comprised foreign currency translation adjustments of $43 million, $47 million, and $53 million at May 4, 2002, May 5, 2001 and February 2, 2002, respectively. Accumulated other comprehensive loss included a minimum pension liability adjustment of $115 million at May 4, 2002 and February 2, 2002.

Segment Information

Sales and operating results for the Registrant's reportable segments for the thirteen weeks ended May 4, 2002 and May 5, 2001, respectively, are presented below. Operating results reflect income from continuing operations before income taxes, net corporate expense and net interest expense.

Sales:

(in millions)	Thirteen weeks ended May 4, 2002	Thirteen weeks ended May 5, 2001
Athletic Stores	$1,006	$ 977
Direct to Customers	84	78
	1,090	1,055
All Other (1)	--	17
	$1,090	$1,072

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

Operating Results:

(in millions)	Thirteen weeks ended May 4, 2002	Thirteen weeks ended May 5, 2001
Athletic Stores	$ 69	$ 73
Direct to Customers	8	4
	77	77
All Other (1)	--	(3)
Operating profit	77	74
Corporate expense	13	17
Interest expense, net	7	4
Income from continuing operations before income taxes	$ 57	$ 53

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

Recently Issued Accounting Pronouncements

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

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

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

RESULTS OF OPERATIONS

Sales of $1,090 million for the first quarter of 2002 increased 1.7 percent from sales of $1,072 million for the first quarter of 2001. Excluding the impact of foreign currency fluctuations and sales from businesses disposed and held for disposal in the prior year, sales increased 3.7 percent as compared with the corresponding prior-year period. The increase reflected an increase of 1.4 percent in comparable-store sales and the Registrant's successful new store opening program. Sales in the first quarter of 2002 were negatively impacted by certain higher-priced marquee footwear that did not sell as well as anticipated.

Gross margin, as a percentage of sales, of 29.4 percent in the first quarter of 2002 declined by 100 basis points as compared with 30.4 percent in the corresponding prior-year period. This decline primarily reflected additional markdowns that were required to sell certain slow-moving higher-priced marquee footwear and the continuing promotional environment. Management's aggressive initiatives with regard to effective merchandising have enabled inventory levels at May 4, 2002 to remain in line with plan. Buyers' salaries and occupancy costs, as a percentage of sales, for the thirteen weeks ended May 4, 2002, improved slightly from the corresponding prior-year period.

Selling, general and administrative expenses ("SG&A") of $220 million improved by 130 basis points, as a percentage of sales, to 20.2 percent in the first quarter of 2002 as compared with 21.5 percent in the corresponding prior-year period. This improvement reflected the Registrant's continued cost-reduction efforts in all areas in 2002, particularly in payroll and logistics. The completion of the sales of The San Francisco Music Box Company and the Burger King and Popeye's franchises in 2001 also contributed to the reduction in SG&A, as a percentage of sales.

Depreciation and amortization declined by $2 million for the first quarter of 2002, which reflected the impact of no longer amortizing goodwill as required by SFAS No. 142, which was adopted by the Registrant effective February 3, 2002.

Interest expense of $8 million was flat for the thirteen weeks ended May 4, 2002 as compared with the corresponding prior-year period. The increase in interest expense in 2002 associated with the issuance of $150 million 5.50% convertible notes in June 2001 was offset by the impact of the retirement of the $50 million 7.00% medium-term notes in October 2001 and reduced amortization of deferred financing costs related to the revolving credit facility. Interest income declined to $1 million for the thirteen weeks ended May 4, 2002 from $4 million for the thirteen weeks ended May 5, 2001. The thirteen weeks ended May 5, 2001 included intercompany interest income related to the Northern Group segment of $3 million. The offsetting interest expense was charged to the reserve for discontinued operations in 2001.

During the first quarter of 2002, the Registrant recorded a $3 million tax benefit related to a multi-state tax planning strategy, which reduced the effective tax rate for the thirteen weeks ended May 4, 2002 to 34.2 percent, as compared with 39.0 percent for the corresponding prior-year period. This tax planning strategy resulted in a reduction in the valuation allowance. The Registrant expects the effective tax rate to approximate 37.5 percent for the remainder of 2002.

Income from continuing operations of $38 million, or $0.26 per diluted share, for the thirteen weeks ended May 4, 2002, improved by $0.03 per diluted share from $32 million for the thirteen weeks ended May 5, 2001. For the quarter ended May 4, 2002, the Registrant reported net income of $20 million, or $0.14 per diluted share, compared with net income of $37 million, or $0.27 per diluted share for the corresponding prior-year period. The first quarter of 2002 included a loss on the disposal of discontinued operations of $18 million, or $0.12 per diluted share, due to the poor performance of the Northern Group Canada business. During the quarter ended May 5, 2001, the Registrant recorded a $5 million tax benefit, or $0.04 per diluted share, as a result of the implementation of tax planning strategies related to the disposal of the Northern Group segment.

STORE COUNT

The following table summarizes store count. During the thirteen weeks ended May 4, 2002, the Registrant remodeled or relocated 60 stores.

	February 2, 2002	Opened	Closed	May 4, 2002	May 5, 2001
Athletic Stores	3,590	25	33	3,582	3,559
Disposed and held for disposal.....	--	--	--	--	179
Total	3,590	25	33	3,582	3,738

SALES

The following table summarizes sales by segment.

	Thirteen weeks ended	
	May 4, 2002	May 5, 2001
(in millions)		
Athletic Stores	$ 1,006	$ 977
Direct to Customers	84	78
	1,090	1,055
Disposed and held for disposal	--	17
Total sales	$ 1,090	$ 1,072

Athletic Stores sales increased by 3.0 percent, reflecting a comparable-store sales increase of 1.0 percent and the Registrant's successful new store opening program. Footwear, basketball in particular, continued to drive the sales growth across most formats, as the number of launches of marquee and exclusive footwear products was increased throughout the thirteen weeks ended May 4, 2002, compared with the corresponding prior-year period. Sales in the United States were negatively impacted by certain higher-priced marquee footwear that did not sell as well as anticipated, which required incremental markdowns in order to maintain inventory levels in line with plan. The international formats, Foot Locker Europe in particular, continued to achieve strong sales growth in the first quarter of 2002.

Direct to Customers sales increased by 7.7 percent for the thirteen weeks ended May 4, 2002 as compared with the corresponding prior-year period. Internet sales increased by 57.1 percent for the thirteen weeks ended May 4, 2002 to $33 million as compared with the corresponding period in the prior year. This increase in Internet sales was partially offset by a decline in catalog sales, reflecting the growing trend of the Registrant's customers to browse and select products through its catalogs and then make their purchases via the Internet.

The Registrant expects to meet its sales plan for the second quarter of 2002 by continuing to promote its products aggressively in what it expects will be a highly competitive retail environment. In addition, management expects that it can meet customer demand for a lower-priced range of marquee footwear without negatively impacting gross margin.

OPERATING RESULTS

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

	Thirteen weeks ended May 4, 2002	Thirteen weeks ended May 5, 2001
(in millions)		
Athletic Stores	$ 69	$ 73
Direct to Customers	8	4
	77	77
Disposed and held for disposal	--	(3)
Total operating profit	$ 77	$ 74

Athletic Stores operating profit decreased by 5.5 percent for the first quarter of 2002 as compared with the corresponding prior-year period. The decrease in the first quarter of 2002 is primarily a result of the reduced gross margin rate performances due to the markdowns taken to sell slow-moving marquee product, which were offset, in part, by operating expense reductions. Operating profit, as a percentage of sales, decreased to 6.9 percent in the first quarter of 2002 from 7.5 percent in the corresponding prior-year period.

Direct to Customers operating results doubled for the thirteen weeks ended May 4, 2002, as compared with the corresponding period ended May 5, 2001. Operating profit, as a percentage of sales, increased to 9.5 percent in the first quarter of 2002 from 5.1 percent in the corresponding prior-year period. The improved operating performance in 2002 was driven primarily by increased sales in the Internet business.

STRATEGIC DISPOSITIONS AND REPOSITIONING

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

LIQUIDITY AND CAPITAL RESOURCES

Generally, the Registrant's primary sources of cash have been from operations, borrowings under the revolving credit agreement and proceeds from the sale of non-strategic assets. During the second quarter of 2001, the Registrant raised $150 million in cash through the issuance of subordinated convertible notes. The Registrant generally finances real estate with operating leases. The principal use of cash has been to finance inventory requirements, capital expenditures related to store openings, store remodelings and management information systems, and to fund other general working capital requirements.

Operating activities of continuing operations provided cash of $87 million for the thirteen weeks ended May 4, 2002 compared with $30 million cash used in operations for the thirteen weeks ended May 5, 2001. These amounts reflect the income from continuing operations adjusted for non-cash items and working capital changes. The increase in cash from operations in 2002 was due to working capital changes. The increase in merchandise inventories for the first quarter of 2002 was more than offset by the increase in accounts payable and accrued liabilities, whereas the first quarter of 2001 resulted in net cash outflows for both merchandise inventories and accounts payable and accrued liabilities.

Net cash used in investing activities of continuing operations of $28 million and $16 million for the first quarter of 2002 and 2001, respectively, reflected capital expenditures and lease acquisition costs. Total planned capital expenditures of $165 million for 2002 comprise $116 million for new store openings and modernizations of existing stores, $25 million for the development of information systems and other support facilities and lease acquisition costs of $24 million, primarily related to the Registrant's European operations. The Registrant has the ability to revise and reschedule the anticipated capital expenditure program should the Registrant's financial position require it.

Financing activities for the Registrant's continuing operations provided cash of $2 million for the thirteen weeks ended May 4, 2002 compared with cash provided by financing activities of $1 million for the corresponding prior-year period. There were no short-term borrowings outstanding during the first thirteen weeks of 2002 or 2001. Management believes operating cash flows and current credit facilities will be adequate to finance its working capital requirements, fund the repayment of the medium-term notes due in October 2002, and support the development of its short-term and long-term strategies. On March 29, 2002, Standard & Poor's increased the Registrant's credit rating to BB+ and on May 28, 2002, Moody's Investors Service upgraded its rating to Ba2.

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

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

(b) Reports on Form 8-K

The Registrant filed no reports on Form 8-K during the quarter ended May 4, 2002.

SIGNATURE

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

FOOT LOCKER, INC.
(Registrant)

Date: June 14, 2002

/s/ Bruce L. Hartman

BRUCE L. HARTMAN
Executive Vice President
and Chief Financial Officer

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

Exhibit No. in Item 601 of Regulation S-K	Description
10	Nonstatutory Stock Option Grant Agreement with J. Carter Bacot dated as of February 4, 2002.
12	Computation of Ratio of Earnings to Fixed Charges.
15	Letter re: Unaudited Interim Financial Statements.
99	Independent Accountants' Review Report.

FOOT LOCKER, INC.

NONSTATUTORY STOCK OPTION GRANT AGREEMENT

This Nonstatutory Stock Option Agreement (the "Agreement") is made as of February 4, 2002 by and between Foot Locker, Inc., a New York corporation (the "Company"), having its principal office at 112 West 34th Street, New York, New York 10120, and J. Carter Bacot (the "Optionee").

WITNESSETH:

WHEREAS, the Optionee is currently serving as a member of the Board of Directors of the Company;

WHEREAS, the Optionee is serving as the non-executive Chairman of the Board of the Company for its 2002 fiscal year;

WHEREAS, in connection with Optionee's continuing to serve as the non-executive Chairman of the Board of the Company for the Company's 2002 fiscal year, the Board of Directors considers it desirable and in the best interest of the Company to grant the Optionee a nonstatutory stock option (the "Option") to purchase from the Company shares of the Company's common stock, par value $0.01 per share ("Common Stock").

NOW THEREFORE, in consideration of the foregoing and of the mutual promises contained herein, the parties hereto hereby agree that the terms and conditions of the Option are as follows:

1. Grant of Option. The Optionee is hereby granted an Option to purchase from the Company up to but not more than 15,000 shares of the Company's Common Stock at the purchase price per share of $14.89 (the "Exercise Price"), which is 100 percent of the Fair Market Value of a share of Common Stock on February 4, 2002. As used herein, "Fair Market Value" means, as of any date, the average of the high and low prices of a share of Common Stock as reported for such date on the Composite Tape for New York Stock Exchange-Listed Stocks.

2. Treasury Shares. Shares of Common Stock to be issued pursuant to this Agreement shall be made available exclusively from issued shares of Common Stock reacquired by the Company and held in the Company's treasury.

3. Tax Matters. No part of the Option is intended to qualify as an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

4. Exercisability. The Option is granted to Optionee for a period expiring at midnight on December 31, 2006 unless, prior to such time, the Option is exercised in full, or is cancelled or expires as provided in Section 5. Except as otherwise provided in Section 5, the Option will become exercisable on March 1, 2003.

5. Termination of Option. The option shall expire on December 31, 2006 unless it expires on an earlier date as provided for in paragraphs (a) or (b) below:

(a) In the event the Optionee ceases to be a director of the Company for any reason, including through death or retirement, prior to March 1, 2003, the Option shall expire as of the date of such termination of service as a director.

(b) In the event the Optionee ceases to be a director of the Company for any reason, including through death or retirement, following March 1, 2003, the Option shall expire one year from the date of such termination of service as a director, but in no event later than December 31, 2006.

6. Exercise of Option. Prior to the expiration of the Option, the Optionee may exercise the vested Option in whole or in part at any time during the term of the Option by giving written notice of exercise to the Secretary of the Company at the Company's principal office, specifying the number of shares of Common

Stock to be purchased and accompanied by payment in full of the Exercise Price. The Company may, however, prohibit the Optionee's ability to exercise the Option during any period for which the Company has imposed trading restrictions for its directors and officers in the Common Stock. Shares of Common Stock purchased pursuant to the exercise of the Option shall be paid for at the time of exercise as follows: (i) in cash, including a cashless exercise through a broker, (ii) by payment in full or part in the form of shares of Common Stock owned by the Optionee for a period of at least six months (or such other period necessary to avoid a charge against the Company's earnings), provided that such shares are held free and clear of any liens and encumbrances, based on the Fair Market Value of the Common Stock on the payment date; or (iii) on such other terms and conditions as may be acceptable to the Board of Directors.

7. Nontransferability. The Option shall not be transferable by the Optionee other than by will or the laws of descent and distribution and may, during his lifetime, be exercised only by the Optionee. In addition, the Option shall not, in any manner, be used for the payment of, subject to, or otherwise encumbered by or hypothecated for the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such Option, nor shall it be subject to attachment or legal process for or against such person. Upon any attempt to transfer, assign, negotiate, pledge or hypothecate the Option, or in the event of any levy upon the Option by reason of any execution, attachment or similar process contrary to the provisions hereof, the Option shall immediately become null and void. This Agreement shall be binding on and enforceable against any person who is a permitted transferee of the Option pursuant to the first sentence of this Section 7.

8. Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Common Stock covered by the Option unless and until the Optionee shall have become the beneficial owner of the shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares, except as otherwise provided herein.

9. Changes in Common Stock.

(a) In the event of any change in the capital structure or business of the Company by reason of any stock dividend or extraordinary dividend, stock split or reverse stock split, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of shares, non-cash distributions with respect to its outstanding Common Stock or capital stock other than Common Stock, reclassification of its capital stock, any sale or transfer of all or part of the Company's assets or business, or any similar change affecting the Company's capital structure or business, and the Company's Board of Directors determines in good faith that an adjustment is necessary or appropriate to prevent substantial dilution or enlargement of the Optionee's rights under this Agreement or as otherwise necessary to reflect the change, then the aggregate number and kind of shares to be issued upon exercise of the Option and the Exercise Price shall be appropriately adjusted consistent with such change in such manner as the Board of Directors may deem equitable to prevent substantial dilution or enlargement of the Optionee's rights under this Agreement or as otherwise necessary to reflect the change.

(b) Fractional shares of Common Stock resulting from any adjustment in Options pursuant to Section 9(a) shall be aggregated until, and eliminated at, the time of exercise by rounding down for fractions less than one-half (") and rounding up for fractions equal to or greater than one-half ("). No fractional shares of Common Stock shall be issued hereunder. No cash settlements shall be made with respect to fractional shares of Common Stock eliminated by rounding. The Company shall promptly notify the Optionee in the event any adjustment under this Section 9 is made.

10. Compliance with Legal Requirements.

(a) This Option shall not be exercisable and no shares of Common Stock shall be issued or transferred pursuant to this Agreement unless and until all legal requirements applicable to such issuance or transfer have, in the opinion of the Company's counsel, been satisfied. Such requirements may include, but are not limited to, registering or qualifying the shares of Common Stock covered by the Option under any state or federal law or under the rules of any stock exchange or trading system, satisfying any applicable law or rule relating to the transfer of unregistered securities or demonstrating the availability of an exemption from applicable laws, placing a legend on such shares to the effect that they were issued in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the "Act"), and may not be transferred other than in reliance upon Rule 144 promulgated under the Act, if available, or upon another exemption from the Act, or obtaining the consent or approval of any governmental body.

(b) The Optionee understands that the Company is under no obligation to register for resale the shares of Common Stock covered by the Option. In connection with any such issuance or transfer, the person acquiring the shares of Common Stock covered by the Option shall, if requested by the Company, provide information and assurances satisfactory to the Company's counsel with respect to such matters as the Company reasonably may deem desirable to assure compliance with all applicable legal requirements.

11. Termination or Amendment. This Agreement may at any time, and from time to time, be amended, in whole or in part, or suspended or terminated entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of the Optionee with respect to the Option may not be impaired without the written consent of the Optionee.

12. Administration. This Agreement shall be administered and interpreted by the Board of Directors of the Company. The determinations of the Board of Directors in connection with this Agreement shall be final, conclusive and binding on the Company and on the Optionee and their respective executors, administrators, successors and assigns.

13. Legend. Certificates for shares of Common Stock delivered hereunder shall be subject to such stock transfer orders and other restrictions as the Board of Directors may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national securities association system upon whose system the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law, and the Board of Directors may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

14. Withholding of Taxes. If applicable, the Company shall have the right to deduct from any payment to be made to the Optionee, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock hereunder, payment by the Optionee of any applicable Federal, state or local taxes required by law to be withheld.

15. 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.

16. Death. The Company may, in its discretion, require the transferee of the Option to supply it with written notice of the Optionee's death and to supply it with a copy of the will or such other evidence as the Board of Directors deems necessary to establish the validity of the transfer of the Option.

17. Severability of Provisions. If any provision of this Agreement shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Agreement shall be construed and enforced as if such provisions had not been included.

18. Headings. The headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

19. Notices. Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person or when dispatched by telecopy, or one business day after having been dispatched by a nationally recognized next-day courier service or three days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, to the appropriate party at, in the case of the Company, the Secretary at the principal office of the Company and, in the case of the Optionee, his principal business or residence address as shown in the records of the Secretary of Company, or to such other address as either party may designate by like notice.

20. Counterparts. The Company's and Optionee's execution of this Agreement evidence their respective heirs', beneficiaries', successors' and assigns' agreement to be bound by the terms hereof. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

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

FOOT LOCKER, INC.

By:/s/ Gary M. Bahler

Senior Vice President,
General Counsel and Secretary

/s/ J. Carter Bacot

J. Carter Bacot

EXHIBIT 12

FOOT LOCKER, INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Unaudited)

($ in millions)

	Thirteen weeks ended		Fiscal Year Ended				
	May 4, 2002	May 5, 2001	Feb. 2, 2002	Feb. 3, 2001	Jan. 29, 2000	Jan. 30, 1999	Jan. 31, 1998
NET EARNINGS							
Income from continuing operations	$ 38	$ 32	$ 111	$ 107	$ 59	$ 14	$ 185
Income tax expense (benefit)	19	21	64	69	38	(28)	104
Interest expense, excluding capitalized interest	8	8	35	41	65	57	41
Portion of rents deemed representative of the interest factor (1/3)	40	39	158	155	170	161	146
	$ 105	$ 100	$ 368	$ 372	$ 332	$ 204	$ 476
FIXED CHARGES							
Gross interest expense	$ 8	$ 8	$ 35	$ 42	$ 67	$ 64	$ 41
Portion of rents deemed representative of the interest factor (1/3)	40	39	158	155	170	161	146
	$ 48	$ 47	$ 193	$ 197	$ 237	$ 225	$ 187
RATIO OF EARNINGS TO FIXED CHARGES	2.2	2.1	1.9	1.9	1.4	0.9	2.5

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

EXHIBIT 15

Accountants' Acknowledgment

Foot Locker, Inc.
New York, New York

Board of Directors:

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

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated May 23, 2002 related to our review of interim financial information.

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

/s/ KPMG LLP
New York, New York
June 14, 2002

EXHIBIT 99

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying condensed consolidated balance sheets of Foot Locker, Inc. and subsidiaries as of May 4, 2002 and May 5, 2001, and the related condensed consolidated statements of operations and comprehensive income and cash flows for the thirteen week periods ended May 4, 2002 and May 5, 2001. These condensed consolidated financial statements are the responsibility of Foot Locker, Inc. management.

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

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

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

/s/ KPMG LLP
New York, New York
May 23, 2002